



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statement And Dividend Announcement

For the Third Quarter and Nine Months Ended 30 September 2014

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED (“3Q2014”) AND NINE MONTHS ENDED 30 SEPTEMBER 2014 (“9M2014”)
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 Profit or Loss and Other Comprehensive Income

	Group			Group		
	3Q2014	3Q2013	Change	9M2014	9M2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	39,254	6,494	504	105,517	13,961	656
Cost of sales	(24,921)	(1,522)	nm	(66,969)	(2,786)	nm
Gross profit	14,333	4,972	188	38,548	11,175	245
Other income	1,650	961	72	3,542	967	266
Administrative expenses	(3,345)	(1,561)	114	(9,903)	(1,836)	439
Finance costs	(6,791)	(770)	782	(14,283)	(2,380)	500
Profit before tax	5,847	3,602	62	17,904	7,926	126
Income tax expense	(648)	(374)	73	(1,466)	(570)	157
Profit for the period	5,199	3,228	61	16,438	7,356	123
Profit for the period attributable to:						
Owners of the Company	4,818	2,139	125	14,871	4,619	222
Redeemable convertible capital securities holders	-	-	-	66	-	nm
Non-controlling interests	381	1,089	(65)	1,501	2,737	(45)
Total	5,199	3,228		16,438	7,356	
Other comprehensive income for the period, net of tax						
Exchange differences on translating foreign operations						
- loss arising during the period	-	(192)	nm	-	(760)	nm
- gain included in profit or loss on disposal of subsidiary	-	191	nm	-	191	nm
Cash flow hedges	(348)	-	nm	(1,562)	-	nm
Total comprehensive income for the period	4,851	3,227	50	14,876	6,787	119
Total comprehensive income attributable to:						
Owners of the Company	4,470	2,138	109	13,309	4,330	207
Redeemable convertible capital securities holders	-	-	-	66	-	nm
Non-controlling interests	381	1,089	(65)	1,501	2,457	(39)
Total	4,851	3,227		14,876	6,787	

Note:

nm – not meaningful

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

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

	Group		Group	
	3Q2014	3Q2013	9M2014	9M2013
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment	5,873	379	12,297	1,132
Dividend income	(1,317)	(1,422)	(3,970)	(4,318)
Finance costs	6,791	770	14,283	2,380
Foreign exchange gain	(8)	541	(727)	(154)
Gain on bargain purchase	(1,651)	-	(2,710)	-
Gain on disposal of subsidiary	-	(951)	-	(951)
Loss on disposal property, plant and equipment	-	-	-	1
Other income	(16)	-	(131)	(6)
Provision for employee benefit	52	-	154	-
Share-based payment expense	356	34	1,561	61

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

Statements of Financial Position

	Group		Company	
	30 Sep 2014 US\$'000	31 Dec 2013 US\$'000	30 Sep 2014 US\$'000	31 Dec 2013 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	54,894	1,812	41,164	65
Trade receivables	49,603	5,662	-	-
Other receivables	27,980	5,335	202,229	13,368
Inventories	1,159	-	-	-
Work-in-progress	6,926	-	-	-
Available-for-sale investments	97	86	86	86
	140,659	12,895	243,479	13,519
Non-current assets				
Property, plant and equipment	610,896	25,166	204	198
Subsidiaries	-	-	22,992	24,798
Joint venture	-	3,071	-	-
Associate	4	-	4	-
Available-for-sale investments	100,500	104,900	-	-
	711,400	133,137	23,200	24,996
Total assets	852,059	146,032	266,679	38,515
LIABILITIES AND EQUITY				
Current liabilities				
Term loans	91,141	15,258	-	-
Trade payables	36,719	2,559	-	-
Other payables	16,726	1,549	2,028	2,714
Finance lease	288	23	22	23
Income tax payable	2,271	728	-	-
	147,145	20,117	2,050	2,737
Non-current liabilities				
Term loans	335,670	53,797	-	-
Finance lease	208	19	2	19
Notes payable	122,435	-	122,435	-
Other payables	47,240	-	-	-
Derivative financial instruments	3,264	-	3,264	-
Deferred tax liability	103	-	-	-
Retirement benefit obligation	518	-	-	-
	509,438	53,816	125,701	19
Capital and reserves				
Share capital	166,882	54,647	166,882	54,647
Share options reserve	814	181	814	181
Hedging reserve	(1,562)	-	(1,562)	-
Retained Earnings	1,927	(12,098)	(27,206)	(19,069)
Equity attributable to owners of the Company and redeemable convertible capital securities holders	168,061	42,730	138,928	35,759
Non-controlling interests	27,415	29,369	-	-
Total equity	195,476	72,099	138,928	35,759
Total liabilities and equity	852,059	146,032	266,679	38,515

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 Sep 2014		As at 31 Dec 2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
78,096	13,333	15,281	-

Amount repayable after one year

Group		Group	
As at 30 Sep 2014		As at 31 Dec 2013	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
335,878	122,435	53,816	-

Details of any collateral

The Group's borrowings are secured by:

- (i) First legal mortgage over all the Group's vessels, property, equipment and motor vehicles
- (ii) Unquoted cumulative preference shares held by the Group

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		Group	
	3Q2014 US\$'000	3Q2013 US\$'000	9M2014 US\$'000	9M2013 US\$'000
Cash flows from operating activities				
Profit before tax	5,847	3,602	17,904	7,926
Adjustments for:				
Depreciation of plant and equipment	5,873	379	12,297	1,132
Dividend income from available-for-sale investments	(1,317)	(1,422)	(3,970)	(4,318)
Finance costs	6,791	770	14,283	2,380
Gain on bargain purchase	(1,651)	-	(2,710)	-
Loss on disposal of subsidiary	-	(951)	-	(951)
Loss on disposal of plant and equipment	-	-	-	1
Provision for employee benefit	52	-	154	-
Share-based payment expense	356	34	1,561	61
Unrealised exchange (gain) / loss	-	568	-	-
Operating cash flows before working capital changes	15,951	2,980	39,519	6,231
Trade and other receivables	(10,383)	(1,679)	(33,132)	(4,358)
Trade and other payables	(3,692)	(114)	(56,112)	(707)
Inventories	138	-	(319)	-
Cash generated from / (used in) operations	2,014	1,187	(50,044)	1,166
Income taxes paid	-	-	(402)	-
Net cash generated from / (used in) operating activities	2,014	1,187	(50,446)	1,166
Cash flows from investing activities				
Dividends received	-	1,432	2,723	4,455
Proceeds from disposal of plant and equipment	-	-	-	55
Proceeds from redemption of preference shares	-	2,000	4,400	8,750
Acquisition of a subsidiary	3,733	-	2,291	-
Investment in associate	-	-	(4)	-
Purchases of plant and equipment	(38,653)	(27)	(264,696)	(102)
Net cash (used in) / generated from investing activities	(34,920)	3,405	(255,286)	13,158
Cash flows from financing activities				
Pledged deposit	(989)	-	(989)	-
Dividend paid	-	-	(912)	(476)
Interest paid	(3,517)	(770)	(8,847)	(2,380)
Proceeds from new bank loans raised	84,080	-	218,155	-
Proceeds from new shares issue	9,191	-	63,608	-
Proceeds from issuance of redeemable convertible capital securities	-	-	35,200	-
Proceeds from issuance of notes	-	-	123,668	-
Repayment of term loans	(46,061)	(3,545)	(68,121)	(10,618)
Repayment of obligation under finance lease	(6)	(5)	(17)	(12)
Redemption of preference shares issued by a subsidiary	-	-	(3,920)	-
Net cash generated from / (used in) financing activities	42,698	(4,320)	357,825	(13,486)
Net increase in cash and cash equivalents	9,792	272	52,093	838
Cash and cash equivalents at beginning of period	44,113	3,918	1,812	3,352
	53,905	4,190	53,905	4,190
Pledged Deposit	989	-	989	-
Cash and cash equivalents at end of period	54,894	4,190	54,894	4,190

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	Share options reserve	Hedging reserve	Retained Earnings	Equity attributable to owners of the Company	Redeemable convertible capital securities	Equity attributable to owners of the Company & redeemable convertible capital securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2014	54,647	181	-	(12,098)	42,730	-	42,730	29,369	72,099
Total comprehensive income for the period	-	-	-	14,871	14,871	66	14,937	1,501	16,438
Profit for the period	-	-	-	14,871	14,871	66	14,937	1,501	16,438
Other comprehensive income for the period	-	-	(1,562)	-	(1,562)	-	(1,562)	-	(1,562)
Total	-	-	(1,562)	14,871	13,309	66	13,375	1,501	14,876
Transactions with owners, recognised directly in equity									
Acquisition of a subsidiary	-	-	-	-	-	-	-	(2,970)	(2,970)
Issue of redeemable convertible capital securities	-	-	-	-	-	35,200	35,200	-	35,200
Conversion of redeemable convertible capital securities to ordinary shares	35,200	-	-	-	35,200	(35,200)	-	-	-
Distribution paid	-	-	-	-	-	(66)	(66)	-	(66)
Dividends	-	-	-	(846)	(846)	-	(846)	-	(846)
Issue of share capital, net of transaction costs	63,608	-	-	-	63,608	-	63,608	-	63,608
Issue of consideration shares	12,498	-	-	-	12,498	-	12,498	-	12,498
Non-controlling interest arising from increase in control of investment	-	-	-	-	-	-	-	3,435	3,435
Performance shares awarded	929	(69)	-	-	860	-	860	-	860
Recognition of shares-based payments	-	702	-	-	702	-	702	-	702
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	(3,920)	(3,920)
Total	112,235	633	-	(846)	112,022	(66)	111,956	(3,455)	108,501
At 30 September 2014	166,882	814	(1,562)	1,927	168,061	-	168,061	27,415	195,476

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

Group	Share capital	Foreign currency translation reserve	Share options reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2013	54,647	98	-	(19,115)	35,630	27,402	63,032
Total comprehensive income for the period							
Profit for the period	-	-	-	4,619	4,619	2,737	7,356
Other comprehensive income for the period	-	(289)	-	-	(289)	(280)	(569)
Total	-	(289)	-	4,619	4,330	2,457	6,787
Transactions with owners, recognised directly in equity							
Recognition of shares-based payments	-	-	61	-	61	-	61
Dividends	-	-	-	(476)	(476)	-	(476)
Liquidation of subsidiary	-	191	-	-	191	(574)	(383)
Total	-	191	61	(476)	(224)	(574)	(798)
At 30 September 2013	54,647	-	61	(14,972)	39,736	29,285	69,021

Company	Share capital	Share options reserve	Hedging reserve	Accumulated losses	Redeemable convertible capital securities	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2014	54,647	181	-	(19,069)	-	35,759
Total comprehensive income for the period						
Loss for the period	-	-	-	(7,225)	-	(7,225)
Other comprehensive income for the period	-	-	(1,562)	-	-	(1,562)
Total	-	-	(1,562)	(7,225)	-	(8,787)
Transactions with owners, recognised directly in equity						
Issue of redeemable convertible capital securities	-	-	-	-	35,200	35,200
Conversion of redeemable convertible capital securities to ordinary shares	35,200	-	-	-	(35,200)	-
Dividends	-	-	-	(846)	-	(846)
Distribution paid	-	-	-	(66)	-	(66)
Issue of share capital, net of transaction costs	63,608	-	-	-	-	63,608
Issue of consideration shares	12,498	-	-	-	-	12,498
Performance shares awarded	929	(69)	-	-	-	860
Recognition of shares-based payments	-	702	-	-	-	702
Total	112,235	633	-	(912)	-	111,956
At 30 September 2014	166,882	814	(1,562)	(27,206)	-	138,928

Company	Share capital	Share options reserve	Hedging reserve	Accumulated losses	Redeemable convertible capital securities	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2013	54,647	-	-	(20,064)	-	34,583
Total comprehensive income for the period						
Loss for the period	-	-	-	(1,058)	-	(1,058)
Total	-	-	-	(1,058)	-	(1,058)
Transactions with owners, recognised directly in equity						
Recognition of shares-based payments	-	61	-	-	-	61
Dividends	-	-	-	(476)	-	(476)
Total	-	61	-	(476)	-	(415)
At 30 September 2013	54,647	61	-	(21,598)	-	33,110

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.**

(a) Performance Share Plan

On 14 May 2013, Vallianz Holdings Limited (the “**Company**”) granted 6,000,000 share awards (“**Awards**”) pursuant to the Vallianz Performance Share Plan (“**PSP**”). One third of the Awards will be vested in each year on the anniversary of the Awards over a three (3) years period.

On 07 May 2014, the Company granted 7,500,000 Awards pursuant to PSP. The Awards were vested on 14 May 2014.

Date of grant	As at 01 January 2014	Granted	Vested	Cancelled	As at 30 September 2014
14 May 2013	6,000,000	-	1,666,667	1,000,000	3,333,333
07 May 2014	-	7,500,000	7,500,000	-	-

(b) Employee Share Options

On 14 May 2013, the Company granted 9,000,000 share options pursuant to the Vallianz Employee Share Option Scheme (“**ESOS**”). The share option is valid for a period of five (5) years commencing from the date of grant and exercisable after the first anniversary of the date of grant.

On 07 May 2014, the Company granted 20,000,000 share options pursuant to ESOS. The share option is valid for a period of ten (10) years commencing from the date of grant and exercisable after the first anniversary of the date of grant.

Date of grant	As at 01 January 2014	Granted	As at 30 September 2014
14 May 2013	9,000,000	-	9,000,000
07 May 2014	-	20,000,000	20,000,000

(c) Option Shares

On 02 October 2013, the Company entered into an option agreement with Swiber Holdings Limited (“**Swiber**”) to issue to Swiber an aggregate of 500,000,000 non-transferable share options (the “**Options**”, and each, an “**Option**”), with each Option carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**Option Shares**”) at the exercise price of S\$0.055 per Option.

Details of issued and allotment of Option Shares as below:

Date of issue & allotment	No. of Option Shares
10 March 2014	236,000,000
14 March 2014	55,000,000
22 September 2014	209,000,000

As at 30 September 2014:

No. of issued and allotted Option Shares	500,000,000
No. of Option Shares that may be issued on exercise on Option	-

1(d)(ii) Details of any changes in the company's share capital (Cont'd)

(d) Redeemable Convertible Capital Securities

On 02 October 2013, the Company entered into a subscription agreement with Rawabi Holding Company Ltd (“**Rawabi**”) to issue to Rawabi redeemable convertible capital securities (“**RCCS**”) of a principal amount of US\$35,200,000. The RCCS is convertible into ordinary shares in the capital of the Company (the “**Conversion Shares**”).

On 14 February 2014, the Company completed the issuance of the RCCS of a principal amount US\$35,200,000.

Details of issued and allotment of Conversion Shares as below:

Date of issue & allotment	No. of Conversion Shares
24 February 2014	509,000,000
12 March 2014	101,000,000
18 March 2014	24,000,000
24 September 2014	182,600,000

As at 30 September 2014:

No. of issued and allotted Conversion Shares	816,600,000
No. of Conversion Shares that may be issued on conversion	-

(e) Private Placement

On 25 June 2014, the Company issued 400,000,000 ordinary shares at S\$0.13545 and raised a net proceed of US\$41.80 million.

(f) Consideration Shares

On 30 September 2014, the Company issued 143,333,333 ordinary shares at S\$0.138 and pursuant to acquisition of Jetlee Shipbuilding & Engineering Pte Ltd.

(g) Total number of shares that may be issued as at 30 September 2014

	<u>No. of Shares</u>
Performance Share Plan	3,333,333
Employee Share Option	29,000,000
	<u>32,333,333</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.

	Group and Company	
	30 Sep 2014	31 Dec 2013
	No. of shares	No. of shares
	('000)	('000)
The number of issued shares	<u>3,058,512</u>	<u>1,189,412</u>

There were no treasury shares as at 30 September 2014 and 31 December 2013.

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

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

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those applied in the audited financial statements for the year ended 31 December 2013.

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

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 2014. The adoption of the new and revised FRS and IFRS has no material impact on the unaudited financial statements for the third quarter ended 30 September 2014.

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.

	3Q2014	3Q2013	9M2014	9M2013
<u>Earnings (US\$'000)</u>				
Net profit after tax attributable to owners of the Company	4,818	2,139	14,871	4,619
<u>Number of shares ('000)</u>				
Weighted average number of shares for basic earnings per share	2,559,476	1,189,412	2,068,250	1,189,412
Effects of dilution	9,666	-	9,666	-
Weighted average number of shares for diluted earnings per share	2,569,142	1,189,412	2,077,916	1,189,412
<u>Earnings per share (US cents)</u>				
Basic	0.19	0.18	0.72	0.39
Diluted	0.19	na	0.72	na

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 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Net asset value (US\$'000)	168,061	42,730	138,928	35,759
Total number of shares issued ('000)	3,058,512	1,189,412	3,058,512	1,189,412
Net asset value per share (US cents)	5.49	3.59	4.54	3.01

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

Review of Group Performance

The Group is a provider of offshore support vessels and integrated marine solutions to the offshore oil and gas industry. Headquartered in Singapore, the Group has been expanding its presence in the major and emerging offshore exploration and production (“E&P”) markets of Asia Pacific, the Middle East, Latin America and West Africa. Its customers include international oil majors and national oil companies worldwide.

RSOS Consolidation

Arising from agreements entered into with the Saudi partner of our subsidiary Rawabi Swiber Offshore Services Co Ltd (“RSOS”) subsequent to 31 December 2013, the Group started consolidating the results of RSOS since 1 January 2014, in line with FRS110. Prior to this, the Group had equity-accounted for the results of RSOS since its acquisition in October 2013. As a result, the Group reported significantly higher figures for the nine months ended 30 September 2014 (“9M2014”) when compared to the corresponding period ended 30 September 2013 (“9M2013”) for mainly the following items:

- Revenue;
- Cost of sales and gross profit;
- Administrative expenses;
- Finance costs;
- Trade and other receivables;
- Plant and equipment;
- Current and non-current borrowings; and
- Trade and other payables.

Acquisition of Jetlee Group

On 30 September 2014, the Group completed the acquisition of Jetlee Shipbuilding & Engineering Pte Ltd and its subsidiary (“Jetlee Group”) to establish its own marine base. The acquisition consideration was financed by the issue of approximately 143.33 million ordinary shares in the capital of the Company at an issue price of S\$0.138 each. The Group started consolidating the financial results of Jetlee Group since 30 September 2014.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(a) Revenue

Revenue (US\$ m)	1Q	2Q	3Q	9M	4Q	Full Year
FY2014	27.71	38.56	39.25	105.52	-	-
FY2013	2.73	4.74	6.49	13.96	6.03	19.99
y-o-y change	916%	713%	504%	656%	-	-

The Group registered approximately US\$39.25 million of revenue for the three months ended 30 September 2014 (“3Q2014”) representing an increase of 504% or US\$32.76 million when compared to the corresponding period ended 30 September 2013 (“3Q2013”).

For 9M2014, the Group's revenue increased by US\$91.56 million to US\$105.52 million from US\$13.96 million in 9M2013. Charter revenue accounted for approximately 92% of the Group's revenue in 9M2014, compared to 46% in 9M2013, following the acquisition of RSOS. The remaining revenue contribution was derived primarily from ship management services and investments.

(b) Cost of sales and gross profit

Cost of sales increased by US\$23.40 million to US\$24.92 million in 3Q2014, from US\$1.52 in 3Q2013, which is in line with the Group's higher revenue and expanded scale of operations. For 9M2014, the Group's cost of sales increased by US\$64.18 million to US\$66.97 million from US\$2.79 million in 9M2013. Cost of sales comprises largely of vessel operating expenses.

The Group's gross profit increased by 188% or US\$9.36 million to US\$14.33 million in 3Q2014 and by 245% or US\$27.37 million to US\$38.55 million in 9M2014.

(c) Other income

Other income of US\$3.54 million in 9M2014 was mainly due to gain on bargain purchase as a result of consolidation of RSOS and acquisition of subsidiaries.

(d) Administrative expenses

Administrative expenses increased by US\$1.78 million to US\$3.35 million for 3Q2014 and by US\$8.07 million to US\$9.90 million for 9M2014 when compared to 3Q2013 and 9M2013 respectively. Administrative expenses comprise largely of staff and travel related expenses.

(e) Finance costs

Finance costs for the Group increased by US\$6.02 million to US\$6.79 million in 3Q2014, from US\$770,000 in 3Q2013. For 9M2014, the Group's finance costs increased by US\$11.90 million to US\$14.28 million, from US\$2.38 million in 9M2013. The increase is due mainly to the additional bank loans for vessels acquired and the issuance of notes under the Multicurrency Debt Issuance Programme.

(f) Net Profit

Net Profit (US\$ m)	1Q	2Q	3Q	9M	4Q	Full Year
FY2014	5.45	5.79	5.20	16.44	-	-
FY2013	1.33	2.80	3.23	7.36	2.95	10.31
y-o-y change	310%	107%	61%	123%	-	-

The Group's profit before tax increased by 126% to US\$17.90 million in 9M2014 from US\$7.93 million in 9M2013.

Correspondingly, the Group net profit increased by 123% from US\$7.36 million to US\$16.44 million for 9M2014. As a result, the Group had net profit margins of 13% in 3Q2014 and 16% in 9M2014. Based on the weighted average number of shares, the Group recorded earnings per share of 0.72 US cents in 9M2014, translating into an increase of 85% from 0.39 US cents in the previous corresponding period.

The significant improvement in the Group's financial performance for 3Q2014 and 9M2014 was mainly attributable to the strong positive contribution from RSOS.

Statements of Financial Position

(g) Trade and other receivables

Trade and other receivables increased from US\$11.00 million as at 31 December 2013 to US\$77.58 million as at 30 September 2014, in tandem with the higher level of business activities.

(h) Available-for-sale investments

As at 31 December 2013, the Group had preferential shares in Resolute Offshore Pte Ltd valued at US\$104.90 million. Resolute Offshore Pte Ltd redeemed 44,000 preference shares for a total value of US\$4.40 million in 9M2014.

(i) Property, plant and equipment

Property, plant and equipment increased from US\$25.17 million as at 31 December 2013 to US\$610.90 million as at 30 September 2014. As explained earlier, this is due to the consolidation of vessel fleet owned by RSOS and plant and equipment of Jetlee Group. Consequently, depreciation for 9M2014 increased by US\$11.17 million to US\$12.30 million, from US\$1.13 million in 9M2013.

(j) Total current and non-current borrowings

Total current and non-current borrowings for the Group include bank loans, notes payable and finance lease.

	30 September 2014			31 December 2013		
	Current US\$'000	Non-current US\$'000	Total US\$'000	Current US\$'000	Non-current US\$'000	Total US\$'000
Term Loans	64,206	335,670	399,876	15,258	53,797	69,055
Working Lines	26,935	-	26,935	-	-	-
Notes payable	-	122,435	122,435	-	-	-
Finance Lease	288	208	496	23	19	42
	91,429	458,313	549,742	15,281	53,816	69,097

Total current and non-current term borrowings increased from US\$69.10 million as at 31 December 2013 to US\$549.74 million as at 30 September 2014 which comprises largely of bank borrowings for vessels owned by RSOS and notes payable.

The average repayment period for the Group's vessel borrowings is approximately 6 years, which is significantly shorter than the useful lives of the vessels which is typically about 25 years. The short-term portion (i.e. repayable within the next 12 months) of the vessel borrowings are recorded as current liabilities, whereas the vessels' values of approximately US\$586.91 million are entirely recorded as non-current assets. This mismatch is one of the main reasons for the net current liabilities of US\$6.49 million as at 30 September 2014.

Despite the net current liabilities position, the Group has not encountered any liquidity issues that resulted in any disruption of its operations. Nevertheless, the Group has been and will continue to proactively and prudently manage its working capital and capital expenditure needs as it navigates through this initial phase of its expansion and growth.

On 20 March 2014, the Group established a Multicurrency Debt Issuance Programme to issue up to S\$500,000,000 fixed or floating rate notes. As at 30 September 2014, the Group has the following notes outstanding:

	Tenure (years)	Interest Rate	Due Date	S\$'000	US\$'000
Series 1	2	7.20%	Apr 2016	100,000	76,476
Series 2	2.5	7.25%	Nov 2016	60,000	45,959

A cross currency interest rate swap contract was established in relation to the issued notes creating an effective cash flow hedge against the foreign currency and interest rate movement on the notes issued.

(k) Trade and other payables

The Group's trade and other payables increased by approximately US\$96.58 million from US\$4.11 million as at 31 December 2013 to US\$100.69 million as at 30 September 2014. The increase is consistent with the growth of the Group business.

Consolidated Statement of Cash Flows

Cash and cash equivalents increased from US\$1.81 million as at 31 December 2013 to US\$54.89 million as at 30 September 2014.

(l) Cash flow used in operating activities

The Group registered positive operating cash inflows of US\$39.52 million in 9M2014. However, as a result of an increase of US\$89.56 million in net working capital required for its expanded business activities, the Group recorded net cash used in operating activities of US\$50.45 million in 9M2014.

(m) Cash flow used in investing activities

Net cash used in investing activities amounted to US\$255.29 million for 9M2014 mainly due to capital expenditure of US\$264.70 million incurred mainly for the acquisition of vessels.

(n) Cash flow generated from financing activities

Net cash generated from financing activities amounted to US\$357.83 million in 9M2014 due mainly to proceeds from new bank loans, shares issued, issuance of redeemable convertible capital securities and notes under the Multicurrency Debt Issuance Programme.

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 maintains a positive outlook for its offshore support vessel chartering business. Despite the recent decline in global oil prices, shallow water oil field projects remain economically viable as they have significantly lower break-even production costs as compared to projects in deep water oil fields.

As the Group's strategy focuses on supporting the shallow water E&P activities of national oil companies and international oil majors, it envisages chartering demand to remain firm for its fleet of offshore support vessels. Moreover, its orderbook comprises mainly medium to long-term chartering contracts which help to shelter the Group from periods of volatility.

To strengthen its foundation for long-term growth, the Group is actively executing initiatives to expand its asset base, strengthen its operational capabilities and broaden its geographical presence.

The Group has a fleet expansion program that aims to bring its own fleet to 50 offshore support vessels by 2016. Presently, the Group owns a young and modern fleet of 33 vessels and, depending on its contractual obligations, is looking for this base to increase to 38 vessels by 31 December 2014.

To cater to the future expansion of its fleet, the Group has established a marine base in Batam, Indonesia through the acquisition of Jetlee Group for S\$19.8 million during 3Q2014. With its own marine base to dock and carry out maintenance operations for its vessels and third-party vessels that it manages, the Group will have scope to extract greater cost savings and operating efficiencies as compared to leasing third-party shipyards.

On 30 September 2014, the Group announced the US\$27.7 million acquisition of OER Holdings Pte Ltd, ("OER") which is a supplier of professional crew and related hospitality services to the global offshore industry. This is in line with the Group's plans to consolidate the management of its crew resources which will result in improved operational efficiency and economies of scale. The acquisition of OER will enable the Group to enhance the value of its services to customers by providing a complete solution to address its manpower requirements, as well as create opportunities to expand its customer base and geographical coverage.

The acquisitions of the marine base and OER are complementary to the Group's vessel chartering and third-party vessel management businesses and will lead to further integration within the organisation.

The Group remains confident of its prospects in the Middle East market as it has a strong competitive position and established relationships with national oil companies in this region. In addition, the Group has been making headway in its target markets in Latin America, Asia Pacific and West Africa. In October 2014, the Group secured Letters of Award and new contracts with total value of US\$64 million in Mexico, West Africa and the Asia Pacific region. These new contracts are expected to contribute positively to the Group's financial performance from its next financial year ending 31 December 2015 ("FY2015").

With its focus on medium to long-term chartering contracts, the Group benefits from clear earnings visibility. As at 7 November 2014, the Group had an order book of US\$529.4 million that stretches up to 2018.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

No.

(c) Date Payable

Not applicable.

(d) Book Closure Date.

Not applicable.

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

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 nine months ended 30 September 2014 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Chartering		
Swiber and its subsidiaries	US\$4,076,436 ⁽¹⁾	US\$2,275,075
Swiber and its subsidiaries	US\$1,278,900	Nil
Corporate services		
Swiber and its subsidiaries	Nil	US\$216,000
Rawabi Holdings Co Ltd	US\$286,178 ⁽²⁾	Nil
Marine brokerage services		
Swiber and its subsidiaries	Nil	US\$858,657
Ship management services		
Swiber and its subsidiaries	Nil	US\$4,181,812
Other		
Swiber and its subsidiaries	US\$2,270,000	Nil
Rawabi Holdings Co Ltd	US\$977,451 ⁽³⁾	Nil

Notes :

⁽¹⁾The transaction relates to chartering income for the nine months ended 30 September 2014. No shareholder approval was obtained because all terms of the charter party agreement entered into between Vallianz Samson Pte Ltd ("**VSPL**"), Vallianz Marine Pte Ltd ("**VMPL**") and Newcruz Offshore Marine Pte Ltd were finalized and signed prior to the Company acquiring the 51% interest in VMPL and VSPL, and before Swiber Holdings Limited became an interested party as in Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalyst).

⁽²⁾The transaction relates to holding support fee charged by Rawabi Holdings Co Ltd ("**Rawabi**") for the nine months ended 30 September 2014. No shareholder approval was obtained because all terms of the agreement entered into between Rawabi Swiber Offshore Services Co Ltd ("**RSOS**") and Rawabi were finalized and signed prior to Rawabi became an interested party as in Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalyst).

⁽³⁾The transaction relates to construction cost of a camp facility in Kingdom of Saudi Arabia by Rawabi for the nine months ended 30 September 2014. No shareholder approval was obtained because all terms of the agreement entered into between RSOS and Rawabi were finalized and signed prior to Rawabi became an interested party as in Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalyst).

14. Statement by Directors pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter financial results for the period ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Raymond Kim Goh
Director
Non-Executive Chairman

Yeo Chee Neng
Director
Chief Executive Officer

BY ORDER OF THE BOARD

Lee Bee Fong
Company Secretary
07 November 2014

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 relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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