



## **VALLIANZ HOLDINGS LIMITED**

---

**Unaudited Financial Statement And Dividend Announcement**

**For the First Quarter and Three Months Ended 31 March 2015**

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2015 (“1Q2015”)**

**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**

	<b>Group</b>		
	<b>1Q2015</b>	<b>1Q2014</b>	<b>Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>60,727</b>	27,707	119
Cost of sales	<b>(44,704)</b>	(17,378)	157
<b>Gross Profit</b>	<b>16,023</b>	10,329	55
Other income	<b>757</b>	667	13
Administrative expenses	<b>(5,583)</b>	(2,646)	111
Other operating expenses	<b>(2)</b>	(21)	(90)
Finance costs	<b>(6,629)</b>	(2,232)	197
Share of profit of associate	<b>1,044</b>	-	nm
<b>Profit before tax</b>	<b>5,610</b>	6,097	(8)
Income tax expense	<b>(92)</b>	(649)	(86)
<b>Profit for the period</b>	<b>5,518</b>	5,448	1
<b>Profit for the period attributable to :</b>			
Owners of the Company	<b>4,968</b>	4,730	5
Capital securities holders	<b>222</b>	66	236
Non-controlling interests	<b>328</b>	652	(50)
Total	<b>5,518</b>	5,448	
<b>Other comprehensive income for the period, net of tax</b>			
Exchange differences on translation of foreign operations	<b>(1,342)</b>	-	nm
Cash flow hedges	<b>(1,471)</b>	-	nm
<b>Total compressive income for the period</b>	<b>2,705</b>	5,448	
<b>Total comprehensive income attributable to :</b>			
Owners of the Company	<b>2,155</b>	4,730	(54)
Capital securities holders	<b>222</b>	66	236
Non-controlling interests	<b>328</b>	652	(50)
Total	<b>2,705</b>	5,448	

**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:

	<b>Group</b>	
	<b>1Q2015</b>	1Q2014
	<b>US\$'000</b>	US\$'000
Depreciation of property, plant and equipment	<b>7,605</b>	2,821
Dividend income	<b>(1,243)</b>	(1,333)
Finance costs	<b>6,629</b>	2,232
Foreign exchange (gain) loss, net	<b>(466)</b>	20
Bargain purchase	-	(647)
Other income	<b>(291)</b>	(19)
Provision for employee benefits	<b>84</b>	33
Share-based payment expense	<b>364</b>	72

---

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	
	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	21,960	20,754	3,016	3,322
Trade receivables	105,836	99,219	-	899
Other receivables	55,821	55,978	289,477	291,549
Inventories	1,162	1,009	-	-
Construction work-in-progress	1,499	1,779	-	-
Available-for-sale investments	99	99	86	86
<b>Total current assets</b>	<b>186,377</b>	<b>178,838</b>	<b>292,579</b>	<b>295,856</b>
<b>Non-current assets</b>				
Deposits pledged with banks	4,163	4,163	-	-
Available-for-sale investments	95,200	99,700	-	-
Property, plant and equipment	664,823	661,358	79	188
Subsidiaries	-	-	32,008	32,008
Associate	16,667	15,539	-	-
Goodwill	11,854	11,854	-	-
Deferred tax assets	-	262	-	-
<b>Total non-current assets</b>	<b>792,707</b>	<b>792,876</b>	<b>32,087</b>	<b>32,196</b>
<b>Total assets</b>	<b>979,084</b>	<b>971,714</b>	<b>324,666</b>	<b>328,052</b>

**1(b)(i) Statements of Financial Position (cont'd)**

	Group		Company	
	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Term loans	102,758	102,421	-	-
Trade payables	63,750	48,942	-	-
Other payables	40,764	37,834	13,551	12,364
Finance lease	4,343	16,305	-	18
Income tax payable	956	1,406	-	-
Total current liabilities	<b>212,571</b>	206,908	<b>13,551</b>	12,382
<b>Non-current liabilities</b>				
Term loans	306,969	306,697	-	-
Notes payable	114,379	118,528	114,379	118,528
Retirement benefit obligation	591	507	-	-
Other payables	84,199	85,001	-	-
Finance lease	90	153	-	-
Derivative financial instruments	14,258	8,195	14,258	8,195
Deferred tax liabilities	3,882	4,977	-	-
Total non-current liabilities	<b>524,368</b>	524,058	<b>128,637</b>	126,723
<b>Capital and reserves</b>				
Share capital	185,276	185,276	185,276	185,276
Perpetual capital securities	22,722	22,500	22,722	22,500
Foreign currency translation reserve	(1,610)	(268)	-	-
Hedging reserve	(3,612)	(2,141)	(3,612)	(2,141)
Share options reserve	1,520	1,156	1,520	1,156
Other reserve	24	24	24	24
Accumulated profits (losses)	9,558	6,262	(23,452)	(17,868)
Equity attributable to owners of the Company and capital securities holders	<b>213,878</b>	212,809	<b>182,478</b>	188,947
Non-controlling interests	28,267	27,939	-	-
Total equity	<b>242,145</b>	240,748	<b>182,478</b>	188,947
<b>Total liabilities and equity</b>	<b>979,084</b>	971,714	<b>324,666</b>	328,052

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

**Amount repayable in one year or less, or on demand**

Group As at 31 Mar 2015		Group As at 31 Dec 2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
75,754	31,347	88,577	30,149

**Amount repayable after one year**

Group As at 31 Mar 2015		Group As at 31 Dec 2014	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
307,059	114,379	306,850	118,528

**Details of any collateral**

The Group's borrowings are secured by:

- (i) a first legal mortgage over all the Group's property, vessels, motor vehicles and equipment; and
- (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.**

<b>Consolidated Statement of Cash Flows</b>	<b>Group</b>	
	<b>1Q2015</b> <b>US\$'000</b>	<b>1Q2014</b> <b>US\$'000</b>
<b>Operating activities</b>		
Profit before tax	5,610	6,097
Adjustments for :		
Depreciation of property, plant and equipment	7,605	2,821
Dividend income for available-for-sale investments	(1,243)	(1,333)
Finance costs	6,629	2,232
Bargain purchase	-	(647)
Share-based payment expense	364	72
Provision for employee benefits	84	33
Share of profit of associate	(1,044)	-
Unrealised exchange loss	(1,342)	-
Operating cash flows before working capital changes	16,663	9,275
Trade and other receivables	(6,533)	(2,138)
Trade and other payables	15,264	(13,247)
Inventories	(153)	(143)
Construction work-in-progress	280	-
Net cash from (used in) operations	25,521	(6,253)
Income tax paid	(1,375)	-
Net cash from (used in) operating activities	24,146	(6,253)
<b>Investing activities</b>		
Dividends received	1,316	1,390
Proceeds from redemption of preference shares	4,500	2,000
Acquisition of subsidiary	-	829
Acquisition of associate	(84)	-
Purchase of property, plant and equipment	(11,070)	(153,487)
<b>Net cash used in investing activities</b>	<b>(5,338)</b>	<b>(149,268)</b>
<b>Financing activities</b>		
Interest paid	(6,186)	(2,232)
Proceeds from new bank loans raised	31,035	133,600
Proceeds from new share issue	-	12,804
Proceed from issuance of redeemable convertible capital securities	-	35,200
Repayment of term loans	(30,426)	(8,287)
Repayment of obligation under finance lease	(12,025)	(6)
<b>Net cash (used in) from financing activities</b>	<b>(17,602)</b>	<b>171,079</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,206</b>	<b>15,558</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>20,754</b>	<b>1,812</b>
<b>Cash and cash equivalents at end of period</b>	<b>21,960</b>	<b>17,370</b>

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

	Share capital	Foreign currency translation reserve	Hedging reserve	Share options reserve	Other reserve	Accumulated profits	Perpetual capital securities	Equity attributable to owners of the Company and 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	US\$'000
<b>Group</b>										
At 1 January 2015	185,276	(268)	(2,141)	1,156	24	6,262	22,500	212,809	27,939	240,748
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	4,968	222	5,190	328	5,518
Other comprehensive income for the period	-	(1,342)	(1,471)	-	-	-	-	(2,813)	-	(2,813)
Total	-	(1,342)	(1,471)	-	-	4,968	222	2,377	328	2,705
<b>Transactions with owners, recognized directly in equity</b>										
Dividends	-	-	-	-	-	(1,672)	-	(1,672)	-	(1,672)
Recognition of share- based payments	-	-	-	364	-	-	-	364	-	364
Total	-	-	-	364	-	(1,672)	-	(1,308)	-	(1,308)
<b>At 31 March 2015</b>	<b>185,276</b>	<b>(1,610)</b>	<b>(3,612)</b>	<b>1,520</b>	<b>24</b>	<b>9,558</b>	<b>22,722</b>	<b>213,878</b>	<b>28,267</b>	<b>242,145</b>



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

	Share capital	Share options reserve	Accumulated losses	Redeemable convertible capital securities	Equity attributable to owners of the Company and capital securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>							
At 1 January 2014	54,647	181	(12,098)	-	42,730	29,369	72,099
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	4,730	66	4,796	652	5,448
Total	-	-	4,730	66	4,796	652	5,448
<b>Transactions with owners, recognized directly in equity</b>							
Dividends	-	-	(846)	-	(846)	-	(846)
Recognition of share-based payments	-	72	-	-	72	-	72
Issue of share capital, net of transaction costs	12,804	-	-	-	12,804	-	12,804
Issue of redeemable convertible capital securities	-	-	-	35,200	35,200	-	35,200
Conversion of redeemable convertible capital securities to ordinary shares	27,896	-	-	(27,896)	-	-	-
Non-controlling interests arising from increase in control of investment	-	-	-	-	-	3,718	3,718
Total	40,700	72	(846)	7,304	47,230	3,718	50,948
<b>At 31 March 2014</b>	<b>95,347</b>	<b>253</b>	<b>(8,214)</b>	<b>7,370</b>	<b>94,756</b>	<b>33,739</b>	<b>128,495</b>

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

	Share capital	Hedging reserve	Share options reserve	Other reserve	Accumulated losses	Redeemable convertible capital securities	Perpetual capital securities	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>								
At 1 January 2015	185,276	(2,141)	1,156	24	(17,868)	-	22,500	188,947
<b>Total comprehensive income for the period</b>								
Loss for the period	-	-	-	-	(3,912)	-	222	(3,690)
Other comprehensive income for the period	-	(1,471)	-	-	-	-	-	(1,471)
Total	-	(1,471)	-	-	(3,912)	-	222	(5,161)
<b>Transactions with owners, recognized directly in equity</b>								
Dividends	-	-	-	-	(1,672)	-	-	(1,672)
Recognition of share-based payments	-	-	364	-	-	-	-	364
Total	-	-	364	-	(1,672)	-	-	(1,308)
<b>At 31 March 2015</b>	<b>185,276</b>	<b>(3,612)</b>	<b>1,520</b>	<b>24</b>	<b>(23,452)</b>	<b>-</b>	<b>22,722</b>	<b>182,478</b>
At 1 January 2014	54,647	-	181	-	(19,069)	-	-	35,759
<b>Total comprehensive income for the period</b>								
Loss for the period	-	-	-	-	(576)	66	-	(510)
Total	-	-	-	-	(576)	66	-	(510)
<b>Transactions with owners, recognized directly in equity</b>								
Dividends	-	-	-	-	(846)	-	-	(846)
Recognition of share-based payments	-	-	72	-	-	-	-	72
Issue of share capital, net of transaction costs	12,804	-	-	-	-	-	-	12,804
Issue of redeemable convertible capital securities	-	-	-	-	-	35,200	-	35,200
Conversion of redeemable convertible capital securities to ordinary shares	27,896	-	-	-	-	(27,896)	-	-
Total	40,700	-	72	-	(846)	7,304	-	47,230
<b>At 31 March 2014</b>	<b>95,347</b>	<b>-</b>	<b>253</b>	<b>-</b>	<b>(20,491)</b>	<b>7,370</b>	<b>-</b>	<b>82,479</b>

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) year period.

Date of grant	As at 1 January 2015	Granted	Vested	Cancelled	As at 31 March 2015
14 May 2013	3,333,333	-	-	333,334	2,999,999

**(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 7 May 2014, the Company granted 20,000,000 share options pursuant to the ESOS. Each 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 1 January 2015	Granted	As at 31 March 2015
14 May 2013	9,000,000	-	9,000,000
7 May 2014	20,000,000	-	20,000,000

**(c) Consideration Shares for OER acquisition**

On 31 October 2014, the Company allotted and issued 125,000,000 ordinary shares to ST Holmen Ltd, amounting to 50% of the 250,000,000 shares payable as consideration for the acquisition of OER Holdings Pte. Ltd. ("Consideration Shares"). The remaining 50% of the Consideration Shares will be issued at a later date upon achieving the earnings target as set out in the Company's announcement on 30 September 2014.

**(d) Consideration Shares for Newcruz and PTSB acquisition**

On 31 December 2014, the Company obtained shareholders' approval to allot and issue 160,000,000 ordinary shares at S\$0.11 pursuant to acquisition of Newcruz International Pte. Ltd. and PTSB Holdings Pte. Ltd. The shares were allotted and issued on 5 January 2015.

**(e) Total number of shares that may be issued as at 31 March 2015**

Corporate Action	No. of Shares
Grant of share awards under PSP	2,999,999
Grant of share options under ESOS	29,000,000
Consideration Shares for OER acquisition	125,000,000
	<b>156,999,999</b>

- 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		
	31 Mar 2015 No. of shares (‘000)	31 Dec 2014 No. of shares (‘000)
The number of issued shares	<b>3,343,512</b>	3,183,512

There were no treasury shares as at 31 March 2015 and 31 December 2014.

- 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 2014.

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 their financial periods commencing 1 January 2015. The adoption of the new and revised FRS and IFRS has no material impact on the unaudited financial statements for the first quarter ended 31 March 2015.

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	
	1Q2015	1Q2014
<u>Earnings (US\$'000)</u>		
Profit after tax attributable to owners of the Company	4,968	4,730
<u>Number of shares ('000)</u>		
Weighted average number of shares for basic earnings per share	3,343,512	1,487,879
Effects of dilution	134,619	193,453
Weighted average number of shares for diluted earnings per share	<u>3,478,131</u>	<u>1,681,332</u>
<u>Earnings per share (US cents)</u>		
Basic	0.15	0.32
Diluted	0.14	0.29

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	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Net asset value (US\$'000)	213,878	212,809	182,478	188,947
Total number of shares issued ('000)	3,343,512	3,183,512	3,343,512	3,183,512
Net asset value per share (US cents)	<u>6.40</u>	<u>6.68</u>	<u>5.46</u>	<u>5.94</u>

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**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**(a) Revenue**

Revenue (US\$ m)	1Q	2Q	3Q	4Q	Full Year
FY2015	60.73	-	-	-	-
FY2014	27.71	38.55	39.25	48.17	153.68
y-o-y change	119%	-	-	-	-

## 8 Review of Group Performance (Cont'd)

The Group registered revenue of approximately US\$60.73 million for the three (3) months ended 31 March 2015 ("1Q2015"), representing an increase of 119% or US\$33.02 million when compared to three (3) months ended 31 March 2014 ("1Q2014"). This was driven by higher charter and brokerage revenue in 1Q2015, as well as an increase in revenue derived from ship management services, shipyard services and investments. The growth in revenue from ship management and shipyard services was attributed to contributions from Jetlee Group, OER Group and Newcruz Group which were acquired in the last quarter of FY2014. As a result, charter and brokerage services accounted for 63% of the Group's revenue in 1Q2015, compared to 89% in 1Q2014.

At the end of 31 March 2015, the Group's vessel chartering business had a fleet of 39 offshore support vessels.

### (b) Cost of sales and gross profit

Cost of sales increased by US\$27.33 million to US\$44.71 million in 1Q2015, from US\$17.38 million in 1Q2014. Cost of sales comprises largely of vessel operating expenses and labour cost.

The Group's gross profit increased by 55.13% or US\$5.69 million to US\$16.02 million in 1Q2015 from US\$10.33 million in 1Q2014, due to higher gross profit from chartering business and contributions from subsidiaries acquired in last quarter of 2014. Gross profit margin in 1Q2015 was 26.39% compared to 37.28% in 1Q2014 due mainly to the change in revenue mix and expansion of owned fleet.

### (c) Other income

Other income of US\$757,000 in 1Q2015 was mainly derived from foreign exchange gain of US\$466,000.

### (d) Administrative expenses

Administrative expenses comprise largely of staff and travel related expenses. Administrative expenses increased by US\$2.94 million to US\$5.58 million in 1Q2015 when compared to 1Q2014. This was attributed largely to the consolidation of expenses of subsidiaries acquired in the last quarter of 2014.

### (e) Finance costs

Finance costs for the Group increased by US\$4.40 million to US\$6.63 million in 1Q2015 from US\$2.23 million in the 1Q2014. The increase is due mainly to the issuance of notes under the Multicurrency Debt Issuance Programme in second quarter of 2014.

### (f) Share of profit of associate

The Group recorded share of profit of associate of US\$1.04 million in 1Q2015. This was contributed by the Group's 49%-owned associate PT Vallianz Offshore Maritim ("PTVOM") in Indonesia. PTVOM was acquired by the Group on 31 December 2014.

### (g) Net profit

Net Profit (US\$ m)	1Q	2Q	3Q	4Q	Full Year
FY2015	5.52	-	-	-	-
FY2014	5.45	5.79	5.20	3.99	20.43
y-o-y change	1%	-	-	-	-

For 1Q2015, the Group's EBITDA (earnings before interest, depreciation and amortisation) increased 77.94% to US\$19.84 million from US\$11.15 million in 1Q2014.

Net profit in 1Q2015 remained stable at US\$5.52 million compared to US\$5.45 million in 1Q2014, as higher gross profit and share of profit of associate was offset by mainly increases in administrative expenses and finance costs.

Based on the weighted average number of shares, the Group recorded earnings per share of 0.15 US cents for 1Q2015 as compared to 0.32 US cents for 1Q2014.

## Statements of Financial Position

### (h) Trade and other receivables

Trade and other receivables increased from US\$155.20 million as at 31 December 2014 to US\$161.66 million as at 31 March 2015 in line with the increase in revenue.

## 8 Review of Group Performance (Cont'd)

### (i) Available-for-sale investments

As at 31 December 2014 the Group had preferential shares in Resolute Offshore Pte Ltd valued at US\$99.70 million. Resolute Offshore Pte Ltd redeemed 45,000 preference shares for a total value of US\$4.50 million during the period ended 31 March 2015.

### (j) Property, plant and equipment

Property, plant and equipment increased from US\$661.36 million as at 31 December 2014 to US\$664.82 million as at 31 March 2015. Depreciation increased by US\$4.78 million from US\$2.82 million to US\$7.61 million.

### (k) Total current and non-current borrowings

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

	31 Mar 2015			31 Dec 2014		
	Current US\$'000	Non-current US\$'000	Total US\$'000	Current US\$'000	Non-current US\$'000	Total US\$'000
Term Loans	64,493	306,969	371,462	65,226	306,697	371,923
Working Lines	38,265	-	38,265	37,195	-	37,195
Notes payable	-	114,379	114,379	-	118,528	118,528
Finance Lease	4,343	90	4,433	16,305	153	16,458
	<b>107,101</b>	<b>421,438</b>	<b>528,539</b>	<b>118,726</b>	<b>425,378</b>	<b>544,104</b>

Total current and non-current term borrowings reduced from US\$544.10 million as at 31 December 2014 to US\$528.54 million as at 31 March 2015 which comprises largely of bank borrowings for vessels and notes payable.

The average repayment period for the Group's vessel borrowings is approximately six (6) years, which is significantly shorter than the useful lives of the vessels which are typically between 18 to 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 are entirely recorded as non-current assets. This mismatch is one of the main reasons for the net current liabilities of US\$26.19 million as at 31 March 2015.

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 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 31 March 2015, 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	71,524
Series 2	2.5	7.25%	Nov 2016	60,000	42,855

The Group hedges the foreign currency exposure from the notes with a cross-currency interest rate swap contract entered into during the year.

### (l) Trade and other payables

The Group's trade and other payables increased by approximately US\$16.93 million from US\$171.78 million as at 31 December 2015 to US\$188.71 million as at 31 March 2015. The increase is consistent with the growth of the Group's business operations.

## **Consolidated Statement of Cash Flows**

Cash and cash equivalents increased from US\$24.92 million as at 31 December 2014 to US\$26.12 million as at 31 March 2015.

### (m) Cash flow from operating activities

The Group generated net cash from operating activities of US\$24.15 million in 1Q2015.

## 8 Review of Group Performance (Cont'd)

### **(n) Cash flow used in investing activities**

Net cash used in investing activities amounted to US\$5.34 million for 1Q2015 mainly due to capital expenditure incurred for the purchase of vessels.

### **(o) Cash flow used in financing activities**

Net cash used in financing activities in 1Q2015 amounted to US\$17.60 million due mainly to repayment of term loans and finance leases.

## 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.**

While the prevailing weak oil price environment continues to cloud the near-term outlook of the oil and gas industry, the Group believes it has a robust business model and remains positive of its long term growth prospects.

The Group's offshore support vessel ("OSV") chartering business focuses on supporting shallow water oilfield activities. Such projects are less susceptible to capital expenditure reductions of the oil companies due to lower break-even costs as compared to projects in deep water oil fields. The Group also has a successful record of securing mainly long term charter contracts of between three (3) and five (5) years which provide stable revenue streams. In addition, the Group serves primarily national oil companies which have less volatile exploration and production ("E&P") spending patterns.

The Group has established a strong competitive position in the Middle East, the world's largest oil producing region. With OPEC members continuing to maintain high levels of oil production output and E&P spending in the Middle East projected to increase in 2015, the Group is in prime position to capitalise on expected growth in demand for OSVs in this region.

The Group plans to continue exploring opportunities to expand and enhance its fleet with specialised vessels to offer a broader range of product offerings to customers.

As at 31 March 2015, the Group's chartering services order book stood at approximately US\$461.60 million from US\$540.00 million as at the end of 2014.

For FY2015, the Group expects to see new contracts secured in 2014 to start contributing to its revenue, as well as a maiden contribution from PT Vallianz Offshore Maritim, its associate company in Indonesia.

The Group remains focused on its strategy to increase penetration in its target markets of Middle East, Latin America, Asia and West Africa to become a major OSV player. As it actively bids for new charter contracts in prospective markets, the Group is also working to optimize its operations by enhancing cost efficiencies and financial management.

## 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 first quarter ended 31 March 2015 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)
<b>Chartering services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$2,204,425
<b>Marine brokerage services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$61,868
<b>Ship management services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$5,813,915
<b>Shipyards, Engineering, Fabrication Services and Facilities services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$2,582,659
<b>Chartering services provided to the Group</b>		
Swiber and its subsidiaries	Nil	US\$415,237
<b>Corporate services provided to the Group</b>		
Swiber and its subsidiaries	Nil	US\$97,680
Rawabi Holdings Co Ltd	Nil	US\$127,963

#### 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 first quarter financial results for the period ended 31 March 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Raymond Kim Goh  
Director  
Non-Executive Chairman

Ling Yong Wah  
Director  
Chief Executive Officer

#### BY ORDER OF THE BOARD

Lee Bee Fong  
Company Secretary  
11 May 2015

---

*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.*

*The contact person for the Sponsor is Mr. Bernard Lui.  
Telephone number: 6389 3000 Email: [bernard.lui@stamfordlaw.com.sg](mailto:bernard.lui@stamfordlaw.com.sg).*