



## **VALLIANZ HOLDINGS LIMITED**

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**Unaudited Financial Statement And Dividend Announcement**

**For the Third Quarter and Nine Months Ended 30 September 2015**

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED (“3Q2015”) AND NINE MONTHS ENDED 30 SEPTEMBER 2015 (“9M2015”)**

**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		
	3Q2015 US\$'000	3Q2014 US\$'000	Change %	9M2015 US\$'000	9M2014 US\$'000	Change %
<b>Revenue</b>	<b>59,834</b>	39,254	52.4	<b>185,582</b>	105,517	75.9
Cost of sales	<b>(43,006)</b>	(24,921)	72.6	<b>(134,972)</b>	(66,969)	101.5
<b>Gross Profit</b>	<b>16,828</b>	14,333	17.4	<b>50,610</b>	38,548	31.3
Other income	<b>1,457</b>	1,650	(11.7)	<b>1,619</b>	3,542	(54.3)
Administrative expenses	<b>(5,027)</b>	(3,345)	50.3	<b>(15,787)</b>	(9,903)	59.4
Finance costs	<b>(6,538)</b>	(6,791)	(3.7)	<b>(20,480)</b>	(14,283)	43.4
Share of profit of associate	<b>(468)</b>	-	nm	<b>458</b>	-	nm
<b>Profit before tax</b>	<b>6,252</b>	5,847	6.9	<b>16,420</b>	17,904	(8.3)
Income tax expense	<b>(963)</b>	(648)	(48.6)	<b>(1,031)</b>	(1,466)	(33.4)
<b>Profit for the period</b>	<b>5,289</b>	5,199	1.7	<b>15,389</b>	16,438	(6.4)
<b>Profit for the period attributable to :</b>						
Owners of the Company	<b>4,593</b>	4,818	(4.7)	<b>13,334</b>	14,871	(10.3)
Redeemable convertible capital securities holders	-	-	-	-	66	nm
Preference shares holders	<b>109</b>	-	nm	<b>109</b>	-	nm
Capital securities holders	<b>227</b>	-	nm	<b>673</b>	-	nm
Non-controlling interests	<b>360</b>	381	(5.5)	<b>1,273</b>	1,501	(15.2)
<b>Total</b>	<b>5,289</b>	5,199	1.7	<b>15,389</b>	16,438	(6.4)
<b>Other comprehensive income for the period, net of tax</b>						
Exchange differences on translation of foreign operations	<b>(838)</b>	-	nm	<b>(1,139)</b>	-	nm
Cash flow hedges	<b>(1,199)</b>	(348)	244.5	<b>(1,081)</b>	(1,562)	(30.8)
<b>Total comprehensive income for the period</b>	<b>3,252</b>	4,851	(33.0)	<b>13,169</b>	14,876	(11.5)
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	<b>2,556</b>	4,470	(42.8)	<b>11,114</b>	13,309	(16.5)
Redeemable convertible capital securities holders	-	-	nm	-	66	nm
Preference shares holders	<b>109</b>	-	nm	<b>109</b>	-	nm
Capital securities holders	<b>227</b>	-	nm	<b>673</b>	-	nm
Non-controlling interests	<b>360</b>	381	(5.5)	<b>1,273</b>	1,501	(15.2)
<b>Total</b>	<b>3,252</b>	4,851	(33.0)	<b>13,169</b>	14,876	(11.5)

**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	
	3Q2015 US\$'000	3Q2014 US\$'000	9M2015 US\$'000	9M2014 US\$'000
Depreciation of property, plant and equipment	6,495	5,873	23,573	12,297
Dividend income for available-for-sale investments	(1,183)	(1,317)	(3,650)	(3,970)
Finance costs	6,538	6,791	20,480	14,283
Foreign exchange gain, net	(689)	(8)	(32)	(727)
Bargain purchase	-	(1,651)	-	(2,710)
Other income	(299)	(16)	(1,006)	(131)
Gain on disposal of property, plant and equipment	(452)	-	(564)	-
Provision for employee benefits	20	52	163	154
Provision for doubtful debts written back	(17)	-	(17)	-
Write down of available-for-sale investments	11	-	11	-
Share-based payment expense	426	356	946	1,561

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 2015 US\$'000	31 Dec 2014 US\$'000	30 Sep 2015 US\$'000	31 Dec 2014 US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	11,562	20,754	3,573	3,322
Trade receivables	142,748	99,219	899	899
Other receivables	61,654	55,978	304,962	291,549
Inventories	1,050	1,009	-	-
Construction work-in-progress	416	1,779	-	-
Finance lease receivables	1,457	-	-	-
Available-for-sale investments	88	99	86	86
<b>Total current assets</b>	<b>218,975</b>	178,838	<b>309,520</b>	295,856
<b>Non-current assets</b>				
Deposits pledged with banks	5,114	4,163	-	-
Available-for-sale investments	90,200	99,700	-	-
Property, plant and equipment	646,069	661,358	70	188
Subsidiaries	-	-	42,008	32,008
Joint venture	5,880	-	-	-
Associate	16,081	15,539	-	-
Goodwill	11,854	11,854	-	-
Deferred tax assets	-	262	-	-
<b>Total non-current assets</b>	<b>775,198</b>	792,876	<b>42,078</b>	32,196
<b>Total assets</b>	<b>994,173</b>	971,714	<b>351,598</b>	328,052

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

	Group		Company	
	30 Sep 2015 US\$'000	31 Dec 2014 US\$'000	30 Sep 2015 US\$'000	31 Dec 2014 US\$'000
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Term loans	105,661	102,421	-	-
Notes payables	69,712	-	69,712	-
Trade payables	42,014	48,942	-	-
Other payables	55,154	37,834	46,075	12,364
Finance lease payables	2,650	16,305	-	18
Derivative financial instruments	10,674	-	10,674	-
Income tax payable	2,216	1,406	-	-
Total current liabilities	<b>288,081</b>	206,908	<b>126,461</b>	12,382
<b>Non-current liabilities</b>				
Term loans	336,896	306,697	-	-
Notes payable	41,636	118,528	41,636	118,528
Retirement benefit obligation	670	507	-	-
Other payables	53,222	85,001	-	-
Finance lease payables	703	153	-	-
Derivative financial instruments	7,114	8,195	7,114	8,195
Deferred tax liabilities	3,633	4,977	-	-
Total non-current liabilities	<b>443,874</b>	524,058	<b>48,750</b>	126,723
<b>Capital and reserves</b>				
Share capital	185,338	185,276	185,338	185,276
Preference shares	9,583	-	-	-
Perpetual capital securities	22,727	22,500	22,727	22,500
Foreign currency translation reserve	(1,407)	(268)	-	-
Hedging reserve	(3,222)	(2,141)	(3,222)	(2,141)
Share options reserve	2,036	1,156	2,036	1,156
Other reserve	(27)	24	28	24
Accumulated profits (losses)	17,924	6,262	(30,520)	(17,868)
Equity attributable to owners of the Company, preference shares holders and capital securities holders	<b>232,952</b>	212,809	<b>176,387</b>	188,947
Non-controlling interests	29,266	27,939	-	-
Total equity	<b>262,218</b>	240,748	<b>176,387</b>	188,947
<b>Total liabilities and equity</b>	<b>994,173</b>	971,714	<b>351,598</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		Group	
As at 30 Sep 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
75,394	102,629	88,577	30,149

**Amount repayable after one year**

Group		Group	
As at 30 Sep 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
337,599	41,636	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 a vessel held by a related company of its major shareholder;
- (ii) assignment of marine insurances in respect of some of the vessels mentioned above;
- (iii) unquoted cumulative preference shares held by the Group;
- (iv) deposits pledged; and
- (v) assignment of earnings/charter proceeds in respect of some of the vessels mentioned above.

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**

	<b>3Q2015</b>	3Q2014	<b>9M2015</b>	9M2014
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
<b>Operating activities</b>				
Profit before tax	<b>6,252</b>	5,847	<b>16,420</b>	17,904
Adjustments for :				
Depreciation of property, plant and equipment	<b>6,495</b>	5,873	<b>23,573</b>	12,297
Dividend income for available-for-sale investments	<b>(1,183)</b>	(1,317)	<b>(3,650)</b>	(3,970)
Finance costs	<b>6,538</b>	6,791	<b>20,480</b>	14,283
Bargain purchase	-	(1,651)	-	(2,710)
Share-based payment expense	<b>426</b>	356	<b>946</b>	1,561
Provision for employee benefits	<b>20</b>	52	<b>163</b>	154
Share of results of associate	<b>468</b>	-	<b>(458)</b>	-
Gain on disposal of property, plant and equipment	<b>(452)</b>	-	<b>(564)</b>	-
Provision for doubtful debts written back	<b>(17)</b>	-	<b>(17)</b>	-
Write down of available-for-sale investments	<b>11</b>	-	<b>11</b>	-
Exchange differences	<b>126</b>	-	<b>281</b>	-
Operating cash flows before working capital changes	<b>18,684</b>	15,951	<b>57,185</b>	39,519
Trade and other receivables	<b>(10,421)</b>	(10,383)	<b>(38,434)</b>	(33,132)
Trade and other payables	<b>(31,643)</b>	(3,692)	<b>(22,219)</b>	(56,112)
Inventories	<b>164</b>	138	<b>(41)</b>	(319)
Construction work-in-progress	<b>(35)</b>	-	<b>1,363</b>	-
<b>Cash (used in) generated from operations</b>	<b>(23,251)</b>	2,014	<b>(2,146)</b>	(50,044)
Income tax paid	<b>(409)</b>	-	<b>(2,272)</b>	(402)
<b>Net cash (used in) from operating activities</b>	<b>(23,660)</b>	2,014	<b>(4,418)</b>	(50,446)
<b>Investing activities</b>				
Dividends received	-	-	<b>1,316</b>	2,723
Proceeds from redemption of preference shares	-	-	<b>9,500</b>	4,400
Acquisition of subsidiary	-	3,733	-	2,291
Acquisition of associate	-	-	<b>(84)</b>	(4)
Investment in joint venture	<b>(5,880)</b>	-	<b>(5,880)</b>	-
Proceeds from disposal of property, plant and equipment	<b>1,446</b>	-	<b>3,138</b>	-
Purchase of property, plant and equipment	<b>(99)</b>	(38,653)	<b>(20,651)</b>	(264,696)
<b>Net cash used in investing activities</b>	<b>(4,533)</b>	(34,920)	<b>(12,661)</b>	(255,286)

**1(c) Consolidated Statement of Cash Flows (cont'd)**

	<b>3Q2015</b>	3Q2014	<b>9M2015</b>	9M2014
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
<b>Financing activities</b>				
Pledged deposits	<b>(446)</b>	(989)	<b>(951)</b>	(989)
Dividends paid	-	-	<b>(1,672)</b>	(912)
Distribution paid	<b>(446)</b>	-	<b>(446)</b>	-
Interest paid	<b>(6,093)</b>	(3,517)	<b>(19,148)</b>	(8,847)
Proceeds from new bank loans raised	<b>49,989</b>	84,080	<b>141,015</b>	218,155
Proceeds from new share issue	-	9,191	-	63,608
Proceed from issuance of redeemable convertible capital securities	-	-	-	35,200
Proceeds from issuance of notes	-	-	-	123,668
Proceeds from issuance of preference shares by a subsidiary	-	-	<b>9,474</b>	-
Repayment of term loans	<b>(18,290)</b>	(46,061)	<b>(107,280)</b>	(68,121)
Repayment of obligation under finance lease	<b>(620)</b>	(6)	<b>(13,105)</b>	(17)
Redemption of preference shares issued by a subsidiary	-	-	-	(3,920)
<b>Net cash from financing activities</b>	<b>24,094</b>	42,698	<b>7,887</b>	357,825
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(4,099)</b>	9,792	<b>(9,192)</b>	52,093
<b>Cash and cash equivalents at beginning of period</b>	<b>15,661</b>	44,113	<b>20,754</b>	1,812
<b>Cash and cash equivalents at end of period</b>	<b>11,562</b>	53,905	<b>11,562</b>	53,905



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	Preference shares	Foreign currency translation reserve	Hedging reserve	Share options reserve	Other reserve	Accumulated profits	Perpetual capital securities	Equity attributable to owners of the Company, preference shares holders 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	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	-	109	-	-	-	-	13,334	673	14,116	1,273	15,389
Other comprehensive income for the period	-	-	(1,139)	(1,081)	-	-	-	-	(2,220)	-	(2,220)
Total	-	109	(1,139)	(1,081)	-	-	13,334	673	11,896	1,273	13,169
<b>Transactions with owners, recognised directly in equity</b>											
Issue of convertible preference shares, net of expenses	-	9,474	-	-	-	-	-	-	9,474	-	9,474
Non-controlling interests arising from increase in control of investment	-	-	-	-	-	(55)	-	-	(55)	54	(1)
Performance shares awarded	62	-	-	-	(62)	-	-	-	-	-	-
Forfeiture of performance shares awards	-	-	-	-	(4)	4	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	946	-	-	-	946	-	946
Dividends	-	-	-	-	-	-	(1,672)	-	(1,672)	-	(1,672)
Distribution paid	-	-	-	-	-	-	-	(446)	(446)	-	(446)
Total	62	9,474	-	-	880	(51)	(1,672)	(446)	8,247	54	8,301
<b>At 30 September 2015</b>	<b>185,338</b>	<b>9,583</b>	<b>(1,407)</b>	<b>(3,222)</b>	<b>2,036</b>	<b>(27)</b>	<b>17,924</b>	<b>22,727</b>	<b>232,952</b>	<b>29,266</b>	<b>262,218</b>

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

	Share capital	Hedging reserve	Share options reserve	Accumulated (losses) profits	Equity attributable to owners of the Company	Redeemable convertible capital securities	Equity attributable to owners of the Company and 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
<b>Group</b>									
At 1 January 2014	54,647	-	181	(12,098)	42,730	-	42,730	29,369	72,099
<b>Total comprehensive income for the period</b>									
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
<b>Transactions with owners, recognised directly in equity</b>									
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 share capital	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 share-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
<b>At 30 September 2014</b>	<b>166,882</b>	<b>(1,562)</b>	<b>814</b>	<b>1,927</b>	<b>168,061</b>	<b>-</b>	<b>168,061</b>	<b>27,415</b>	<b>195,476</b>

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

	Share capital	Hedging reserve	Share options reserve	Other reserve	Accumulated losses	Perpetual capital securities	Total equity
	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	-	-	-	-	(10,980)	673	(10,307)
Other comprehensive income for the period	-	(1,081)	-	-	-	-	(1,081)
Total	185,276	(1,081)	-	-	(10,980)	673	(11,388)
<b>Transactions with owners, recognised directly in equity</b>							
Performance shares awarded	62	-	(62)	-	-	-	-
Forfeiture of performance shares awards	-	-	(4)	4	-	-	-
Recognition of share-based payments	-	-	946	-	-	-	946
Dividends	-	-	-	-	(1,672)	-	(1,672)
Distribution paid	-	-	-	-	-	(446)	(446)
Total	62	-	880	4	(2,345)	(446)	(1,172)
<b>At 30 September 2015</b>	<b>185,338</b>	<b>(3,222)</b>	<b>2,036</b>	<b>28</b>	<b>(30,520)</b>	<b>22,727</b>	<b>176,387</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	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>							
At 1 January 2014	54,647	-	181	-	(19,069)	-	35,759
<b>Total comprehensive income for the period</b>							
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)
<b>Transactions with owners, recognised directly in equity</b>							
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)
Recognition of share-based payments	-	-	702	-	-	-	702
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
Total	112,235	-	633	-	(912)	-	111,956
<b>At 30 September 2014</b>	<b>166,882</b>	<b>(1,562)</b>	<b>814</b>	<b>-</b>	<b>(27,206)</b>	<b>-</b>	<b>138,928</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.

On 6 July 2015, the Company granted 51,500,000 Awards pursuant to the PSP. The Awards will be vested on 6 July 2016.

Date of grant	As at 1 January 2015	Granted	Vested	Cancelled	As at 30 September 2015
14 May 2013	3,333,333	-	1,500,001	666,666	1,166,666
6 July 2015	-	51,500,000	-	1,000,000	50,500,000

**(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 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 30 September 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 30 September 2015**

Corporate Action	No. of Shares
Grant of share awards under PSP	51,666,666
Grant of share options under ESOS	29,000,000
Consideration Shares for OER acquisition	125,000,000
	<b>205,666,666</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.

	<u>30 September 2015</u> No. of shares (‘000)	<u>31 December 2014</u> No. of shares (‘000)
The number of issued shares	<u>3,345,012</u>	<u>3,183,512</u>

There were no treasury shares as at 30 September 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 third quarter ended 30 September 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		Group	
	3Q2015	3Q2014	9M2015	9M2014
<b>Earnings (US\$'000)</b>				
Net profit after tax attributable to owners of the Company	4,593	4,818	13,334	14,871
<b>Number of shares ('000)</b>				
Weighted average number of shares for basic earnings per share	3,345,012	2,559,476	3,344,281	2,068,250
Effects of dilution	143,581	9,666	143,581	9,666
Weighted average number of shares for diluted earnings per share	3,488,593	2,569,142	3,487,862	2,077,916
<b>Earnings per share (US cents)</b>				
Basic	0.14	0.19	0.40	0.72
Diluted	0.13	0.19	0.38	0.72

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 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Net asset value (US\$'000)	232,952	212,809	176,387	188,947
Total number of shares issued ('000)	3,345,012	3,183,522	3,345,012	3,183,522
Net asset value per share (US cents)	6.96	6.68	5.27	5.94

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

The Group registered revenue of approximately US\$59.83 million for the three (3) months ended 30 September 2015 ("3Q2015"), representing an increase of 52.4% or US\$20.58 million when compared to three (3) months ended 30 September 2014 ("3Q2014"). For the nine (9) months ended 30 September 2015 ("9M2015"), the Group's revenue increased 75.9% to US\$185.58 million from US\$105.52 million in the nine (9) months ended 30 September 2014 ("9M2014").

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

### **Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)**

#### **(a) Revenue (cont'd)**

The growth in topline was partly driven by higher chartering & brokerage revenue in tandem with the growth of the Group's fleet size. The Group also derived higher revenue from ship management and shipyard services which was attributed mainly to contributions from Jetlee Group, OER Group and Newcruz Group which were acquired in the last quarter of FY2014. As a result, ship management and shipyard services accounted for a larger share of Group revenue of 34% for 9M2015. Chartering & brokerage services made up 64% of total revenue in 9M2015, compared to 92% in 9M2014.

At the end of September 2015, the Group's vessel chartering business had a fleet of 40 offshore support vessels, compared to 33 vessels as at the end of September 2014.

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

Cost of sales increased by US\$18.09 million to US\$43.01 million in 3Q2015 from US\$24.92 million in 3Q2014. For 9M2015, the Group's cost of sales also increased US\$68.0 million from US\$66.97 million in 9M2014. These increases are in line with the expanded scale of operations in 2015 following the acquisition of businesses in late 2014.

The Group's gross profit increase by 17.4% or US\$2.50 million to US\$16.83 million in 3Q2015 from US\$14.33 million in 3Q2014, due to higher gross profit from chartering business and contributions from subsidiaries acquired in last quarter of 2014. Gross profit margin in 3Q2015 and 9M2015 was 28.1% and 27.3% respectively as compared to 36.51% and 36.53% in 3Q2014 and 9M2014. This fluctuation was due to the change in revenue mix and expansion of owned fleet.

#### **(c) Other income**

Other income of US\$1.46 million in 3Q2015 and US\$1.62 million in 9M2015 mainly consisted of gain from disposal of property, plant and equipment of US\$564,000 and scrap income of US\$318,000.

#### **(d) Administrative expenses**

Administrative expenses, which comprise largely staff and travel related expenses, increased by US\$1.68 million year-on-year to US\$5.03 million in 3Q2015. However, these expenses were relatively stable when compared to 2Q2015. For 9M2015, there was also an increase in administrative expenses of US\$5.88 million to US\$15.79 million. This was attributed largely to the consolidation of expenses of subsidiaries acquired in the last quarter of 2014. The impact of consolidation was partially offset by the effective measures implemented by the Group to optimize its cost structure.

#### **(e) Finance costs**

Finance costs for the Group decreased slightly to US\$6.54 million in 3Q2015 from US\$6.79 million in 3Q2014. For 9M2015, the Group incurred finance costs of US\$20.48 million, a 43.4% increase compared to US\$14.28 million for the period ended 9M2014. The increase was 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 results from an associate of US\$458,000 in 9M2015. 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.



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

### Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

#### (g) Net profit

Net Profit (US\$ m)	1Q	2Q	3Q
FY2015	5.52	4.58	5.29
FY2014	5.45	5.79	5.20
y-o-y change	1%	(21%)	1.7%

For 3Q2015, the Group's EBITDA (earnings before interest, depreciation and amortisation) increased to US\$19.29 million from US\$18.51 million in 3Q2014, despite the more difficult operating conditions in the offshore marine industry. For 9M2015, the Group experienced a hike in EBITDA to US\$60.47 million, an increase of 35.9% or US\$15.99 million from US\$44.48 million in 9M2014.

Net profit in 3Q2015 increased to US\$5.29 million from US\$5.20 million in 3Q2014. This was due mainly to an improved gross profit in 3Q2015.

For 9M2015, the Group recorded net profit of US\$15.39 million as compared to US\$16.44 million in 9M2014. While the Group registered larger revenue and gross profit in 9M2015, this was offset by higher administrative expenses and finance costs. There was also an absence of gain on bargain purchase in 9M2015 as compared to US\$2.7 million in 9M2014.

Based on the weighted average number of shares, the Group recorded basic earnings per share of 0.14 US cents for 3Q2015 and 0.40 US cents for 9M2015.

### 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\$204.40 million as at 30 September 2015 is in line with the increase in revenue.

#### (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 recognized as a non-current asset. Resolute Offshore Pte Ltd redeemed 95,000 preference shares for a total value of US\$9.5 million during the period ended 30 September 2015 and thus reducing the carrying value of the available-for-sale investment (non-current) to US\$90.20million as at period end.

#### (j) Property, plant and equipment

Property, plant and equipment decreased from US\$661.36 million as at 31 December 2014 to US\$646.07 million as at 30 September 2015. Depreciation for 9M2015 was US\$23.57 million and this impact was offset by additions of US\$20.65 million and disposals of US\$12.48 million of which a portion remained unpaid as at period end.

#### (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.

	30-Sep-15			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	69,410	336,896	406,306	65,226	306,697	371,923
Working Lines	36,251	-	36,251	37,195	-	37,195
Notes payable	69,712	41,636	111,348	-	118,528	118,528
Finance Lease	2,650	703	3,353	16,305	153	16,458
	<b>178,023</b>	<b>379,235</b>	<b>557,258</b>	<b>118,726</b>	<b>425,378</b>	<b>544,104</b>

Total current and non-current term borrowings increased from US\$544.10 million as at 31 December 2014 to US\$557.26 million as at 30 September 2015 which comprises largely of bank borrowings for vessels and notes payable.

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

### (l) Total current and non-current borrowings (cont'd)

As at 30 September 2015, the Group has US\$69.71 million of notes payables that is due in April 2016. Accordingly, this has been reclassified to current liabilities as at the end of September 2015 from non-current liabilities as at 31 December 2014. As a result of this reclassification, the Group's net current liability position at the end of September 2015 was US\$69.11 million.

Excluding the notes payables, the net current liability position will improve to a net current asset position of US\$0.60 million and represents an improvement from US\$28.07 million as at 31 December 2014. This is despite the mismatch between classification of the vessel borrowings and the vessels' asset values. 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.

Nevertheless, the Group has not encountered any liquidity issues that has resulted in any disruption of its operations and will continue to proactively and prudently manage its working capital and capital expenditure needs.

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 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	69,712
Series 2	2.5	7.25%	Nov 2016	60,000	41,636

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

### (m) Trade and other payables

The Group's trade and other payables reduced by approximately US\$21.39 million from US\$171.78 million as at 31 December 2014.

## **Consolidated Statement of Cash Flows**

Cash and cash equivalents decreased US\$9.19 million from US\$20.75 million as at 31 December 2014 to US\$11.56 million as at 30 September 2015.

### (n) Cash flow used in operating activities

The Group used net cash in operating activities of US\$23.66 million for 3Q2015 and US\$4.42 million for 9M2015.

### (o) Cash flow used in investing activities

Net cash used in investing activities amounted to US\$4.53 million for 3Q2015 and it was mainly due to investment in a joint venture, Deepsea Leader Venture (L) Inc. For 9M2015, net cash used in investing activities of US\$12.66 million was due mainly to capital expenditure incurred for the purchase of vessels.

### (p) Cash flow from financing activities

Net cash from financing activities in 3Q2015 amounted to US\$24.09 million and US\$7.89 million for 9M2015 was mainly due to proceeds from new bank loans, offset partially by repayment of term loans.

## 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 operating environment for offshore support vessel (“OSV”) operators is expected to remain challenging due to the prevailing weakness in the global oil market. Nevertheless, the Group believes it has established a resilient business model that should enable it to ride through periods of market volatility in the oil & gas industry.

The Group’s OSV chartering business focuses on supporting projects located in shallow water oilfields. The Group also has a successful record of securing mainly long term charter contracts which generate stable revenue streams. In addition, the Group’s customers comprise primarily national oil companies. In particular, the Group has built an established market presence in the Middle East.

Under the current business climate, the Group’s focus is on delivering operational and service excellence to its customers while working to optimise its operations and cost structure to align to market conditions.

At present, the Group’s chartering services order book of US\$940.00 million comprises mainly of long term charters that stretch up to 2022. This compares to its order book of US\$540.00 million as at 31 December 2014.

The Group wishes to update that it has deployed the first self-elevating platform vessel to a customer in the Middle East at the end of 3Q15. This vessel is part of the time charter contract secured in July 2015 for the supply of two self-elevating platform vessels for up to 7 years including an extension option. The second vessel is scheduled to commence operations by the end of 2015.

The Group will continue to execute its long term strategy of increasing penetration in its target markets while seeking to expand the breadth of its marine assets and solutions to better meet customers’ operational needs.

For its main market in the Middle East, the Group will focus on solidifying its position as a major OSV provider and explore new business opportunities to broaden its presence in this major oil producing region. The Group is also actively bidding for new projects in the markets of Latin America, Asia and West Africa.

**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 Catalist), there were no transactions with interested persons for the third quarter ended 30 September 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\$7,347,386
<b>Marine brokerage services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$325,544
<b>Ship management services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$47,334,896
<b>Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$8,247,533
<b>Chartering services provided to the Group</b>		
Swiber and its subsidiaries	Nil	US\$2,574,389
<b>Corporate services provided to the Group</b>		
Swiber and its subsidiaries	Nil	US\$288,000
Rawabi Holdings Co Ltd	Nil	US\$404,638
<b>Other</b>		
Swiber and its subsidiaries	US\$5,936,800	Nil

### 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 2015 to be false or misleading in any material aspect.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7H.

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  
13 November 2015

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Provenance Capital 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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