



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statement And Dividend Announcement

For the Financial Year Ended 31 December 2015

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015 (“FY2015”)

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		Change %
	FY2015	FY2014	
	US\$'000	US\$'000	
Revenue	232,554	153,680	51.3
Cost of sales	(167,601)	(98,498)	70.2
Gross Profit	64,953	55,182	17.7
Other income	9,920	7,117	39.4
Administrative expenses	(23,144)	(18,438)	25.5
Finance costs	(26,859)	(22,258)	20.7
Share of profit of associate	638	-	nm
Profit before tax	25,508	21,603	18.1
Tax expense: -			
- Current income tax	(1,913)	(575)	232.7
- Deferred income tax	(3,483)	(598)	482.4
Profit for the year	20,112	20,430	(1.6)
Profit for the year attributable to :			
Owners of the Company	17,451	18,577	(6.1)
Preference shares holders	203	-	nm
Capital securities holders	900	-	nm
Non-controlling interests	1,558	1,853	(15.9)
Total	20,112	20,430	(1.6)
Other comprehensive income for the year, net of tax			
Exchange differences on translation of foreign operations	(1,172)	(268)	337.3
Cash flow hedges	196	(2,141)	109.2
Re-measurement of defined benefit obligation	(14)	-	nm
Share of re-measurement of defined benefit obligation of associate	32	-	nm
Total comprehensive income for the year	19,154	18,021	6.3
Total comprehensive income attributable to:			
Owners of the Company	16,493	16,168	2.0
Preference shares holders	203	-	nm
Capital securities holders	900	-	nm
Non-controlling interests	1,558	1,853	(15.9)
Total	19,154	18,021	6.3

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 year is determined after charging/(crediting) the following:

	Group	
	FY2015	FY2014
	US\$'000	US\$'000
(Write back)/Allowance for impairment of receivables	(17)	1,653
Depreciation of property, plant and equipment	28,638	17,606
Amortisation of intangible assets	1,077	-
Dividend income for available-for-sale investments	(4,832)	(5,286)
Finance costs	26,859	22,258
Foreign exchange gain, net	(5)	(1,004)
Bargain purchase	-	(5,862)
Other income	(3,302)	(251)
Gain on disposal of property, plant and equipment	(1,749)	(7)
Gain on sale of asset previously held for sale	(398)	-
Fair value change of contingent consideration	(4,153)	-
Fair value change of derivative financial instruments	(295)	-
Provision for employee benefits	339	143
Write down of available-for-sale investments	11	-
Share-based payment expense	1,397	1,927

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 Dec 2015 US\$'000	31 Dec 2014 US\$'000	31 Dec 2015 US\$'000	31 Dec 2014 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	41,901	20,754	936	3,322
Trade receivables	131,108	99,219	899	899
Other receivables	175,801	55,978	272,093	291,549
Inventories	1,069	1,009	-	-
Assets held for sale	115,314	-	-	-
Construction work-in-progress	181	1,779	-	-
Available-for-sale investments	88	99	86	86
Derivative financial instruments	295	-	-	-
Total current assets	465,757	178,838	274,014	295,856
Non-current assets				
Deposits pledged with banks	900	4,163	-	-
Available-for-sale investments	90,200	99,700	-	-
Property, plant and equipment	161,007	661,358	57	188
Subsidiaries	-	-	32,009	32,008
Joint venture	44,018	-	39,695	-
Associate	16,293	15,539	-	-
Goodwill	9,171	9,171	-	-
Intangible assets	2,155	3,232	-	-
Deferred tax assets	242	262	-	-
Total non-current assets	323,986	793,425	71,761	32,196
Total assets	789,743	972,263	345,775	328,052

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

	Group		Company	
	31 Dec 2015 US\$'000	31 Dec 2014 US\$'000	31 Dec 2015 US\$'000	31 Dec 2014 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Term loans	127,798	102,421	-	-
Notes payables	112,337	-	112,337	-
Trade payables	34,465	48,942	-	-
Other payables	79,786	37,834	26,129	12,364
Finance lease payables	774	16,305	-	18
Derivative financial instruments	15,967	-	15,967	-
Income tax payable	2,034	1,406	-	-
Total current liabilities	373,161	206,908	154,433	12,382
Non-current liabilities				
Term loans	137,893	306,697	-	-
Notes payable	-	118,528	-	118,528
Retirement benefit obligation	860	507	-	-
Other payables	-	85,001	-	-
Finance lease payables	876	153	-	-
Derivative financial instruments	-	8,195	-	8,195
Deferred tax liabilities	8,956	5,526	-	-
Total non-current liabilities	148,585	524,607	-	126,723
Capital and reserves				
Share capital	185,338	185,276	185,338	185,276
Preference shares	9,474	-	-	-
Perpetual capital securities	22,500	22,500	22,500	22,500
Foreign currency translation reserve	(1,440)	(268)	-	-
Hedging reserve	(1,945)	(2,141)	(1,945)	(2,141)
Share options reserve	2,487	1,156	2,487	1,156
Other reserve	(27)	24	28	24
Accumulated profits (losses)	22,059	6,262	(17,066)	(17,868)
Equity attributable to owners of the Company, preference shares holders and capital securities holders	238,446	212,809	191,342	188,947
Non-controlling interests	29,551	27,939	-	-
Total equity	267,997	240,748	191,342	188,947
Total liabilities and equity	789,743	972,263	345,775	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 31 Dec 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
126,315	114,594	88,577	30,149

Amount repayable after one year

Group		Group	
As at 31 Dec 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
138,769	-	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

	FY2015 US\$'000	FY2014 US\$'000
Operating activities		
Profit before tax	25,508	21,603
Adjustments for :		
(Write back of)/additional allowances for impairment of receivables	(17)	1,653
Depreciation of property, plant and equipment	28,638	17,606
Amortisation of intangible asset	1,077	-
Dividend income for available-for-sale investments	(4,832)	(5,286)
Finance costs	26,859	22,258
Bargain purchase	-	(5,862)
Share-based payment expense	1,397	1,928
Provision for employee benefits	339	143
Share of results of associate	(638)	-
Gain on disposal of property, plant and equipment	(1,749)	(7)
Fair value change of contingent consideration	(4,153)	-
Fair value change of derivative financial instruments	(295)	-
Gain on sale of asset previously held for sale	(398)	-
Write down of available-for-sale investments	11	-
Exchange differences	113	172
Operating cash flows before working capital changes	71,860	54,208
Trade and other receivables	(103,767)	(11,038)
Trade and other payables	29,303	(93,691)
Inventories	(60)	133
Construction work-in-progress	1,598	6,512
Cash generated from operations	(1,066)	(43,876)
Income tax paid	(1,318)	(376)
Net cash used in operating activities	(2,384)	(44,252)
Investing activities		
Dividends received	4,965	3,970
Proceeds from redemption of preference shares	9,500	5,200
Acquisition of subsidiary and associate	(84)	6,806
Investment in joint venture	(5,880)	-
Proceeds from disposal of property, plant and equipment	216,442	59
Purchase of property, plant and equipment	(29,359)	(290,122)
Net cash from (used in) investing activities	195,584	(274,087)

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

	FY2015 US\$'000	FY2014 US\$'000
Financing activities		
Pledged deposits	3,263	(4,163)
Dividends paid	(1,672)	(912)
Distribution paid	(446)	-
Interest paid	(23,482)	(19,226)
Proceeds from new bank loans raised	182,519	247,060
Proceeds from new share issue	-	63,608
Proceed from issuance of redeemable convertible capital securities	-	35,200
Proceeds from issuance of notes	-	123,318
Proceeds from issuance of preference shares by a subsidiary	9,474	-
Repayment of term loans	(325,681)	(101,295)
Repayment of obligation under finance lease	(16,028)	(114)
Acquisition of remaining interest from non-controlling shareholders	-	(2,275)
Redemption of preference shares issued by a subsidiary	-	(3,920)
Net cash (used in) from financing activities	(172,053)	337,281
Net increase in cash and cash equivalents	21,147	18,942
Cash and cash equivalents at beginning of year	20,754	1,812
Cash and cash equivalents at end of year	41,901	20,754

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
Group											
At 1 January 2015	185,276	-	(268)	(2,141)	1,156	24	6,262	22,500	212,809	27,939	240,748
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	18,554	-	18,554	1,558	20,112
Other comprehensive income for the year	-	-	(1,172)	196	-	-	18	-	(958)	-	(958)
Total	-	-	(1,172)	196	-	-	18,572	-	17,596	1,558	19,154
Transactions with owners, recognised directly in equity											
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	-	-	-	-	1,397	-	-	-	1,397	-	1,397
Dividends	-	-	-	-	-	-	(1,672)	-	(1,672)	-	(1,672)
Distribution	-	-	-	-	-	-	(1,103)	-	(1,103)	-	(1,103)
Total	62	9,474	-	-	1,331	(51)	(2,775)	-	8,041	54	8,095
At 31 December 2015	185,338	9,474	(1,440)	(1,945)	2,487	(27)	22,059	22,500	238,446	29,551	267,997

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

	Share capital	Foreign currency translation reserve	Hedging reserve	Share options reserve	Other reserve	Accumulated (losses) profits	Redeemable convertible capital securities	Perpetual capital securities	Equity attributable to owners of the Company and redeemable 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
Group											
At 1 January 2014	54,647	-	-	181	-	(12,098)	-	-	42,730	29,369	72,099
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	18,577	-	-	18,577	1,853	20,430
Other comprehensive income for the year	-	(268)	(2,141)	-	-	-	-	-	(2,409)	-	(2,409)
Total	-	(268)	(2,141)	-	-	18,577	-	-	16,168	1,853	18,021
Transactions with owners, recognised directly in equity											
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	3,607	3,607
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)	-	-	-	-
Distribution paid	-	-	-	-	-	(66)	-	-	(66)	-	(66)
Dividends	-	-	-	-	-	(846)	-	-	(846)	-	(846)
Issue of share capital, net of transaction costs	63,608	-	-	-	-	-	-	-	63,608	-	63,608
Issue of consideration shares	30,892	-	-	-	-	-	-	-	30,892	-	30,892
Issue of perpetual capital securities	-	-	-	-	-	-	-	22,500	22,500	-	22,500
Non-controlling interest arising from increase in control of investment	-	-	-	-	-	695	-	-	695	(2,970)	(2,275)
Performance shares awarded	929	-	-	(929)	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	1,928	-	-	-	-	1,928	-	1,928
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	-	-	(3,920)	(3,920)
Forfeiture of performance shares awarded	-	-	-	(24)	24	-	-	-	-	-	-
Total	130,269	-	-	975	24	(217)	-	22,500	153,911	(3,283)	150,628
At 31 December 2014	185,276	(268)	(2,141)	1,156	24	6,262	-	22,500	212,809	27,939	240,748

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
Company							
At 1 January 2015	185,276	(2,141)	1,156	24	(17,868)	22,500	188,947
Total comprehensive income for the year							
Profit for the year	-	-	-	-	3,374	-	3,374
Other comprehensive income for the year	-	196	-	-	-	-	196
Total	-	196	-	-	3,374	-	3,570
Transactions with owners, recognised directly in equity							
Performance shares awarded	62	-	(62)	-	-	-	-
Forfeiture of performance shares awards	-	-	(4)	4	-	-	-
Recognition of share-based payments	-	-	1,397	-	-	-	1,397
Dividends	-	-	-	-	(1,672)	-	(1,672)
Distribution paid	-	-	-	-	(900)	-	(900)
Total	62	-	1,331	4	(2,572)	-	(1,175)
At 31 December 2015	185,338	(1,945)	2,487	28	(17,066)	22,500	191,342

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
Company								
At 1 January 2014	54,647	-	181	-	(19,069)	-	-	35,759
Total comprehensive income for the year								
Profit for the year	-	-	-	-	2,113	-	-	2,113
Other comprehensive income for the year	-	(2,141)	-	-	-	-	-	(2,141)
Total	-	(2,141)	-	-	2,113	-	-	(28)
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)
Recognition of share-based payments	-	-	1,928	-	-	-	-	1,928
Issue of share capital, net of transaction costs	63,608	-	-	-	-	-	-	63,608
Issue of consideration shares	30,892	-	-	-	-	-	-	30,892
Issue of perpetual securities	-	-	-	-	-	-	22,500	22,500
Performance shares awarded	929	-	(929)	-	-	-	-	-
Forfeiture of performance shares awarded	-	-	(24)	24	-	-	-	-
Total	130,629	-	975	24	(912)	-	22,500	153,216
At 31 December 2014	185,276	(2,141)	1,156	24	(17,868)	-	22,500	188,947

- 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 31 December 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 31 December 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 and its subsidiaries ("OER Group") ("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. ("Newcruz") and PTSB Holdings Pte. Ltd. The shares were allotted and issued on 5 January 2015.

(e) Conversion Shares for RICH

On 03 June 2015, the Company and RI Capital Holdings Pte Ltd ("RICH"), its indirectly wholly-owned subsidiary, has entered into a subscription deed with United Orient Capital Pte Ltd pursuant to which RICH issue 10,000,000 convertible preference shares of RICH ("CPS") for an aggregate principal amount of US\$10,000,000. The CPS are convertible into ordinary shares in the capital of the Company ("Conversion Shares") at a conversion price of US\$0.0519.

(f) Total number of shares that may be issued as at 31 December 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
Conversation Shares for RICH	192,542,857
	<u>398,209,523</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.

	<u>31 December 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 31 December 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 year.

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 financial year ended 31 December 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	
	FY2015	FY2014
Earnings (US\$'000)		
Net profit after tax attributable to owners of the Company	17,451	18,577
Number of shares ('000)		
Weighted average number of shares for basic earnings per share	3,344,466	2,339,522
Effects of dilution	155,380	9,734
Weighted average number of shares for diluted earnings per share	3,499,846	2,349,256
Earnings per share (US cents)		
Basic	0.52	0.79
Diluted	0.50	0.79

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 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Net asset value (US\$'000)	238,446	212,809	191,342	188,947
Total number of shares issued ('000)	3,345,012	3,183,512	3,345,012	3,183,512
Net asset value per share (US cents)	7.13	6.68	5.72	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\$232.55 million for the year ended 31 December 2015 ("FY2015"), representing an increase of 51.3% or US\$78.87 million when compared to the year ended 31 December 2014 ("FY2014").

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 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 34.0% for FY2015. Chartering & brokerage services made up 63.9% of total revenue in FY2015, compared to 77.5% in FY2014.

(b) Cost of sales and gross profit

Cost of sales increased by US\$69.10 million to US\$167.60 million in FY2015 from US\$98.50 million in FY2014. This 70.2% increase is in line with the expanded scale of operations in FY2015 following the acquisition of businesses in late 2014.

The Group's gross profit increased by 17.7% or US\$9.77 million to US\$64.95 million in FY2015 from US\$55.18 million in FY2014 as a result of higher gross profit from the vessel chartering business and full-year contributions by subsidiaries acquired in last quarter of 2014. Gross profit margin in FY2015 was 27.9% as compared to 35.9% in FY2014. This fluctuation was due to the change in revenue mix and expansion of owned fleet.

(c) Other income

Other income of US\$9.92 million in FY2015 mainly consisted of change in fair value of contingent consideration of US\$4.15 million, gain from disposal of property, plant and equipment of US\$1.75 million, gain from sale of previously held for sale asset of US\$0.50 million and fair value gain on derivative financial instrument of US\$0.30 million.

(d) Administrative expenses

Administrative expenses, which comprise largely staff and travel related expenses, increased by US\$4.71 million year-on-year to US\$23.14 million in FY2015. 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 increased to US\$26.86 million in FY2015 from US\$22.26 million in FY2014. The increase was due mainly to the issuance of notes under the Multicurrency Debt Issuance Programme in second quarter of 2014 and finance costs for loans on vessels acquisition in FY2015.

(f) Share of profit of associate

The Group recorded share of results from an associate of US\$638,000 in FY2015. 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	4Q	Full Year
FY2015	5.52	4.58	5.29	4.72	20.11
FY2014	5.45	5.79	5.20	3.99	20.43
y-o-y change	1.0%	(21.0%)	1.7%	18.3%	(1.6%)

For FY2015, the Group's EBITDA (earnings before interest, depreciation and amortisation) increased 33.4% to US\$82.08 million from US\$61.47 million in FY2014, despite the more difficult operating conditions in the offshore marine industry.

Tax expense increased from US\$1.17 million in FY2014 to US\$5.40 million in FY2015 due to expanded scale of operations and increase in deferred tax liabilities. Accordingly, net profit in FY2015 remained largely flat from the US\$20.43 million in FY2014.

Based on the weighted average number of shares, the Group recorded basic earnings per share of 0.52 US cents and diluted earnings per share of 0.50 US cents for FY 2015.

Statements of Financial Position

(h) Trade and other receivables

Trade and other receivables increased by US\$151.71 million to US\$306.91 million as at 31 December 2015 from US\$155.20 million as at 31 December 2014 which 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\$9.50 million in 2015 and thus reducing the carrying value of the available-for-sale investment (non-current) to US\$90.20 million as at 31 December 2015.

(j) Property, plant and equipment and assets held for sale

Property, plant and equipment decreased from US\$661.36 million as at 31 December 2014 to US\$161.01 million as at 31 December 2015. The decrease was due to the transfer of vessels pursuant to the Group's refinancing exercise (please refer to announcements on 11 December 2015 and 18 February 2016). Depreciation in FY2015 amounted to US\$28.64 million and representing an increase of US\$11.03 million from FY2014.

(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 Dec 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	95,321	137,893	233,214	65,226	306,697	371,923
Working Lines	32,477	-	32,477	37,195	-	37,195
Notes payable	112,337	-	112,337	-	118,528	118,528
Finance Lease	774	876	1,650	16,305	153	16,458
	240,909	138,769	379,678	118,726	425,378	544,104

Total current and non-current term borrowings, which comprises largely of bank borrowings for vessels and notes payable decreased from US\$544.10 million as at 31 December 2014 to US\$379.68 million as at 31 December 2015. This is mainly due to the abovementioned transfer of vessels by a subsidiary in the fourth quarter of 2015.

8 Review of Group Performance (Cont'd)

Statements of Financial Position (cont'd)

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

As at 31 December 2015, the Group has 2 tranches of notes payables totaling US\$112.34 million that will fall due in April 2016 and November 2016. Accordingly, this has been reclassified to current liabilities as at 31 December 2015 from non-current liabilities as at 31 December 2014. Despite this reclassification, the Group maintained a net current asset position of US\$92.60 million as at 31 December 2015.

As at 31 December 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	70,371
Series 2	2.5	7.25%	Nov 2016	60,000	41,966

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 decreased by approximately US\$57.53 million from US\$171.78 million as at 31 December 2014.

Consolidated Statement of Cash Flows

Cash and cash equivalents increased US\$21.15 million from US\$20.75 million as at 31 December 2014 to US\$41.90 million as at 31 December 2015.

(n) Cash flow used in operating activities

The Group used net cash in operating activities of US\$2.38 million in FY2015. This represents an improvement of US\$41.87 million from the net cash used in operating activities in FY2014.

(o) Cash flow from investing activities

Net cash from investing activities amounted to US\$195.58 million for FY2015 arising mainly from the transfer of vessels which generated US\$216.44 million of cash inflow in the current year. The effect of this increase coupled with the redemption of preference shares of US\$9.50 million and receipt of dividends was reduced by purchases of new equipment in FY2015. In FY2014, the net cash used in investing activities was largely for the purchase of fixed assets.

(p) Cash flow from financing activities

Net cash used in financing activities in FY2015 amounted to US\$172.05 million which was mainly due to the repayment of loans on a fleet of vessels that were sold by a subsidiary in FY2015. The Group also received proceeds from new bank loans which reduced the impact from the repayment for FY2015.

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.

Business conditions in the offshore marine industry are expected to remain challenging in the near term due to the current depressed state of the global oil market. As a result, offshore support vessel (“OSV”) operators have generally been adversely affected by downward pressure on charter rates and declining vessel utilisation.

Despite the difficult operating environment, Vallianz is one of few OSV providers that continued to secure long-term charter contracts. This has enabled the Group to substantially increase its current chartering services order book to US\$950.0 million, which comprise mainly long term time charters stretching up to 2022, as compared to approximately US\$540.0 million at the end of December 2014. In addition, the Group attained a healthy fleet utilization rate of 81% in FY2015. The Group’s ability to achieve business growth in the current volatile market climate can be attributed to its strong management bandwidth, excellent execution and organizational capabilities, as well as its established market reputation in the Middle East where there is still high levels of offshore oil production activity.

The Group wishes to update that it has deployed the second self-elevating platform vessel with an existing state-owned customer in the Middle East in 4Q2015. This vessel is part of the time charter contract secured in July 2015 for the supply of two self-elevating platforms vessels. Its offshore floating storage and supply vessel (“OFSSV”) that is expected to commence operations with the customer in the current quarter ending 31 March 2016 (“1Q2016”). In addition, the Group also expects to deploy four Anchor Handling Tug Supply vessels for the customer’s offshore projects by the end of 1Q2016.

In February 2016, the Group completed a refinancing exercise of its operations in the Middle East following the issuance of a Saudi Riyal denominated Sukuk of SAR1.0 billion (US\$266.70 million) (“Sukuk”). The refinancing exercise will benefit the Group by lowering cost of funding and improving cash flow. Critically, the Sukuk opens new avenues of funding and allows the Group to tap the Islamic debt capital markets to fund its operations in the Middle East.

Under the current business climate, the Group’s focus will remain on delivering operational and service excellence to customers while working to optimise its operations and cost structure. It will also 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 continue to solidify 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 presently bidding for charter contracts with a combined value of US\$1.80 billion mainly for projects located in the Middle East.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial year reported on?

Yes.

Subject to ordinary shareholders’ approval at the forthcoming Annual General Meeting, the following ordinary dividend has been proposed:

Name of dividend	First and Final
Dividend type	Cash
Dividend rate	US\$0.0005 per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Yes.

(c) Date Payable

The date payable for the proposed first and final dividend will be announced at a later date subject to shareholders’ approval to be obtained at the forthcoming Annual General Meeting.

(d) Book Closure Date.

To be announced at a later date.

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

Not applicable.

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 year ended 31 December 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)
Chartering services provided by the Group		
Swiber and its subsidiaries	Nil	US\$9,279,408
Marine brokerage services provided by the Group		
Swiber and its subsidiaries	Nil	US\$3,341,859
Ship management services provided by the Group		
Swiber and its subsidiaries	Nil	US\$57,807,208
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group		
Swiber and its subsidiaries	Nil	US\$10,133,641
Chartering services provided to the Group		
Swiber and its subsidiaries	Nil	US\$2,844,389
Corporate services provided to the Group		
Swiber and its subsidiaries	Nil	US\$384,000
Rawabi Holdings Co Ltd	Nil	US\$539,517
Other		
Swiber and its subsidiaries	US\$5,936,800	Nil

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Vessel chartering & broking US\$'000	Vessel management & services US\$'000	Investment holding US\$'000	Total US\$'000
FY2015				
Revenue				
External sales	148,641	79,081	4,832	232,554
Results				
Segment results	47,146	3,524	1,059	51,729
Finance costs	(12,878)	(405)	(13,576)	(26,859)
Share of profit of associate				638
Profit before tax				25,508
Income tax expense				(5,396)
Profit for the year				20,112

	Vessel chartering & broking US\$'000	Vessel management & services US\$'000	Investment holding US\$'000	Total US\$'000
FY2014				
Revenue				
External sales	119,168	29,226	5,286	153,680
Results				
Segment results	32,707	5,911	4,994	43,612
Finance costs	(12,389)	(54)	(9,815)	(22,258)
Unallocated income				249
Profit before tax				21,603
Income tax expense				(1,173)
Profit for the year				20,430

15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8 and 14 above.

16. Breakdown of sales

	<u>Group</u>		
	FY2015	FY2014	Increase
	US\$'000	US\$'000	%
(a) Sales reported for first half year	125,748	66,263	89.8
(b) Operating profit after tax before deducting non-controlling interest reported for first half year	10,100	11,239	(10.1)
(c) Sales reported for second half year	106,806	87,417	22.2
(d) Operating profit after tax before deducting non-controlling interest reported for second half year	10,012	9,191	10.3

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	31 Dec 2015	31 Dec 2014
	US\$'000	US\$'000
Ordinary	1,983	1,672
Total	1,983	1,672

There were no preferences shares for the issuer as at 31 December 2015 and 31 December 2014.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries are related to a Director or Chief Executive Officer or Substantial Shareholder of the Company, for the financial year ended 31 December 2015.

19. 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
29 February 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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