



VALLIANZ HOLDINGS LIMITED

Announcement In Relation to Unaudited Financial Statement

For the Fourth Quarter and Twelve Months Ended 31 December 2016

*(The financial year end of the Company has been changed from 31
December to 31 March as announced by the Company on 6 September 2016)*

ANNOUNCEMENT IN RELATION TO UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER ENDED (“4Q2016”) AND TWELVE MONTHS ENDED 31 DECEMBER 2016 (“12M2016”)

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		
	4Q2016 US\$'000	4Q2015 US\$'000	Change %	12M2016 US\$'000	12M2015 US\$'000	Change %
Revenue	41,380	46,972	(11.9)	209,137	232,554	(10.1)
Cost of sales	(30,347)	(32,629)	(7.0)	(155,894)	(167,601)	(7.0)
Gross Profit	11,033	14,343	(23.1)	53,243	64,953	(18.0)
Other income	3,620	8,301	(56.4)	4,903	9,920	(50.6)
Administrative expenses	(3,884)	(7,357)	(47.2)	(16,379)	(23,144)	(29.2)
Other operating expenses	(2,573)	-	nm	(3,009)	-	nm
Finance costs	(3,676)	(6,379)	(42.4)	(19,401)	(26,859)	(27.8)
Share of results of associate and joint ventures	(1,049)	180	(682.8)	(1,170)	638	(283.4)
Operating profit from ordinary activities	3,471	9,088	(61.8)	18,187	25,508	(28.7)
Impairment charge	-	-	nm	(1,617)	-	nm
Profit before tax	3,471	9,088	(61.8)	16,570	25,508	(35.0)
Income tax expense	(419)	(4,365)	(90.4)	(1,014)	(5,396)	(81.2)
Profit for the period	3,052	4,723	(35.4)	15,556	20,112	(22.7)

Note: nm – Not Meaningful

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 (Cont'd)

	Group		Change %	Group		Change %
	4Q2016 US\$'000	4Q2015 US\$'000		12M2016 US\$'000	12M2015 US\$'000	
Profit for the period attributable to :						
Owners of the Company	4,660	4,117	13.2	13,811	17,451	(20.9)
Preference shares holders	-	94	nm	-	203	nm
Capital securities holders	-	227	nm	674	900	(25.1)
Non-controlling interests	(1,608)	285	(664.2)	1,071	1,558	(31.3)
Total	3,052	4,723	(35.4)	15,556	20,112	(22.7)
Other comprehensive income for the period, net of tax						
Exchange differences on translation of foreign operations	(833)	(33)	2,424.2	10	(1,172)	100.8
Cash flow hedges	388	1,277	(69.6)	1,950	196	894.9
Re-measurement of defined benefit obligation	-	(14)	Nm	-	(14)	nm
Share of re-measurement of defined benefit obligation of associate	-	32	Nm	-	32	nm
Total comprehensive income for the period	2,607	5,985	(56.4)	17,516	19,154	(8.6)
Total comprehensive income attributable to:						
Owners of the Company	4,215	5,379	(21.6)	15,771	16,493	(4.4)
Preference shares holders	-	94	nm	-	203	nm
Capital securities holders	-	227	nm	674	900	(25.1)
Non-controlling interests	(1,608)	285	(664.2)	1,071	1,558	(31.3)
Total	2,607	5,985	(56.4)	17,516	19,154	(8.6)

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	
	4Q2016 US\$'000	4Q2015 US\$'000	12M2016 US\$'000	12M2015 US\$'000
Depreciation of property, plant and equipment	5,858	5,065	20,703	28,640
Amortisation of intangible assets	-	1,077	538	1,077
Dividend income	-	(1,182)	(3,206)	(4,832)
Finance costs	3,676	6,379	19,401	26,859
Foreign exchange loss/(gain), net	2,698	27	2,556	(5)
Other income	(4,352)	(106)	(5,468)	(3,302)
Loss/(Gain) on disposal of property, plant and equipment	620	(1,185)	579	(1,749)
Gain on sale of asset previously held for sale	-	(398)	(13)	(398)
Fair value gain of contingent considerations	-	(4,153)	-	(4,153)
Fair value gain of derivative financial instruments	-	(295)	-	(295)
Provision for employee benefits	(37)	176	131	339
Share-based payment expense	134	451	1,050	1,397
Impairment charge	-	-	1,617	-
Write back of doubtful debts	-	-	-	(17)
Write down of available-for-sale investment	-	-	-	11

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 2016 US\$'000	31 Dec 2015 US\$'000	31 Dec 2016 US\$'000	31 Dec 2015 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	14,868	41,901	653	936
Trade receivables	109,634	130,355	-	899
Other receivables	142,624	175,801	239,883	272,093
Inventories	1,417	1,069	-	-
Construction work-in-progress	1,302	464	-	-
Available-for-sale investments	86	88	86	86
Derivative financial instruments	-	295	-	-
	269,931	349,973	240,622	274,014
Assets classified as held for sale	-	115,314	-	-
Total current assets	269,931	465,287	240,622	274,014
Non-current assets				
Deposits pledged with banks	699	900	-	-
Available-for-sale investments	77,200	90,200	-	-
Intangible assets	-	2,155	-	-
Property, plant and equipment	512,475	161,007	116	57
Subsidiary Corporations	-	-	29,417	32,009
Joint ventures	44,060	44,018	39,695	39,695
Associate	15,081	16,293	-	-
Goodwill	9,171	9,171	-	-
Deferred tax assets	-	242	-	-
	658,686	323,986	69,228	71,761
Total non-current assets	658,686	323,986	69,228	71,761
Total assets	928,617	789,273	309,850	345,775

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

	Group		Company	
	31 Dec 2016 US\$'000	31 Dec 2015 US\$'000	31 Dec 2016 US\$'000	31 Dec 2015 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Borrowings	92,562	127,798	-	-
Notes payable	-	112,337	-	112,337
Trade payables	78,237	33,995	-	-
Other payables	132,618	79,786	20,762	26,129
Finance lease payables	1,020	774	-	-
Derivative financial instruments	-	15,967	-	15,967
Income tax payable	3,783	2,034	-	-
Total current liabilities	308,220	372,691	20,762	154,433
Non-current liabilities				
Shareholders' advances	102,087	-	102,087	-
Borrowings	224,461	137,893	-	-
Retirement benefit obligation	991	860	-	-
Finance lease payables	3,495	876	-	-
Deferred tax liabilities	7,071	8,956	-	-
Total non-current liabilities	338,105	148,585	102,087	-
Capital and reserves				
Share capital	193,620	185,338	193,620	185,338
Perpetual capital securities	22,500	22,500	22,500	22,500
Foreign currency translation reserve	(1,430)	(1,440)	-	-
Hedging reserve	-	(1,945)	-	(1,945)
Share options reserve	194	2,487	194	2,487
Other reserve	938	(27)	1,524	28
Accumulated profits / (losses)	33,750	22,059	(30,837)	(17,066)
Equity attributable to owners of the Company and capital securities holders	249,572	228,972	187,001	191,342
Preference shares	-	9,474	-	-
Non-controlling interests	32,720	29,551	-	-
Total equity	282,292	267,997	187,001	191,342
Total liabilities and equity	928,617	789,273	309,850	345,775

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 2016		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
91,575	2,007	126,315	114,594

Amount repayable after one year

Group		Group	
As at 31 Dec 2016		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
227,956	-	138,769	-

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 Swiber;
- (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

	Group		Group	
	4Q2016 US\$'000	4Q2015 US\$'000	12M2016 US\$'000	12M2015 US\$'000
Profit before tax	3,471	9,088	16,570	25,508
Adjustments for:				
Allowance for doubtful trade receivables	-	-	-	5
Depreciation of property, plant and equipment	5,858	5,065	20,703	28,640
Amortisation of intangible assets	-	1,077	538	1,077
Dividend income for available-for-sale investments	-	(1,182)	(3,206)	(4,832)
Loss/(Gain) on disposal of property, plant and equipment	620	(1,185)	579	(1,749)
Finance costs	3,676	6,379	19,401	26,859
Share-based payment expense	134	451	1,050	1,397
Provision for retirement benefits	(37)	176	131	339
Impairment charge	-	-	1,617	-
Share of results of associate and joint ventures	1,049	(180)	1,170	(638)
Unrealised exchange (gain)/loss	(820)	(168)	(18)	422
Fair value change of contingent consideration	-	(4,153)	-	(4,153)
Fair value change of derivative financial instruments	(295)	(295)	-	(295)
Gain on asset previously held for sale	-	(398)	-	(398)
Impairment of available-for-sale investments	-	-	-	11
Operating cash flows before working capital changes	13,656	14,675	58,535	72,193
Trade and other receivables	43,689	(65,333)	20,244	(102,582)
Trade and other payables	(28,866)	51,522	(63,421)	29,883
Inventories	(67)	(19)	(348)	(60)
Construction work-in-progress	(518)	235	(838)	1,315
Cash generated from operations	27,894	1,080	14,172	749
Income tax	61	954	(760)	(1,318)
Net cash generated from/(used in) operating activities	27,955	2,034	13,412	(569)
Investing activities				
Dividends received	-	3,649	1,182	4,965
Proceeds from redemption of preference shares	-	-	13,000	9,500
Acquisition of subsidiary corporations and associate	-	-	7,274	(84)
Investment in joint venture	-	-	-	(5,880)
Proceeds from disposal of property, plant and equipment	-	213,304	65,714	216,442
Proceeds from disposal of asset previously held-for-sale	-	-	3,066	-
Purchase of property, plant and equipment	-	(8,708)	(27,129)	(30,598)
Net cash generated from investing activities	-	208,245	63,107	195,345

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

	Group		Group	
	4Q2016	4Q2015	12M2016	12M2015
	US\$'000	US\$'000	US\$'000	US\$'000
Financing activities				
Pledged deposits	-	4,214	201	3,263
Dividends paid	-	-	(1,800)	(1,672)
Distribution paid	-	-	(770)	(446)
Advances from shareholders	5,000	-	102,087	-
Interest paid	(10,892)	(4,334)	(17,572)	(23,482)
Proceeds from new bank loans raised	6,113	41,504	77,462	182,519
Proceeds from issuance of preference shares by a subsidiary	-	-	-	10,000
Repayment of term loans	(7,107)	(218,401)	(134,029)	(325,946)
Repayment of notes payables	(43,272)	-	(122,034)	-
Repayment of obligation under finance leases	(306)	(2,923)	2,865	(16,028)
Redemption of preference shares issued by a subsidiary	-	-	(10,000)	-
Net cash used in financing activities	(50,464)	(179,940)	(103,590)	(172,318)
Net (decrease)/increase in cash and cash equivalents	(22,509)	30,339	(27,072)	21,458
Effects of exchange rate changes on the cash balance	4	-	38	(311)
Cash and cash equivalents at beginning of period	37,373	11,562	41,901	20,754
Cash and cash equivalents at end of period	14,868	41,901	14,868	41,901

- 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 2016	185,338	9,474	(1,440)	(1,945)	2,487	(27)	22,059	22,500	238,446	29,551	267,997
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	14,485	-	14,485	1,071	15,556
Other comprehensive income for the period	-	-	10	1,945	-	(5)	-	-	1,950	-	1,950
Total	-	-	10	1,945	-	(5)	14,485	-	16,435	1,071	17,506
Transactions with owners, recognised directly in equity											
Issue of consideration shares, net of expenses	6,435	-	-	-	-	-	-	-	6,435	-	6,435
Recognition of share-based compensation	-	-	-	-	1,050	-	-	-	1,050	-	1,050
Redemption of preference shares issued by subsidiary corporation	-	(10,000)	-	-	-	-	-	-	(10,000)	-	(10,000)
Effects of redemption of preference shares paid to perpetual capital securities holder	-	526	-	-	-	(526)	-	-	-	-	-
Distribution paid	-	-	-	-	-	-	(994)	-	(994)	-	(994)
Non-controlling interests arising from acquisition of subsidiary corporation	-	-	-	-	-	-	-	-	-	2,098	2,098
Performance shares awarded	1,847	-	-	-	(1,847)	-	-	-	-	-	-
Forfeiture of performance shares awarded/options granted	-	-	-	-	(1,496)	1,496	-	-	-	-	-
Dividends	-	-	-	-	-	-	(1,800)	-	(1,800)	-	(1,800)
Total	8,282	(9,474)	-	-	(2,293)	970	(2,794)	-	(5,309)	2,098	(3,211)
At 31 December 2016	193,620	-	(1,430)	-	194	938	33,750	22,500	249,572	32,720	282,292

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

	Share capital	Preference shares	Foreign currency translation reserve	Hedging reserve	Share options reserve	Other reserve	Accumulated (losses) 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 period											
Profit for the period	-	-	-	-	-	-	18,554	-	18,554	1,558	20,112
Other comprehensive income for the period	-	-	(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 securities	-	9,474	-	-	-	-	-	-	9,474	-	9,474
Non-controlling interest 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
Dividend declared	-	-	-	-	-	-	(1,672)	-	(1,672)	-	(1,672)
Distribution paid	-	-	-	-	-	-	(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	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 2016	185,338	(1,945)	2,487	28	(17,066)	22,500	191,342
Total comprehensive income for the period							
Loss for the period	-	-	-	-	(10,977)	-	(10,977)
Other comprehensive income for the period	-	1,945	-	-	-	-	1,945
Total	-	1,945	-	-	(10,977)	-	(9,032)
Transactions with owners, recognised directly in equity							
Distribution paid to perpetual capital securities holder	-	-	-	-	(994)	-	(994)
Issuance of consideration shares, net of expense	6,435	-	-	-	-	-	6,435
Recognition of share-based compensation	-	-	1,050	-	-	-	1,050
Performance shares awarded	1,847	-	(1,847)	-	-	-	-
Forfeiture of performance shares awarded/options granted	-	-	(1,496)	1,496	-	-	-
Dividend declared	-	-	-	-	(1,800)	-	(1,800)
Total	8,282	-	(2,293)	1,496	(2,794)	-	4,691
At 31 December 2016	193,620	-	194	1,524	(30,837)	22,500	187,001

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 period							
Loss for the period	-	-	-	-	3,374	-	3,374
Other comprehensive income for the period	-	196	-	-	-	-	196
Total	-	196	-	-	3,374	-	3,570
Transactions with owners, recognised directly in equity							
Performance shares awarded	62	-	(62)	-	-	-	-
Forfeiture of performance shares awarded	-	-	(4)	4	-	-	-
Recognition of share-based compensation	-	-	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)(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 which were vested on 7 July 2016.

On 14 November 2016, the Company granted 75,000,000 Awards pursuant to the PSP which will be vested on 13 November 2017.

Date of grant	As at 1 January 2016	Granted	Vested	Cancelled	As at 31 December 2016
14 May 2013	1,166,666	-	(1,166,666)	-	-
6 July 2015	50,500,000	-	(50,500,000)	-	-
14 November 2016	-	75,000,000	-	-	75,000,000

(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.

On 27 July 2016, 25,000,000 share options were cancelled due to the cessation of Mr Raymond Kim Goh as Non-Executive Director and Chairman of the Board.

Date of grant	As at 1 January 2016	Granted	Cancelled	As at 31 December 2016
14 May 2013	9,000,000	-	5,000,000	4,000,000
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"). The remaining 125,000,000 Consideration Shares were issued on 6 April 2016 subsequently to the Group achieving the earnings target as set out in the Company's announcement on 30 September 2014.

(d) Consideration Shares for the acquisition of vessels

On 22 January 2016, the Company completed the listing and quotation of 70,532,596 ordinary shares which were issued as part consideration for the acquisition of two vessels by the Group in 1Q2016.

(e) Total number of shares that may be issued as at 31 December 2016

<u>Corporate Action</u>	<u>No. of Shares</u>
Grant of share options under PSP	75,000,000
Grant of share options under ESOS	4,000,000
	<u><u>79,000,000</u></u>

(f) Issue of shares subsequent to 31 December 2016

Additionally, the Company, had on 16 January 2017, entered into a proposed subscription agreement with a third party for the issuance of 350 million of new ordinary shares in the Company. The proposed subscription was subsequently completed on 3 February 2017. Please refer to the announcements made on 16 January 2017 and 3 February 2017 for further information.

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 2016</u>	<u>31 December 2015</u>
	No. of shares ('000)	No. of shares ('000)
The number of issued shares	<u>3,592,211</u>	<u>3,345,012</u>

There were no treasury shares as at 31 December 2016 and 31 December 2015.

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 2015.

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 2016. The adoption of the new and revised FRS and IFRS has no material impact on the unaudited financial statements for the fourth quarter and 12 months ended 31 December 2016.

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.

	4Q2016	4Q2015	<u>Group</u>	12M2016	12M2015
Earnings (US\$'000)					
Net profit after tax attributable to owners of the Company	4,660	4,438		14,485	18,554
Number of shares ('000)					
Weighted average number of shares for basic earnings per share	3,592,211	3,345,012		3,529,010	3,344,466
Effects of dilution	8,614	155,380		8,614	348,058
Weighted average number of shares for diluted earnings per share	3,594,581	3,500,392		3,537,624	3,692,524
Earnings per share (US cents)					
Basic	0.13	0.13		0.41	0.55
Diluted	0.13	0.13		0.41	0.50

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 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Net asset value (US\$'000)	249,572	228,972	187,001	191,342
Total number of shares issued ('000)	3,592,211	3,345,012	3,592,111	3,345,012
Net asset value per share (US cents)	6.95	6.85	5.21	5.72

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, costs of sales and gross profit

The Group registered revenue of approximately US\$41.38 million for the three (3) months ended 31 December 2016 ("4Q2016"), representing a decrease of 11.9% or US\$5.59 million when compared to the three (3) months ended 31 December 2015 ("4Q2015"). Charter revenue increased in 4Q2016 compared to 4Q2015 but this was more than offset by a decrease in vessel management revenue due mainly to the completion of ship management projects in Latin America in late 2015 as well as slowdown in the related services.

For the twelve (12) months ended 31 December 2016 ("12M2016"), the Group's revenue decreased 10.1% to US\$209.14 million from US\$232.55 million in the twelve (12) months ended 31 December 2015 ("12M2015"). This was due mainly to a decrease in vessel management revenue. Despite the renewal of existing contracts with a customer in the Middle East in July 2015 at a lower average charter rate, revenue from charter and brokerage services in 12M2016 remained relatively stable due to commencement of new charter contracts when compared to 12M2015.

As at 12M2016, total charter and brokerage services accounted for approximately 82% of the Group's revenue as compared to 64% in 12M2015. This is in line with the Group's strategy to focus more on the expansion of its vessel chartering and brokerage business, and less on vessel management services.

The Group's cost of sales decreased substantially by US\$2.28 million to US\$30.35 million in 4Q2016 from US\$32.63 million in 4Q2015. For 12M2016, the Group's cost of sales also decreased by US\$11.71 million to US\$155.89 million from US\$167.60 million in 12M2015. These declines are in tandem with the decreases in revenue.

The Group recorded a decrease in gross profit margin to 26.7% in 4Q2016 from 30.5% in 4Q2015. On a twelve-month basis, gross profit margin also decreased to 25.5% in 12M2016 as compared to 28.4% in 12M2015. This was mainly attributable to the renewal of existing contracts with a customer in Middle East in July 2015 at a lower average charter rate which was partially offset by the Group's proactive costs controlling measures.

(b) Other income

Other income of US\$3.62 million in 4Q2016 and US\$4.90 million in 12M2016 mainly consisted of waiver of prior year charges by vendor.

(c) Administrative expenses

Administrative expenses, which comprise largely staff and travel related expenses, dropped 47.2% or US\$3.47 million in 4Q2016 compared to US\$7.36 million incurred in 4Q2015. For 12M2016, the Group saw a decrease in administrative expenses of 29.2% or US\$6.77 million to US\$16.38 million in 12M2016 when compared to the US\$23.14 million in 12M2015. This is largely attributed to the effective cost control measures undertaken by the Group.

8. Review of Group Performance (Cont'd)

(d) Finance costs

Finance costs decreased 42.4% or US\$2.70 million to US\$3.68 million in 4Q2016 from US\$6.38 million in 4Q2015. For 12M2016, the Group incurred finance costs of US\$19.40 million, a 27.8% decrease compared to US\$26.86 million in 12M2015. The decline in finance costs was due mainly to the repayment of the Notes Payables – Series 1 and Series 2 on 1 April 2016 and 22 November 2016 which was partially offset by the increase in interest expenses arising from new term loans taken up for acquisition of vessels acquired during 2Q2016.

(e) Share of profit of associate and joint ventures

The Group recorded a loss of US\$1,170,000 from its share of results from associate and joint ventures in 12M2016. This was mainly due to a loss reported by PT Vallianz Offshore Maritim (“PTVOM”), the Group’s 49%-owned associate in Indonesia.

(f) Net profit

The Group’s net profit decreased by 35.4% or US\$1.67 million to US\$3.05 million in 4Q2016 from US\$4.72 million in 4Q2015. For 12M2016, its net profit declined 22.7% or US\$4.56 million to US\$15.56 million from US\$20.11 million in 12M2015. The lower profits are attributable mainly to pressure on gross profit margin as a result of the challenging business conditions in the offshore marine industry. To buffer the impact, the Group has been and will continue to focus on cost structure optimization.

The significant decrease in profit attributable to the non controlling interests for 4Q2016 is due mainly to the loss attributable to a subsidiary which is not wholly owned by the Group.

Statements of Financial Position

(g) Trade and other receivables

The decrease in trade and other receivables from US\$306.16 million as at 31 December 2015 to US\$252.26 million as at 31 December 2016 is largely due to the concerted efforts by the Group in collecting outstanding receivables during the financial period ended 31 December 2016.

(h) Available-for-sale investments

As at 31 December 2016, the Group had 772,000 preferential shares in Resolute Offshore Pte Ltd valued at US\$77.20 million. This has remained unchanged since the last period as at 30 June 2016 following the redemption of 130,000 preference shares by Resolute Offshore Pte Ltd for a total value of US\$13.0 million in HY2016.

(i) Property, plant and equipment

Property, plant and equipment increased from US\$161.01 million as at 31 December 2015 to US\$512.48 million as at 31 December 2016. The increase is mainly due to the acquisition of new vessels and consolidation of vessel fleet owned by Holmen.

Depreciation of property, plant and equipment decreased 27.7% or US\$7.94 million year-on-year from US\$28.64 million to US\$20.70 million following a restructuring and refinancing exercise of the Group’s operations in the Middle East in early 2016.

(j) Asset held for sale

As at 31 December 2016, the decline in the carrying value of asset held for sale is mainly due to the completion of a restructuring and refinancing exercise of the Group’s operations in the Middle East in early 2016.

(k) Total current and non-current borrowings

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

	31 Dec 2016			31 Dec 2015		
	Current US\$'000	Non-current US\$'000	Total US\$'000	Current US\$'000	Non-current US\$'000	Total US\$'000
Term Loans ⁽¹⁾	92,562	224,461	317,023	127,798	137,893	233,214
Notes Payable	-	-	-	112,337	-	112,337
Finance Lease	1,020	3,495	4,515	774	876	1,650
	93,582	227,956	321,538	240,909	138,769	379,678

⁽¹⁾ Including working capital lines of US\$54.6 and US\$32.5 million as at 31 December 2016 and 31 December 2015 respectively.

8. Review of Group Performance (Cont'd)

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

As at 31 December 2016, the Group had fully redeemed its notes payables.

(m) Trade and other payables

The Group's trade and other payables increased by approximately US\$97.07 million from US\$113.78 million as at 31 December 2015 to US\$210.86 million as at 31 December 2016. This arose from the consolidation of the financial statements of Holmen in 2Q2016 and the reclassification of an amount of US\$38.9 million previously recognised and included in Shareholders' Advances to Current Liabilities in 2Q2016. This reclassification is the result of the events at Swiber as described in 8(r) below.

(n) Shareholders' advance

The Group received interest free advances of US\$5.0 million from a shareholder in 4Q2016 with no fixed term for repayment. Shareholders' advances at 31 December 2016 were US\$102.09 million compared to US\$97.09 million as at 30 September 2016.

(o) Negative working capital

The negative working capital as at 31 December 2016 is US\$38.29 million compared to US\$22.72 million (excluding impact of assets held for sale) as at 31 December 2015. This is largely due to the average repayment period for the Group's vessel borrowings of approximately six (6) years, which is significantly shorter than the useful lives of the vessels which are typically between 18 and 25 years. The short-term portion of vessel borrowings is recorded as current liabilities whereas the vessels' values are entirely recorded as non-current assets.

Consolidated Statement of Cash Flows

Cash and cash equivalents decreased by US\$27.03 million from US\$41.90 million as at 31 December 2015 to US\$14.87 million as at 31 December 2016. During 4Q2016, the Group utilised cash of US\$22.51 million as compared to the US\$30.34 million of cash generated in 4Q2015.

(p) Cash flow from operating activities

The Group generated net cash from operating activities of US\$27.89 million and US\$14.17 million for 4Q2016 and 12M2016 respectively.

(q) Cash flow used in investing activities

Net cash from investing activities amounted to US\$63.11 million for 12M2016, as compared to \$195.35 million in 12M2015. This is due mainly to the completion of the refinancing exercise in the Middle East in early 2016.

(r) Cash flow from financing activities

Net cash used in financing activities in 12M2016 mainly resulted from the completion of the refinancing exercise in the Middle East, receipt of shareholders' advances of US\$102.09 million and the full redemption of the Notes Payable of the Group of US\$122.03 million. For 4Q2016, the Group redeemed its Series 2 Notes Payable of US\$43.27 million due in November 2016.

9. Review of Group Performance

(s) Implication of Swiber events

(i) Vessel charter contracts in the Middle East

As at the date of this results announcement, the Group's core vessel chartering business is continuing as usual. As at 31 December 2016, revenue from the chartering and brokerage business contributed approximately 82% to the Group's total revenue which is in line with the Company's focus since 2015.

(ii) Revenue contribution from Swiber Holdings and its subsidiaries, associates and joint ventures (collectively known as the "Swiber entities")

The following table provides an update of the revenue contribution from the Swiber entities:

Financial Period	Reported Revenue	Revenue from Swiber entities	Proportion of Revenue from Swiber entities	Revenue from third-party customers	Proportion of Revenue from third-party customers
	US\$'000	US\$'000	(%)	US\$'000	(%)
FY2015	232,554	80,562	34.6%	151,992	65.4%
FY2016	209,137	43,410	20.8%	165,727	79.2%

Based on the table above, revenue from the Swiber entities has declined substantially and accounted for 20.8% of the Group's total revenue in 12M2016, as compared to 34.6% in 12M2015.

This decrease is in tandem with the Group's approach to streamline and realign its focus on the core chartering and brokerage business as further described in the announcement made on 6 January 2017.

(iii) Receivables and payables

As at 31 December 2016, the Group had trade and other receivables owing from Swiber entities amounting to approximately US\$97.20 million. The Group also had trade payables and other payables owing to Swiber entities of approximately US\$87.30 million, of which US\$29.39 million is owed by the Company.

On 13 October 2016, the Company announced the postponement of its extraordinary general meeting for its proposed and renounceable Rights cum Warrants Issue. This is subsequent to the Company receiving a notification from the Judicial Managers of Swiber Holdings Limited ("**Swiber**") of: (a) Swiber's interest to participate in the Rights cum Warrants Issue; and (b) a proposal for the Company and Swiber to set off and settle the actual subscription amount payable to the extent of any amount owing by the Company to Swiber on and subject to certain terms ("**Terms**") (Please refer to announcement dated 13 October 2016). As at the date of this announcement, the discussion of the Terms between the Company and Swiber is still on-going.

(iv) Borrowings

In the 2Q2016 results announcement, the Company disclosed that it and certain of its subsidiaries had 3 outstanding bank loans which have corporate guarantees from Swiber. In addition, 1 of these bank loans requires Vallianz to continue to be an associate of Swiber as a loan covenant. In this regard, following the announcement by Swiber on 28 July 2016, the Company is already in discussions with the relevant banks to amend these terms.

To date, the Company and its 3 subsidiaries have not been served with any notices of any event of default for any of its loans and has successfully obtained waivers for event of default from 2 of the 3 bank loans. The Company remains in active discussion with the third bank.

(v) Business operations

To-date, the Group has not experienced any disruption to its business operations.

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 decline in global demand and an excess capacity of offshore support vessels (“OSV”) has resulted in a highly competitive environment for OSV operators, characterised by downward pressure on charter rates, low vessel utilisation rates and more stringent customer requirements.

As at 31 December 2016, the Group had an outstanding chartering services order book worth approximately US\$950.1 million in aggregate, comprising long term charters which include 2-year extension options stretching up to 2025.

To mitigate the challenges of the industry’s slowdown, the Group will continue to adopt a cautious and prudent approach in the execution of its business plans. To optimize its cost structure and sharpen its focus on its core vessel chartering operations, the Group has been implementing a cohesive strategy to streamline its business operations which included the closure of certain non-core business units at the end of 2016. The Group is undertaking a review of these rightsizing initiatives as well as assessing the value of its assets given the current market conditions. The outcome of these evaluations may have an impact on the Group’s financial performance for the 15 months ending 31 March 2017, which is the new financial year end. On 6 September 2016, the Company announced that its financial year end has been changed from 31 December to 31 March. The next financial year of the Company and the Group will cover a period of 15 months from 1 January 2016 to 31 March 2017.

The Group, in partnership with Rawabi Holding, will be leveraging its established market position in the Middle East to strengthen existing customer relationships and increase its penetration in other target markets in the region.

The Group will, in consultation with its legal advisors, continue to closely monitor and evaluate the impact of Swiber’s developments, and will provide updates to shareholders as and when appropriate.

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 fourth quarter ended 31 December 2016 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\$7,897,167
Ship management services provided by the Group		
Swiber and its subsidiaries	Nil	US\$1,119,282
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group		
Swiber and its subsidiaries	Nil	US\$1,650,236
Corporate services provided to the Group		
Swiber and its subsidiaries	Nil	US\$27,385
Rawabi Holding Co Ltd	Nil	US\$134,879

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 31 December 2016 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

Ling Yong Wah
Director
Chief Executive Officer

Bote De Vries
Director
Non-Executive Independent Director

BY ORDER OF THE BOARD

Lee Bee Fong
Company Secretary
13 February 2017

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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