



# VALLIANZ HOLDINGS LIMITED

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## Unaudited Financial Statements

**For the Financial Period of 15 Months Ended 31 March 2017**

*(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)*

UNAUDITED FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2017 (“FY2017”)

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		
	3 months ended 31 March 2017	3 months ended 31 March 2016	Change	15 months from 1 January 2016 to 31 March 2017	12 months from 1 January to 31 December 2015	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	<b>38,690</b>	49,303	(21.5)	<b>247,828</b>	232,554	6.6
Cost of sales	<b>(29,475)</b>	(34,872)	(15.5)	<b>(185,369)</b>	(167,601)	10.6
<b>Gross Profit</b>	<b>9,215</b>	14,431	(36.1)	<b>62,459</b>	64,953	(3.8)
Other income, net	<b>1,076</b>	317	239.4	<b>2,969</b>	9,920	(70.1)
Administrative expenses	<b>(2,857)</b>	(4,022)	(29.0)	<b>(19,237)</b>	(23,144)	(16.9)
Finance costs	<b>(3,692)</b>	(5,036)	(26.7)	<b>(23,093)</b>	(26,859)	(14.0)
<b>Operating profit from ordinary activities and before share of results of associate and joint ventures</b>	<b>3,742</b>	5,690	(34.2)	<b>23,098</b>	24,870	(7.1)
Share of results of associate and joint ventures	<b>(2,220)</b>	(170)	nm	<b>(3,390)</b>	638	(631.3)
Exceptional expenses	<b>(212,937)</b>	-	nm	<b>(214,554)</b>	-	nm
<b>(Loss)/profit before tax</b>	<b>(211,415)</b>	5,520	nm	<b>(194,846)</b>	25,508	(863.9)
Taxation	<b>3,327</b>	(54)	nm	<b>2,313</b>	(5,396)	(142.9)
<b>(Loss)/profit for the period/year</b>	<b>(208,088)</b>	5,466	nm	<b>(192,533)</b>	20,112	nm

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		
	3 months ended 31 March 2017	3 months ended 31 March 2016			15 months from 1 January 2016 to 31 March 2017	12 months from 1 January to 31 December 2015	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%	
<b>(Loss)/profit for the period/year attributable to :</b>							
Owners of the Company	(173,180)	4,887	nm	(159,370)	17,451	nm	
Preference shares holders	-	-	-	-	203	nm	
Capital securities holder	449	224	100.4	1,123	900	24.8	
Non-controlling interests	(35,357)	355	nm	(34,286)	1,558	nm	
<b>Total</b>	<b>(208,088)</b>	<b>5,466</b>	<b>nm</b>	<b>(192,533)</b>	<b>20,112</b>	<b>nm</b>	
<b>Other comprehensive (loss)/income for the period/year, net of tax</b>							
Exchange differences on translation of foreign operations	(1,050)	989	(206.2)	(1,040)	(1,172)	(11.3)	
Cash flow hedges	(1,950)	774	(351.9)	-	196	nm	
Re-measurement of defined benefit obligation	(217)	-	nm	(217)	(14)	nm	
Share of re-measurement of defined benefit obligation of associate	-	-	-	-	32	nm	
<b>Total comprehensive (loss)/income for the period/year</b>	<b>(211,305)</b>	<b>7,229</b>	<b>nm</b>	<b>(193,790)</b>	<b>19,154</b>	<b>nm</b>	
<b>Total comprehensive (loss)/income attributable to:</b>							
Owners of the Company	(175,324)	6,650	nm	(159,554)	16,493	nm	
Preference shares holders	-	-	-	-	203	nm	
Capital securities holder	448	224	100.0	1,123	900	24.7	
Non-controlling interests	(36,429)	355	nm	(35,358)	1,558	nm	
<b>Total</b>	<b>(211,305)</b>	<b>7,229</b>	<b>nm</b>	<b>(193,790)</b>	<b>19,154</b>	<b>nm</b>	

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

	Group		Group	
	3 months ended 31 March 2017 US\$'000	3 months ended 31 March 2016 US\$'000	15 months from 1 January 2016 to 31 March 2017 US\$'000	12 months from 1 January to 31 December 2015 US\$'000
Allowance/(write back) for impairment of receivables	7,604	-	7,604	(17)
Depreciation of property, plant and equipment	5,517	3,281	26,220	28,640
Amortisation of intangible assets	-	269	539	1,077
Dividend income for available-for-sale investments	-	(1,168)	(3,206)	(4,832)
Finance costs	3,692	5,036	23,093	26,859
Foreign exchange, net	201	(194)	2,757	(5)
Other income	(2,266)	(121)	(6,115)	(3,302)
Gain on disposal of property, plant and equipment	1,189	(1)	1,768	(1,749)
Loss/(gain) on sale of asset previously held for sale	19	-	6	(398)
Fair value change of contingent consideration	-	-	-	(4,153)
Fair value change of derivative financial instruments	-	-	(1,000)	(295)
Share-based payment expense (net of reversal recognized in other income)	(1,243)	446	(193)	1,397
Impairment of available-for-sale investments	45,559	-	45,559	11
Impairment of property, plant and equipment	131,334	-	131,334	-
Impairment of goodwill	9,171	-	9,171	-
Impairment of intangible assets	-	-	1,617	-
Impairment of investment in joint venture and associate	19,269	-	19,269	-

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

**Statements of Financial Position**

	Group		Company	
	31 Mar 2017 US\$'000	31 Dec 2015 US\$'000	31 Mar 2017 US\$'000	31 Dec 2015 US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	45,568	41,901	455	936
Trade receivables	91,890	130,355	-	899
Other receivables	124,915	175,801	122,225	272,093
Inventories	1,669	1,069	-	-
Construction work-in-progress	1,506	464	-	-
Available-for-sale investments	31,729	88	-	86
Derivative financial instruments	-	295	-	-
	<b>297,277</b>	349,973	<b>122,680</b>	274,014
Assets classified as held for sale	-	115,314	-	-
Total current assets	<b>297,277</b>	465,287	<b>122,680</b>	274,014
<b>Non-current assets</b>				
Deposits pledged with banks	699	900	-	-
Available-for-sale investments	-	90,200	-	-
Property, plant and equipment	372,233	161,007	107	57
Subsidiaries	-	-	105	32,009
Joint ventures	54,026	44,018	55,991	39,695
Associate	-	16,293	-	-
Goodwill	-	9,171	-	-
Derivative financial instruments	1,295	-	-	-
Intangible assets	-	2,155	-	-
Deferred tax assets	-	242	-	-
Total non-current assets	<b>428,253</b>	323,986	<b>56,203</b>	71,761
<b>Total assets</b>	<b>725,530</b>	789,273	<b>178,883</b>	345,775

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

	Group		Company	
	31 Mar 2017 US\$'000	31 Dec 2015 US\$'000	31 Mar 2017 US\$'000	31 Dec 2015 US\$'000
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Term loans	64,903	127,798	4,823	-
Notes payables	-	112,337	-	112,337
Trade payables	62,487	33,995	-	-
Other payables	136,922	79,786	139,497	26,129
Finance lease payables	186	774	-	-
Derivative financial instruments	-	15,967	-	15,967
Income tax payable	2,613	2,034	-	-
Total current liabilities	<b>267,111</b>	372,691	<b>144,320</b>	154,433
<b>Non-current liabilities</b>				
Term loans	275,726	137,893	-	-
Retirement benefit obligation	1,077	860	-	-
Finance lease payables	-	876	-	-
Deferred tax liabilities	4,010	8,956	-	-
Total non-current liabilities	<b>280,813</b>	148,585	-	-
<b>Capital and reserves</b>				
Share capital	203,918	185,338	203,918	185,338
Preference shares	-	9,474	-	-
Perpetual capital securities	22,500	22,500	22,500	22,500
Foreign currency translation reserve	(1,040)	(1,440)	-	-
Hedging reserve	-	(1,945)	-	(1,945)
Share options reserve	447	2,487	447	2,487
Other reserve	(32)	(27)	28	28
Shareholder's advance	102,087	-	102,087	-
Accumulated (losses)/profits	(147,638)	22,059	(294,417)	(17,066)
Equity attributable to owners of the Company, preference shares holders and capital securities holders	<b>180,242</b>	238,446	<b>34,563</b>	191,342
Non-controlling interests	(2,636)	29,551	-	-
Total equity	<b>177,606</b>	267,997	<b>34,563</b>	191,342
<b>Total liabilities and equity</b>	<b>725,530</b>	789,273	<b>178,883</b>	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 Mar 2017		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
65,089	-	126,315	114,594

**Amount repayable after one year**

Group		Group	
As at 31 Mar 2017		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
275,726	-	138,769	-

**Details of any collateral**

The Group's borrowings are secured by:

- (i) mortgage over all the Group's property, vessels, motor vehicles, equipment and a vessel held by a related company of a controlling 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) monies pledged;
- (v) assignment of earnings/charter proceeds in respect of some of the vessels mentioned above; and
- (vi) shares of pledged subsidiaries incorporated in Singapore.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>Consolidated Statement of Cash Flows</b>	<b>Group</b>	
	<b>15 months From 1 January 2016 to 31 March 2017 US\$'000</b>	<b>12 months From 1 January 2015 to 31 December 2015 US\$'000</b>
<b>Operating activities</b>		
(Loss)/profit before tax	(194,846)	25,508
Adjustments for :		
Allowances for impairment of receivables	7,604	5
Depreciation of property, plant and equipment	26,220	28,640
Amortisation of intangible asset	539	1,077
Dividend income for available-for-sale investments	(3,206)	(4,832)
Finance costs	23,093	26,859
Share-based payment expense	1,303	1,397
Forfeiture of share options	(1,496)	-
Provision for employee benefits	217	339
Share of results of associate and joint ventures	3,390	(638)
Gain/(loss) on disposal of property, plant and equipment	1,768	(1,749)
Fair value change of contingent consideration	-	(4,153)
Fair value change of derivative financial instruments	(1,000)	(295)
Gain on sale of asset previously held for sale	-	(398)
Impairment of available-for-sale investments	45,559	11
Impairment of property, plant and equipment	131,334	-
Impairment of goodwill	9,171	-
Impairment of intangible assets	1,617	-
Impairment of investment in joint venture and associate	19,269	-
Exchange differences	403	422
<b>Operating cash flows before working capital changes</b>	<b>70,939</b>	<b>72,193</b>
Trade and other receivables	86,677	(102,582)
Trade and other payables	(142,795)	29,883
Inventories	(600)	(60)
Construction work-in-progress	(1,042)	1,315
<b>Cash generated from operations</b>	<b>13,179</b>	<b>749</b>
Income tax paid	(366)	(1,318)
<b>Net cash from (used in) operating activities</b>	<b>12,813</b>	<b>(569)</b>



1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>Consolidated Statement of Cash Flows (cont'd)</b>	<b>From</b>	<b>From</b>
	<b>1 January 2016 to 31 March 2017</b>	<b>1 January 2015 to 31 December 2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Investing activities</b>		
Dividends received	1,182	4,965
Proceeds from redemption of preference shares	13,000	9,500
Acquisition of subsidiary and associate	7,274	(84)
Investment in joint venture	-	(5,880)
Proceeds from disposal of property, plant and equipment	65,714	216,442
Purchase of property, plant and equipment	(27,129)	(30,598)
Proceeds from disposal of available for sale asset	3,066	-
<b>Net cash from investing activities</b>	<b>63,107</b>	<b>194,345</b>
<b>Financing activities</b>		
Pledged deposits	201	3,263
Dividends paid	(1,800)	(1,672)
Distribution paid	(1,124)	(446)
Interest paid	(19,115)	(23,482)
Proceeds from new bank loans raised	105,434	182,519
Proceeds from new share issue	4,929	-
Redemption of notes payable	(122,329)	-
Proceeds from shareholders' funds	102,087	-
Payment of transaction costs related to issuance of preference share	-	(526)
Proceeds from issuance of preference shares by a subsidiary	-	10,000
Repayment of term loans	(129,072)	(325,946)
Repayment of obligation under finance lease	(1,464)	(16,028)
Redemption of preference shares issued by a subsidiary	(10,000)	-
<b>Net cash used in financing activities</b>	<b>(72,253)</b>	<b>(172,318)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,667</b>	<b>21,458</b>
<b>Effects of exchange rate changes on the cash balance</b>	<b>-</b>	<b>(311)</b>
<b>Cash and cash equivalents at beginning of period/year</b>	<b>41,901</b>	<b>20,754</b>
<b>Cash and cash equivalents at end of period/year</b>	<b>45,568</b>	<b>41,901</b>

- 1(d)(i) A statement (for the issuer and group) showing either  
 (i) all changes in equity, or  
 (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Statements of Changes in Equity

	Share capital	Preference shares	Foreign currency translation reserve	Hedging reserve	Share options reserve	Other reserve	Shareholder's advance	Accumulated profits (losses)	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	US\$'000
<b>Group</b>												
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
<b>Total comprehensive income for the year</b>												
Profit for the year	-	-	-	-	-	-	-	(158,247)	-	(158,247)	(34,285)	(192,533)
Other comprehensive income for the year	-	-	400	1,945	-	(5)	-	-	-	2,340	-	2,340
Total	-	-	400	1,945	-	(5)	-	(158,247)	-	(155,907)	(34,285)	(190,193)
<b>Transactions with owners, recognised directly in equity</b>												
Deemed investment by a shareholder	-	-	-	-	-	-	102,087	-	-	102,087	-	102,087
Redemption of preference shares	-	(9,474)	-	-	-	-	-	(526)	-	(10,000)	-	(10,000)
Issue of shares, net of expenses	16,733	-	-	-	-	-	-	-	-	16,733	-	16,733
Performance shares awarded	1,847	-	-	-	(1,847)	-	-	-	-	-	-	-
Forfeiture of performance shares awards	-	-	-	-	(1,496)	-	-	-	-	(1,496)	-	(1,496)
Recognition of share-based payments	-	-	-	-	1,303	-	-	-	-	1,303	-	1,303
Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	2,098	2,098
Dividends	-	-	-	-	-	-	-	(9,800)	-	(9,800)	-	(9,800)
Distribution	-	-	-	-	-	-	-	(1,124)	-	(1,124)	-	(1,124)
Total	18,580	(9,474)	-	-	(2,040)	(5)	102,087	(11,450)	-	97,703	2,098	99,801
<b>At 31 March 2017</b>	<b>203,918</b>	<b>-</b>	<b>(1,040)</b>	<b>-</b>	<b>447</b>	<b>(32)</b>	<b>102,087</b>	<b>(147,638)</b>	<b>22,500</b>	<b>180,242</b>	<b>(2,636)</b>	<b>177,606</b>

**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 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 year</b>											
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
<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	-	-	-	-	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
<b>At 31 December 2015</b>	<b>185,338</b>	<b>9,474</b>	<b>(1,440)</b>	<b>(1,945)</b>	<b>2,487</b>	<b>(27)</b>	<b>22,059</b>	<b>22,500</b>	<b>238,446</b>	<b>29,551</b>	<b>267,997</b>

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

	Share capital	Hedging reserve	Share options reserve	Other reserve	Shareholder's advance	Accumulated losses	Perpetual capital securities	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>								
At 1 January 2016	185,338	(1,945)	2,487	28	-	(17,066)	22,500	191,342
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	-	(274,427)	-	(274,427)
Other comprehensive income for the year	-	1,945	-	-	-	-	-	1,945
Total	-	1,945	-	-	-	(274,427)	-	(272,482)
<b>Transactions with owners, recognised directly in equity</b>								
Performance shares awarded	-	-	(1,847)	-	-	-	-	(1,847)
Forfeiture of performance shares awards	-	-	(1,496)	-	-	-	-	(1,496)
Issue of shares, net of expenses	18,580	-	-	-	-	-	-	18,580
Recognition of share-based payments	-	-	1,303	-	-	-	-	1,303
Deemed investment by a shareholder	-	-	-	-	102,087	-	-	102,087
Dividends	-	-	-	-	-	(1,800)	-	(1,800)
Distribution paid	-	-	-	-	-	(1,124)	-	(1,124)
Total	18,580	-	(2,040)	-	102,087	(2,924)	-	115,703
<b>At 31 March 2017</b>	<b>203,918</b>	<b>-</b>	<b>447</b>	<b>28</b>	<b>102,087</b>	<b>(294,417)</b>	<b>22,500</b>	<b>34,563</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 year</b>							
Profit for the year	-	-	-	-	3,374	-	3,374
Other comprehensive income for the year	-	196	-	-	-	-	196
Total	-	196	-	-	3,374	-	3,570
<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	-	-	1,397	-	-	-	1,397
Dividends	-	-	-	-	(1,672)	-	(1,672)
Distribution paid	-	-	-	-	(900)	-	(900)
Total	62	-	1,331	4	(2,572)	-	(1,175)
<b>At 31 December 2015</b>	<b>185,338</b>	<b>(1,945)</b>	<b>2,487</b>	<b>28</b>	<b>(17,066)</b>	<b>22,500</b>	<b>191,342</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 and 14 November 2016, the Company granted 51,500,000 and 75,000,000 Awards pursuant to the PSP. The Awards will be vested on 6 July 2016 and 13 November 2017 respectively.

Date of grant	As at 1 January 2016	Granted	Vested	Cancelled	As at 31 March 2017
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 shares options were cancelled due to the cessation of Mr Raymond Goh as Non-Executive Director and Chairman of the Board.

Date of grant	As at 1 January 2016	Granted	Cancelled	As at 31 March 2017
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") ("Consideration Shares"). 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) Subscriptions of new ordinary shares**

Respectively on 3 February 2017 and 1 March 2017, the Company completed the listing and quotation of 350,000,000 and 380,589,000 new ordinary shares to certain third parties and trade creditors for consideration of S\$7.0 million and S\$7.6 million respectively.

**(f) Total number of shares that may be issued as at 31 March 2017**

Corporate Action	No. of Shares
Grant of share awards under PSP	75,000,000
Grant of share options under ESOS	4,000,000
	<b>79,000,000</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>31 March 2017</u> No. of shares (‘000)	<u>31 December 2015</u> No. of shares (‘000)
The number of issued shares	<u>4,322,800</u>	<u>3,345,012</u>

There were no treasury shares as at 31 March 2017 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 financial period ended 31 March 2017.

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.**

	<b>Group</b>	
	<b>FY2017</b>	FY2015
<b>Earnings (US\$'000)</b>		
Net (loss)/profit after tax attributable to owners of the Company	<b>(158,247)</b>	18,554
<b>Number of shares ('000)</b>		
Weighted average number of shares for basic earnings per share	<b>3,613,478</b>	3,344,466
Effects of dilution	<b>7,162,905</b>	348,058
Weighted average number of shares for diluted earnings per share	<b>10,776,383</b>	3,692,524
<b>Earnings per share (US cents)</b>		
Basic	<b>(4.38)</b>	0.56
Diluted	<b>(1.47)</b>	0.50

	<b>Group</b>	
	<b>FY2017</b>	FY2015
<b>Earnings from ordinary activities (US\$'000)</b>		
Net profit after tax from ordinary activities attributable to owners of the Company	<b>14,698</b>	18,554
<b>Number of shares ('000)</b>		
Weighted average number of shares for basic earnings per share	<b>3,613,478</b>	3,344,466
Effects of dilution	<b>7,162,905</b>	348,058
Weighted average number of shares for diluted earnings per share	<b>10,776,383</b>	3,692,524
<b>Earnings from ordinary activities per share (US cents)</b>		
Basic	<b>0.41</b>	0.55
Diluted	<b>0.14</b>	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.**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2017</b>	31 Dec 2015	<b>31 Mar 2017</b>	31 Dec 2015
Net asset value (US\$'000)	<b>180,242</b>	238,446	<b>34,563</b>	191,342
Total number of shares issued ('000)	<b>4,322,800</b>	3,345,012	<b>4,322,800</b>	3,345,012
Net asset value per share (US cents)	<b>4.12</b>	7.13	<b>0.80</b>	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, cost of sales and gross profit**

The Group registered revenue of approximately US\$247.83 million for the 15 months ended 31 March 2017 (“**FY2017**”), representing an increase of 6.6% or US\$15.27 million when compared to the year ended 31 December 2015 (“**FY2015**”). For three months ended 31 March 2017 (“**5Q2016/17**”), the Group registered lesser revenue compared to three months ended 31 March 2016 (“**1Q2016/17**”) mainly because of the completion of various one-time vessel management projects in the second half of 2016. Additionally, despite the commencement of new contracts in 5Q2016/17, the Group also experienced lower utilization from certain of its existing fleet of vessels in the current challenging market conditions.

This is evident from the non-tandem decrease in cost of sales for 5Q2016/17 from US\$34.87 million to US\$29.48 million, a 15.5% decline as compared to 1Q2016/17 versus a decline of 21.5% in revenue for the same comparative financial periods.

Gross profit for FY2017 declined to US\$62.46 million, a 3.8% decrease from US\$64.95 million for FY2015. For 5Q2016/17, gross profit declined to US\$9.22 million compared to US\$14.43 million for 1Q2016/17. This 36.1% decline when compared to 1Q2016/17 is mainly attributed to the non-tandem decreases between revenue and cost of sales and the reclassification of certain expenses to cost of sales from the completion of a refinancing exercise in the Middle East in February 2016.

Chartering & brokerage services made up 84.71% of total revenue in FY2017, compared to 63.9% in FY2015.

#### **(b) 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. For FY2017, the balance largely comprises debt forgiveness by certain third parties and reversal of share based expenses previously recognized as a result of forfeiture of share options.

For 5Q2016/17, other income arose largely from the reversal of share based expenses previously recognized as a result of forfeiture of share options as compared to foreign exchange gain recognized for 1Q2016/17.

#### **(c) Administrative expenses**

Administrative expenses, which comprise largely staff and travel related expenses, decreased by US\$3.91 million to US\$19.24 million for FY2017 from US\$23.14 million for FY2015. Comparing to 1Q2016/17, there was a larger decrease from US\$4.02 million to US\$2.86 million for 5Q2016/17.

#### **(d) Finance costs**

Finance costs for the Group decreased to US\$23.09 million for FY2017 as compared to US\$26.86 million for FY2015. There was also a larger decline of approximately 26.7% from US\$5.04 million for 1Q2016/17 to US\$3.69 million for 5Q2016/17. The decrease for the current financial period was a result of the completion of a refinancing exercise in Middle East in February 2016.

#### **(e) Share of results of associate and joint ventures**

The Group recorded share of losses from an associate of US\$3.4 million for FY2017 and US\$2.22 million for 5Q2016/17. This was attributed to the Group’s 49%-owned associate, PT Vallianz Offshore Maritim (“**PTVOM**”) in Indonesia. The remaining amount mainly relate to share of results from the joint venture in the Middle East for FY2017 and 5Q2016/17.

## Review of Group Performance (cont’d)

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

#### **(f) Exceptional expenses**

With reference to the Company's previous announcements made on 6 January 2017 and 13 February 2017, the Group had, as at 31 March 2017, completed an in-depth evaluation of the carrying value of certain of its assets that comprise goodwill, fixed assets and investments, in light of the current slowdown in the offshore and marine market and the rightsizing initiatives that it had undertaken. Therefore, further to the impairment expense of US\$1.62 million on the carrying value of its intangible assets recognized in 2Q2016/17, the Group further recognized write-downs amounting to US\$212.94 million resulting in the total writedown of US\$214.55 million in FY2017, of which US\$22.3 million is attributable to the non-controlling interest.

**(g) Net (loss)/profit**

The Group recorded a net loss after tax of US\$192.53 million and US\$208.09 million for FY2017 and 5Q2016/17 respectively. The significant net loss resulted mainly from the recognition of exceptional expenses of US\$214.55 million and US\$212.94 million for the FY2017 and 5Q2016/17 respectively. This is in addition to the lower operational profitability that the Group is experiencing in the current challenging market conditions.

The fluctuation in taxation amount is due to the reversal of deferred tax liabilities previously recognized by the Group for FY2017.

Based on the weighted average number of shares, the Group recorded basic earnings per share of negative 4.36 US cents and diluted earnings per share of negative 1.46 US cents for FY2017.

**Statements of Financial Position**

**(h) Trade and other receivables**

Trade and other receivables decreased by US\$90.10 million to US\$216.81 million as at 31 March 2017 from US\$306.16 million as at 31 December 2015. This is largely because of the improvement in collection of receivables in the current financial period.

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

As at 31 March 2017, the Group had preferential shares in Resolute Offshore Pte Ltd valued at US\$31.73 million recognized as a current asset. Resolute Offshore Pte Ltd redeemed 130,000 preference shares for a total value of US\$13.0 million during FY2017. Additionally, following the completion of the Group's assessment of the current carrying value of the available-for-sale investments, an impairment expense of US\$45.47 million was recognized in 5Q2016/17. Therefore, the Group recorded a decrease of US\$58.47 million in the carrying value of the available-for-sale investment compared to US\$90.20 million as at 31 December 2015.

**(j) Assets classified as held for sale**

As at 31 March 2017, the absence of the carrying value of the assets classified as 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 February 2016.

**(k) Property, plant and equipment**

Property, plant and equipment increased by US\$211.23 million from US\$161.01 million as at 31 December 2015 to US\$372.23 million as at 31 March 2017. The increase is mainly due to the acquisition of new vessels and consolidation of vessel fleet owned by Holmen Group which was acquired on 1 April 2016.

**(l) Joint ventures**

The increase in the joint ventures is the result of quasi-equity contribution from the Group to its joint venture in the Middle East of approximately US\$16.30 million in FY2017 and the share of results from this joint venture for FY2017 and 5Q2016/17. This increase is partially offset by an impairment expense of US\$5.88 million recognized on the carrying amount of investment in another joint venture in Malaysia following the completion of the Group's assessment of the recoverability of certain assets as at 31 March 2017.

**(m) Associate**

The Group shared approximately US\$2.90 million of losses from its associate in Indonesia. Following the completion of the Group's assessment of recoverability of its investment in the associate, it decided to record an impairment expense in relation to this investment of US\$13.39 million in 5Q2016/17.

## Review of Group Performance (cont'd)

### Statements of Financial Position (cont'd)

#### (n) *Goodwill and intangible assets*

Goodwill and intangible assets were fully impaired during FY2017 and 5Q2016/17 following the completion of the Group's assessment of the impact from rightsizing efforts that it undertook during the current financial period.

#### (o) *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 March 2017			31 December 2015		
	Current US\$'000	Non-current US\$'000	Total US\$'000	Current US\$'000	Non-current US\$'000	Total US\$'000
Term Loans	39,558	269,726	309,284	95,321	137,893	233,214
Working Lines	25,345	6,000	31,345	32,477	-	32,477
Notes Payable	-	-	-	112,337	-	112,337
Finance Lease	186	-	186	774	876	1,650
	<u>65,089</u>	<u>275,726</u>	<u>340,815</u>	<u>240,909</u>	<u>138,769</u>	<u>379,678</u>

Total current and non-current borrowings declined as the Group fully redeemed its Notes payables during FY2017. Nonetheless, the Group also recorded additional borrowings from the acquisition of the Holmen Group on 1 April 2016.

During FY2017, the Group also successfully completed its restructuring of certain of its borrowings as announced on 10 March 2017. Accordingly, certain of its borrowings were reclassified to non-current as at 31 March 2017.

#### (p) *Trade and other payables*

The Group's trade and other payables increased by approximately US\$85.16 million from US\$114.25 million as at 31 December 2016 to US\$199.41 million as at 31 March 2017. The increase is largely attributed by the acquisition of Holmen Group on 1 April 2016.

#### (q) *Shareholder's advance*

The amount mainly relates to the deemed investment by Rawabi Holding Company Limited ("RHC") into the Company following an intended undertaking by RHC to convert its shareholder's advances to the Company into equity from its subscription to the Proposed Rights cum Warrants Issue and further new equity in the foreseeable future subject to fulfilment of certain conditions.

### Consolidated Statement of Cash Flows

Cash and cash equivalents increased US\$3.67 million from US\$41.90 million as at 31 December 2015 to US\$45.57 million as at 31 March 2017.

#### (r) *Cash flow used in operating activities*

The Group generated net cash from operating activities of US\$12.81 million in FY2017. This represents an improvement of US\$13.38 million from the net cash used in operating activities in FY2015.

#### (s) *Cash flow from investing activities*

Net cash from investing activities amounted to US\$63.11 million for FY2017 arising mainly from the sale of vessels which generated US\$65.71 million of cash inflow in the current year and the redemption of preference shares of US\$13.0 million in FY2015. In FY2015, the net cash from investing activities was largely generated from the sale of vessels.

#### (t) *Cash flow from financing activities*

Net cash used in financing activities in FY2015 amounted to US\$72.25 million which was mainly due to the repayment of loans on a fleet of vessels and redemption of Notes Payable. The Group also received proceeds from new bank loans and shareholder's advances which reduced the impact from the repayment and redemption of Notes Payable for FY2017.

**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 the offshore oil support services sector remains extremely challenging. Against the backdrop of lower global demand and excess capacity, the offshore support vessels (“OSV”) sector continues to be weighed down by low vessel utilisation rates, downward pressure on charter rates amid intense competition, and more stringent customer requirements. As a result of the slowdown in the offshore sector and its rightsizing initiatives, the Group had to undertake an in-depth evaluation of the carrying value of certain of its assets which led to substantial non-cash impairment expenses (“**Exceptional Expenses**”) for the 15-month financial period ended 31 March 2017 (“**FY2017**”).

Nevertheless, excluding the Exceptional Expenses, the Group recorded operating profit before tax of US\$20.26 million for FY2017. The Group’s core vessel chartering business also continues to be supported by long-term charter contracts that are related primarily to operations in the Middle East region. As at 31 March 2017, the Group had an outstanding chartering services order book worth approximately US\$1.03 billion in aggregate, comprising long term charters which include 2-year extension options stretching up to 2025.

With a sharpened focus on its core vessel chartering business, the Group plans to build on its strengths to solidify existing customer relationships and increase penetration in other potential markets particularly in the Middle East region where it has an established market position. In partnership with our strategic shareholder and partner, Rawabi Holding, the Group will continue to raise its operational capabilities and service quality, and expand its fleet as appropriate to meet customers’ requirements. The Group will also focus on ensuring cost efficiencies and adopt a cautious and prudent approach in the execution of its business plans.

Subsequent to the announcement made on 13 October 2016 on the postponement of the extraordinary general meeting for the Proposed Renounceable Non-underwritten Rights cum warrants Issue (“**Rights Issue**”), the Company has been engaging in discussions with Swiber Holdings Limited (Judicial Managers Appointed) on the mechanism for set-off and settlement of actual subscription and warrants exercise payable by Swiber against and to the extent of amounts owing by the Group to Swiber. Pursuant to these discussions, the Company and Swiber are working towards the finalization of the set-off and settlement agreement (“**SOSA**”) to be executed between the Company and Swiber.

The Company will provide updates to shareholders as and when appropriate.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial year reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Yes.

**(c) Date Payable**

Not applicable.

**(d) Book Closure Date.**

Not applicable.

**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 Catalist), there were no transactions with interested persons for the 15 months ended 31 March 2017 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\$28,447,087
<b>Ship management services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$19,333,492
<b>Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$4,773,957
<b>Corporate services provided to the Group</b>		
Rawabi Holding Co Ltd	Nil	US\$674,396

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.**

	<b>Vessel chartering &amp; broking US\$'000</b>	<b>Vessel management &amp; services US\$'000</b>	<b>Investment holding US\$'000</b>	<b>Total US\$'000</b>
FY2017				
<b>Revenue</b>				
External sales	207,453	37,169	3,206	247,828
<b>Results</b>				
Segment results	50,049	4,299	(8,157)	46,191
Finance costs	(13,826)	(305)	(8,962)	(23,093)
<b>Operating profit from ordinary activities and before share of results of associate and joint ventures</b>	<b>36,223</b>	<b>3,994</b>	<b>(17,119)</b>	<b>23,098</b>
Exceptional expenses	(129,389)	(19,224)	(65,941)	(214,554)
Share of results of associate and joint ventures				(3,390)
Loss before tax				(194,846)
Income tax				2,313
Loss for the period				(192,533)

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

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 and profit**

	<u>Group</u>		
	FY2017	FY2015	Increase
	US\$'000	US\$'000	%
(a) Sales reported from 1 Jan to 30 June	<b>112,963</b>	125,748	(11.3)
(b) Profit after tax before deducting non-controlling interest reported from 1 Jan to 30 June	<b>9,459</b>	10,100	(6.3)
(c) Sales reported from 1 Jul to 31 Mar (FY2017) / 1 Jul to 30 June	<b>134,865</b>	106,806	Nm
(d) (Loss)/profit after tax before deducting non-controlling interest reported for 1 Jul to 31 Mar (FY2017)	<b>(201,992)</b>	10,012	Nm

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

	31 Mar 2017	31 Dec 2015
	US\$'000	US\$'000
Ordinary	<b>NIL</b>	1,983
Total	<b>NIL</b>	1,983

There were no preferences shares for the issuer as at 31 March 2017 and 31 December 2015.

**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 period ended 31 March 2017.

**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

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  
22 May 2017

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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. ("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.*

*The contact person for the Sponsor is Ms Wong Bee Eng, Chief Executive Officer, at 96 Robinson Road, #13-01, SIF Building, Singapore 068899.*

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