



## **VALLIANZ HOLDINGS LIMITED**

**Unaudited Financial Statement And Dividend Announcement**

**For the Second Quarter and Half Year Ended 30 June 2015**

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2015 ("2Q2015") AND HALF YEAR ENDED 30 JUNE 2015 ("HY2015")

**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		
	2Q2015 US\$'000	2Q2014 US\$'000	Change %	HY2015 US\$'000	HY2014 US\$'000	Change %
<b>Revenue</b>	<b>65,021</b>	38,556	68.6	<b>125,748</b>	66,263	89.8
Cost of sales	<b>(47,262)</b>	(24,670)	91.6	<b>(91,966)</b>	(42,048)	118.7
<b>Gross profit</b>	<b>17,759</b>	13,886	27.9	<b>33,782</b>	24,215	39.5
Other income	<b>528</b>	486	8.6	<b>819</b>	1,173	(30.2)
Administrative expenses	<b>(5,177)</b>	(3,891)	33.1	<b>(10,760)</b>	(6,558)	64.1
Other operating (expenses)/income	<b>(1,121)</b>	739	(251.7)	<b>(657)</b>	719	(191.4)
Finance costs	<b>(7,313)</b>	(5,260)	39.0	<b>(13,942)</b>	(7,492)	86.1
Share of results of associate	<b>(118)</b>	-	nm	<b>926</b>	-	nm
<b>Profit before tax</b>	<b>4,558</b>	5,960	(23.5)	<b>10,168</b>	12,057	(15.7)
Income tax expense	<b>24</b>	(169)	(114.2)	<b>(68)</b>	(818)	(91.7)
<b>Profit for the period</b>	<b>4,582</b>	5,791	(20.9)	<b>10,100</b>	11,239	(10.1)
<b>Profit for the period attributable to:</b>						
Owners of the Company	<b>3,773</b>	5,323	(29.1)	<b>8,741</b>	10,053	(13.1)
Capital securities holders	<b>224</b>	-	nm	<b>446</b>	66	575.8
Non-controlling interests	<b>585</b>	468	25.0	<b>913</b>	1,120	(18.5)
Total	<b>4,582</b>	5,791		<b>10,100</b>	11,239	
<b>Other comprehensive income for the period, net of tax</b>						
Exchange differences on translating foreign operations	<b>1,041</b>	-	nm	<b>(301)</b>	-	nm
Cash flow hedges	<b>1,589</b>	(1,214)	(230.9)	<b>118</b>	(1,214)	(109.7)
<b>Total comprehensive income for the period</b>	<b>7,212</b>	4,577	57.6	<b>9,917</b>	10,025	(1.1)
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	<b>6,403</b>	4,109	55.8	<b>8,558</b>	8,839	(3.2)
Capital securities holders	<b>224</b>	-	nm	<b>446</b>	66	575.8
Non-controlling interests	<b>585</b>	468	25.0	<b>913</b>	1,120	(18.5)
Total	<b>7,212</b>	4,577		<b>9,917</b>	10,025	

Note:

nm: denotes 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	
	2Q2015 US\$'000	2Q2014 US\$'000	HY2015 US\$'000	HY2014 US\$'000
Depreciation of property, plant and equipment	9,473	3,603	17,078	6,424
Dividend income	(1,224)	(1,320)	(2,467)	(2,653)
Finance costs	7,313	5,260	13,942	7,492
Foreign exchange loss (gain)	1,123	(739)	657	(719)
Gain on bargain purchase	-	(412)	-	(1,059)
Gain on disposal of property, plant and equipment	(112)	-	(112)	-
Other income	(424)	(96)	(595)	(115)
Provision for employee benefit	59	69	143	102
Share-based payment expense	156	1,133	520	1,205

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2015</b>	<b>31 Dec 2014</b>	<b>30 Jun 2015</b>	<b>31 Dec 2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	15,661	20,754	4,923	3,322
Trade receivables	125,329	99,219	1,348	899
Other receivables	57,479	55,978	299,456	291,549
Inventories	1,214	1,009	-	-
Finance lease receivables	1,553	-	-	-
Construction work-in-progress	381	1,779	-	-
Available-for-sale investments	99	99	86	86
	<b>201,716</b>	<b>178,838</b>	<b>305,813</b>	<b>295,856</b>
<b>Non-current assets</b>				
Deposits pledged with banks	4,668	4,163	-	-
Property, plant and equipment	662,796	661,358	84	188
Subsidiaries	-	-	32,008	32,008
Associate	16,549	15,539	-	-
Available-for-sale investments	90,200	99,700	-	-
Goodwill	11,854	11,854	-	-
Deferred tax assets	-	262	-	-
	<b>786,067</b>	<b>792,876</b>	<b>32,092</b>	<b>32,196</b>
<b>Total assets</b>	<b>987,783</b>	<b>971,714</b>	<b>337,905</b>	<b>328,052</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Term loans	102,655	102,421	-	-
Trade payables	55,291	48,942	-	-
Other payables	54,632	37,834	30,031	12,364
Finance lease	3,908	16,305	-	18
Derivative financial instruments	6,191	-	6,191	-
Income tax payable	1,555	1,406	-	-
Notes payable	73,253	-	73,253	-
	<b>297,485</b>	<b>206,908</b>	<b>109,475</b>	<b>12,382</b>
<b>Non-current liabilities</b>				
Term loans	308,499	306,697	-	-
Finance lease	65	153	-	-
Notes payable	43,826	118,528	43,826	118,528
Other payables	70,310	85,001	-	-
Retirement benefit obligation	650	507	-	-
Derivative financial instruments	4,222	8,195	4,222	8,195
Deferred tax liabilities	3,739	4,977	-	-
	<b>431,311</b>	<b>524,058</b>	<b>48,048</b>	<b>126,723</b>
<b>Capital and reserves</b>				
Share capital	185,276	185,276	185,276	185,276
Preference shares	9,474	-	-	-
Perpetual capital securities	22,946	22,500	22,946	22,500
Foreign currency translation reserve	(569)	(268)	-	-
Share options reserve	1,676	1,156	1,676	1,156
Hedging reserve	(2,023)	(2,141)	(2,023)	(2,141)
Other reserve	24	24	24	24
Accumulated gains/(losses)	13,331	6,262	(27,517)	(17,868)
Equity attributable to owners of the				
Company and capital securities holders	230,135	212,809	180,382	188,947
Non-controlling interests	28,852	27,939	-	-
<b>Total equity</b>	<b>258,987</b>	<b>240,748</b>	<b>180,382</b>	<b>188,947</b>
<b>Total liabilities and equity</b>	<b>987,783</b>	<b>971,714</b>	<b>337,905</b>	<b>328,052</b>

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

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

<b>Group</b>		<b>Group</b>	
<b>As at 30 Jun 2015</b>		<b>As at 31 Dec 2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>78,254</b>	<b>101,562</b>	<b>88,577</b>	<b>30,149</b>

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>As at 30 Jun 2015</b>		<b>As at 31 Dec 2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>308,564</b>	<b>43,826</b>	<b>306,850</b>	<b>118,528</b>

**Details of any collateral**

The Group's borrowings are secured by:

- (i) First legal mortgage over all the Group's vessels, property, equipment and motor vehicles 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) Deposits pledged;
- (iv) Assignment of earnings/charter proceeds in respect of some of the vessels mentioned above; and/or
- (v) Unquoted cumulative preference shares held by the Group.

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

**Consolidated Statement of Cash Flows**

	Group		Group	
	2Q2015	2Q2014	HY2015	HY2014
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	4,558	5,960	10,168	12,057
<b>Adjustments for:</b>				
Depreciation of plant and equipment	9,473	3,603	17,078	6,424
Dividend income from available-for-sale investments	(1,224)	(1,320)	(2,467)	(2,653)
Finance costs	7,313	5,260	13,942	7,492
Gain on bargain purchase	-	(412)	-	(1,059)
Gain on disposal of plant and equipment	(112)	-	(112)	-
Provision for employee benefit	59	69	143	102
Share-based payment expense	156	1,133	520	1,205
Share of results of associate	118	-	(926)	-
Unrealised exchange loss	1,497	-	155	-
<b>Operating cash flows before working capital changes</b>	<b>21,838</b>	<b>14,293</b>	<b>38,501</b>	<b>23,568</b>
Trade and other receivables	(21,480)	(20,611)	(28,013)	(22,749)
Trade and other payables	(5,840)	(39,173)	9,424	(52,420)
Inventories	(52)	(314)	(205)	(457)
Construction work-in-progress	1,118	-	1,398	-
<b>Cash (used in) / generated from operations</b>	<b>(4,416)</b>	<b>(45,805)</b>	<b>21,105</b>	<b>(52,058)</b>
Income taxes paid	(489)	(402)	(1,864)	(402)
<b>Net cash (used in) / generated from operating activities</b>	<b>(4,905)</b>	<b>(46,207)</b>	<b>19,241</b>	<b>(52,460)</b>
<b>Cash flows from investing activities</b>				
Dividends received	-	1,333	1,316	2,723
Proceeds from disposal of property, plant and equipment	1,693	-	1,693	-
Proceeds from redemption of preference shares	5,000	2,400	9,500	4,400
Acquisition of a subsidiary	-	(2,275)	-	(1,442)
Acquisition in associate	-	-	(84)	(4)
Purchase of property, plant and equipment	(9,482)	(72,556)	(20,552)	(226,043)
<b>Net cash used in investing activities</b>	<b>(2,789)</b>	<b>(71,098)</b>	<b>(8,127)</b>	<b>(220,366)</b>
<b>Cash flows from financing activities</b>				
Pledged deposits	(505)	-	(505)	-
Dividend paid	(1,672)	(912)	(1,672)	(912)
Interest paid	(6,869)	(3,098)	(13,055)	(5,330)
Proceeds from new bank loans raised	59,991	475	91,026	134,075
Proceeds from new shares issue	-	41,613	-	54,417
Proceeds from issuance of redeemable convertible capital securities	-	-	-	35,200
Proceeds from issuance of notes	-	123,668	-	123,668
Proceeds from issuance of preference shares by a subsidiary	9,474	-	9,474	-
Repayment of term loans	(58,564)	(13,773)	(88,990)	(22,060)
Repayment of obligation under finance lease	(460)	(5)	(12,485)	(11)
Redemption of preference shares issued by a subsidiary	-	(3,920)	-	(3,920)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,395</b>	<b>144,048</b>	<b>(16,207)</b>	<b>315,127</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,299)</b>	<b>26,743</b>	<b>(5,093)</b>	<b>42,301</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>21,960</b>	<b>17,370</b>	<b>20,754</b>	<b>1,812</b>
<b>Cash and cash equivalents at end of period</b>	<b>15,661</b>	<b>44,113</b>	<b>15,661</b>	<b>44,113</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**

Group	Share capital	Foreign currency transaction reserve	Hedging reserve	Share options reserve	Other reserves	Accumulated profits	Perpetual capital securities	Preference shares	Equity attributable to owners of the Company & 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
At 1 January 2015	185,276	(268)	(2,141)	1,156	24	6,262	22,500	-	212,809	27,939	240,748
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	8,741	446	-	9,187	913	10,100
Other comprehensive income for the period	-	(301)	118	-	-	-	-	-	(183)	-	(183)
Total	-	(301)	118	-	-	8,741	446	-	9,004	913	9,917
<b>Transactions with owners, recognised directly in equity</b>											
Dividends	-	-	-	-	-	(1,672)	-	-	(1,672)	-	(1,672)
Issue of convertible preference shares, net of transaction costs	-	-	-	-	-	-	-	9,474	9,474	-	9,474
Recognition of shares-based payments	-	-	-	520	-	-	-	-	520	-	520
Total	-	-	-	520	-	(1,672)	-	9,474	8,322	-	8,322
<b>At 30 June 2015</b>	<b>185,276</b>	<b>(569)</b>	<b>(2,023)</b>	<b>1,676</b>	<b>24</b>	<b>13,331</b>	<b>22,946</b>	<b>9,474</b>	<b>230,135</b>	<b>28,852</b>	<b>258,987</b>

**Statements of Changes in Equity - cont'd**

Group	Share capital	Share options reserve	Hedging reserve	Accumulated losses	Equity attributable to owners of the Company	Redeemable convertible capital securities	Equity attributable to owners of the Company & redeemable convertible capital securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2014	54,647	181	-	(12,098)	42,730	-	42,730	29,369	72,099
Total comprehensive income for the period									
Profit for the period	-	-	-	10,053	10,053	66	10,119	1,120	11,239
Other comprehensive income for the period	-	-	(1,214)	-	(1,214)	-	(1,214)	-	(1,214)
Total	-	-	(1,214)	10,053	8,839	66	8,905	1,120	10,025
Transactions with owners, recognised directly in equity									
Acquisition of a subsidiary	-	-	-	-	-	-	-	(2,970)	(2,970)
Issue of redeemable convertible capital securities	-	-	-	-	-	35,200	35,200	-	35,200
Conversion of redeemable convertible capital securities to ordinary shares	27,896	-	-	-	27,896	(27,896)	-	-	-
Distribution paid	-	-	-	-	-	(66)	(66)	-	(66)
Dividends	-	-	-	(846)	(846)	-	(846)	-	(846)
Issue of share capital, net of transaction costs	54,416	-	-	-	54,416	-	54,416	-	54,416
Non-controlling interest arising from increase in control of investment	-	-	-	-	-	-	-	3,435	3,435
Performance shares awarded	929	(69)	-	-	860	-	860	-	860
Recognition of shares-based payments	-	346	-	-	346	-	346	-	346
Redemption of preference shares issued by a subsidiary	-	-	-	-	-	-	-	(3,920)	(3,920)
Total	83,241	277	-	(846)	82,672	7,238	89,910	(3,455)	86,455
<b>At 30 June 2014</b>	<b>137,888</b>	<b>458</b>	<b>(1,214)</b>	<b>(2,891)</b>	<b>134,241</b>	<b>7,304</b>	<b>141,545</b>	<b>27,034</b>	<b>168,579</b>



**Statements of Changes in Equity - cont'd**

	Share capital	Share options reserve	Hedging reserve	Other reserves	Accumulated losses	Perpetual capital securities	Total
Company	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2015	185,276	1,156	(2,141)	24	(17,868)	22,500	188,947
<i>Total comprehensive income for the period</i>							
Loss for the period	-	-	-	-	(7,977)	446	(7,531)
Other comprehensive income for the period	-	-	118	-	-	-	118
Total	-	-	118	-	(7,977)	446	(7,413)
<i>Transactions with owners, recognised directly in equity</i>							
Dividends	-	-	-	-	(1,672)	-	(1,672)
Recognition of shares-based payments	-	520	-	-	-	-	520
Total	-	520	-	-	(1,672)	-	(1,152)
<b>At 30 June 2015</b>	<b>185,276</b>	<b>1,676</b>	<b>(2,023)</b>	<b>24</b>	<b>(27,517)</b>	<b>22,946</b>	<b>180,382</b>
At 1 January 2014	54,647	181	-	-	(19,069)	-	35,759
<i>Total comprehensive income for the period</i>							
Loss for the period	-	-	-	-	(3,523)	66	(3,457)
Other comprehensive income for the period	-	-	(1,214)	-	-	-	(1,214)
Total	-	-	(1,214)	-	(3,523)	66	(4,671)
<i>Transactions with owners, recognised directly in equity</i>							
Issue of redeemable convertible capital securities	-	-	-	-	-	35,200	35,200
Conversion of redeemable convertible capital securities to ordinary shares	27,896	-	-	-	-	(27,896)	-
Dividends	-	-	-	-	(846)	-	(846)
Distribution paid	-	-	-	-	-	(66)	(66)
Issue of share capital, net of transaction costs	54,416	-	-	-	-	-	54,416
Performance shares awarded	929	(69)	-	-	-	-	860
Recognition of shares-based payments	-	346	-	-	-	-	346
Total	83,241	277	-	-	(846)	7,238	89,910
<b>At 30 June 2014</b>	<b>137,888</b>	<b>458</b>	<b>(1,214)</b>	<b>-</b>	<b>(23,438)</b>	<b>7,304</b>	<b>120,998</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.

<u>Date of grant</u>	<u>As at 1 January 2015</u>	<u>Granted</u>	<u>Vested</u>	<u>Cancelled</u>	<u>As at 30 June 2015</u>
14 May 2013	3,333,333	-	1,500,001	333,334	1,499,998

**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.

<u>Date of grant</u>	<u>As at 1 January 2015</u>	<u>Granted</u>	<u>As at 30 June 2015</u>
14 May 2013	9,000,000	-	9,000,000
7 May 2014	20,000,000		20,000,000

**c) Consideration Shares for OER acquisition**

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

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

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

**e) Total number of shares that may be issued as at 30 June 2015**

<u>Corporate Action</u>	<u>No. of shares</u>
Grant of share awards under PSP	1,499,998
Grant of share awards under ESOS	29,000,000
Consideration Shares for OER acquisition	125,000,000
	<u>155,499,998</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

	<b>Group and Company</b>	
	<b>30 Jun 2015</b>	<b>31 Dec 2014</b>
	<b>No. of shares ('000)</b>	<b>No. of shares ('000)</b>
The number of issued shares	<u>3,345,012</u>	<u>3,183,512</u>

There were no treasury shares as at 30 June 2015 and 31 December 2014.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Group does not have any treasury shares at the end of the financial period.

**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**

- (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**

The Group registered revenue of approximately US\$65.02 million for the three (3) months ended 30 June 2015 ("2Q2015"), representing an increase of 68.6% or US\$26.47 million when compared to three (3) months ended 30 June 2014 ("2Q2014"). This was driven by higher charter and brokerage revenue in 2Q2015, as well as an increase in revenue derived from ship management services, shipyard services and investments. For HY2015, the Group's revenue increased by US\$59.49 million to US\$125.75 million compared to US\$66.26 million in HY2014. The growth in revenue from ship management and shipyard services was attributed to contributions from Jetlee Group, OER Group and Newcruz Group which were acquired in the last quarter of FY2014.

At the end of 30 June 2015, the Group's vessel chartering business had a fleet of 40 offshore support vessels.

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

Cost of sales increased by US\$22.59 million to US\$47.26 million in 2Q2015, from US\$24.67 million in 2Q2014. For HY2015, the Group's cost of sales also increased US\$49.92 million from US\$42.05 million in HY2014. These increases are in line with the expanded scale of operations in 2015 following the acquisition of businesses in late 2014.

The Group's gross profit increased by 27.9% or US\$3.87 million to US\$17.76 million in 2Q2015 from US\$13.89 million in 2Q2014, due to higher gross profit from chartering business and contributions from subsidiaries acquired in last quarter of 2014. Gross profit margin in 2Q2015 and HY2015 was 27.31% and 26.86% respectively as compared to 36.02% and 36.54% in 2Q2014 and HY2014. This fluctuation was due to the change in revenue mix and expansion of owned fleet.

**(c) Other income**

Other income of US\$528,000 in 2Q2015 was mainly due to gain on disposal of fixed assets.

**(d) Administrative expenses**

Administrative expenses comprise largely of staff and travel related expenses and increased by US\$1.28 million to US\$5.18 million in 2Q2015 when compared to 2Q2014. For HY2015, there was also an increase of US\$4.20 million from US\$6.56 million in HY2014. 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 effective cost rationalisation measures implemented by the Group.

**(e) Finance costs**

Finance costs for the Group increased by US\$2.05 million to US\$7.31 million in 2Q2015 from US\$5.26 million in the 2Q2014. The increase is due mainly to the issuance of notes under the Multicurrency Debt Issuance Programme in second quarter of 2014.

**(f) Share of results of associate**

The Group recorded share of results from an associate of US\$926,000 in HY2015. This was contributed by the Group's 49%-owned associate PT Vallianz Offshore Maritim ("PTVOM") in Indonesia. PTVOM was acquired by the Group on 31 December 2014.

**(g) Net profit**

Net Profit (US\$ m)	1Q	2Q	3Q	4Q	Full Year
FY2015	5.52	4.58	-	-	-
FY2014	5.45	5.79	5.2	3.99	20.43
y-o-y change	1%	-21%	-	-	-

For 2Q2015, the Group's EBITDA (earnings before interest, depreciation and amortisation) increased 43.99% to US\$21.34 million from US\$14.82 million in 2Q2014. This resulted in a hike in the Group's EBITDA for HY2015 to US\$41.19 million, an increase of US\$15.22 million.

Net profit in 2Q2015 decreased to US\$4.58 million compared to US\$5.79 million in 2Q2014. The same trend was noticed for HY2015 compared to HY2014 where net profit decreased from US\$11.24 million to US\$10.10 million. This is mainly due to higher finance costs as well as a foreign exchange loss in 2Q2015 as compared to a foreign exchange gain in 2Q2014.

Based on the weighted average number of shares, the Group recorded earnings per share of 0.11 US cents for 2Q2015.

**Statements of Financial Position**

**(h) Trade and other receivables**

Trade and other receivables increased from US\$155.20 million as at 31 December 2014 to US\$182.81 million as at 30 June 2015 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. Resolute Offshore Pte Ltd redeemed 95,000 preference shares for a total value of US\$9.50 million during the period ended 30 June 2015.

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

On an overall basis, property, plant and equipment remained stable as compared to 31 December 2014. Depreciation for the period ended 30 June 2015 was US\$17.08 million and the impact was offset by additions of US\$20.55 million and disposal of US\$1.58 million during the first half of 2015.

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

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

	30 June 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	67,813	308,499	376,312	65,226	306,697	371,923
Working Lines	34,842	-	34,842	37,195	-	37,195
Notes payable	73,253	43,826	117,079	-	118,528	118,528
Finance Lease	3,908	65	3,973	16,305	153	16,458
	<b>179,816</b>	<b>352,390</b>	<b>532,206</b>	<b>118,726</b>	<b>425,378</b>	<b>544,104</b>

Total current and non-current term borrowings reduced from US\$544.10 million as at 31 December 2014 to US\$532.21 million as at 30 June 2015 which comprises largely of bank borrowings for vessels and notes payable.

The average repayment period for the Group's vessel borrowings is approximately six (6) years, which is significantly shorter than the useful lives of the vessels which are typically between 18 to 25 years. The short-term portion (i.e. repayable within the next 12 months) of the vessel borrowings are recorded as current liabilities, whereas the vessels' values are entirely recorded as non-current assets. This mismatch together with the US\$73.25 million of notes payable that are due in April 2016 are the main reasons for the net current liabilities of US\$95.77 million as at 30 June 2015.

Despite the net current liabilities position, the Group has not encountered any liquidity issues that resulted in any disruption of its operations. Nevertheless, the Group has been and will continue to proactively and prudently manage its working capital and capital expenditure needs as it navigates through this phase of its expansion and growth.

On 20 March 2014, the Group established a Multicurrency Debt Issuance Programme to issue up to S\$500,000,000 fixed or floating rate notes. As at 30 June 2015, the Group has the following notes outstanding:

	Tenure (years)	Interest Rate	Due Date	S\$'000	US\$'000
Series 1	2	7.20%	Apr-16	100,000	73,253
Series 2	2.5	7.25%	Nov-16	60,000	43,826

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

### (l) Trade and other payables

The Group's trade and other payables increased by approximately US\$23.14 million from US\$86.78 million as at 31 December 2014 to US\$109.92 million as at 30 June 2015. The increase is consistent with the growth of the Group's business operations.

### Consolidated Statement of Cashflows

Cash and cash equivalents reduced from US\$20.75 million as at 31 December 2014 to US\$15.66 million as at 30 June 2015.

### (m) Cash flow from operating activities

The Group used net cash from operating activities of US\$4.90 million in 2Q2015. For the half year ended 30 June 2015, the Group generated US\$19.24 million from its operating activities.

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

Net cash used in investing activities amounted to US\$2.79 million and US\$8.13 million for 2Q2015 and HY2015 respectively were for capital expenditure.

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

Net cash from financing activities in 2Q2015 amounted to US\$1.40 million due mainly to issuance of preference shares.

### 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 weak oil price environment continues to prove challenging for OSV operators. The Group believes it has established an appropriate business model to ride through periods of market volatility. Its offshore support vessel ("OSV") chartering business focuses on supporting shallow water oilfield activities and the Group has a record of securing mainly long term charter contracts of between three (3) and seven (7) years which generate stable revenue streams. The Group also serves primarily national oil companies which have less volatile exploration and production ("E&P") spending patterns.

Under the current climate, the Group continues to focus on delivering operational excellence to our customers as well as optimizing our operations and cost structures.

The Group is one of few companies that continue to secure long-term charter contracts amid the uncertain climate in the offshore oilfield services market. As at July 2015, the Group's chartering services order book had risen to a record level of US\$968.0 million, comprising mainly of long term charters that stretch up to 2022. This compares to its order book of US\$540.00 million as at 31 December 2014.

The Group remains focused on its long-term strategy to increase penetration in its target markets of Middle East, Latin America, Asia and West Africa.

**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 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 financial period 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 second quarter ended 30 June 2015.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group		Group	
	2Q2015	2Q2014	HY2015	HY2014
<u>Earnings (US\$'000)</u>				
Net profit after tax attributable to owners of the Company	<b>3,773</b>	5,323	<b>8,741</b>	10,053
<u>Number of shares ('000)</u>				
Weighted average number of shares for basic earnings per share	<b>3,344,303</b>	2,145,621	<b>3,343,910</b>	1,818,567
Effects of dilution	<b>130,414</b>	208,725	<b>130,414</b>	208,725
<hr/>				
Weighted average number of shares for diluted earnings per share	<b>3,474,717</b>	2,354,346	<b>3,474,324</b>	2,027,292
<hr/>				
<u>Earnings per share (US cents)</u>				
Basic	<b>0.11</b>	0.25	<b>0.26</b>	0.55
Diluted	<b>0.11</b>	0.23	<b>0.25</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.

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Net asset value (US\$'000)	<b>230,135</b>	212,809	<b>180,382</b>	188,947
Total number of shares issued ('000)	<b>3,345,012</b>	3,183,512	<b>3,345,012</b>	3,183,512
Net asset value per share (US cents)	<b>6.88</b>	6.68	<b>5.39</b>	5.94

## 11. Dividend

### (a) Current Financial

Any dividend recommended for the current financial period reported on?

No.

### (b) Corresponding

Any dividend recommended for the immediately preceding financial year reported on?

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 six months ended 30 June 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 \$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 \$100,000)
<b>Chartering services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$6,772,847
<b>Marine brokerage services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$263,194
<b>Ship management services provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$28,415,039
<b>Shipyard, Engineering, Fabrication services and Facilities provided by the Group</b>		
Swiber and its subsidiaries	Nil	US\$6,141,620
<b>Chartering services provided to the Group</b>		
Swiber and its subsidiaries	Nil	US\$2,342,643
<b>Corporate services provided to the Group</b>		
Swiber and its subsidiaries	Nil	US\$192,000
Rawabi Holdings Co Ltd	Nil	US\$269,758

## 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 second quarter financial results for the period ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Raymond Kim Goh  
Director  
Non-Executive Chairman

Ling Yong Wah  
Director  
Chief Executive Officer

## BY ORDER OF THE BOARD

Lee Bee Fong  
Company Secretary  
12 August 2015

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

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms. Wong Bee Eng  
Telephone number: 6227 1580  
Email: [wongbe@provenancecapital.com](mailto:wongbe@provenancecapital.com)