

**FINCANTIERI: VARD FOURTH QUARTER AND FULL YEAR 2016 FINANCIAL RESULTS**

**Trieste, February 28, 2017** – **FINCANTIERI S.p.A.** (“**Fincantieri**” or the “**Company**”) announces that Vard Holdings Limited (“**VARD**”) issued its unaudited fourth quarter and full year 2016 financial results.

Fincantieri fully consolidates VARD’s financial results.

At December 31, 2016, Fincantieri held 55.63% of VARD share capital through its subsidiary Fincantieri Oil & Gas S.p.A. (“**Fincantieri O&G**”) and has subsequently increased its stake to 69.67% at February 16, 2017, including the acceptances related to the voluntary unconditional general offer for all the ordinary shares of VARD other than those already owned, controlled or agreed to be acquired by Fincantieri O&G, its related corporations and their respective nominees, launched on November 13, 2016, with the closing date on March 10, 2017, subject to further extensions.

The press release and the document “Fourth quarter and Full year 2016 Financial Statements” released by VARD on the website [www.vard.com](http://www.vard.com) are here attached.

\* \* \*

***Fincantieri** is one of the world’s largest shipbuilding groups and number one by diversification and innovation. It is leader in cruise ship design and construction and a reference player in all high-tech shipbuilding industry’s sectors, from naval to offshore vessels, from high-complexity special vessels and ferries to mega-yachts, ship repairs and conversions, systems and components production and after-sales services.*

*Headquartered in Trieste (Italy), the Group has built more than 7,000 vessels in over 230 years of maritime history. With almost 19,000 employees, of whom more than 7,800 in Italy, 20 shipyards in 4 continents, today Fincantieri is the leading Western shipbuilder. It has among its clients the major cruise operators, the Italian and the U.S. Navy, in addition to several foreign navies, and it is partner of some of the main European defense companies within supranational programmes.*

[www.fincantieri.com](http://www.fincantieri.com)

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For Immediate Release

## **VARD'S DIVERSIFICATION STRATEGY MOVING INTO IMPLEMENTATION STAGE**

- *Successful delivery of four vessels in 4Q 2016 and 13 vessels in FY 2016*
- *Full year new order intake of NOK 10.6 billion surpasses previous two years*
- *Improvement in EBITDA margin to 3.1% and 2.1% in 4Q 2016 and FY 2016 respectively*
- *Strong operating cash flow and significantly reduced construction loan balance resulting from delivery of large Offshore Subsea Construction Vessels ("OSCV")*

**Singapore, 1 March 2017** – Vard Holdings Limited ("VARD", and together with its subsidiaries, the "Group"), one of the major global designers and shipbuilders of specialized vessels, today announced its financial results for the fourth quarter ended 31 December 2016 ("4Q 2016"), and full year ended 31 December 2016 ("FY 2016").

### **New order intake in the quarter mainly from ancillary services and aquaculture**

VARD's order book grew by NOK 411 million over the past quarter, bringing VARD's total to NOK 10.6 billion for the full year, surpassing new order intake for each of the previous two financial years ("FY 2014" and "FY 2015"). No new vessel orders were recorded in 4Q 2016, as the contract for two luxury cruise vessels for Hapag-Lloyd Cruises, confirmed in October, was previously accounted for in the preceding period ("3Q 2016"). Nonetheless, new order intake was buoyed by a steady flow of variation orders, repair and conversion works, as well as VARD's success in its diversification into the aquaculture business. Order flow of vessel newbuilding projects has resumed after the end of the quarter with contracts announced for two ferries and one krill fishing vessel, and a Letter of Intent ("LoI") for an expedition cruise vessel.

As at 31 December 2016, the Group had an order book of 41 vessels, of which 35, or 85%, will be of VARD's own design. This translates to a total order book value of NOK 12.6 billion as at 31 December 2016, representing a 24% increase from NOK 10.2 billion in FY 2015.

### **Lower revenues but improvement in EBITDA margin**

VARD posted lower revenues of NOK 2.2 billion in 4Q 2016 and NOK 7.9 billion in FY 2016, representing a year-on-year decline of 35% and 30% respectively. This was mainly attributable to lower activity levels at the European yards stemming from the low order intake in 2015, and the shutdown of Vard Niterói in Brazil, where the Group has ceased all shipbuilding activities.

EBITDA before restructuring cost rose to NOK 67 million and NOK 168 million in 4Q 2016 and FY 2016 respectively, versus NOK 35 million and negative NOK 321 million in the corresponding periods the year before. EBITDA margins climbed to 3.1% in 4Q 2016 and 2.1% in FY 2016, as compared to 1.1% and negative 2.8% in 4Q 2015 and FY 2015. The improvement is mainly due to the positive contribution

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of some projects under construction in Europe, as well as the loss provisions accrued in FY 2015 related to projects at the Brazilian yards.

Restructuring costs of NOK 29 million and NOK 105 million were recognized during the quarter and full year. These were mainly incurred in relation to termination benefits and statutory payments for temporary lay-offs, and are primarily due to the cessation of operations at Vard Niterói. The impairment of shareholdings in associated ship-owning entities, reflecting the down-turn in the offshore market, impacted FY 2016 results negatively.

Consequently, VARD registered a net loss of NOK 69 million in 4Q 2016 and NOK 197 million in FY 2016, compared to a loss of NOK 170 million in 4Q 2015 and NOK 1.3 billion in FY 2015. Losses of NOK 67 million and NOK 163 million were attributable to equity holders of the Company for 4Q 2016 and FY 2016 respectively. This translates to a cumulative loss per share of 2.29 SGD cents for the full year, as compared to a loss 8.22 SGD cents the year before.

Cash generated from operating activities totalled NOK 617 million and NOK 767 million respectively for 4Q 2016 and FY 2016, as compared to negative NOK 51 million and negative NOK 1.2 billion in the corresponding periods the year before. Cash and cash equivalents stood at NOK 722 million as at 31 December 2016. In terms of borrowings, total current liabilities decreased from NOK 16.5 billion at 31 December 2015 to NOK 10.0 billion at 31 December 2016, following a reduction in construction loans after the successful delivery of 13 vessels during the year. Non-current liabilities increased from NOK 1.4 billion to NOK 1.8 billion during the same period.

#### **Romania and Vietnam yards operating at full load, while utilization still challenging in Norway**

Activity at VARD's Norwegian shipyards remains soft, following the delivery of two large OSCVs in 4Q 2016, and another one in early January. Temporary layoffs are used to mitigate the effects of varying capacity utilization until arrival of the first cruise vessel hulls in Norway, while the yards are taking on repair, conversion and upgrading works in the interim. A key contract for two ferries was secured for Vard Brevik, ensuring continued operations at the yard. In contrast, the Group is seeing generally high workload in engineering and procurement for the new projects in the cruise segment. Here, a fruitful cooperation with Fincantieri has been established.

In Romania, the yards enjoy robust activity with utilization secured through 2018. The construction of 13 out of the 20 Modular Carrier Vessels ("MCVs") for Topaz Energy and Marine at Vard Braila and Vard Tulcea is progressing according to plan. The expansion of facilities at Vard Tulcea is also on schedule, with the extension of a launching barge to accommodate vessels up to 210x49 meters newly completed, and preparations for the installation of a new gantry crane well underway. Faced with a rising workload, management focus has turned to ramping up capacity and building the skills and resource base to support VARD's diversification effort also operationally.

Operations in Vietnam remain stable amid good yard utilization, with work on the seven MCVs under construction at the yard in Vung Tau progressing according to plan. The yard continues to work closely with Vard Tulcea and Vard Braila in sharing best practices and through joint management of this project. The OSCV built for Farstad at the yard has been transferred to Norway for installation of an offshore crane, with delivery of the vessel now imminent.

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In Brazil, operations are improving, though the operating landscape remains challenging. Work at the yard in relation to the remaining two Liquefied Petroleum Gas (“LPG”) carriers for Transpetro and two Pipe-lay Support Vessels (“PLSVs”) for DOF and Technip is in progress. Following the decision to focus all Brazilian shipbuilding activities at Vard Promar, VARD completed a major rightsizing process during the quarter. Total headcount for the Brazilian operations has been trimmed to about 1,500, with a new Senior Vice President appointed to oversee sales and external relations to key stakeholders in Brazil.

In the equipment and solutions business, VARD’s subsidiaries continue to develop new project opportunities in various market segments and geographies. SEAONICS recently secured a contract for a complete package of electrically-driven trawl winches and cranes for a trawler to be built for a Greenlandic client in Spain. Vard Marine was recognized for its capabilities when its design for a new Hydrographic/Oceanographic Survey vessel project for the South African Navy was selected together with the preferred bidder, Southern African Shipyards. In the aquaculture business, VARD broadened its product and service portfolio during the quarter, while aligning operations with the recently-acquired industry solution provider, Storvik Aqua. New contracts were secured for several projects, including one fish feed barge, one treatment vessel, and one fish farm operation platform, in addition to several small service vessels.

#### **Continued pursuit to grow order book in new markets**

VARD continues to leverage on its strong industry reputation and core competencies to tap on opportunities in new markets. In 2016, the Group has seen success in its diversification efforts, making healthy headway into the market for expedition cruise vessels, with a total of six such vessels contracted during the year and one Lol for an additional vessel signed in early 2017. New project opportunities also arise from the fisheries and aquaculture segments. The Group’s business diversification also includes repair, conversion and maintenance contracts, and the sale of equipment and solutions, including ship designs.

With the first cruise vessels contracted as part of VARD’s new strategy now moving into the production stage, the Group focuses on developing the organization with new skills and resources to support the diversification effort also in operations. Strong cooperation with Fincantieri serves as a source of know-how transfer in the cruise segment.

In the offshore oil & gas market, few newbuilding projects are currently being launched. For now, the Group remains focused on the delivery of its current order book, and on reducing the risks still inherent to the existing offshore project portfolio.

**Roy Reite, Chief Executive Officer and Executive Director of VARD**, commented, “We are grateful for the success we have seen in our diversification efforts, but we do not take our achievements for granted. In 2017, we remain sharply focused on laying the path for new business development to keep activities at our yards stable. We are fine-tuning our organizational structure to support our new business aspirations, with the objective of maintaining VARD’s strong position as a provider of innovative, customized solutions to the global maritime industry .”

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## **About VARD**

Vard Holdings Limited (“VARD”), together with its subsidiaries (the “Group”), is one of the major global designers and shipbuilders of specialized vessels. Headquartered in Norway and with 9,000 employees, VARD operates nine strategically located shipbuilding facilities, including five in Norway, two in Romania, one in Brazil and one in Vietnam. Through its specialized subsidiaries, VARD develops power and automation systems, deck handling equipment, and vessel accommodation solutions, and provides design and engineering services to the global maritime industry.

VARD’s long shipbuilding traditions, cutting-edge innovation and technology coupled with its global operations and track record in constructing complex and highly customized vessels have earned it recognition from industry players and enabled it to build strong relationships with its customers.

VARD was listed on the Main Board of the Singapore Exchange on 12 November 2010. Majority shareholder Fincantieri Oil & Gas S.p.A., a wholly owned subsidiary of FINCANTIERI S.p.A., owns 69.67% in the Group. Headquartered in Trieste, Italy, FINCANTIERI is one of the world’s largest shipbuilding groups and has, over its 200 years of maritime history, built more than 7,000 vessels.

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**built on trust**



FOURTH QUARTER AND FULL YEAR 2016

# FINANCIAL STATEMENTS

Published 1 March 2017

**VARD**<sup>TM</sup>  
a **Fincantieri** company

**Vard Holdings Limited**

Incorporated in Singapore | Company Registration No. 201012504K  
Unaudited results for the fourth quarter and full year ended 31 December 2016

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**1 UNAUDITED FINANCIAL STATEMENTS**

**(a)(i) Statement of Comprehensive Income (Group)**

	Group			Group		
	4Q-2016 ended 31/12/16	4Q-2015 ended 31/12/15	Change %	Full year ended 31/12/16	Full year ended 31/12/15	Change %
Revenue	2,150	3,320	-35%	7,894	11,307	-30%
Materials, subcontract costs and others	(1,416)	(2,536)	-44%	(5,049)	(8,561)	-41%
Salaries and related costs	(566)	(612)	-8%	(2,162)	(2,461)	-12%
Other operating expenses	(101)	(137)	-26%	(515)	(606)	-15%
<b>EBITDA before restructuring cost</b>	<b>67</b>	<b>35</b>	<b>91%</b>	<b>168</b>	<b>(321)</b>	<b>n/m</b>
Restructuring cost	(29)	(21)	38%	(105)	(77)	36%
Depreciation, impairment and amortization	(52)	(81)	-36%	(205)	(235)	-13%
<b>Operating profit/(loss)</b>	<b>(14)</b>	<b>(67)</b>	<b>-79%</b>	<b>(142)</b>	<b>(633)</b>	<b>-78%</b>
Financial income	39	13	200%	323	295	9%
Financial costs	(42)	(105)	-60%	(282)	(866)	-67%
<b>Net</b>	<b>(3)</b>	<b>(92)</b>	<b>-97%</b>	<b>41</b>	<b>(571)</b>	<b>n/m</b>
Share of results of associates	(40)	(4)	n/m	(58)	-	n/m
<b>Profit (loss) before tax</b>	<b>(57)</b>	<b>(163)</b>	<b>-65%</b>	<b>(159)</b>	<b>(1,204)</b>	<b>-87%</b>
Income tax expense	(12)	(7)	n/m	(38)	(88)	-57%
<b>Profit (loss) for the period</b>	<b>(69)</b>	<b>(170)</b>	<b>-59%</b>	<b>(197)</b>	<b>(1,292)</b>	<b>-85%</b>
<b>Profit (loss) for the period attributable to:</b>						
Equity holders of the Company	(67)	(83)	-19%	(163)	(603)	-73%
Non-controlling interest	(2)	(87)	-98%	(34)	(689)	-95%
<b>Profit (loss) for the period</b>	<b>(69)</b>	<b>(170)</b>	<b>-59%</b>	<b>(197)</b>	<b>(1,292)</b>	<b>-85%</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations	(18)	(99)	-82%	(323)	417	n/m
Net fair value change in cash flow hedge	(73)	-	n/m	(49)	(42)	17%
Income tax on other comprehensive income	18	-	n/m	12	-	n/m
<i>Items that may not be reclassified subsequently to profit or loss:</i>						
Net fair value changes of associated companies	(71)	(3)	n/m	(102)	(3)	n/m
<b>Other comprehensive income for the period, net of income tax</b>	<b>(144)</b>	<b>(102)</b>	<b>41%</b>	<b>(462)</b>	<b>372</b>	<b>n/m</b>
<b>Total comprehensive income for the period</b>	<b>(213)</b>	<b>(272)</b>	<b>-22%</b>	<b>(659)</b>	<b>(920)</b>	<b>-28%</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	(211)	(185)	14%	(444)	(334)	33%
Non-controlling interest	(2)	(87)	-98%	(215)	(586)	-63%
<b>Total comprehensive income for the period</b>	<b>(213)</b>	<b>(272)</b>	<b>-22%</b>	<b>(659)</b>	<b>(920)</b>	<b>-28%</b>

**Notes:**

(\*) N/M - Not meaningful.

(\*\*) As a result of rounding differences, numbers or percentages may not add up to the total.

**1 UNAUDITED FINANCIAL STATEMENTS (cont.)**

**(a)(ii) Notes to the Statement of Comprehensive Income**

	Group			Group		
	4Q-2016 ended 31/12/16	4Q-2015 ended 31/12/15	Change %	Full year ended 31/12/16	Full year ended 31/12/15	Change %
Interest income	9	7	n/m	36	28	29%
Foreign exchange gain	28	3	n/m	281	260	8%
Other financial income	2	3	n/m	6	7	n/m
<b>Financial income</b>	<b>39</b>	<b>13</b>	<b>200%</b>	<b>323</b>	<b>295</b>	<b>9%</b>
Interest expense	(17)	(28)	-39%	(78)	(79)	-1%
Foreign exchange loss	(10)	(36)	-72%	(133)	(734)	-82%
Other financial expenses	(15)	(41)	-63%	(71)	(53)	34%
<b>Financial expenses</b>	<b>(42)</b>	<b>(105)</b>	<b>-60%</b>	<b>(282)</b>	<b>(866)</b>	<b>-67%</b>
<b>Net financial items</b>	<b>(3)</b>	<b>(92)</b>	<b>-97%</b>	<b>41</b>	<b>(571)</b>	<b>n/m</b>
Depreciation of property, plant and equipment	(47)	(56)	-16%	(193)	(202)	-4%
Amortization of intangibles	(5)	(2)	n/m	(12)	(5)	n/m
Impairment charges	-	(23)	n/m	-	(28)	n/m
<b>Depreciation, impairment charges and amortization</b>	<b>(52)</b>	<b>(81)</b>	<b>-36%</b>	<b>(205)</b>	<b>(235)</b>	<b>-13%</b>
Provisions for doubtful debts	-	-	n/m	-	-	n/m
<b>Allowance for doubtful debts and bad debts written off</b>	<b>-</b>	<b>-</b>	<b>n/m</b>	<b>-</b>	<b>-</b>	<b>n/m</b>

Fourth Quarter and Full Year 2016 Financial Statements

**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2016**

(All amounts in NOK millions unless otherwise stated)

**1 UNAUDITED FINANCIAL STATEMENTS (cont.)**

**(b)(i) Statement of Financial Position**

	Group			Company		
	As at 31/12/16	As at 31/12/15	Change %	As at 31/12/16	As at 31/12/15	Change %
Property, plant and equipment	2,555	2,382	7%	-	-	n/m
Intangible assets	475	429	11%	-	-	n/m
Investment in subsidiary	-	-	n/m	2,983	2,142	39%
Investment in associates	222	341	-35%	-	-	n/m
Other investments	19	39	-51%	-	-	n/m
Interest-bearing receivables, non-current	473	492	-4%	-	656	n/m
Non-current derivatives	28	-	n/m	-	-	n/m
Other non-current assets	38	35	9%	-	-	n/m
Deferred tax assets	65	42	55%	-	-	n/m
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,875</b>	<b>3,760</b>	<b>3%</b>	<b>2,983</b>	<b>2,798</b>	<b>7%</b>
Inventories	1,949	752	159%	-	-	n/m
Construction WIP in excess of prepayments	5,594	12,451	-55%	-	-	n/m
Trade and other receivables	840	878	-4%	112	79	42%
Current derivatives	53	331	-84%	-	-	n/m
Other current assets	122	1,316	-91%	-	-	n/m
Interest-bearing receivables, current	289	488	-41%	7	129	-95%
Cash and cash equivalents	722	919	-21%	3	4	n/m
Assets classified as held for sale	57	-	n/m	-	-	n/m
<b>TOTAL CURRENT ASSETS</b>	<b>9,626</b>	<b>17,135</b>	<b>-44%</b>	<b>122</b>	<b>212</b>	<b>-42%</b>
<b>TOTAL ASSETS</b>	<b>13,501</b>	<b>20,895</b>	<b>-35%</b>	<b>3,105</b>	<b>3,010</b>	<b>3%</b>
Paid up capital	4,138	4,138	0%	4,138	4,138	0%
Restructuring reserve	(3,190)	(3,190)	0%	(1,411)	(1,411)	0%
Other reserves	(877)	531	n/m	-	-	n/m
Retained earnings	2,194	2,319	-5%	375	280	34%
Total equity attributable to equity holders of the Comp.	2,265	3,798	-40%	3,102	3,007	3%
Non-controlling interest	30	(837)	n/m	-	-	n/m
<b>TOTAL EQUITY</b>	<b>2,295</b>	<b>2,961</b>	<b>-22%</b>	<b>3,102</b>	<b>3,007</b>	<b>3%</b>
Loans and borrowings, non-current	1,049	1,200	-13%	-	-	n/m
Deferred tax liabilities	109	79	38%	-	-	n/m
Non-current derivatives	32	12	167%	-	-	n/m
Other non-current liabilities	550	22	2400%	-	-	n/m
Provisions, non-current	96	96	0%	-	-	n/m
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,836</b>	<b>1,409</b>	<b>30%</b>	<b>-</b>	<b>-</b>	<b>n/m</b>
Loans and borrowings, current	443	834	-47%	-	-	n/m
Construction loans	5,248	9,435	-44%	-	-	n/m
Prepayments in excess of construction WIP	763	392	95%	-	-	n/m
Trade and other payables	1,705	2,141	-20%	2	2	n/m
Current derivatives	591	3,238	-82%	-	-	n/m
Income tax payable	68	26	162%	-	1	n/m
Provisions, current	141	116	22%	-	-	n/m
Other current liabilities	367	343	7%	1	-	n/m
Liabilities directly associated with assets classified as held for sale	44	-	n/m	-	-	n/m
<b>TOTAL CURRENT LIABILITIES</b>	<b>9,370</b>	<b>16,525</b>	<b>-43%</b>	<b>3</b>	<b>3</b>	<b>n/m</b>
<b>TOTAL LIABILITIES</b>	<b>11,206</b>	<b>17,934</b>	<b>-38%</b>	<b>3</b>	<b>3</b>	<b>n/m</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,501</b>	<b>20,895</b>	<b>-35%</b>	<b>3,105</b>	<b>3,010</b>	<b>3%</b>

**1 UNAUDITED FINANCIAL STATEMENTS (cont.)**

**(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities**

	As at 31.12.16		As at 31.12.15	
	Secured	Unsecured	Secured	Unsecured
Loans and borrowings, current	200	243	446	388
Construction loans *	5,248	-	9,435	-
<b>Total Amount repayable in one year or less, or on demand</b>	<b>5,448</b>	<b>243</b>	<b>9,881</b>	<b>388</b>
Loans and borrowings, non-current	1,049	-	1,200	-
<b>Total Amount repayable after one year</b>	<b>1,049</b>	<b>-</b>	<b>1,200</b>	<b>-</b>
<b>Total</b>	<b>6,497</b>	<b>243</b>	<b>11,081</b>	<b>388</b>

\* Construction loans are in general treated as short term maturing on vessel delivery, and are secured by the vessels under construction

**Details of debt secured by collaterals**

Currency	Drawn	Drawn	Current	Non-current
	amount in currency	amount in NOK	portion in NOK	portion in NOK
NOK	229	226	50	176
USD	111	960	87	873
EUR	7	63	63	-
BRL	-	-	-	-
<b>Total</b>		<b>1,249</b>	<b>200</b>	<b>1,049</b>

The following assets have been pledged as security for the loans:

- Property plant and equipment in Vard Group AS
- Property plant and equipment in Vard Promar SA
- Property plant and equipment in Vard Tulcea SA
- Shares in Vard Vung Tau Ltd.
- Shares in Vard Promar SA

**1 UNAUDITED FINANCIAL STATEMENTS (cont.)**

**(c) Statement of Cash Flows (Group)**

	Group		Group	
	4Q-2016 ended 31/12/16	4Q-2015 ended 31/12/15	Full year ended 31/12/16	Full year ended 31/12/15
<b>OPERATING ACTIVITIES</b>				
Profit (loss) before tax	(57)	(163)	(159)	(1,204)
<i>Adjustments for:</i>				
Net interest expense	8	21	42	51
(Gain)/loss on disposal of property, plant and equipment, net	2	(1)	-	(1)
Unrealised foreign exchange gain/loss	(8)	(6)	(193)	380
Depreciation, impairment and amortization	52	81	205	235
Change in pension assets and liabilities	-	(1)	-	(1)
Other non-cash items in the statement of comprehensive income	(12)	-	17	-
Share of results of associates	40	4	58	-
<b>Operating cash flows before movements in working capital</b>	<b>25</b>	<b>(65)</b>	<b>(30)</b>	<b>(540)</b>
Inventories	(74)	(245)	(129)	(286)
Construction work in progress	1,835	(2,310)	5,924	(3,079)
Proceeds from construction loans	529	946	3,296	5,415
Repayment of construction loans	(2,639)	(247)	(7,414)	(4,053)
Other working capital assets	3,067	882	975	933
Other working capital liabilities	(2,133)	1,057	(1,789)	738
Provisions	29	(41)	25	(85)
<b>Cash generated from / (used in) operations</b>	<b>639</b>	<b>(23)</b>	<b>858</b>	<b>(957)</b>
Interest received	9	17	36	23
Interest paid	(18)	(26)	(77)	(61)
Income tax paid	(13)	(19)	(50)	(189)
<b>Cash flows from/ (used in) operating activities</b>	<b>617</b>	<b>(51)</b>	<b>767</b>	<b>(1,184)</b>
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	8	1	19	2
Purchase of property, plant and equipment	(91)	(46)	(245)	(246)
Purchase of intangible assets	(25)	(18)	(45)	(30)
Issuance of new non-current interest bearing receivables	(3)	(5)	(3)	(8)
Proceeds from repayment of non-current interest bearing receivables	6	-	6	1
Proceeds from repayment of short-term interest-bearing receivables	-	4	-	30
Acquisition of subsidiary, net of cash acquired	(35)	-	(35)	(45)
Acquisition of equity interest in associates	(11)	(1)	(11)	(12)
Issuance of new short-term interest-bearing receivables	-	(1)	-	(3)
<b>Cash flows used in investing activities</b>	<b>(151)</b>	<b>(66)</b>	<b>(314)</b>	<b>(311)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from loans and borrowings	-	84	44	604
Repayment of loans and borrowings	(288)	(92)	(615)	(385)
Transactions with non-controlling interests	-	-	(16)	-
<b>Cash flows from/ (used in) financing activities</b>	<b>(288)</b>	<b>(8)</b>	<b>(587)</b>	<b>219</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	<b>178</b>	<b>(125)</b>	<b>(134)</b>	<b>(1,276)</b>
Effects of currency translation difference on cash and cash equivalents	19	80	32	30
Cash and cash equivalents at beginning of financial period	421	765	720	1,966
<b>Cash and cash equivalents at end of financial period</b>	<b>618</b>	<b>720</b>	<b>618</b>	<b>720</b>
Restricted cash at end of financial period	104	199	104	199
<b>Cash and cash equivalents at end of financial period including restricted cash</b>	<b>722</b>	<b>919</b>	<b>722</b>	<b>919</b>

Fourth Quarter and Full Year 2016 Financial Statements

**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2016**

(All amounts in NOK millions unless otherwise stated)

**1 UNAUDITED FINANCIAL STATEMENTS (cont.)**

(d)(i) Statements of Changes in Equity	Paid up Capital	Restructuring Reserve	Other reserves			Retained Earnings	Total Equity Attributable To Equity Holders of the Company	Non-controlling Interest	Total Equity
			Currency Translation Reserve	Fair Value Reserve	Other reserves				
<b>At 1 January 2016</b>	<b>4,138</b>	<b>(3,190)</b>	<b>392</b>	<b>139</b>	<b>-</b>	<b>2,319</b>	<b>3,798</b>	<b>(837)</b>	<b>2,961</b>
<b>Comprehensive income</b>									
Profit (loss) for the period	-	-	-	-	-	(163)	(163)	(34)	(197)
Other comprehensive income	-	-	(142)	(177)	-	38	(281)	(181)	(462)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(142)</b>	<b>(177)</b>	<b>-</b>	<b>(125)</b>	<b>(444)</b>	<b>(215)</b>	<b>(659)</b>
<b>Transactions with owners</b>									
Equity subscribed by non-controlling shareholders	-	-	-	-	-	-	-	22	22
Transactions with non-controlling interests	-	-	(87)	-	(1,002)	-	(1,089)	1,060	(29)
<b>Total transaction with owners</b>	<b>-</b>	<b>-</b>	<b>(87)</b>	<b>-</b>	<b>(1,002)</b>	<b>-</b>	<b>(1,089)</b>	<b>1,082</b>	<b>(7)</b>
<b>At 31 December 2016</b>	<b>4,138</b>	<b>(3,190)</b>	<b>163</b>	<b>(38)</b>	<b>(1,002)</b>	<b>2,194</b>	<b>2,265</b>	<b>30</b>	<b>2,295</b>
<b>At 1 January 2015</b>	<b>4,138</b>	<b>(3,190)</b>	<b>120</b>	<b>142</b>	<b>-</b>	<b>2,922</b>	<b>4,132</b>	<b>(268)</b>	<b>3,864</b>
<b>Comprehensive income</b>									
Profit (loss) for the period	-	-	-	-	-	(603)	(603)	(689)	(1,292)
Other comprehensive income	-	-	272	(3)	-	-	269	103	372
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>272</b>	<b>(3)</b>	<b>-</b>	<b>(603)</b>	<b>(334)</b>	<b>(586)</b>	<b>(920)</b>
<b>Transactions with owners</b>									
Effect of business combinations	-	-	-	-	-	-	-	17	17
<b>Total transaction with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>17</b>
<b>At 31 December 2015</b>	<b>4,138</b>	<b>(3,190)</b>	<b>392</b>	<b>139</b>	<b>-</b>	<b>2,319</b>	<b>3,798</b>	<b>(837)</b>	<b>2,961</b>

**Company**

	Paid up Capital	Restructuring Reserve	Retained Earnings	Total Equity
<b>At 1 January 2016</b>	<b>4,138</b>	<b>(1,411)</b>	<b>280</b>	<b>3,007</b>
<b>Comprehensive income</b>				
Profit (loss) for the period	-	-	95	95
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>95</b>	<b>95</b>
<b>At 31 December 2016</b>	<b>4,138</b>	<b>(1,411)</b>	<b>375</b>	<b>3,102</b>
<b>At 1 January 2015</b>	<b>4,138</b>	<b>(1,411)</b>	<b>170</b>	<b>2,897</b>
<b>Comprehensive income</b>				
Profit (loss) for the period	-	-	110	110
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>110</b>
<b>At 31 December 2015</b>	<b>4,138</b>	<b>(1,411)</b>	<b>280</b>	<b>3,007</b>

*(All amounts in NOK millions unless otherwise stated)*

**1 UNAUDITED FINANCIAL STATEMENTS (cont.)**

**(d)(ii) Share Capital**

There were no ordinary shares issued in 4Q 2016. There are no treasury shares as at 31 December 2016 and as at 31 December 2015.

**Share Options**

There were no outstanding options to subscribe for shares as at 31 December 2016 (31 December 2015: 0).

**(d)(iii) Number of Issued Shares excluding Treasury Shares**

The number of issued shares (excluding treasury shares) as at 31 December 2016 is 1,180,000,000 ordinary shares (31 December 2015: 1,180,000,000 ordinary shares).

**(d)(iv) Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares**

Not applicable. The Company has no treasury shares.

**2 AUDIT**

The figures have not been audited nor reviewed by the auditors.

**3 AUDITORS' REPORT**

Not applicable.

**4 ACCOUNTING POLICIES**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the year ended 31 December 2015.

**5 CHANGES IN ACCOUNTING POLICIES**

The Group has not implemented any new or revised financial reporting standards in 2016.



## 6 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share (attributable to Equity holders of the Company) for the current financial period reported on and the corresponding period of the immediately preceding financial year:

	Group			Group		
	4Q-2016 ended 31/12/16	4Q-2015 ended 31/12/15	Change %	Full year ended 31/12/16	Full year ended 31/12/15	Change %
(i) Earnings for the period (in NOK millions)	(67)	(83)	-19%	(163)	(603)	-73%
Earnings for the period (in SGD millions)	(11)	(13)	-15%	(27)	(97)	-72%
Weighted average number of shares (in millions)	1,180	1,180	0%	1,180	1,180	0%
(ii) Earnings per share (NOK)	(0.06)	(0.07)	-14%	(0.14)	(0.51)	-73%
Earnings per share (SGD cents)	(0.93)	(1.10)	-15%	(2.29)	(8.22)	-72%
(iii) Diluted earnings per share (NOK)	(0.06)	(0.07)	-14%	(0.14)	(0.51)	-73%
Diluted earnings per share (SGD cents)	(0.93)	(1.10)	-15%	(2.29)	(8.22)	-72%
Adjusted weighted average number of shares (in millions)	1,180	1,180	0%	1,180	1,180	0%
Exchange rates:	31/12/16	31/12/15		31/12/16	31/12/15	
SGD/NOK	5.965	6.239	-4%	5.965	6.239	-4%

The SGD amounts are translated from NOK based on the exchange rates prevailing at the reporting date as shown above.

## 7 NET ASSETS VALUE PER ORDINARY SHARE

Net assets value (for the Issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the current financial period reported on and immediately preceding financial year:

	Group			Company		
	As at 31/12/16	As at 31/12/15	Change %	As at 31/12/16	As at 31/12/15	Change %
Net assets value at the end of the period (NOK millions)	2,265	3,798	-40%	3,102	3,007	3%
Net assets value at the end of the period (SGD millions)	380	609	-38%	520	482	8%
Number of shares (millions)	1,180	1,180	0%	1,180	1,180	0%
Net assets value per ordinary share (NOK)	1.92	3.22	-40%	2.63	2.55	3%
Net assets value per ordinary share (SGD)	0.32	0.52	-38%	0.44	0.41	7%
Exchange rates:	31/12/16	31/12/15		31/12/16	31/12/15	
SGD/NOK	5.965	6.239	-4%	5.965	6.239	-4%

The SGD amounts are translated from NOK based on the exchange rates prevailing at the reporting date as shown above.



## **8 REVIEW OF GROUP PERFORMANCE**

### **(a) Statement of comprehensive income:**

Revenues for 4Q 2016 were NOK 2.15 billion, down from NOK 3.32 billion in 4Q 2015. Revenues for FY2016 were NOK 7.89 billion, down 30% compared to FY2015. The reduction is caused by reduced activity especially at the European yards stemming from the low order intake in 2015 but also the effects of the previously announced cancellation of the vessel under construction for REM as well as the reclassification to inventory of the vessel previously under construction for Harkand, and the cessation of operations in Vard Niterói during the third quarter. The reduction is both related to own and subcontractor production.

EBITDA before restructuring cost was NOK 67 million for 4Q 2016 (4Q 2015: NOK 35 million) and NOK 168 million for FY2016 (FY2015: NOK 321 million negative). The EBITDA margin was increased from 1.1% in 4Q 2015 to 3.1% in 4Q 2016, while in FY2016 turned to positive 2.1% from 2.8% negative in FY2015. The improvement reported in FY2016 compared to FY2015 is primarily due the positive contribution of certain projects under construction in Europe as well as to the loss provisions accrued in 3Q 2015 related to projects at the Brazilian yards.

Following the delivery of two large OSCVs during 4Q 2016 and another one just after the quarter, the activity level at the Norwegian yards is reduced, with medium to low utilization partially mitigated by temporary layoffs at several of the yards. Repair, conversion and upgrade work is being taken on to support the activity level. In the areas of engineering and procurement for new projects within the cruise segment, the workload is generally high. In the area of basic design, a good cooperation with Fincantieri has been established.

In Romania, yard utilization is secured through 2018. Hull construction on VARD's first own cruise vessel projects has started, while the Module Carrier Vessel (MCV) project is progressing according to plan. Of the previously announced expansion of facilities at Vard Tulcea, the extension of the launching barge to accommodate vessels up to 210x49 meters has been completed. Preparations are ongoing for the installation of the new gantry crane in 2Q 2017. Management focus is now on ramping up capacity to handle the increasing workload. New skills and resources are required to support the diversification in operations, in particular in relation to the cruise segment.

The Vietnam yard continues to see stable operations and good utilization. The MCV project is progressing according to plan, and the yard in Vung Tau is cooperating closely with the yards in Romania through joint project management and sharing of best practices. Delivery of the OSCV for Farstad built in Vietnam is imminent following the transfer of the vessel to Norway for installation of the offshore crane.

Operations in Brazil are improving, but still considered challenging. A major rightsizing process has been completed; currently approximately 1500 employees work at the yard. Two PLSVs for Dofcon Navegação (DOF and Technip) and two LPG carriers for Transpetro are under construction. The focus is now on securing new work for the yard to maintain stable operations as work progresses on current projects. A new Senior Vice President for Brazil has been employed to oversee sales and external relations to key stakeholders.

In the Equipment & Solutions business, Vard Group companies continue to develop project opportunities in various market segments and geographies. After the end of the quarter, Seaonics secured a contract for a complete package of electrically driven trawl winches and cranes for a trawler to be built for a Greenland-based client in Spain. A Vard Marine design was selected with the preferred bidder Southern African Shipyards on the new Hydrographic/Oceanographic Survey vessel project for the South African Navy.

In the Aquaculture business area, the product and services portfolio is expanding. During 4Q 2016, VARD was awarded contracts for one fish feed barge, one treatment vessel, one fish farm operation platform as well as several small service vessels. Operations are being aligned with the recently acquired technology provider Storvik Aqua for further development of systems and solutions for this new market segment.

Restructuring cost of NOK 29 million in the quarter and NOK 105 million for the year ended 31 December 2016 are related to termination benefits and statutory payments for temporary redundancies, and are mainly due to the closure of the Niterói shipyard.

**(a) Statement of comprehensive income (cont.)**

Depreciations and amortizations for the quarter and for the full year 2016 are somewhat lower when compared with 4Q 2015 and FY2015 due to lower investment levels in 2015 and 2016 compared to historical average. The impairment charges of NOK 23 million in 4Q 2015 and NOK 28 million in FY2015 relate to assets in Vard Niterói.

As a consequence of the items discussed above, the operating loss is equal to NOK 14 million for 4Q 2016 and NOK 142 million for the full year, recovering from a loss of NOK 67 million for 4Q 2015 and NOK 633 million for year ended 31 December 2015.

The net financial items went from NOK 92 million negative in 4Q 2015 to NOK 3 million negative in 4Q 2016 and from NOK 571 million negative for full year 2015 to NOK 41 million positive for the year ended 31 December 2016. The impairment of the shareholding in Rem Offshore ASA and the losses on firm commitment derivatives following the reclassification to inventory of the vessel originally under construction for Harkand, have been more than offset by the unrealized foreign exchange gains recorded in 2016. Share of results of associates were NOK 58 million negative in FY2016 due to the negative impact of impairments in associated ship-owning entities reflecting the down-turn in the offshore market.

Income tax expense was NOK 12 million in 4Q 2016 and NOK 38 million for the year ended 31 December 2016, compared to NOK 7 million and NOK 88 million in the corresponding periods last year. The effective tax rate is still relatively high because no deferred tax asset has been recognized related to entities generating losses in Brazil.

Because of the aforementioned reasons, the loss for the period was NOK 69 million in 4Q 2016 and NOK 197 million for the year ended 31 December 2016, compared to a loss of NOK 170 million in 4Q 2015 and NOK 1.29 billion for the year ended 31 December 2015.

**(b) Statement of financial position:**

Total non-current assets are stable when comparing 31 December 2016 with 31 December 2015.

Total current assets have decreased from NOK 17.14 billion as of 31 December 2015 to NOK 9.63 billion as of 31 December 2016. NOK 6.86 billion of the reduction is due to a decrease of Construction WIP in excess of prepayments. Such decrease is generated by the deliveries, and in particular the delivery of the high value complex OSCV projects in the twelve month period, as well as the cancellation of the vessel under construction for Rem Offshore, and the reclassification to inventory of the vessel originally under construction for Harkand.

Total equity attributable to equity holders of the Company decreased from NOK 3.80 billion to 2.27 billion when comparing 31 December 2016 with 31 December 2015 of which NOK 1.09 billion is related to the increase in ownership stake in Vard Promar from 50.5% to 95.15%. The increase in shareholdings results from a capital increase of BRL 532 million in Promar that, not being underwritten by minorities, is entirely taken up by Vard Group AS through the conversion of shareholder loans into newly issued equity, with no cash consideration. As part of the overall agreement between VARD and its long term partner in Brazil, PJMR Empreendimentos Ltda. ("PJMR"), and providing for an amicable termination of the partnership, the parties have agreed (i) a consideration of BRL 6 million (NOK 16 million) to terminate the shareholders agreement and for the assignment of the preemptive rights that was satisfied in cash and (ii) put and call options for PJMR's remaining 4.85% shareholding in Vard Promar. Hence, from the date of the agreement the remaining non-controlling interest in Vard Promar has been derecognized from equity.

Total non-current liabilities have increased by 30% from NOK 1.41 billion as of 31 December 2015 to NOK 1.84 billion as of 31 December 2016, primarily due to the slot reservation fee received from FINCANTIERI related to the multi-year program with FINCANTIERI entered into during 1Q 2016.

Total current liabilities have decreased from NOK 16.53 billion end of 31 December 2015 to NOK 9.37 billion end of 31 December 2016. The reduction is mainly caused by (i) a reduction of construction loans as a consequence of the vessel deliveries mentioned above, (ii) a reduction of trade payables due to the lower production volumes compared to the previous year, and (iii) by a decrease of the fair value of the current derivatives following the delivery of two vessels with contracts denominated in USD as well as the strengthening of the NOK vs USD. The reduction of the loans and borrowings, current, is partially offset by an increase of the prepayments from clients in excess of construction WIP.

**(c) Statement of cash flows:**

Cash flows from operating activities were NOK 617 million positive in 4Q 2016 compared to NOK 51 million negative in 4Q 2015. For FY2016 cash flows from operating activities were NOK 767 million positive, compared to NOK 1.18 billion negative in the corresponding period in 2015. Cash flows from operating activities can fluctuate significantly from period to period due to changes in working capital. The positive cash flow in the quarter is mainly driven by the delivery of the OSCV Normand Maximus. On a year to date basis the cash flow from operating activities remains also positive thanks to vessel deliveries and instalments and fees received on other projects during the period.

Cash flows used in investing activities were NOK 151 million in 4Q 2016, compared to NOK 66 million in the corresponding period of 2015. Cash flows used in investing activities were NOK 314 million in FY2016, compared to NOK 311 million in the corresponding period of 2015.

Cash flows from financing activities were NOK 288 million negative in 4Q 2016, compared to NOK 8 million negative in 4Q 2015. Cash flows from financing activities were NOK 587 million negative in FY2016, compared to NOK 219 million positive in FY2015. The Group has not obtained any new loans during the quarter. NOK 205 million of the repayments during the fourth quarter relate to instalments paid on non-current loans.

Because of the aforementioned reasons, the cash and cash equivalents at the end of financial period are equal to NOK 722 million for the period ended 31 December 2016 (31 December 2015: NOK 919 million).

**9 VARIANCE FROM FORECAST STATEMENT**

The financial results for FY2016 are in line with the forecast statement provided in the report for 4Q and FY2015.

**10 PROSPECTS**

At the end of 2016, the order book value amounted to NOK 12.65 billion, significantly higher compared to NOK 10.23 billion at the end of 2015. New order intake during the quarter was equal to NOK 0.4 billion. Aggregate order value at the end of the quarter was NOK 21.98 billion, and the order book comprised 41 vessels, of which 35 will be of VARD's own design.

With a significant number of new orders secured in 2016 and the first cruise vessels moving into the production stage, VARD is in the midst of implementing its diversification strategy. As communicated earlier, new project opportunities continue to arise primarily from non-offshore market segments, including expedition cruise and fisheries. The business diversification also includes an increased share of repair, conversion and maintenance contracts, equipment and solutions, and aquaculture business. In the offshore sector, demand for newbuild projects is currently very limited; here, the focus is on the delivery of the existing order book and on reducing the significant counterparty risk still remaining in the project portfolio. The market entry into new segments is accompanied by organizational development initiatives supporting the diversification effort. In the cruise segment, VARD benefits from know-how transfer through continued cooperation with Fincantieri.

Yard utilization in Romania and Vietnam is secured for the near term as a result of the new orders acquired in 2016. The yards in Norway are still undergoing a phase of low utilization until the arrival of first cruise vessel hulls. At the Brevik yard, a recent contract for two ferries ensures the continuation of operations. Operations in Brazil are still considered challenging.

**11 DIVIDEND**

**(a) Current financial period reported on:**

**Any dividend declared for the current financial period reported on?**

No

**(b) Corresponding period of preceding financial year:**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No

**(c) Date payable**

Not applicable

**(d) Book closure date**

Not applicable

## 12 SEGMENT ANALYSIS AND GEOGRAPHICAL INFORMATION

The Group has only one reportable segment, segment information for business segments is therefore not applicable.

The Group has activity in 14 countries (2015: 13). Segmental revenue is based on the geographical location of companies within the Group.

Revenues from external customers	Group	
	FY 2016	FY 2015
Norway	5,267	7,628
Romania	528	189
Singapore*	384	890
Vietnam*	-	-
Brazil	1,484	2,438
Canada	138	144
Italy	66	1
USA	19	12
Other countries	8	5
<b>Total</b>	<b>7,894</b>	<b>11,307</b>

\* Revenues from Singapore and Vietnam must be considered in total, as Vietnam operates principally as a subcontractor of the Singapore company.

## 13 REVIEW OF SEGMENT PERFORMANCE

Please refer to paragraph 8 above.

## 14 SALES BREAKDOWN

	Group		
	FY 2016	FY2015	Change %
Sales reported first half year	4,241	5,716	-26%
Operating profit first half year before deducting non-controlling interests	(83)	(12)	592%
Sales reported second half year	3,653	5,591	-35%
Operating profit second half before deducting non-controlling interests	(59)	(621)	-90%

## 15 BREAKDOWN OF TOTAL ANNUAL DIVIDEND

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

	FY 2016 SGD million	FY 2015 SGD million
Interim special dividend	-	-
Final ordinary dividend	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**16 INTERESTED PERSON TRANSACTIONS**

	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)	
	4Q-2016 ended 31/12/16	Full year ended 31/12/16	4Q-2016 ended 31/12/16	Full year ended 31/12/16
<b>Fincantieri Group</b>				
Production service to FINCANTIERI at Italian facilities	-	-	1	7
Secondment of personnel to VARD	-	-	2	5
Secondment of personnel to FINCANTIERI	-	-	2	8
Support service to yard management in Vard	-	-	-	1
Contract for manufacturing and outfitting of a ship-part to FINCANTIERI	-	-	77	598
Contract between Marine Interiors S.p.A. and VARD for accomodation modules	-	-	-	295
Contract for sale of spare parts to FINCANTIERI	-	-	-	1
Slot reservation agreement *	-	-	-	584
<b>Total</b>	-	-	<b>82</b>	<b>1,499</b>

\* VARD Tulcea has entered into a new agreement with FINCANTIERI to increase the reserved capacity at the yard to produce steel blocks for cruise vessels in the period 2016 to 2021. The new agreement substitutes the one previously signed during the first quarter of 2016, and provides for a total slot reservation fee of EUR 62 million (NOK 584 million), of which EUR 42 million was already included in the first agreement. The reservation fee cannot be repaid or offset against instalments on steel blocks before September 2018. The reservation fee is presented as other non-current liabilities in the statement of financial position.

**17 RULE 704(13)**

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(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Nil	Nil	Nil	Nil	Nil

**18 CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS UNDER RULE 720(1) OF THE LISTING MANUAL**

The Company has procured undertakings required under Rule 720(1) of the Listing Manual from all its directors and executive officers in the format set out in Appendix 7.7.

**BY ORDER OF THE BOARD**

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**Mr Roy Reite**  
 Executive Director & CEO  
 1 March 2017