
Vallianz
VALLIANZ HOLDINGS LIMITED
ANNUAL REPORT 2018
RAWABI INTEGRITY
STEERING
FORWARD
POSITIONED FOR THE FUTURE

MISSION

To be our customers' preferred partner and strive for service excellence by ensuring safe, reliable and efficient vessel operations with a best-in-class fleet to support the offshore oil and gas industry.

VISION

To become a leading provider of offshore marine services in the global energy markets.

CONTENTS

CORPORATE PROFILE

VALLIANZ HOLDINGS LIMITED (**"Vallianz"** and together with its subsidiaries, associate and joint venture companies, the **"Group"**) is an established provider of offshore support vessels (**"OSVs"**) and integrated offshore marine solutions to the oil and gas industry.

Headquartered in Singapore, Vallianz serves oil majors and national oil companies worldwide, and focuses on supporting customers' offshore oil and gas exploration and production operations. Today, the Group owns and operates a young fleet of 58 OSVs while its associate owns and operates another 20 OSVs. Vallianz covers markets in the Middle East, North Africa, Central Asia and Southeast Asia.

Vallianz is continually working to enhance its customer value-add by broadening the spectrum of its marine services and solutions to address the unique requirements of customers' offshore oil and gas field operations. The Group conceptualised and developed its flagship vessel - Rawabi Integrity, which is the world's first and only specialised offshore floating storage and supply vessel - to provide a cost-effective and productivity enhancing solution for a key customer.

Offshore marine services include:
• Vessel ownership • Chartering • Brokering • Vessel management services

We have invested in industry experts to operate and manage our fleet of OSVs which include anchor handling tugs with supply capabilities, platform supply vessels, offshore floating storage and supply vessel, submersible launch barges, maintenance and accommodation vessel, utility support vessels, flat top cargo barges, accommodation work barge, towing tugs, utility vessel, liftboats and crew boat.

Besides transporting equipment and pipes, materials and supplies to support upstream activities, our vessels are also employed for anchor handling of construction barges, positioning of drilling rigs and to provide assistance in maintaining and safeguarding offshore facilities.

The Group also owns a shipyard in Indonesia (Batam) which serves as a marine base for vessel docking, repair and maintenance works. Our shipyard operations possess strong in-house fabrication and engineering capabilities.

Leveraging on its established market position in the Middle East, the Group's strategy will be to continue strengthening existing customer relationships and seeking opportunities to increase its penetration in the major and emerging offshore oil and gas markets. We will focus on delivering operational and service excellence, and broadening our range of marine assets and solutions to address customers' needs.

Vallianz is listed on the Catalist Board of the Singapore Exchange.

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CORE BUSINESS

The Group's core business activities are in vessel ownership, chartering, brokering and the provision of complementary vessel management services in Middle East, North Africa, Central Asia and Southeast Asia.

VESSEL OWNERSHIP

The Group currently owns and operates a young fleet of 58 offshore support vessels available for charter, which has an average age of approximately 5.0 years. Our associate owns and operates another 20 offshore support vessels. The Group's vessels are deployed in offshore oil and gas projects in the Middle East, North Africa, Central Asia and Southeast Asia regions. To enhance its market competitiveness, the Group will continue to assess appropriate plans to expand its range of vessels and modernise the fleet.

CHARTERING

The Group charters its offshore support vessels to customers throughout various stages of their offshore oil and gas exploration, development and production projects. They are used in activities that include seismic surveys during the exploration phase, positioning of rigs during the development of the oil and gas fields, towing, mooring and handling of ship anchors and transportation of supplies during the production period and the removal of rig structures at de-commissioning.

The Group's customers typically employ longer term charters of up to 7 years (inclusive of 2 years extension option) for their dedicated offshore oil field installations.

BROKERING

The Group also provides brokering services that match customers' requirements. This includes sourcing for vessels base, arranging for assist tugs and/or harbour movements, making initial contact with vessel owners or vessel buyers, acting as an intermediary between (a) the vessel owner and the charterer for towage, time and bareboat charters and (b) the seller and buyer of vessels, and assisting with the drafting of related agreements and negotiations. The Group utilises its asset base and network of brokers and owners to identify high quality vessels to match its customers' needs, thus shortening the time required in the vessel acquisition process.

COMPLEMENTARY SERVICES – VESSEL MANAGEMENT

The Group provides a suite of vessel management services for both owned vessels and third party vessels. The Group is able to manage and operate a diverse range of vessels deployed in different phases of offshore oil and gas operations. Its services include crewing, procurement, vessel repair and maintenance, and facilitating port and documentation clearance.

CORPORATE HIGHLIGHTS

- Completed a renounceable non-underwritten 1-for-1 rights cum warrants issue ("Rights cum Warrants Issue") in December 2017

- Our strategic partner Rawabi Holding Company Limited ("Rawabi") emerged as Vallianz's single largest shareholder with an equity interest of 57.67% following the Rights cum Warrants Issue

- Commenced new charters for additional eight OSV during 12MFY2018. These vessels, which comprised Anchor Handling Tug, Supply and Safety Standby vessel, maintenance and accommodation vessel and other OSVs, were deployed to a national oil company in the Middle East

- Maintained robust chartering services order book with total value of approximately US$850 million as at 31 March 2018. The order book comprises mainly long term charter contracts that stretch up to 2025, inclusive of two-year extension options

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GEOGRAPHICAL PRESENCE

EXISTING AND TARGET MARKETS:

Middle East
Central Asia
Southeast Asia
Egypt

LOCAL PRESENCE:

Singapore (Headquarters)
Kingdom of Saudi Arabia
Mexico
Indonesia (Jakarta & Batam)

GLOBAL OPERATIONS

Vallianz has rapidly expanded its market reach into the Middle East, North Africa, Central Asia and Southeast Asia. The majority of our vessel charter contracts are from the Middle East market where Vallianz has developed a strong foothold, being one of the largest offshore support vessel suppliers to the Kingdom of Saudi Arabia's national oil company.

With headquarters in Singapore, Vallianz has developed local presence in key geographical markets to provide fast and effective support to clients as well as to better capture business opportunities. The Group (including joint venture and associate company) has offices across Singapore, the Kingdom of Saudi Arabia, Mexico and Indonesia. Going forward, the Group will continue to focus on deepening its market penetration in the existing geographical regions and expanding its global footprint.

VALLIANZ FLEET

YOUNG FLEET OF OFFSHORE SUPPORT VESSELS

Starting with five vessels in 2012, Vallianz currently owns and operates a fleet of 58 offshore support vessels. Our best-in-class fleet is relatively young with an average age of approximately 5.0 years. The Group's associate operates another 20 offshore support vessels.

OFFSHORE FLOATING STORAGE & SUPPLY VESSEL

Name	DWT	No. of Pax	Deck Cargo Capacity	Year
Rawabi Integrity	32,600T	100 Men	4,500T	2015

PIPELAY/CRANE/ACCOMMODATION WORK BARGE

Name	Crane Capacity	No. of Pax	Dimensions (m)	Year
Swiber Triumphant	300T	300 Men	100.58 x 31.70 x 7.32	2012

SUBMERSIBLE LAUNCH BARGE

Name	DWT	Jacket Launch	Year
Holmen Arctic	19,200T	8,500T	2006
Holmen Atlantic	16,600T	10,000T	2012
Holmen Pacific	25,000T	15,000 - 25,000T	2012

MAINTENANCE ACCOMMODATION VESSEL

Name	BHP	No. of Pax	Clear Deck Area	Year
Rawabi 501	6,000	166 men	1,100 sqm	2016

PLATFORM SUPPLY VESSEL (DP2)

Name	BHP	DWT	Year
Rawabi 18	5,150	3,000	2011
Rawabi 23	6,000	3,000	2012
Rawabi 26	6,000	3,000	2013

TOWING TUG

Name	BHP	Bollard Pull	Year
USP15	1,200	12T	2014
Vallianz Raven	3,200	36T	2010

UTILITY SUPPORT VESSEL

Name	BHP	Clear Deck Area	Year
Rawabi 401	3,200	190 sqm	2015
Rawabi 402	3,200	190 sqm	2016
Rawabi 403	2,400	170 sqm	2016
Rawabi 404	2,400	170 sqm	2016
Rawabi 405	3,200	140 sqm	2012
Rawabi 406	2,400	140 sqm	2017
Rawabi 407	2,400	140 sqm	2017
Rawabi 408	2,400	140 sqm	2017
Rawabi 410	2,400	140 sqm	2018

UTILITY VESSEL

Name	BHP	Bollard Pull	Year
Vallianz 99	2,500	30T	1998

ANCHOR HANDLING TUG SUPPLY

Name	BHP	Bollard Pull	Year
Swiber Challenger	5,150	64T	2007
Swiber Venturer	5,150	60T	2007

ANCHOR HANDLING TUG

Name	BHP	Bollard Pull	Year
Swiber Anna	3,500	43T	2007
Vallianz Hope	4,200	50T	2008
Swiber Bhanwar	4,750	53T	2009

CREW BOAT

Name	BHP	No. of Passenger	Year
Vallianz Cheetah	4,050	70	2013

VALLIANZ FLEET

ANCHOR HANDLING TUG SUPPLY (DP1)

Name	BHP	Bollard Pull	Year
Rawabi 1	5,150	63T	2011
Rawabi 2	5,150	66T	2012
Rawabi 3	5,150	60T	2012
Rawabi 4	5,150	61T	2012
Rawabi 5	5,150	60T	2012
Rawabi 6	5,150	62T	2012
Rawabi 7	5,150	64T	2012
Rawabi 8	5,150	62T	2012
Rawabi 11	6,400	75T	2013
Rawabi 11R	6,000	71T	2014
Rawabi 13	6,000	68T	2014
Rawabi 14	6,000	66T	2013
Rawabi 15	6,000	72T	2013
Rawabi 28	6,000	66T	2014
Equitoria Kingfisher	6,000	76T	2014
Swiber Ruby	5,150	69T	2013
Swiber Sapphire	5,150	68T	2012

ANCHOR HANDLING TUG SUPPLY (DP2)

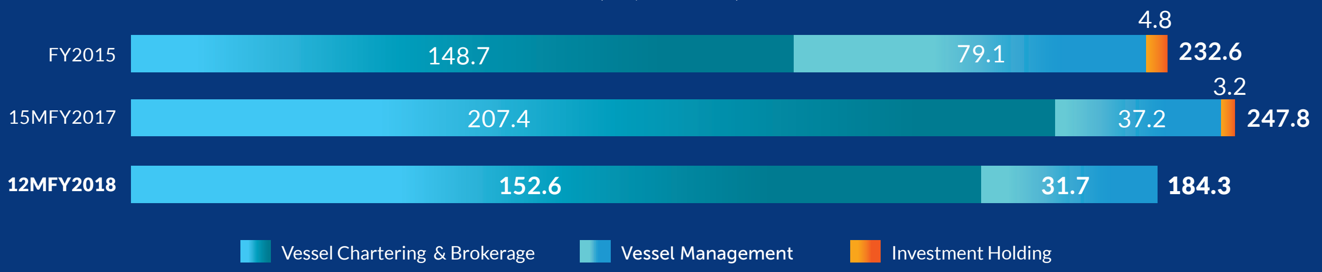
Name	BHP	Bollard Pull	Year
Rawabi 9	6,000	67T	2013
Rawabi 10	6,000	67T	2013
Rawabi 12	6,000	75T	2014
Rawabi 17	6,000	82T	2014
Rawabi 31	8,200	100T	2011
Rawabi 32	8,200	100T	2011
Rawabi 201	5,300	60T	2016
Rawabi 202	5,300	102T	2016
Rawabi 320	5,150	64T	2016
Rawabi 321	5,150	65T	2016
Rawabi 322	5,150	68T	2015
Rawabi 323	5,150	71T	2016
Vallianz Champion	6,400	74T	2011
Vallianz Commander	9,000	85T	2012
Vallianz Supreme	7,300	101T	2012
Vallianz Swift	7,000	104T	2011
HHL Steadfast	9,000	90T	2012

FLAT TOP CARGO BARGE

Name	Dimensions (ft)	Year
Vallianz 281	282 x 90 x 18	2014
Vallianz 282	282 x 90 x 18	2014
Vallianz 283	282 x 90 x 18	2012
Vallianz 284	282 x 90 x 18	2012
Vallianz 331	330 x 100 x 20	2014
VOM 231	230 x 64 x 14	2008
Kreuz 232	230 x 64 x 14	2008
Kreuz 281	282 x 90 x 18	2008
Kreuz 282	282 x 90 x 18	2008
Kreuz 283	282 x 90 x 18	2008
Kreuz 284	282 x 90 x 18	2008
Newcruz 331	330 x 100 x 20	2011
Newcruz 332	330 x 100 x 20	2011
Swiber 255	250 x 80 x 16	2005
Swiber 282	280 x 80 x 16	2006
USP10	180 x 56 x 12	2008
USP11	180 x 56 x 10	2013

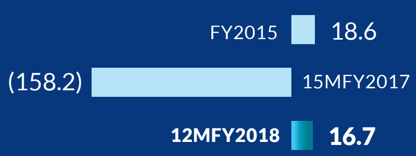
FINANCIAL HIGHLIGHTS

REVENUE
(US$ MILLION)

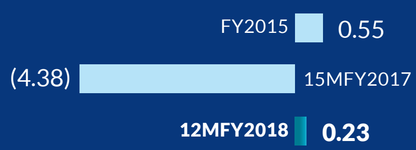


OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL EXPENSES
(US$ MILLION)

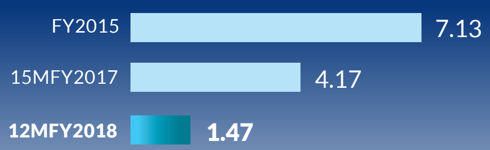
NET PROFIT/ LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY
(US$ MILLION)



EARNINGS PER SHARE
(US CENTS)



NET ASSET VALUE PER SHARE
(US CENTS)



NET GEARING RATIO
(TIMES)

FY2015: 12 months ended 31 December 2015
15MFY2017: 15 months ended 31 March 2017
12MFY2018: 12 months ended 31 March 2018

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report of Vallianz Holdings Limited (the "Company", and together with its subsidiaries, the "Group") for the 12 months ended 31 March 2018 ("12MFY2018"). It is indeed a great pleasure for me to address the Company's shareholders in my inaugural message as Chairman of Vallianz.

Notwithstanding the harsh market conditions afflicting the global offshore support vessel industry, Vallianz continued to deliver a creditable financial performance in 12MFY2018. This performance underscores the successful outcome of several initiatives that were implemented by our management over the past year to streamline our operations, restructure financial obligations and optimise our cost structure. It also validates the resilience of our vessel chartering business which is primarily anchored on our long term charter contracts with a leading national oil company in the Middle East.

There is no doubt that Vallianz has established a viable business model and track record. This has given the Group's controlling shareholder and strategic partner, Rawabi Holding Company Limited ("Rawabi"), the confidence to raise its equity interests and cement its position as Vallianz's majority shareholder.

Rawabi is a conglomerate that has been operating in Saudi Arabia and the Middle East for almost 40 years as one of the leading industrial players in the region. Rawabi's core businesses are oilfield services, offshore services, and contracting and industrial services. It is involved in construction and engineering, utilities, power and electrical, telecommunications and IT, among others. Rawabi has international partners from more than 12 countries and represents over 40 worldwide prominent companies.

As Group Chairman of Rawabi, I envisage a deeper business collaboration between Rawabi and Vallianz going forward. Together, we will strive to strengthen the Group's longer term business prospects in the Middle East and other target markets.

Indeed, Rawabi has thrown its weight behind Vallianz by subscribing for its pro rata entitlement of rights shares with warrants and excess rights shares with warrants under Vallianz's renounceable non-underwritten 1-for-1 rights cum warrants issue ("Rights cum Warrants Issue"). Following the completion of the Rights cum Warrants Issue in December 2017 and the conversion of warrants to equity, Rawabi has increased its equity stake in Vallianz from 15.0% as at 31 March 2017 to 57.67% currently. This is a clear reflection of Rawabi's confidence in Vallianz's business and prospects, and assurance of its full support for the Group to overcome the industry headwinds and continue executing its long term growth plans.

In addition, the completion of the Rights cum Warrants Issue was an important exercise as it allowed the Group to set into motion the respective setoff and settlement agreements ("SOSA") with Rawabi and Swiber Holdings Limited ("SHL"). The SOSAs will help to strengthen our equity base and also present a practical approach in resolving the outstanding matters between the Group and SHL. With a clear path ahead, the Group can then fully focus our energies on pursuing business opportunities in our target markets, particularly the Middle East where Vallianz ranks as one of the largest players in the offshore support vessel industry.

"VALLIANZ CONTINUED TO DELIVER A CREDITABLE FINANCIAL PERFORMANCE IN 12MFY2018. THIS HAS GIVEN RAWABI THE CONFIDENCE TO CEMENT ITS POSITION AS VALLIANZ'S MAJORITY SHAREHOLDER"

CHAIRMAN'S MESSAGE

"THE GROUP HAS EXPANDED IT'S FLEET OF VESSELS IN OPERATION IN MIDDLE EAST AS WE COMMENCED NEW CHARTER FOR ANOTHER EIGHT VESSELS"

GROUP COMMENCED NEW VESSEL CHARTERS IN THE MIDDLE EAST DURING 12MFY2018

The intense level of competition in the offshore support vessel market continues to weigh on vessel utilisation and charter rates particularly in the Asia region. Although competition in the Middle East market has also risen, the Group has expanded its fleet of vessels in operation there as we commenced new charter contracts for another eight vessels during 12MFY2018. These vessels are chartered to our key National Oil Company customer ("NOC") which is a leading player in the Middle East region's offshore oil and gas industry.

These additional eight vessels were deployed to the NOC under long term charter contracts that were awarded to the Group between 2016 and 2017. The charter contracts stretch over a duration of five years, with the NOC having an option to extend the charter for another two years. The commencement of these new vessel charters adds to our ongoing long term vessel charters with the NOC in the Middle East.

The Group's operations in the Middle East have remained stable and profitable, thanks to our strategy of focusing on long term contracts with national oil companies and concerted efforts to consolidate our market position there. With our Middle East operations providing a solid base for the Group's vessel chartering business, Vallianz has been able to endure the adverse market conditions engulfing the offshore marine industry in the past few years.

Notwithstanding that the Group has a superior market position in the Middle East, we are cognisant of the rising competition and the need to continue differentiating our services and vessel fleet to sustain and expand our market share.

During 12MFY2018, we delivered our first maintenance and accommodation vessel to the NOC for deployment in the Arabian Gulf. This is a new type of vessel that we are supplying to the NOC in addition to our flagship vessel, Rawabi Integrity, a specialised offshore floating storage and supply vessel which is presently in operation.

Besides our differentiated vessel offering, we also focus on developing an in-depth local understanding of our operating markets. This ensures that our services are aligned to local requirements, which further sharpens the Group's competitive edge.

In December 2015, Saudi Aramco launched the In-Kingdom Total Value Add ("IKTVA") program which is designed to drive Saudi value creation and maximise long-term economic growth and diversification to support a rapidly changing economic environment in Saudi Arabia. The IKTVA program assigns high priority to local value creation in a bid to drive increased investment, economic diversification, job creation, and workforce development within the Kingdom of Saudi Arabia.

With the IKTVA program, the dynamics of doing business with Saudi Aramco has changed. Instead of awarding contracts solely on the basis of technical compliance and cost, participation in the IKTVA program has become one of the components used in the evaluation of all local and international contracts and agreements to be awarded by Saudi Aramco.

Rawabi, which is deeply-rooted in this region, has extensive experience in grasping and anticipating the local market dynamics in the Kingdom of Saudi Arabia. Since the launch of the IKTVA program, Rawabi has been working closely with Vallianz to ensure the Group's commitment to the requirements of the IKTVA program by prioritising local value creation.

GROUP SWINGS INTO THE BLACK IN 12MFY2018 WITH PATMI OF US$16.7 MILLION

The Group staged a sharp turnaround in 12MFY2018 to post a net profit attributable to owners of the Company ("PATMI") of US$16.7 million. This was a reversal from the net loss of US$158.2 million for the 15-month period ended 31 March 2017 ("15MFY2017").

The improvement in bottom line was achieved primarily on the back of higher operating profit and a reduction in exceptional items. Despite a shorter financial period in 12MFY2018, the Group's operating profit from ordinary activities before exceptional items climbed 4.8% to US$20.7 million from US$19.7 million in 15MFY2017 which covered a 15-month period.

Vallianz delivered a better set of operating results even though Group revenue decreased 25.6% to US$184.3 million in 12MFY2018. The revenue decline was attributed to the regular financial year in 12MFY2018 comprising 12 months as compared to 15 months in 15MFY2017. In addition, we experienced lower utilisation for certain vessels in Asia, which was partially mitigated by the Group's ongoing long term charters as well as commencement of new contracts with the NOC in the Middle East during 12MFY2018.

The business environment for marine support services has indeed been extremely challenging in recent years amid the depressed level of offshore oil and gas activities. Nevertheless, the Group continued to deliver operating profits year after year since 2015 when the offshore and marine sector was hit by the plunge in oil prices.

Since the beginning of 2018, crude oil prices have staged a steady recovery due to tighter demand-supply market dynamics. Although this is generally leading to a more optimistic view of the global oil and gas industry prospects, the operating environment for the offshore support vessels sector is expected to remain challenging due to an oversupply situation, intense competition and soft demand conditions. The ongoing political risks, and production strategies

CHAIRMAN'S MESSAGE

and decisions of major oil production countries could also impact the trend of crude oil prices.

While business conditions, particularly in the Asia region, have yet to display a significant and sustainable recovery, we believe the Middle East remains an exciting market as it is one of the world's largest offshore oil and gas producing regions.

Besides increasing market penetration in existing territories, the Group will also continue to pursue opportunities in new target markets following our entry into Egypt and Turkmenistan in 2017. On the operations front, we intend to strengthen our capabilities and service quality, improve cost and operational efficiencies while expanding and differentiating our fleet to meet customers' requirements.

As at 31 March 2018, the Group maintained a robust chartering services order book with total value of approximately US$850 million, comprising mainly long term charter contracts that stretch up to 2025 inclusive of two-year extension options. In the new financial year ending 31 March 2019, the Group expects to continue deploying additional vessels to the NOC in accordance with our key customer's project schedules.

APPRECIATION

Vallianz has strengthened the Board with two new appointments this year. Apart from my position as Non-executive Chairman, the Company has also appointed Mr Chris Chong as Non-executive Independent Director of Vallianz.

On behalf of the Board, I wish to express our deepest appreciation to our shareholders, customers, vendors, business partners, bankers, and associates for their support of Vallianz. I wish to acknowledge the contributions and hard work of our management and staff – thank you for your unwavering dedication and commitment to navigate Vallianz through tough times in the offshore and marine industry. I look forward to the continued support of all our stakeholders as the Group carries on steering forward and charting a course for sustainable long-term growth.

SHEIKH ABDULAZIZ ALI ALTURKI
Non-executive Chairman

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the 12 months ended 31 March 2018 ("12MFY2018"), the Group registered revenue of approximately US$184.34 million. This represented a decline of 25.6% from US$247.83 million for the 15 months ended 31 March 2017 ("15MFY2017"). The decrease in revenue was attributed mainly to the difference in accounting periods, i.e. a regular 12-month financial year in 12MFY2018 compared to 15 months in 15MFY2017. The lower revenue in 12MFY2018 was also due to lower utilisation of certain vessels which was partially offset by the commencement of new long term charter contracts during 12MFY2018.

The Group's core vessel chartering and brokerage business accounted for approximately 83% of total revenue in 12MFY2018, which was similar to the revenue contribution of 84% in 15MFY2017. Chartering and brokerage revenue for 12MFY2018 softened to US$152.66 million from US$207.45 million in 15MFY2017. The decrease was attributed mainly to a regular 12-month financial year in 12MFY2018 as compared to 15 months in 15MFY2017, as well as lower utilisation for certain vessels in Asia. This was however mitigated by the Group's ongoing long-term charters in the Middle East as well as the commencement of new long term contracts with a key customer in the Middle East during 12MFY2018.

Gross profit in 12MFY2018 decreased 29.0% to US$44.32 million from US$62.46 million in 15MFY2017 in line with lower revenue. Gross profit margin eased slightly to 24.0% in 12MFY2018 from 25.2% previously due to the difference in revenue composition of the chartering and brokerage business, and one-off mobilisation costs to deliver new vessels in tandem with the commencement of long term charter contracts with a key customer in the Middle East.

The Group recorded other operating income of US$7.87 million in 12MFY2018 compared to US$7.50 million in 15MFY2017. Other operating income in 12MFY2018 consisted mainly of gain on disposal of plant, property and equipment of US$5.77 million, insurance claim of approximately US$0.78 million and foreign exchange gain of US$0.68 million.

Other operating expenses in 12MFY2018 decreased by 51.7% to US$2.19 million from US$4.53 million in 15MFY2017. The other operating expenses in 12MFY2018 were attributed mainly to allowance for doubtful receivables of US$0.98 million and provision for impairment of property, plant and equipment of US$1.2 million.

As a result, the Group recorded net other income of US$5.68 million in 12MFY2018 compare to US$2.97 million in 15MFY2017.

Administrative expenses, which comprise largely personnel and travel related expenses, decreased 26.5% to US$14.13 million in 12MFY2018 when compared to 15MFY2017. The reduction was attributed mainly to a regular 12-month financial year in 12MFY2018 compared to 15 months in 15MFY2017, lower professional fees and the on-going measures implemented by the Group to optimise its cost structure.

Finance costs decreased 39.5% to US$13.97 million in 12MFY2018 from US$23.09 million in 15MFY2017. The decline in finance costs was due mainly to the full redemption of Notes Payables of S$60.0 million on 22 November 2016 and a regular 12-month financial year in 12MFY2018 compared to 15 months in 15MFY2017. This was partially offset by higher cost of borrowing in tandem with the rise in LIBOR rate.

The Group registered a loss of US$1.24 million from its share of results of associate and joint ventures in 12MFY2018. This arose mainly from recognition of deferred tax expense by Rawabi Vallianz International Company Limited ("RVIC"), which is the Group's 50%-owned joint venture company in the Middle East. In 15MFY2017, the Group recorded a share of loss of associate and joint ventures of US$3.39 million which was attributed mainly to its 49%-owned associate company in Indonesia, PT Vallianz Offshore Maritim. Despite a shorter financial period in 12MFY2018, the Group posted an increase of 4.8% in operating profit from ordinary activities

FINANCIAL REVIEW

US$ 16.7MIL

12MFY2018

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

before exceptional items ("operating profit") to US$20.66 million from US$19.71 million in 15MFY2017 which covered a 15-month financial period.

The Group recorded an exceptional expense of US$5.93 million in 12MFY2018, due to a bad debt written-off under its 49%-owned subsidiary in Mexico, Vallianz Marine Mexico S.A De C.V, for receivables that were long overdue. The exceptional items of US$214.55 million recorded in 15MFY2017 was related to various impairments as a result of the slowdown in the offshore and marine market and rightsizing initiatives undertaken by the Group.

As a result, the Group registered a net profit of US$11.54 million for 12MFY2018, reversing a net loss of US$192.53 million in 15MFY2017. Profit attributable to owners of the Company in 12MFY2018 also swung to US$16.7 million from a loss of US$158.2 million in 15MFY2017.

Excluding the exceptional items, the Group's net profit for 12MFY2018 decreased by 20.6% to US$17.48 million from US$22.02 million in 15MFY2017. The decrease of approximately US$4.54 million was attributed mainly to the income tax expense of US$3.18 million in 12MFY2018 versus an income tax credit of US$2.31 million in 15MFY2017 which led to an accumulated negative swing of US$5.49 million. This was partially offset by higher operating profit of US$0.95 million in 12MFY2018 compared to 15MFY2017.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018, the Group's trade receivables decreased to US$34.0 million from US$91.9 million as at 31 March 2017. This was due mainly to a decrease in the balance with Swiber Group Limited ("SHL") ("SHL group balance") following the set-off and settlement agreement with SHL ("SHL SOSA").

Other receivables increased to US$174.9 million as at 31 March 2018 from US$124.9 million as at 31 March 2017. The increase was attributable to higher amount due from associate, partially offset by a decrease in SHL group balance as a result of the SHL SOSA.

Property, plant and equipment decreased to US$272.2 million as at 31 March 2018 from US$372.2 million as at 31 March 2017. The decrease was due primarily to the disposal of four vessels during 12MFY2018.

The Group's investment in joint ventures increased to US$65.33 million as at 31 March 2018 from US$54.03 million as at 31 March 2017. This was the result of our investment contribution of approximately US$12.54 million from the Group to RVIC during 12MFY2018, partially offset by the share of results from this joint venture.

The Group's total current and non-current borrowings include term loans, working lines and finance lease. As at 31 March 2018, the total current and non-current term borrowings which comprised largely of bank borrowings for vessels, reduced to US$246.21 million from US$340.82 million as at 31 March 2017. This was due mainly to repayments of loan principal for vessels that were disposed during 12MFY2018.

The Group's trade payables decreased to US$33.04 million as at 31 March 2018 from US$62.5 million as at 31 March 2017. Other payables also declined to US$65.2 million as at 31 March 2018 from US$136.9 million as at 31 March 2017. The reductions were attributable mainly to settlement of payables and a decrease in SHL group balance as a result of the SHL SOSA.

The net effect of the SHL SOSA is that any outstanding balance owing to SHL under the SOSA will all be finally settled through the rights issue, the exercise of warrants held by SHL and new share issuance. Thus upon the completion of arrangements contained in SHL SOSA, there will be no further outstanding to SHL Group under SOSA.

Equity attributable to owners of the Company increased to US$243.4 million as at 31 March 2018 from US$180.2 million as at 31 March 2017. The increase was attributed mainly to retained profits for 12MFY2018 as well as growth in share capital following the issuance of new shares in connection with the Company's Rights cum Warrants Issue. On a per share basis, the Group's net asset value stood at 1.47 US cents at the end of 12MFY2018, compared to 4.17 US cents as at 31 March 2017, following the Rights cum Warrants Issue.

CONSOLIDATED STATEMENT OF CASH FLOWS

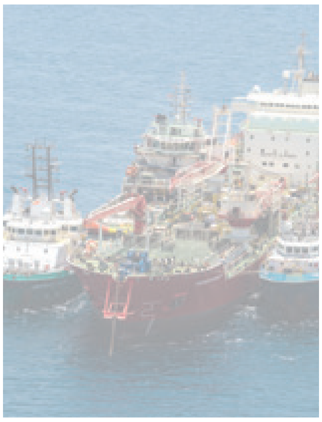
The Group used net cash of US$0.97 million for operating activities in 12MFY2018. Net cash generated from investing activities of US$69.27 million for 12MFY2018 was contributed mainly by proceeds from the disposal of four vessels.

Net cash used in financing activities in 12MFY2018 amounted to US$106.29 million. The significant cash outflow in 12MFY2018 was attributed to the repayment of loan principal and interest of approximately US$122.43 million, offset partially by proceeds from the issuance of new shares in connection with the Company's Rights cum Warrants Issue.

As a result, the Group's cash and cash equivalents decreased by US$38.00 million to US$7.57 million as at 31 March 2018 from US$45.57 million as at 31 March 2017.

"THE VESSEL CHARTERING AND BROKERAGE BUSINESS CONTRIBUTED APPROXIMATELY 83% TO THE GROUP'S REVENUE IN 12MFY2018"

BOARD OF DIRECTORS



BOARD OF DIRECTORS

1

SHEIKH ABDULAZIZ ALI ALTURKI

Non-Executive Chairman

Sheikh Abdulaziz Ali AlTurki was appointed to the Vallianz Board in June 2018 and is the Non-Executive Chairman. He is Chairman of Rawabi Holding Group of Companies, a leading industrial player in Saudi Arabia that has a focus on oilfield services, contracting and industrial services and offshore services.

Sheikh AlTurki is a prominent businessman with solid experience in building successful businesses in Saudi Arabia and the Gulf Region. He is founding partner of Nesma & Partners, a main contributor to Saudi Arabia's industrial and infrastructure sectors since 1981. He is also Chairman of Gulf Union Cooperative Insurance Company in Saudi Arabia and Gulf Union Holding Company in the Kingdom of Bahrain.

Besides his Chairmanships, Sheikh AlTurki served as board member of Saudi Arabia's Eastern Province Chamber of Commerce from 1990 to 1998 and the Eastern Province Council from 2000 to 2008. He was a member of the International Board of Advisors of the Lebanese American University (LAU), Beirut, Lebanon from 2002 to 2008 and a member of the university's Board of Trustees from 2008 to 2013.

Recognized for his philanthropic works, Sheikh AlTurki is described as the leader of corporate social responsibility in Saudi Arabia. He is the Founder and Chairman of the Annual Charity Run Committee, the Saudi Non-Communicable Disease Alliance, the Saudi Cancer Foundation, the Saudi Diabetes and Endocrine Association, the Saudi Foundation for Promoting Organ Donation and ARFA Multiple Sclerosis Society. He also serves on the board of several non-profit organizations and societies. Sheikh AlTurki was honored by HRH Prince Mohammed bin Fahad Award for Charity Works in 2006, HH Sheikh Eisa bin Ali AlKhalifa Award for Pioneer in Volunteering Works in 2014 and Man of the Year Award for Supporting Cancer Patients from the International Health Centre and Disease Control, Ohio, USA in 2014.

Sheikh AlTurki holds a bachelor's degree in Business Administration and a master's degree in International Business from George Washington University, USA. In 2012, he received an Honorary Doctorate in "Humane Letters" from the Lebanese American University, Beirut, Lebanon

2

MR DARREN YEO

Executive Vice Chairman

Mr Darren Yeo was appointed to the Vallianz Board in December 2012 and is the Executive Vice Chairman. As Vice Chairman, Mr Yeo plays a key role in charting Vallianz's long term strategy. Mr Yeo brings with him over 20 years of industry experience under his belt. He graduated from the National University of Singapore with a Bachelor of Engineering degree and holds a diploma in Marketing from the Singapore Institute of Management.

3

MR LING YONG WAH

Executive Director and CEO

Mr Ling Yong Wah was appointed to the Vallianz Board in March 2014 and is the CEO of the Company. As CEO, Mr Ling leads in driving the corporate and strategic directions of Vallianz. He has nearly 30 years of business and management experience and has held various roles including board seats in companies listed on the Singapore Exchange and the Hong Kong Stock Exchange. Mr Ling is a member of the Institute of Chartered Accountants of England and Wales.

4

MR YEO JEU NAM

Non-Executive Independent Director

Mr Yeo Jeu Nam has more than 30 years of consultancy experience and was appointed as Independent Non-Executive Director of the Company on 21 August 2008. Mr Yeo also sits on the board of Frencken Group Limited as an Independent Director. Before founding Radiance Consulting Pte. Ltd., which Mr Yeo is currently the Managing Director, Mr Yeo headed the Strategy and Transformation practice as well as the HR Consulting practice at Ernst & Young Consultants Pte. Ltd. for more than 12 years, as its Senior Consulting Partner. He was also previously a Director at PwC Consulting where he headed their Public Sector Consulting practice. He graduated from the National University of Singapore with a Bachelor of Arts and a Bachelor of Social Sciences and is also an alumnus of INSEAD.

5

MR BOTE DE VRIES

Non-Executive Independent Director

Mr Bote de Vries was appointed to the Board of Directors on 6 September 2010 and brings to Vallianz more than 20 years of international asset finance experience in the shipping transport industry. Apart from Mr de Vries' appointment on Vallianz's Board, he is also an Independent Advisor to Finamar B.V., a financial consultancy firm, and he holds several Non-Executive board positions in North Atlantic Drilling Ltd, Lloydsfonds AG and Artilian Plc. Mr de Vries is a frequent speaker at conferences on asset finance related issues such as Marine Money, Mareforum, Lloyd List, and Euro Money. Mr de Vries graduated from the University of Leiden with a Bachelor of Biology degree and a Masters in Law.

6

MR CHONG CHEE KEONG CHRIS

Non-Executive Independent Director

Mr Chong Chee Keong Chris has been in private practice for 24 years since graduating from the National University of Singapore 1994 with Honours, Mr Chong is the founder of boutique corporate & commercial law practice CHRISCHONG & CT HO LLP established since 1999 and is instrumental in establishing the firm's good standing as a reputable banking and real estate practice and approved panel lawyers for major banks and financial institutions in Singapore. He is an appointed committee member of the Singapore-Sichuan Trade & Investment Committee (SSTIC) since 2007. He advises banks and companies on asset & trade financing matters, securitisations and is especially active in advising clients and government authorities on cross-border corporate real estate investment projects.

Caring, Sharing and Giving back to the society

CELEBRATING THE TRUE MEANING OF FESTIVITIES

2018 is the seventh year which Vallianz has partnered with Care Corner Senior Services Ltd ("CCSS"). CCSS operates a total of six Senior Activity Centres ("SAC") – five in Toa Payoh and one in Woodlands. In 2018, a total of 283 seniors and 17 staff from the various SACs joined the Vallianz family in the Lunar New Year Charity Dinner.

Vallianz first partnered CCSS in 2011 for a stand-alone charity program. As the years went by, the annual Lunar New Year dinner has became a much looked-forward to constant for both Vallianz and CCSS. The 2018 dinner was filled with action-packed performances by Wen Yang Lion Dance Troupe and performances by various TV personalities whom the seniors are familiar with. It was an enjoyable night for all the seniors of various ethnicities and Vallianz staff.

In addition to the annual Lunar New Year Dinner, Vallianz supports the Hot Meals program by sponsoring the dedicated cook and ingredients for preparing sumptuous and nutritious meals for the seniors at Toa Payoh Block 5 SAC.

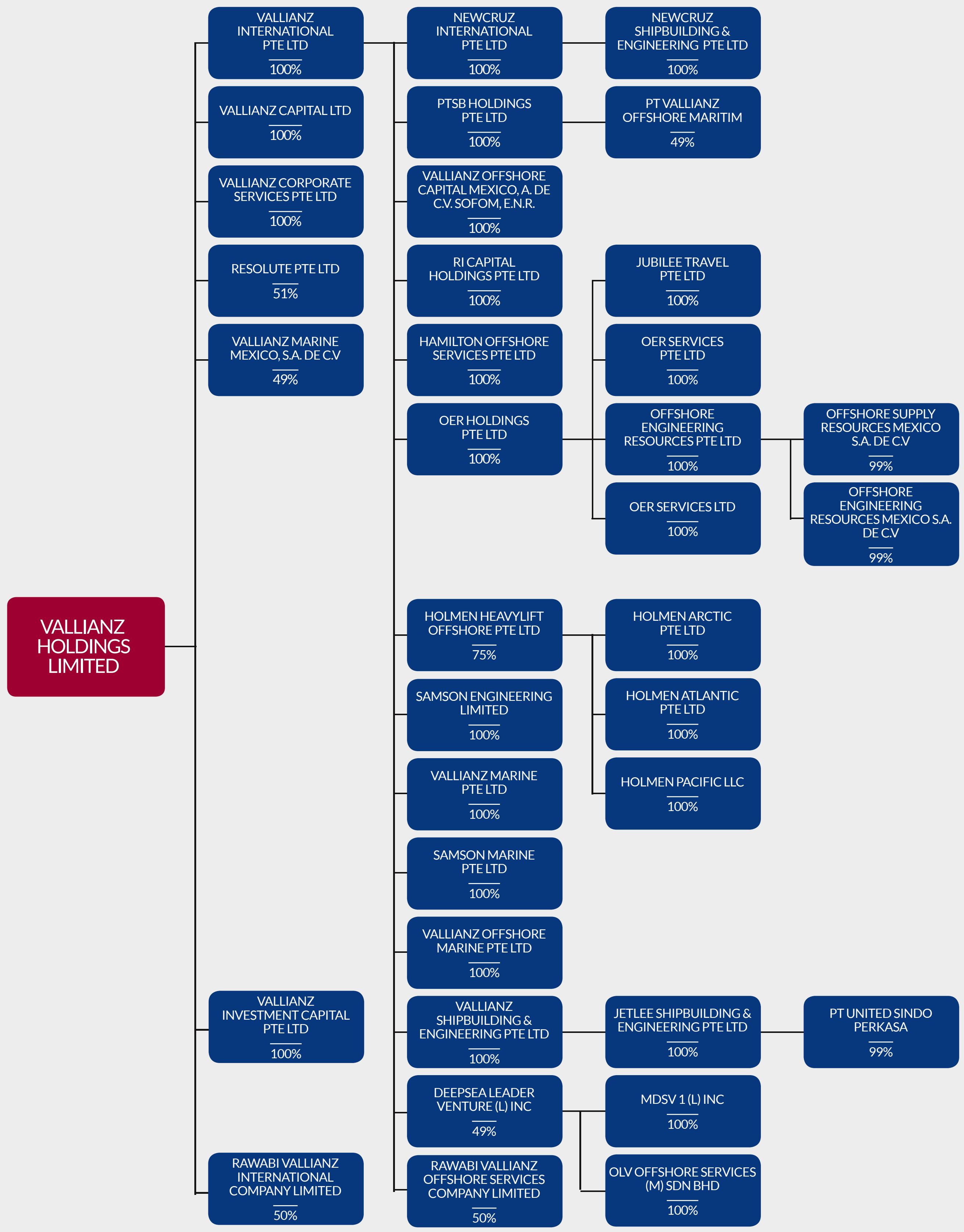
"Through these programs and celebrations, the elderly uncles and aunties of TPCC have become dear to us and a part of the Vallianz family. At Vallianz, we value the opportunity to contribute in one way or another to the community, giving back is important to Vallianz as we share our blessings and growth."

Mr Ling Yong Wah
Executive Director & CEO, VHL
CEO address 2018

"Care Corner Senior Services' dedication to better the lives of the elderly community continue to inspire us and we are grateful for the trust that you have given us to partner with your organization to create fond memories that the Vallianz family will always hold close to our hearts."

Mr Darren Yeo
Executive Vice-Chairman, VHL
Vice Chairman address 2018

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Sheikh Abdulaziz Ali AlTurki
Non-Executive Chairman

Mr Darren Yeo
Executive Vice Chairman

Mr Ling Yong Wah
Executive Director and CEO

Mr Yeo Jeu Nam
Non-Executive Independent Director

Mr Bote de Vries
Non-Executive Independent Director

Mr Chong Chee Keong Chris
Non-Executive Independent Director

COMPANY SECRETARY

Ms Loo Choon Keow

AUDIT COMMITTEE

Mr Bote de Vries (Chairman)

Mr Yeo Jeu Nam

Mr Chong Chee Keong Chris

REMUNERATION COMMITTEE

Mr Yeo Jeu Nam (Chairman)

Mr Bote de Vries

Mr Chong Chee Keong Chris

NOMINATING COMMITTEE

Mr Yeo Jeu Nam (Chairman)

Mr Bote de Vries

Mr Chong Chee Keong Chris

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399
Email: info@sg.tricorglobal.com
Website: www.sg.tricorglobal.com

CONTINUING SPONSOR

Provenance Capital Pte. Ltd.
96 Robinson Road
#13-01 SIF Building
Singapore 068899

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way, OUE Downtown 2
#33-00 Singapore 068809
Partner-in-charge: Tsia Chee Wah
(From financial period ended
31 March 2017)

INVESTOR RELATIONS CONSULTANT

Octant Consulting
7500A Beach Road
The Plaza #04-329
Singapore 199591
Tel: (65) 6296 3583

VALLIANZ HOLDINGS LIMITED

(REGISTERED OFFICE)

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3A International Business Park
#01-13 Icon@IBP
Singapore 609935
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Fax: (65) 6659 1292
www.vallianzholdings.com

The Board of Directors (the "**Board**") is committed to maintain a high standard of corporate governance within the Group and adopts principles and practices of corporate governance in line with the recommendations of the Code of Corporate Governance 2012 (the "**Code**"). The Company recognizes the importance of good governance for continued growth and investor confidence.

In line with the commitment by the Company to maintain high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**").

The Board is pleased to report compliance of the Company with the Code and the Catalist Rules, where applicable, except where there are deviations from the Code, appropriate explanations are provided.

Principle 1: The Board's Conduct of Affairs
Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholder value. Apart from its statutory duties and responsibilities, the Board sets strategic direction for the Group and oversees the executive management and affairs of the Group. It reviews and advises on overall strategies, policies and objectives, sets goals, supervises Management, monitors business performance and goals achievement, and assumes responsibility for overall corporate governance of the Group to ensure that the Group's strategies are in the best interests of the Company and its shareholders.

The Board is also responsible for the following corporate matters:

(a) approval of quarterly and year end results announcements;

(b) approval of the annual report and financial statements;

(c) convening of shareholders' meetings;

(d) major investments and funding;

(e) interested person transactions;

(f) material acquisitions and disposal of assets;

(g) corporate strategic direction, strategies and action plans;

(h) issuance of policies and key business initiatives; and

(i) to consider sustainability issues such as environmental and social factors as part of its strategic formulation.

The Board meets on a regular basis and as and when necessary to address any specific significant matters that may arise. While the Board considers directors' attendance at Board meetings to be important, it should not be the main criteria to measure their contributions. The Board also takes into account the contributions by board members in other forms including periodical reviews, provisions of guidance and advice on various matters relating to the Group.

In recognition of the high standard of accountability to our shareholders and to facilitate effective management and assist the Board in discharging its responsibilities, the Board has established various board committees, namely, Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**").

These Board Committees have the authority to review and examine particular issues and to report to the Board their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board, which will take into consideration the overall interest of the Company. Each Board Committee function within clearly defined terms of references and operating procedures, which will be reviewed on a regular basis by the Board. The effectiveness of each Board Committee will also be constantly reviewed by the Board.

The Board has adopted a set of internal guidelines on matters requiring its approval. Matters which are specifically reserved for the Board's decision include those involving corporate policies, plans and budgets, material acquisitions and disposals of assets, corporate strategy, financial restructuring, share issuances, dividend and other returns to shareholders, major financial decisions such as investment and divestment proposals, expenditure beyond a prescribed amount as well as interested person transactions.

The Group's interested person transactions and the internal audit procedures are reviewed by the Audit Committee and reported to the Board.

During the financial year, the number of meetings held and attendance of each member of the Board and Board Committees' meeting are as follows:

	Board	**AC**	**NC**	**RC**
Number of meetings held	4	4	2	2
Directors / Members	**Number of meetings attended**			
Yeo Chee Neng[(1)]	4	4	2	2
Ling Yong Wah	4	4	2	2
Yeo Jeu Nam	4	4	2	2
Bote de Vries	4	4	2	2
Wong Leong Jeam[(2)]	–	–	–	–
Chong Chee Keong Chris[(3)]	–	–	–	–
Sheikh Abdulaziz Ali AlTurki[(4)]	–	–	–	–

Notes:

(1) Mr Yeo Chee Neng was re-designated as an Executive Director (Vice Chairman of the Board of Directors) with effective from 30 November 2017. Mr Yeo also ceased as a member of Audit Committee, Remuneration Committee and Nominating Committee with effect from 28 February 2018 upon the appointment of Mr Chong Chee Keong Chris.

(2) Mr Wong Leong Jeam retired as Non-Executive Independent Director and member of Audit Committee, Remuneration Committee and Nominating Committee with effect from 7 July 2017.

(3) Mr Chong Chee Keong Chris was appointed as an Non-Executive Independent Director and member of Audit Committee, Remuneration Committee and Nominating Committee with effect from 28 February 2018.

(4) Sheikh Abdulaziz Ali AlTurki was appointed as an Non-Executive Chairman with effect from 28 June 2018.

Upon the appointment of a new director, the Company will provide a formal letter to director, setting out his duties and obligations. Appropriate orientation programmes and briefings are conducted for all new directors appointed to the Board to familiarize them with Company's business, board processes, internal controls and governance practices. The Company will also arrange for first-time directors to attend relevant training in relation to the roles and responsibilities for a director of a listed company and in areas such as accounting, legal and industry-specific knowledge as appropriate. The training of the directors will be arranged and funded by the Company.

The Directors of the Company are provided with briefings from time to time and are kept updated on relevant laws and regulations, including directors' duties and responsibilities, corporate governance and developing trends, insider trading and financial reporting standards so as to enable them to properly discharge their duties as Board or Board Committee members. The directors also received updates on the business of the Group through regular scheduled meetings and ad hoc Board meetings.

During the financial year, the external auditors have briefed the AC members on developments in accounting and governance standards and AC members have provided such updates to the Board members. In addition, the Chief Executive Officer ("**CEO**") and Vice Chairman constantly updates Board members on business and strategic developments of the Group and overview of industry trends at regular scheduled meetings and ad hoc Board meetings. Directors can request for further explanations, briefings or information on any aspects the Group's business issues from the Management.

Principle 2: Board Composition and Guidance
There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Report, the Board comprises two (2) Executive Directors, One (1) Non-Executive Director and three (3) Non-Executive Independent Directors. Non-Executive Independent Director make up to at least half of the Board.

Name of Directors	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Sheikh Abdulaziz Ali AlTurki	Non-Executive Director (Chairman)	–	–	–
Yeo Chee Neng	Executive Director (Vice Chairman)	–	–	–
Ling Yong Wah	Executive Director (Chief Executive Officer)	–	–	–
Yeo Jeu Nam	Non-Executive Independent Director	Member	Chairman	Chairman
Bote de Vries	Non-Executive Independent Director	Chairman	Member	Member
Chong Chee Keong Chris	Non-Executive Independent Director	Member	Member	Member

With the Non-Executive Independent Directors making up of at least half of the Board, it provides an independent element on the Board capable of exercising objective judgment and no individual or group is able to dominate the Board's decision making process. The NC has reviewed the size and composition of the Board and Board Committees and is of the view that the current Board composition provides diversity and has the appropriate mix of expertise and experience. Notwithstanding that, the NC may consider appointing new director(s) in the future to enhance the core competencies and governance review of the Board.

The Board collectively possesses the necessary core competencies such as accounting, finance, business, investment, industry knowledge and strategic planning experience. Each director has been appointed based on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business. The Board considers that the present Board size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operations.

The Code sets out guidelines that the independence of any director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to rigorous review. The NC is charged with the responsibility of monitoring and determining if a director remains independent in accordance with the guidelines and salient factors under the Code.

As at the date of this Annual Report, Mr. Yeo Jeu Nam ("**Mr. Yeo**") has served the Board beyond nine (9) years from the date of his first appointment. The Board has conducted a rigorous review of the performance of Mr. Yeo based on a set of criteria and agreed that Mr. Yeo had participated, deliberated and expressed his views independently at all times, presenting objective and constructive challenges to the assumptions and viewpoints by Management. The Board considers that Mr. Yeo brings invaluable expertise, experience and knowledge to the Board. The Board is satisfied with Mr. Yeo's continued independence of character and judgement and determined that Mr. Yeo is remained independent to discharge their duties objectively.

All Directors other than the managing director (or any Director holding an equivalent appointment) are subject to retirement and re-election at least once every three (3) years. The independence of each Non-Executive Independent Director is reviewed annually by the NC in accordance with the Code. The NC adopts the Code's definition of what constitutes an Independent Director in its review.

The criteria for independence are determined based on the definition provided in the Code and also the following criteria:

(a) The Board will assess the independence of directors regularly. For the avoidance of doubt, only Non-Executive Independent Directors (that is, a director who is not a member of management) can be considered independent.

(b) The Board will endeavour to consider all of the circumstances relevant to a director in determining whether the director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

(c) Amongst the circumstances considered by the Board will be a range of factors, including that a director:

   (i) is not being employed by the Company or any of its related companies for the current or any of the past three (3) financial years;

   (ii) is not an immediate family member (being a spouse, child, adopted child, brother, sister and parent) who is, or has been in any of the past three (3) financial years, employed by the Company or of its related companies and whose remuneration is determined by the RC;

   (iii) is not an immediate family member who has accepted any significant compensation from the Company or any of its related companies for the provision of services for the current or immediate past financial year, other than compensation for board service;

   (iv) is not an immediate family member who is or was a substantial shareholder of or a partner in (with 10% or more stake), or an executive officer of, any for-profit business organisation to which the Company had made, or from the Company had received, significant payments in the current or immediate past financial year;

   (v) is not an immediate family member who is a substantial shareholder of the Company;

   (vi) is not or has not been directly associated with a substantial shareholder of the Company in the current or immediate past financial year.

(d) Each director is responsible to notify the Chairman and the Company Secretary about any external positions, appointments or arrangements that could result in the director not being "independent".

To date, none of the Non-Executive Independent Directors of the Company has been appointed as a director of the Company's principal subsidiaries. The Board and the Management are of the view that the current Board structures in the principal subsidiaries are already well organised and constituted.

The Board and the Management will from time to time review the structures of the respective boards of its principal subsidiaries and will make an appropriate corporate decision to consider the appointment of the Non-Executive Independent Directors into the principal subsidiaries, if deemed appropriate.

The Non-Executive Independent Directors will meet on a need-to basis without the presence of the Management to discuss the matters in relation to the corporate development of the Group to ensure effective and independent review of the Management.

The profile of each of the directors is set out on pages 16 and 17 of this Annual Report.

Principle 3: Chairman and Chief Executive Officer
There should be a clear division of responsibilities between the leadership of the Board and the executives responsibility of managing the company's business. No one individual should represent a considerable concentration of power.

For the financial year ended 31 March 2018, the Company has not appointed a new Chairman in place of the previous chairman. Mr. Yeo Chee Neng ("**Mr. Darren Yeo**") assumed the role in mapping out the directions for Group's growth at a strategic level as a Vice Chairman of the Group. He exercises control over the quality and timeliness of information flow between the Board and the Management. In addition, he provides close oversight, guidance, advice and leadership to the CEO and Management. Mr. Darren Yeo also plays a key role in charting the Company's long-term strategy and share his industry experience, advise and leadership with the CEO and Management.

On 28 June 2018, the Company has appointed Sheikh Abdulaziz Ali AlTurki ("**Sheikh AlTurki**") as Chairman of Group. Sheikh AlTurki will assume the leadership role and responsibilities as the Chairman of the Group.

The Chairman/Vice Chairman and CEO are separate persons. Mr. Ling Yong Wah ("**Mr. Ling**") assumes executive responsibilities as the CEO for the Group's performances and business. The separation of the roles of the Chairman/Vice Chairman and CEO is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman/Vice Chairman and CEO are not related.

As the Company's CEO, Mr. Ling will lead Management in setting strategies, objectives and missions and is responsible for the day-to-day operations of the Group. The role of Mr. Ling also includes scheduling and controlling the quality, quantity and timeliness of information supplied to the Board.

At the annual general meeting ("**AGM**") and other shareholder meetings, both Chairman/Vice Chairman and CEO play a pivotal role in fostering constructive dialogue between shareholders, the Board and Management as well as between Board members, and promote high standards of corporate governance.

The CEO's performance and remuneration will be reviewed annually by the NC and the RC, whose members comprise of all Non-Executive Independent Directors of the Company. As such, the strong independent element on the Board ensures decisions are not based on a considerable concentration of power in a single individual. With the existence of various Board Committees with power and authority to perform key functions, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Non-Executive Independent Directors will be available to the shareholders where their concerns cannot be resolved through the normal channels to the Chairman/Vice Chairman or CEO, or where such contact is not possible or inappropriate

Principle 4: Board Membership
There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Board reviews the composition of the Board and Board Committees annually, having regard to the performance and contribution of each individual director.

To ensure that the governance and business needs of the Group are adequately addressed, the Company has established a NC to regularly review the capabilities of the directors collectively by taking into account their skills, experience, gender, and company and industry knowledge.

The NC comprises Mr. Yeo, Mr. Bote de Vries ("**Mr. de Vries**") and Mr. Chong Chee Keong Chris ("**Mr. Chong**"). The three (3) members of the NC are Non-Executive Independent Directors. Mr. Yeo is the Chairman of the NC.

The NC is governed by written terms of reference under which it is responsible for:

(a) making recommendations to the Board on all Board appointments, including making recommendations on the composition of the Board, taking into account the balance between Executive and Non-Executive Directors and between Independent and Non-Independent Directors;

(b) re-nominating directors (including Non-Executive Independent Directors) taking into consideration each director's contribution and performance;

(c) determining annually whether or not a director is independent;

(d) deciding whether or not a director is able to and has been adequately carrying out his duties as a director;

(e) proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board;

(f) reviewing board succession plans for directors, in particular, CEO and key management of the Group; and

(g) reviewing training and professional development programmes for the Board.

New directors are appointed by way of a Board Resolution or at Board of Directors' Meetings, after the NC has approved their nomination. In its search and selection process for new directors, other than through formal search, the NC taps on the resources of directors' personal contacts and recommendations of potential candidates and appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group.

Annual Review of Director's Independence in FY2018

It is mandatory for the NC to determine annually whether a director is independent based on the guidelines of the Code's definition of what constitutes an Independent Director. Each Independent Director is responsible for notifying the NC Chairman and the Company Secretary on any external positions, appointments or arrangements which may affect his independence status.

The NC had reviewed the independence of each of the Independent Directors in accordance with the Code and based on each of the Director's declaration of independence. The NC is of the view that the three (3) Non-Executive Independent Directors are independent. None of the Non-Executive Independent Directors have any relationship including immediate family relationship with the other Directors, the Company and its 10% shareholders.

Directors' Time Commitments & Multiple Board Representations

The NC is aware that some of the Directors do hold multiple directorships as each of them are required to disclose their other directorships to the Board, upon appointment and cessation. Therefore, the NC will from time to time, evaluate their performance to ensure that each Director is able to carry out his duties effectively, taking into consideration the other board representation and principal commitments.

The primary consideration in deciding on the capacity of directors including but not limited to the time and attention that a Director may contribute for meetings, site visits and other training requirements, taking into account the Director's profession and involvement in consulting or committee work, his other board representation in non-profit organisations, if any. Other consideration also includes the ability and integrity of Directors to avoid potential conflict of interests while serving multiple board representations.

The NC had reviewed, taking into account the individual performance assessment and their actual conduct on the Board and concluded that each Director had adequately carried out their duties as a Director of the Company and spent sufficient time and attention on the Company's affairs despite having multiple board representations and principal commitments.

The NC believes that putting a maximum limit on the number of directorships a director can hold is arbitrary, given that time requirement for each directorship varies and thus should not be prescriptive. The NC considers that the multiple board representations held presently by some Directors do not impede their performance in carrying out their duties to the Company and in fact, enhances the performance of the Board as it broadens the experience and knowledge of the Board.

Recommendation of Nomination and Re-nomination of Directors

The NC is responsible for reviewing and recommending all nominations and re-nominations of Directors. All directors other than the managing director (or any Director holding an equivalent appointment) are subject to retirement in accordance with the provisions of the Company's Articles of Association whereby one third of the directors are required to retire (or if their number is not a multiple of three (3), the number nearest to but not greater than one third) and subject themselves for re-election by shareholders at every AGM. A new director who is appointed by the Board is subject to re-election by shareholders at the next AGM following his appointment and, thereafter, shall be taken into account in determining the number of directors who are to retire by rotation at the AGM.

Apart from the requirements by the Company's Articles of Association, the NC also review the re-election of directors taking into consideration the Directors' attendances and participation at the Board meetings, personal attributes, contributions towards issues from time to time.

At the forthcoming AGM, the following Directors will be subject to retirement pursuant to Article 105 and Article 109 of the Company's Articles of Association and all Directors, being eligible will seek for re-election:

1. Mr Yeo Jeu Nam – Article 105

2. Mr Chong Chee Keong Chris – Article 109

3. Sheikh Adbulaziz Ali AlTurki – Article 109

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he has an interest.

The Board does not encourage the appointment of alternate director. No alternate director is appointed to the Board.

Succession Planning for the Board and Senior Management

Succession planning is an important part of the governance process. The NC will review the succession planning of the Board and senior management and seek to refresh Board membership as and when it may be necessary.

All directors are required to declare their board representations, as at the date of this Report. The date of appointment and last re-election of each director to the Board together with their directorships and chairmanships in other listed companies in Singapore, both current and those held over in the preceding three years are as follows:

Sheikh Abdulaziz Ali AlTurki – Non-Executive Director (Chairman)

Date of appointment	28 June 2018
Date of last re-election	Not applicable
Board Committee(s) served on	None
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None

Mr. Yeo Chee Neng – Executive Director (Vice Chairman)

Date of appointment	1 December 2012
Date of last re-election	15 April 2016
Board Committee(s) served on	None
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	Executive Director of Swiber Holdings Limited

Mr. Ling Yong Wah – Executive Director and Chief Executive Officer

Date of appointment	17 March 2014
Date of last re-election	28 April 2014
Board Committee(s) served on	None
Present Directorships in other listed companies	Lead Independent Director of Frencken Group Limited
Past Directorship in other listed companies held over the preceding three years	None

Mr. Yeo Jeu Nam – Non-Executive Independent Director

Date of appointment	21 August 2008
Date of last re-election	15 April 2015
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	Independent Director of Frencken Group Limited
Past Directorship in other listed companies held over the preceding three years	Lead Independent Director of Swiber Holdings Limited

Mr. Bote de Vries – Non-Executive Independent Director

Date of appointment	6 September 2010
Date of last re-election	15 April 2016
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None

Mr. Chong Chee Keong Chris – Non-Executive Independent Director

Date of appointment	28 February 2018
Date of last re-election	Not applicable
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None

Principle 5: Board Performance
There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Group implemented the Board-approved evaluation process and performance criteria to assess the performance of the Board as a whole.

At the date of this Annual Report, the NC has adopted a formal process to assess the effectiveness of the Board and Board Committees as a whole. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board. The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter for the NC to review and determine the actions required to improve the corporate governance of the Company and effectiveness of the Board as a whole.

A review of the Board's performance is undertaken collectively by the Board annually and informally on a continuous basis by the NC with input from the other Board members. Renewals or replacement of Board members, when it occurs, do not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the medium term needs of the Company and its business.

The performance of the directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The criteria include short and long term measures and cover financial and non-financial performance indicators such as the strength of his experience and stature, and his contribution to the proper guidance of the Company.

The NC is satisfied that the current size and composition of the Board provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company. The NC will review the appropriateness of the current Board size from time to time, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The NC is satisfied that each Director has contributed effectively and demonstrated commitment to their respective role (including commitment of time for the Board and Board Committee meetings, and any other duties). The Board as a whole has also met the performance evaluation criteria and objectives during the financial year.

Principle 6: Access to Information
In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board and the Board Committees are furnished with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision-making process. Management team would also provide additional information that the Board requires on the matters for discussion. The Management and the senior executives are invited by the Board to attend the Board and Board Committee meetings to present their proposals or to answer any questions that the Board members may have.

All directors have separate and independent access to senior management and the Company Secretary. The Company Secretary and/or her representative administers and prepares minutes of Board and Board Committees meetings and assists the Chairman in ensuring that Board procedures are followed and that applicable statutory and regulatory rules and regulations are complied with.

The appointment and removal of the Company Secretary are subject to the Board's approval as a whole.

The directors, in furtherance of their duties, may obtain independent advice from external professionals and consultants at the expense of the Company when necessary. This enhances the Board's ability to discharge its function and duties.

To assist the members of the Board, the Company has arranged for the Board to be updated by the Company Secretary and its other consultants on the continuing obligations and various requirements expected of a public company.

Where decisions to be taken require expert opinion or specialized knowledge, the Directors may seek independent professional advices as and when necessary in furtherance of their duties at the Company's expenses. The appointment of such independent professional advisers is subject to approval of the Board.

Principle 7: Procedures for Developing Remuneration Policies
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises Mr. Yeo, Mr. de Vries and Mr. Chong. The three (3) members of the RC are Non-Executive Independent Directors. Mr. Yeo is the Chairman of the RC.

The RC is responsible for:

(a) recommending to the Board a framework of remuneration for the Non-Executive and Executive Director, CEO and key executives;

(b) determining specific remuneration packages for each Executive Director;

(c) reviewing all aspects of remuneration, including directors' fees, salaries, allowances, bonuses, the options to be issued under the share option scheme, the awards to be granted under the share plan and other benefit in-kind;

(d) overseeing the administration of the Employee Share Option Scheme and Performance Share Plan of the Company;

(e) reviewing and recommending to the Board the terms of renewal of service contracts including the suitable compensation commitments in the event of early termination;

(f) retaining such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties satisfactorily; and

(g) considering the various disclosure requirements for directors' remuneration particularly those required by regulatory bodies such as SGX-ST and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and the relevant interested parties.

No director or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations. The RC may obtain expert professional advice on remuneration mattes, if required.

The RC reviews, the specific remuneration package for the Executive Directors or senior management for recommendation to the Board. There are appropriate and meaningful measures in place for the purpose of assessing the performance of Executive Directors and senior management staff.

In determining remuneration packages of Executive Directors and senior management, the RC will ensure that the Executive Directors and senior management are adequately but not excessively rewarded. In consultation with the Board, the RC will consider amongst other things, their responsibilities, skills, expertise and contribution to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The RC will also review the Company's obligations arising in the event of termination of the Executive Directors' and executive officers' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses. If necessary, the RC will seek professional advice internally and/or externally pertaining to remuneration matters of Director and key management personnel. No remuneration consultants were engaged by the Company in the financial year.

Each member of the RC does not participate in any decision concerning his directors' fees.

In reviewing and recommending the remuneration of Non-Executive Directors, the RC will consider, in consultation with the Board, the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Non-Executive Directors. The RC will ensure that the Non-Executive Directors are not over compensated to the extent that their independence may be compromised.

Principle 8: Level and Mix of Remuneration
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Company sets remuneration packages to ensure that it is competitive and sufficient to attract, retain and motivate directors and key management personnel of the required experience and expertise to run the Company successfully.

In addition to the above, the Company ensures that performance-related remuneration system was implemented to ensure that the interests of the shareholders are aligned with the Board and Management and to promote the long-term success of the Company.

The Company had taken appropriate and meaningful measures in assessing the Executive Directors and key management personnel performance.

Long-term incentive schemes are generally encouraged for the Executive Directors and key management personnel. The RC had reviewed the Executive Directors and key management personnel who are eligible for benefits under the long-term incentive schemes. The long-term incentives schemes of the Company include Vallianz Employee Share Option Scheme and Vallianz Performance Share Plan.

During the financial year, the performance conditions and criteria used to determine the Executive Directors and key manangement personnel entitlement under the short-term and long-term incentive scheme have been met.

The Company had entered into an employment contract with Mr. Ling and Mr. Darren Yeo, whereby the employment contract will be terminated by either party, giving not less than three (3) months' notice to the other. The employment contract covers the terms of employment and specifically their salaries and bonuses.

The Non-Executive Independent Directors do not have any service agreements with the Company. The directors' fees, which have to be approved by the shareholders at annual general meetings are determined in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent serving on the Board and Board Committees. The directors' fees are recommended by the Board for approval at the AGM.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company for the reason that the Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Principle 9: Disclosure on Remuneration
Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

To maintain confidentiality of remuneration matter and competitive reason, the Company has disclosed each director's and CEO's remuneration in bands of S$250,000.

The following table shows a breakdown of the annual remuneration (in percentage terms) of directors for the financial year under review:

Remuneration Band and Name of Directors	Salary[1] %	Performance Incentives[2]/ Bonus[3] %	Directors' Fees %	Others Benefits %	Total %
S$750,000 to S$1,000,000					
Yeo Chee Neng	63	30	2	5	100
S$500,000 to S$750,000					
Ling Yong Wah	55	40	4	1	100
S$250,000 and below					
Yeo Jeu Nam	–	42	58	–	100
Bote de Vries	–	41	59	–	100
Wong Leong Jeam	–	–	–	–	–
Chong Chee Keong Chris	–	–	100	–	100
Sheikh Abdulaziz Ali AlTurki	–	–	–	–	–

Notes:

(1) Salary is inclusive of allowances, CPF and other emoluments.

(2) Performance incentives refer to long term cash incentive plan and long term performance driven award.

(3) Bonus is short term cash incentive plan and is a sum of money given in addition to the usual compensation, normally for outstanding performance and service for certain year.

(4) Mr Wong Leong Jeam retired as Non-Executive Independent Director and member of Audit Committee, Remuneration Committee and Nominating Committee with effect from 7 July 2017.

To maintain confidentiality of staff remuneration matters and for competitive reason, the names of the key executives of the Group, the aggregate total remuneration paid and the upper limit of the remuneration band of top 9 key management personnel are not disclosed in this Annual Report. The following shows the annual remuneration of the 9 key executives of the Company (who are not directors or the CEO) for the financial year under review:

Key Management Personnel

Remuneration Band	No. of Executives	Base/Fixed Salary %	Variables or Bonuses %	Share-Based %	Total %
S$250,001 to S$500,000	1	26	–	74	100
S$250,000 and below	8	75	–	25	100

The Company has no employee who is an immediate family member of a Director or CEO and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2018.

Share Option Scheme and Performance Share Plan

The Company has a share option scheme (the "**Scheme**") and a performance share plan (the "**Plan**") in place. The Scheme and the Plan are currently administered by the RC in accordance with the rules of the Scheme and the Plan respectively.

Information on the Scheme and the Plan are disclosed in the Directors' Statement on pages 40 to 45.

Principle 10: Accountability
The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In line with continuous disclosure obligations of the Company and in accordance to Catalist Rules and the Companies Act, the Board adopts a policy whereby shareholders shall be informed of all major developments of the Company. Financial information and other price sensitive information are circulated in a timely manner to the shareholders through announcements via SGXNET, news release, the Company's website, media and analysts' briefings. The Company's corporate information as well as annual reports is also available on the Company's website.

All the financial information presented in the results announcements or Annual Report have been prepared in accordance with the Singapore Financial Reporting Standards and approved by the Board before being released to the SGX-ST and the public through SGXNET.

In line with the Catalist Rules, negative assurance statements were issued by the Board to accompany its quarterly financial results announcement, confirming to the best of its knowledge that, nothing had come to their attention which would render the Company's half year results to be false or misleading. The Company is not required to issue negative assurance statements for its full year results announcement.

Management provides the Board with the information on the Group's performance, position and prospects on quarterly basis to ensure that they effectively discharge their duties. This is supplemented by updates on matters affecting the financial performance and business of the Group, if such event occurs.

The Board ensures that all the relevant regulatory compliances and updates will be highlighted from time to time to ensure adequate compliances with the regulatory and relevant government authorities.

Principle 11: Risk Management and Internal Controls
The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board annually reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The Company does not have a Risk Management Committee. The senior management assumes the responsibility of the risk management function. The senior management regularly assesses and reviews the Group's business and operational environment to identify areas of significant business and financial risks, such as credit risks, foreign exchange risks, liquidity risks and interest rate risks, as well as appropriate measures to control and mitigate these risks.

In addition, the external auditors will highlight and report to the AC at the AC meetings, of any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the external auditors are reported to the AC. The senior management will follow up on these recommendations to ensure that Management has implemented them in a timely and appropriate manner and reports to the AC on quarterly basis.

Financial, operational, compliance and information technology checklists were also prepared by the Management, CEO, and respective heads of divisions, to assist the AC and Board to review the adequacy of the risk management and internal control systems, which include all the operational matters, regulatory compliances and guidance and financial risk. The checklists have been reviewed and confirmed by the Board.

With the presence of the Management who meets regularly, the Board is able to receive the feedback and response on the risk and legal issues which will affect the Company in terms of operational risk, on timely basis. Assurance from the CEO and Head of Finance were also obtained to confirm that the financial records of the Company were properly maintained, the financial statements of the Company give a true and fair view of the Company's operations and finances of the Company's risk management and internal control systems are effective.

Based on the internal controls established by and maintained by the Company, and the reviews performed by the Management, AC and the Board, the Board, with the concurrence with the AC, is of the opinion that the risk management and internal controls that the Group has put in place to address financial, operational, compliance and information technology risks, are adequate as at 31 March 2018.

Moreover, the Company is consistently improving the Group's internal controls, and adopts recommendations which are highlighted by the internal and external auditors and Sponsor, if any, to safeguard the shareholders' investments and the Group's assets and to comply with the requirements under the Catalist Rules.

The Group has appointed Baker Tilly TFW LLP as internal auditors and their role includes the following:

1. assess and evaluate the adequacy of applicable operational internal controls;

2. assess and evaluate the efficiency of business process;

3. evaluate compliance with applicable policies and procedures, as well as regulatory requirements;

4. identify possible opportunities for process and internal control improvement; and

5. compile a report on findings and recommendations to highlight controls deficiencies and compliance gaps.

With the assistance of internal auditors, the Group trusts that its internal control system will be consistently improving and will adopt recommendations which are highlighted by the internal and external auditors and Sponsor, if any, to safeguard the shareholders' investments and the Group's assets and to comply with the requirements under the Catalist Rules.

Principle 12: Audit Committee
The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises Mr. de Vries, Mr. Yeo and Mr. Chong. The three (3) members of the AC are Non-Executive Independent Directors. Mr. de Vries is the Chairman of the AC.

The AC is responsible for:

(a) reviewing the audit plans of the Company's external auditors;

(b) reviewing the reports of the Company's external auditors;

(c) reviewing the co-operation given by the Company's officers to the external auditors;

(d) reviewing the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the Board;

(e) reviewing and recommending the quarterly and annual announcements as well as the related press releases on the results and financial position of the Company;

(f) nominating the Company's external auditors for re-appointment;

(g) approving the Company's internal audit plans and reviewing internal audit report;

(h) reviewing interested person transaction (if any);

(i) reviewing and considering transactions in which there may be potential conflicts of interests between the Company and its interested persons and recommending whether those who are in a position of conflict should abstain from participating in any discussion or deliberations of the Board or voting on resolutions of the Board or the shareholders in relation to such transactions;

(j) reviewing all hedging and instruments to be implemented by the Company (if any);

(k) reviewing the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's results of operation and/or financial position;

(l) reviewing the Group's risk management structure and any oversight of the risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board; and

(m) reviewing the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting. Where findings are material, announcements will be made immediately via SGXNET.

The AC has the explicit authority to conduct or authorise investigations into any matters within its terms of reference and has full access to and co-operation by the Management. The AC has full discretion to invite any other directors or Executive Director to attend its meetings and to ensure that adequate resources are available to enable the AC to discharge its function properly. As at the date of this Annual Report, the AC has met with the external auditors separately without the presence of Management to review any area of audit concern. Ad-hoc AC meetings may be carried out from time to time, as circumstances require.

The Company has implemented a whistle blowing policy which will provide well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. The AC will review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objectives are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

In April 2018, the Group conducted a request for proposal exercise for the provision of external audit services. With the satisfactory results from the evaluation of relevant competence, the AC recommended the re-appointment of Deloitte & Touche LLP at the forthcoming AGM. The aggregate amount of fees paid to the external auditors of the Company for the audit services amounted to S$218,000 provided by the external auditors of the Company for the financial year ended 31 March 2018. There is no non-audit service provided by the external auditors for the financial year. As such, in the AC's opinion, the external auditors remain independent.

The Group has appointed different auditors for its Singapore and overseas subsidiaries during the financial year under review.

The Board and the AC have reviewed that the appointment of different auditors for its subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. The Company is in compliance with Rules 712, 715 and 716 of the Catalist Rules in relation to its independent auditors.

In order to ensure that the AC is able to fulfill its responsibilities, Management provides the Board members with management reports. In addition, all relevant information on material events and transactions are circulated to AC as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board/AC meetings to answer queries and provide detailed insights into their areas of operations. The AC are kept informed by Management on the status of on-going activities between Board meetings. Where a decision has to be made before a Board meeting, a directors' resolution is done in accordance with the Articles of Association of the Company and the AC is provided with all necessary information to enable it to make informed decisions.

The AC has full access to and co-operation by the Management and has been given resources to enable the AC to discharge its functions properly. The external auditors have unrestricted access to the AC.

The AC has been provided with the phone numbers and email particulars of the Company's senior management and Company Secretary to facilitate access.

As at the date of this Annual Report, none of the former partners or directors of the Company's existing auditing firm has been appointed as a member of the AC.

Principle 13: Internal Audit
The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board supports the need of an internal audit function where its primary objective is to maintain a sound system of internal controls and processes to safeguard shareholders' investment and the Group's assets.

The internal audit team is expected to meet the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

The Company has appointed Baker Tilly TFW LLP as internal auditors on 23 December 2013. On an annual basis, the Company's internal auditors will prepare an audit plan, so as to review the adequacy and effectiveness of the system of internal controls of the Group. These include operational, financial and compliance controls. The internal auditors will follow up these recommendations to ensure that Management has implemented them on a timely and appropriate manner and reports to the AC yearly.

The internal auditors' primary line of reporting is to the Chairman of the AC. Procedures are in place for internal auditors to report independently their findings and recommendations to the AC. The AC will review the internal audit plan to ensure that the scope of the internal auditor's plan is adequate and covers the reviewing of the significant internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems. Audits were carried out on all significant business functions of the Group and all internal audit findings and reports are submitted to the AC for deliberation with copies of these reports extended to the rest of the Board and the relevant key management executives. The internal auditor's summary of findings and recommendations are discussed at the AC meetings on a half-yearly basis.

The AC is satisfied that the internal audit is adequately resourced and has appropriate standing within the Group. The AC will also meet with internal auditors at least once a year without the presence of the Management.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

Principle 14: Shareholder Rights
Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of developments in the Group in accordance with the Catalist Rules.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting in accordance to the nature of the business to be transacted at the meeting. Shareholders at such meetings are invited to put forth any questions they may have on the motions to be discussed and decided upon or on any other reasonable subject related to the business of the Group. The Company's Articles of Association also allow any shareholder to appoint not more than two (2) proxies during his absence, to attend and vote on his behalf at the general meetings.

In addition, pursuant to Section 181(1C) of the Companies Act, a shareholder who is a custodial institutions or relevant intermediary entitled to attend the general meetings and vote is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

Principle 15: Communication with Shareholders
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board is mindful of its obligations to provide its shareholders with timely disclosure of material information presented in a fair and objective manner.

The Company does not practice selective disclosure. In line with the continuing obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders would be equally informed of all major developments and/ or transactions impacting the Group.

Quarterly results of the Company will be published through the SGXNET, news releases and the Company's website. All information on the Company's new initiatives will be first disseminated via SGXNET followed by a news release, which will also be available on the website. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the year prescribed by the SGX-ST and are available on the Company's website.

As at the date of this report, the Company does not have a formal dividend policy in place. However, the Company, in determining the form, frequency and amount of future dividends on the Company's shares in any particular year, will take into account, among other things, the level of cash and retained earnings, the result of operations, the capital expenditure requirements, the expansion and/or investment plans and other factors that the Company's Directors may deem appropriate.

In considering dividend payments for the future financial years, the Directors will take into account the current desire to maintain and potentially increase dividend level subject to the objective of maximizing shareholder value over the longer term and the factors stated in the paragraph above.

The Company has an investor relations team and supported by external consultant firm in promoting communication with shareholders and analysts. Contact information of the internal and external investor relations teams are made available on the Company's website.

Principle 16: Conduct of Shareholder Meetings
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the annual report of the Company and notice of AGM. At the AGM, shareholders will be given opportunity to voice their views and to direct questions regarding the Group to the Directors. The Chairman of the AC, NC and RC would be present at the AGMs to answer any question relating to the work of these Board Committees. The external auditors are also present at each AGM to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's' report. Appropriate key management executives are also present at general meetings to respond, if necessary, to operational questions from shareholders.

Shareholders are given the right to vote on the resolutions at general meetings. Each distinct issue will be carried in a separate resolution. Each item of special business included in the notice of the general meeting will be accompanied, where appropriate, by an explanation of the effects of the proposed resolution.

In line with the new Rule 730A(2) introduced by the SGX-ST on 31 July 2013 (which came into effect from August 2015), to promote greater transparency in general meetings and support listed companies in enhancing their shareholders engagement, the resolutions of the Company transacted at the general meetings since year 2015 are carried out and voted by poll where shareholders are accorded rights proportionate to the shareholding and all votes are counted in accordance with the provisions of the Company's Articles of Association. The information on the total number of votes cast for and against on the proposed resolution are incorporated into the announcement released to the SGX-ST after the general meeting.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company will not implement voting in absentia by mail, email or fax. Minutes of the general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with the responses from the Board and management are prepared and confirmed as true record of the proceedings of the general meetings. The minutes of the general meetings are made available to the shareholders upon request.

For greater transparency in the voting process, the Company will, in due course, consider conducting electronic poll voting for all resolutions passed at the AGMs and other shareholders' meetings.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis.

In compliance with Rule 907 of the SGX-ST Catalist Rules, there were no transactions with interested persons for the financial year ended 31 March 2018 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Chartering services provided by the Group		
Swiber Holdings Limited ("Swiber") and its subsidiaries	Nil	US$8,008,000
Ship management services provided by the Group		
Swiber and its subsidiaries	Nil	US$4,514,741
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group		
Rawabi Holding Company Limited ("Rawabi") and its Subsidiary	Nil	US$5,044,046
Swiber and its subsidiaries	Nil	US$456,346
Corporate services provided to the Group		
Rawabi and its Subsidiary	Nil	US$609,083

MATERIAL CONTRACTS

Save for the service agreement and employment contract entered into between the Executive Directors and the Company, there was no material contract between the Company and its subsidiaries involving the interests of any director or controlling shareholders which are either still subsisting at the end of the financial year ended 31 March 2018 or, if not then subsisting, entered into since the end of previous financial year.

USE OF PROCEEDS FOR RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

The Company has undertaken a renounceable non-underwritten rights cum warrants issue of up to 4,483,061,385 new ordinary shares in the capital of the company ("**Rights Shares**") at an issue price of S$0.016 for each rights share, with free detachable warrants ("**Warrants**"), each warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the company at an exercise price of S$0.016 for each new share, on the basis of one (1) rights share for every one (1) existing ordinary share in the share capital of the company, with two (2) free detachable warrants for every one (1) rights share. On 29 December 2017, 4,479,061,385 Rights Shares and 8,958,122,770 Warrants were allotted. As at 14 June 2018, 7,456,321,472 warrants have been exercised and the remaining 1,501,801,298 warrants remains outstanding and the gross proceeds raised was approximately S$190,966,000. As announced by the Company on 29 March 2018, the gross proceeds raised from the rights cum warrants issue were fully utilized for the following purposes:

	Proceeds from		
Utilised for:	**Rights Issue In S$ Million**	**Warrants In S$ Million**	**Total In S$ Million**
Repayment of RHCL Advances by way of set-off	48.71	92.96	141.67
Partial repayment of VHL Owings by way of set-off	14.46	26.34	40.80
Working capital and repayment of bank loans	8.00	–	8.00
Expense related	0.50	–	0.50
Gross Proceeds Utilised	**71.67**	**119.30**	**190.97**

The above utilisation of the gross proceeds raised from the rights cum warrants issue is consistent with the intended use of proceeds as disclosed in the Offer Information Statement dated 4 December 2017.

DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities. Directors, Senior Management and employees (collectively "**Officers**") of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the years commencing two (2) weeks before announcement of the Group's quarterly results and one (1) month before the announcement of the Group's yearly results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Group are advised not to deal in the Company's securities for a short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading years. Officers are to consult with the Financial Controller/ Company Secretary before trading in Company's securities and are to confirm annually that they have complied with and are not in breach of the Code. The Board is kept informed when a Director trades in the Company's securities.

NON-SPONSORSHIP FEES

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that the non-sponsorship fee of S$33,000 was paid to the Company's sponsor, Provenance Capital Pte. Ltd.

FINANCIAL CONTENTS

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 52 to 124 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

AlTurki, Abdulaziz Ali A (Appointed on 28 June 2018)
Yeo Chee Neng
Ling Yong Wah
Yeo Jeu Nam
Bote de Vries
Chong Chee Keong Chris (Appointed on 28 February 2018)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraphs 3 and 5 of the Directors' statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**
<u>The Company</u>		
(Ordinary shares)		
Yeo Chee Neng	33,000,000	50,000,000
Ling Yong Wah	10,000,000	35,784,400
Yeo Jeu Nam	3,300,000	8,433,334
Bote de Vries	600,000	2,433,334
(Share options)		
Yeo Jeu Nam	3,000,000	3,000,000
Bote de Vries	1,000,000	1,000,000

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors and company in which interests are held	Shareholdings registered in name of director At beginning of year	At end of year
The Company		
(Share awards)		
Yeo Chee Neng	12,000,000	10,000,000
Ling Yong Wah	10,000,000	10,000,000
Yeo Jeu Nam	1,000,000	1,666,666
Bote de Vries	1,000,000	1,666,666
(Warrants)		
Ling Yong Wah	–	2,000,000
Yeo Jeu Nam	–	6,600,000

The director's interests in the shares, warrants and options of the Company as at 21 April 2018 are the same as those as at 31 March 2018.

4 SHARE OPTIONS

The Vallianz Employee Share Option Scheme ("ESOS")

The Company implemented the ESOS in the financial year ended 31 March 2009 in accordance with the scheme approved by the shareholders on 11 April 2001. The purpose of the ESOS is to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS shall continue for a maximum period of 10 years commencing from the first date of grant but accelerated in the event of mergers, take-overs or reverse take-over (i.e. the options fully vest and become exercisable). The ESOS may continue beyond 10 years with the approval of the shareholders by ordinary resolution in a general meeting.

The ESOS is administered by the Remuneration Committee whose members are:

(i) Yeo Jeu Nam (Chairman)

(ii) Bote de Vries

(iii) Chong Chee Keong Chris

4 SHARE OPTIONS (CONT'D)

(a) Terms of ESOS

(i) A one year vesting period is required commencing from the first date of grant if offer price is not at a discount; a two years vesting period is required commencing from the first date of grant if offer price is at a discount.

(ii) The subscription price is based on the price equal to the average of the last dealt prices of an ordinary share in the capital of the Company for the three (3) consecutive trading days immediately preceding the date of grant of the option, rounded up to the nearest whole cent in the event of fractional prices.

(iii) The options may be exercised in whole or in part at any time by a participant after the first anniversary from the date of grant. Such option shall be exercised before the tenth anniversary of the date of grant, or such earlier date as may be determined by the Committee.

(iv) The unvested options shall lapse upon the employee ceasing to be employed by the Company or its subsidiary corporations.

(b) Unissued shares under option and options exercised

The number of options granted to the directors of the Company under the ESOS is as follows:

Options participants	**Options granted during the financial year**	**Aggregate options granted since commencement of plan to the end of the financial year**	**Aggregate options exercised since commencement of plan to the end of the financial year**	**Aggregate options outstanding as at end of the financial year**
Yeo Jeu Nam	–	3,250,000	(250,000)	3,000,000
Bote de Vries	–	1,000,000	–	1,000,000
Total	–	4,250,000	(250,000)	4,000,000

Particulars of the options granted in years 2011, 2013 and 2014 under the scheme were set out in Directors' statement for the financial years ended 31 December 2011, 31 December 2013 and 31 December 2014 respectively.

The directors did not participate in any deliberation or decision in respect of the options granted to them.

Since the commencement of the employee share option plan till the end of the reporting period:

(i) No options have been granted to the controlling shareholders of the Company and their associates.

(ii) No participant to whom the option has been granted has any right to participate by virtue of the option in any share issue of any other company.

(iii) No options have been granted at a discount.

(iv) No options amounting to 5% or more of the total number of options available under the scheme has been granted to any participant.

There are no other unissued shares of the Company or its subsidiary corporations under option at the end of the year except as disclosed above.

5 VALLIANZ PERFORMANCE SHARE PLAN ("PSP")

In 2010, the Company implemented the PSP in accordance with the performance share scheme approved by the shareholders on 23 August 2010. PSP has been implemented in order to:

(i) foster an ownership culture within the Group which aligns the interests of the participants with the interests of shareholders;

(ii) motivate the participants to achieve key financial and operational goals of the Group and/or their respective business units;

(iii) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that commensurate with the Group's ambition to become a world class company; and

(iv) to instil loyalty and a stronger sense of identification by the participants with the long term prosperity of the Group.

An executive or non-executive director of any member of the Group or a full-time employee of any member of the Group ("Eligible Person") who is selected by the Remuneration Committee is eligible to participate in the PSP. The awards represent the right of an Eligible Person to receive fully paid shares free of charge, upon the participant satisfying the criteria set out in the PSP and upon satisfying such conditions as may be imposed. The number of shares to be granted to an Eligible Person shall be determined at the absolute discretion of the Remuneration Committee, which shall consider criteria such as his rank, job performance and potential for future development, his contribution to the success and development of the Group and the extent of effort with which the performance conditions as determined by the Remuneration Committee may be achieved within the performance period.

Each award to be granted to an Eligible Person who is a non-executive director of any member of the Group shall not exceed 10% of the total number of shares available for grant of awards under the PSP. The total number of shares which may be issued and/or issuable pursuant to awards granted under the PSP on any date shall not exceed 15% of the issued shares of the Company (excluding any shares held in treasury) from time to time. The PSP shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years, commencing from adoption date, provided always that the PSP may continue beyond the stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Date of grant	Balance at 1 April 2017	Granted	Vested	Cancelled	Balance at 31 March 2018
14 November 2016	75,000,000	–	(69,000,000)	(6,000,000)	–
25 August 2017	–	110,000,000	(35,666,675)	(6,333,333)	67,999,992
	75,000,000	110,000,000	(104,666,675)	(12,333,333)	67,999,992

5 VALLIANZ PERFORMANCE SHARE PLAN ("PSP") (CONT'D)

The number of share awards granted to the directors of the Company under the PSP is as follows:

Share awards participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of plan to the end of the financial year	Aggregate share awards vested since commencement of plan to the end of the financial year	Aggregate share awards outstanding as at the end of the financial year
Yeo Chee Neng	15,000,000	27,000,000	(17,000,000)	10,000,000
Ling Yong Wah	15,000,000	25,000,000	(15,000,000)	10,000,000
Yeo Jeu Nam	2,500,000	3,500,000	(1,833,334)	1,666,666
Bote de Vries	2,500,000	3,500,000	(1,833,334)	1,666,666
	35,000,000	59,000,000	(35,666,668)	23,333,332

The PSP is administered by the Remuneration Committee whose members are:

(i) Yeo Jeu Nam (Chairman)

(ii) Bote de Vries

(iii) Chong Chee Keong Chris

6 AUDIT COMMITTEE

The Audit Committee comprises three Non-Executive Directors. The members of the committee are:

Bote de Vries	(Chairman and Non-Executive Independent Director)
Yeo Jeu Nam	(Non-Executive Independent Director)
Chong Chee Keong Chris	(Non-Executive Independent Director)

During the financial period, the Audit Committee held four meetings.

The functions of the Audit Committee include the following:

(a) review of the internal audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) review of the external audit plans and reports and evaluation of co-operation given by the Company's officers to the external auditors;

(c) review of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditors' report on those financial statements;

6 AUDIT COMMITTEE (CONT'D)

(d) review of the quarterly and annual announcements as well as the related press releases on the results and financial position of the Group and Company;

(e) nominate the external auditors of the Group for re-appointment; and

(f) review the interested person transactions.

The Audit Committee has full access to and the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Ling Yong Wah

Yeo Chee Neng

4 July 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Vallianz Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 124.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group of the changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Our audit performed and responses thereon
Concentration of revenue with a customer	
The Group is principally engaged in three operating segments, namely (1) Vessel chartering and brokerage, (2) Vessel management and services, and (3) Investment holding. We have identified revenue from vessel chartering and brokerage to be of significance (i.e. contributed 83% to the Group's total revenue) due to the concentration of the chartering contracts with a national oil company ("NOC") in the Middle East, which contributed to the majority of the Group's total vessel chartering and brokerage income. Management has assessed the background of the abovementioned customer and has no concern over the financial ability of the customer. The Group typically enters into voyage charter hiring contracts, which are generally for a period of three to six months; except for the contracts entered with the NOC, which are contracted for a period of up to seven years. The Group recognises revenue from charter hire contracts on a straight-line basis over the period of the relevant contracts as set out in Note 2 to the financial statements and the different revenue streams for the Group have been disclosed in Note 31 to the financial statements.	We reviewed the work performed by component auditors of the Group which included the following procedures: • Evaluated the design and implementation of relevant controls over revenue streams; • Reviewed the charter hire agreements for any unusual terms or conditions or side arrangements; • Performed substantive procedures and assessed the occurrence and cutoff of revenue by sample testing and agreeing to the related customer order, shipping documentation and the charter hire agreements; and • Assessed compliance with revenue recognition under FRS 18. We have also reviewed management's assessment of the background of the customer.

Key Audit Matters	Our audit performed and responses thereon
Valuation of trade and other receivables	
Under FRS 39 *Financial Instruments: Recognition and Measurement*, the Group is required to assess for indicators of impairment on the trade and other receivables. As at 31 March 2018, the Group's trade and other receivables (excluding prepayments and deposits) amounted to US$176,103,000. The aged trade and other receivables in excess of 120 days amounted to US$59,570,000. An allowance for doubtful trade and other receivables of US$5,480,000 was recorded as at 31 March 2018. During the financial year ended 31 March 2018, the Group has set-off trade and other receivables against trade and other payables with a related party (who is placed under judicial management) as disclosed in Note 30 to the financial statements. Included in the Group's receivables as at 31 March 2018 from its associate amounted to US$82.5 million. These receivables are secured over certain vessels of the associate. Management has assessed the collectability and no impairment charge was recorded for the receivables due from the associate for the financial year ended 31 March 2018. These assessments require the exercise of significant judgement by management. The aging profile and details of the trade and other receivables have been disclosed in Notes 8 and 9 to the financial statements.	Our audit procedures included: • Evaluated the design and implementation of controls over the Group's credit and collection processes; • Evaluated management's assessment of the collectability of significant overdue receivables; • Performed procedures which comprise specific analysis of the individual customers with long overdue balance, analysis of past bad debts trend analysis by comparing the allowance for doubtful debts to the actual doubtful debts written off and assessing the current financial position of the customers; • Performed substantive procedures which includes reviewing the subsequent collections from customers; and • For trade and other receivables due from the related party (who is placed under judicial management) and its associate, we have also performed the following audit procedures: – Reviewed the Set-Off and Settlement Agreement ("SOSA") and its applicability; – Reviewed management assessment on collectability of post-SOSA balances due from the related party and associate; and – Reviewed the letter of undertaking from an associate for the pledging of vessels to secure the receivables pursuant to SOSA; and – Reviewed management assessment on collectability of receivables from an associate.

Key Audit Matters	Our audit performed and responses thereon
Impairment of assets	
The Group's and Company's key assets, apart from cash and cash equivalents, trade and other receivables, comprise the following : • property, plant and equipment (in particular, vessels); • Available-For-Sale ("AFS") investment; and • investment in joint ventures. Under FRS 36 *Impairment of Assets*, the Group is required to annually assess for indicators of impairment of the assets; and significant management's estimates and judgment are involved in the determination of the recoverable amounts of the assets as set out in Notes 2 and 3 to the financial statements. As the challenging market conditions continue and the charter rates remain depressed in current year, these indicators suggest that vessels and other non-current assets may be impaired. Management has assessed the recoverable amounts of the vessels based on market value evaluated by independent professional valuers. The market value is underpinned by a number of key assumptions used in the market comparable approach that reflects recent transaction prices for similar vessels, taking into consideration the age and condition of the vessels. An additional impairment charge of US$1.2 million on the property, plant and equipment was recorded as disclosed in Note 14 to the financial statements. No additional impairment charge was recorded on the AFS investment, as disclosed in Note 12 to the financial statements. Likewise, for investment in joint ventures, management has assessed the recoverable amount (based on the investment's net tangible assets position) and qualitative factors such as economic outlook relating to those assets. Based on management's assessment, no additional impairment charge has been recorded as disclosed in Note 16 to the financial statements.	Our audit approach included the following procedures: • We evaluated the appropriateness of management's controls over the impairment assessment process, including indicators of impairment, determination of CGUs for the purpose of assessing the recoverable amounts; • We held discussions with management's experts to obtain an understanding on the approach adopted in the valuation of vessels, key assumptions made, and objectivity and independence of the valuers; • We engaged our internal specialists to assess the appropriateness of the key assumptions adopted by management and the valuers (with respect to the valuation of vessels); • We reviewed management's assessment of the recoverable amount of the investment in joint ventures taking into consideration the financial performance, net tangible assets and qualitative factors such as economic outlook relating to those assets; and • We reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises all information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tsia Chee Wah.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

4 July 2018

STATEMENTS OF FINANCIAL POSITION

31 MARCH 2018

	Note	Group 2018 US$'000	Group 2017 US$'000	Company 2018 US$'000	Company 2017 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	**7,569**	45,568	**162**	455
Trade receivables	8	**33,959**	91,890	**2**	–
Other receivables	9	**174,862**	124,915	**142,832**	122,225
Inventories	10	**2,936**	1,669	**–**	–
Construction work-in-progress	11	**252**	1,506	**–**	–
Available-for-sale investments	12	**31,729**	31,729	**–**	–
Total current assets		**251,307**	297,277	**142,996**	122,680
Non-current assets					
Monies pledged with banks	7	**699**	699	**–**	–
Intangible assets	13	**–**	–	**–**	–
Property, plant and equipment	14	**272,218**	372,233	**84**	107
Subsidiary corporations	15	**–**	–	**154**	105
Joint ventures	16	**65,330**	54,026	**68,530**	55,991
Associate	17	**–**	–	**–**	–
Goodwill	18	**–**	–	**–**	–
Derivative financial instruments	24	**1,340**	1,295	**–**	–
Total non-current assets		**339,587**	428,253	**68,768**	56,203
Total assets		**590,894**	725,530	**211,764**	178,883
LIABILITIES AND EQUITY					
Current liabilities					
Term loans	20	**91,056**	64,903	**–**	4,823
Trade payables	21	**33,037**	62,487	**25**	–
Other payables	22	**65,156**	136,922	**143,408**	139,497
Finance lease payables	23	**5**	186	**–**	–
Income tax payable		**4,435**	2,613	**–**	–
Total current liabilities		**193,689**	267,111	**143,433**	144,320
Non-current liabilities					
Term loans	20	**155,142**	275,726	**–**	–
Retirement benefit obligation		**1,717**	1,077	**–**	–
Finance lease payables	23	**6**	–	**–**	–
Deferred tax liabilities	19	**4,652**	4,010	**–**	–
Total non-current liabilities		**161,517**	280,813	**–**	–
Capital and reserves					
Share capital	25	**344,866**	203,918	**344,866**	203,918
Perpetual capital securities	26	**22,500**	22,500	**22,500**	22,500
Foreign currency translation reserve	27	**(26)**	(1,045)	**–**	–
Hedging reserve	28	**–**	–	**–**	–
Share options reserve	29	**405**	447	**405**	447
Shareholder's advances	30	**6,788**	102,087	**–**	102,087
Other reserve		**(112)**	(27)	**28**	28
Accumulated losses		**(130,973)**	(147,638)	**(299,468)**	(294,417)
Equity attributable to owners of the Company and capital securities holders		**243,448**	180,242	**68,331**	34,563
Non-controlling interests		**(7,760)**	(2,636)	**–**	–
Total equity		**235,688**	177,606	**68,331**	34,563
Total liabilities and equity		**590,894**	725,530	**211,764**	178,883

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2018

	Note	**1 April 2017 to 31 March 2018 US$'000**	1 January 2016 to 31 March 2017 US$'000
Revenue	31	**184,337**	247,828
Cost of sales		**(140,020)**	(185,369)
Gross profit		**44,317**	62,459
Other income and expense, net	32	**5,684**	2,969
Administrative expenses		**(14,134)**	(19,237)
Exceptional items	33	**(5,934)**	(214,554)
Finance costs	34	**(13,974)**	(23,093)
Share of results of associate and joint ventures	16	**(1,235)**	(3,390)
Profit (Loss) before tax		**14,724**	(194,846)
Income tax (expense) credit	35	**(3,183)**	2,313
Profit (Loss) for the year/period	36	**11,541**	(192,533)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**1,019**	395
Cash flow hedges	28	**–**	1,945
Actuarial loss on post-employment benefit obligation		**(85)**	–
		934	2,340
Total comprehensive income (loss) for the year/period		**12,475**	(190,193)
Profit (Loss) for the year/period attributable to:			
Owners of the Company		**16,665**	(158,247)
Non-controlling interests		**(5,124)**	(34,286)
		11,541	(192,533)
Total comprehensive income (loss) attributable to:			
Owners of the Company		**17,599**	(155,907)
Non-controlling interests		**(5,124)**	(34,286)
		12,475	(190,193)
Earnings (Loss) per share (US cents)			
Basic	37	**0.23**	(4.38)
Diluted	37	**0.19**	(4.38)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

	Share capital US$'000	Perpetual capital securities US$'000	Foreign currency translation reserve US$'000
<u>Group</u>			
At 1 April 2017	203,918	22,500	(1,045)
Total comprehensive loss for the year			
Profit for the year	–	–	–
Other comprehensive income for the year	–	–	1,019
Total	–	–	1,019
Transactions with owners, recognised directly in equity			
Deemed investment by a shareholder (Note 30)	–	–	–
Issue of vendor settlement shares (Note 25)	2,258	–	–
Issue of rights shares (Note 25)	51,468	–	–
Issue of warrant shares (Note 25)	85,964	–	–
Performance shares awarded (Note 29)	1,258	–	–
Recognition of shares-based compensation (Note 29)	–	–	–
Forfeiture of performance shares awarded (Note 29)	–	–	–
Total	140,948	–	–
At 31 March 2018	**344,866**	**22,500**	**(26)**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

Share options reserve US$'000	Shareholder's advance US$'000	Other reserve US$'000	Accumulated (losses) US$'000	Equity attributable to owners of the company and capital issued to securities holders US$'000	Non-controlling interests US$'000	Total US$'000
447	102,087	(27)	(147,638)	180,242	(2,636)	177,606
–	–	–	16,665	16,665	(5,124)	11,541
–	–	(85)	–	934	–	934
–	–	(85)	16,665	17,599	(5,124)	12,475
–	6,788	–	–	6,788	–	6,788
–	–	–	–	2,258	–	2,258
–	(35,100)	–	–	16,368	–	16,368
–	(66,987)	–	–	18,977	–	18,977
(1,258)	–	–	–	–	–	–
1,300	–	–	–	1,300	–	1,300
(84)	–	–	–	(84)	–	(84)
(42)	(95,299)	–	–	45,607	–	45,607
405	**6,788**	**(112)**	**(130,973)**	**243,448**	**(7,760)**	**235,688**

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

	Share capital US$'000	Perpetual capital securities US$'000	Foreign currency translation reserve US$'000	Hedging reserve US$'000
Group				
At 1 January 2016	185,338	22,500	(1,440)	(1,945)
Total comprehensive loss for the period				
Loss for the period	–	–	–	–
Other comprehensive income for the period	–	–	395	1,945
Total	–	–	395	1,945
Transactions with owners, recognised directly in equity				
Deemed investment by a Shareholder (Note 30)	–	–	–	–
Distribution paid to perpetual capital securities holders	–	–	–	–
Dividends (Note 38)	–	–	–	–
Issue of shares, net of transaction costs (Note 25)	16,733	–	–	–
Performance shares awarded (Note 29)	1,847	–	–	–
Recognition of shares-based compensation (Note 29)	–	–	–	–
Redemption of preference shares issued by a subsidiary corporation	–	–	–	–
Forfeiture of performance shares awarded (Note 29)	–	–	–	–
Non-controlling interest arising from acquisition of subsidiary corporations (Note 39)	–	–	–	–
Total	18,580	–	–	–
At 31 March 2017	**203,918**	**22,500**	**(1,045)**	**–**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

Share options reserve US$'000	Shareholder's advance US$'000	Other reserve US$'000	Accumulated profits (losses) US$'000	Equity attributable to owners of the company and capital issued to securities holders US$'000	Preference shares issued to a non-controlling interest US$'000	Non-controlling interests US$'000	Total US$'000
2,487	–	(27)	22,059	228,972	9,474	29,551	267,997
–	–	–	(158,247)	(158,247)	–	(34,286)	(192,533)
–	–	–	–	2,340	–	–	2,340
–	–	–	(158,247)	(155,907)	–	(34,286)	(190,193)
–	102,087	–	–	102,087	–	–	102,087
–	–	–	(1,124)	(1,124)	–	–	(1,124)
–	–	–	(9,800)	(9,800)	–	–	(9,800)
–	–	–	–	16,733	–	–	16,733
(1,847)	–	–	–	–	–	–	–
1,303	–	–	–	1,303	–	–	1,303
–	–	–	(526)	(526)	(9,474)	–	(10,000)
(1,496)	–	–	–	(1,496)	–	–	(1,496)
–	–	–	–	–	–	2,099	2,099
(2,040)	102,087	–	(11,450)	107,177	(9,474)	2,099	99,802
447	**102,087**	**(27)**	**(147,638)**	**180,242**	**–**	**(2,636)**	**177,606**

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

	Share capital US$'000	Perpetual capital securities US$'000	Share options reserve US$'000	Shareholder's advance US$'000	Other reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company							
At 1 April 2017	203,918	22,500	447	102,087	28	(294,417)	34,563
Total comprehensive loss for the year							
Loss for the year	–	–	–	–	–	(5,051)	(5,051)
Total	–	–	–	–	–	(5,051)	(5,051)
Transactions with owners, recognised directly in equity							
Issue of vendor settlement shares (Note 25)	2,258	–	–	–	–	–	2,258
Issue of rights share (Note 25)	51,468	–	–	(35,100)	–	–	16,368
Issue of warrant share (Note 25)	85,964	–	–	(66,987)	–	–	18,977
Performance shares awarded (Note 29)	1,258	–	(1,258)	–	–	–	–
Recognition of shares-based compensation (Note 29)	–	–	1,300	–	–	–	1,300
Forfeiture of performance shares awarded (Note 29)	–	–	(84)	–	–	–	(84)
Total	140,948	–	(42)	(102,087)	–	–	38,819
At 31 March 2018	**344,866**	**22,500**	**405**	**–**	**28**	**(299,468)**	**68,331**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

	Share capital US$'000	Perpetual capital securities US$'000	Hedging reserve US$'000	Share options reserve US$'000	Shareholder's advance US$'000	Other reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company								
At 1 January 2016	185,338	22,500	(1,945)	2,487	–	28	(17,066)	191,342
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	–	–	(274,427)	(274,427)
Other comprehensive income for the period	–	–	1,945	–	–	–	–	1,945
Total	–	–	1,945	–	–	–	(274,427)	(272,482)
Transactions with owners, recognised directly in equity								
Deemed investment by a shareholder (Note 30)	–	–	–	–	102,087	–	–	102,087
Distribution paid to perpetual capital securities holders	–	–	–	–	–	–	(1,124)	(1,124)
Dividends (Note 38)	–	–	–	–	–	–	(1,800)	(1,800)
Issue of share, net of transaction costs (Note 25)	16,733	–	–	–	–	–	–	16,733
Performance shares awarded (Note 29)	1,847	–	–	(1,847)	–	–	–	–
Recognition of shares-based compensation (Note 29)	–	–	–	1,303	–	–	–	1,303
Forfeiture of performance shares awarded (Note 29)	–	–	–	(1,496)	–	–	–	(1,496)
Total	18,580	–	–	(2,040)	102,087	–	(2,924)	115,703
At 31 March 2017	**203,918**	**22,500**	**–**	**447**	**102,087**	**28**	**(294,417)**	**34,563**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2018

	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Operating activities		
Profit (Loss) before tax	**14,724**	(194,846)
Adjustments for:		
Allowance for trade and other doubtful receivables (Notes 32 and 33)	**977**	7,604
Bad debts written off (Notes 32 and 33)	**5,939**	–
Depreciation of property, plant and equipment (Note 14)	**14,243**	26,220
Dividend income from available-for-sale investments (Note 31)	**–**	(3,206)
Amortisation of intangible assets (Note 13)	**–**	538
Provision for retirement benefit obligation	**555**	217
Finance costs	**13,974**	23,093
(Gain) Loss on disposal of property, plant and equipment (Note 32)	**(5,773)**	1,768
Assets written off (Note 32)	**5**	–
Unrealised foreign exchange loss	**1,026**	404
Share-based payment expense (Note 29)	**1,300**	1,303
Share of results of associate and joint ventures	**1,235**	3,390
Impairment of available-for-sale investments (Note 33)	**–**	45,559
Fair value gain of derivative financial instrument (Note 32)	**(45)**	(1,000)
Forfeiture of performance shares awarded (Note 32)	**(84)**	(1,496)
Impairment of property, plant and equipment (Notes 32 and 33)	**1,200**	131,334
Impairment of goodwill (Note 33)	**–**	9,171
Impairment of intangible assets (Note 33)	**–**	1,617
Impairment of investments in associate and joint ventures (Note 33)	**–**	19,269
Operating cash flows before working capital changes	**49,276**	70,939
Trade and other receivables	**(30,738)**	26,664
Trade and other payables	**(18,774)**	(77,348)
Inventories	**(1,267)**	(600)
Construction contracts work-in-progress	**1,254**	(1,042)
Cash (used in) generated from operations	**(249)**	18,613
Income tax paid	**(719)**	(1,812)
Net cash (used in) from operating activities	**(968)**	16,801
Investing activities		
Dividends received	**–**	1,182
Purchase of property, plant and equipment(i)	**(5,567)**	(27,129)
Deemed investment in joint venture(ii)	**(4,000)**	–
Proceeds on disposal of property, plant and equipment(iii)	**78,832**	5,275
Proceeds from redemption of preference shares (Note 12)	**–**	13,000
Acquisition of subsidiary corporations (Note 39)	**–**	7,274
Proceeds from disposal of asset previously held for sale(ii)	**–**	16,759
Net cash from investing activities	**69,265**	16,361

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2018

	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Financing activities		
Interest paid	**(11,341)**	(19,115)
Pledged deposit	–	201
Dividends paid	–	(1,800)
Distribution paid	–	(1,124)
Proceeds from new bank loans raised	**28,000**	99,238
Advance (to) from joint venture	**(6,291)**	48,955
Proceeds from new shares issue (Note 25)	–	4,929
Proceeds from rights issue and warrants, net of expenses[(ii)]	**5,951**	–
Proceeds from shareholder's advances[(ii)] (Note 30)	–	102,087
Redemption of notes payable	–	(122,329)
Repayment of term loans	**(122,431)**	(129,072)
Repayment of obligations under finance leases	**(175)**	(1,464)
Redemption of preference shares issued by a subsidiary corporation	–	(10,000)
Net cash used in financing activities	**(106,287)**	(29,494)
Net (decrease) increase in cash and cash equivalents	**(37,990)**	3,668
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(9)**	(1)
Cash and cash equivalents at beginning of the year/period	**45,568**	41,901
Cash and cash equivalents at end of the year/period (Note 7)	**7,569**	45,568

Material non-cash items

(i) During the financial year/period, property, plant and equipment were acquired through the following ways:

	2018 US$'000	2017 US$'000
Property, plant and equipment acquired during the year/period (Note 14)	**5,567**	140,837
Settled by way of:		
Non-cash settlement offset against receivables owing from related company	–	(113,708)
Cash payments	**(5,567)**	(27,129)
Amount unsettled as at end of year/period	–	–
Total cash payments made during the year/period	**5,567**	27,129

See accompanying notes to financial statements.

Material non-cash items (cont'd)

(ii) In 2018, other material non-cash transactions include:

- the issuance of settlement shares to certain trade creditors (Note 25);
- additional deemed investment in joint venture (Note 16);
- the novation of other payables due to a corporate shareholder who is placed under judicial management from the associate pursuant to the Set-Off and Settlement Agreement ("SOSA") entered into with a corporate shareholder (Note 30);
- the set-off of trade receivables, other receivables, trade payables and other payables pursuant to the SOSA agreement with a corporate shareholder (Note 30); and
- the issuance of shares from new rights issue and exercise of warrants (Note 30).

In 2017, other material non-cash transactions include:

- the reclassification of assets previously held for sale;
- the issuance of settlement shares to certain trade creditors (Note 25);
- the issuance of consideration shares for the acquisition of OER Group;
- the issuance of consideration shares for acquisition of property, plant and equipment (Note 25); and
- additional deemed investment in joint venture (Note 16).

(iii) During the financial year, property, plant and equipment were disposed through the following ways:

	2018 US$'000
Net property, plant and equipment disposed during the year (Note 14)	**(90,137)**
Receipts by way of:	
Non-cash settlement offset against payables owing to ultimate holding company	**8,539**
Addition in deemed investment in a joint venture (Note 16)	**8,539**
Cash receipts	**78,832**
Gain on disposal of property, plant and equipment (Note 32)	**5,773**

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 199206945E) is incorporated in the Republic of Singapore with its principal place of business and registered office at 3A International Business Park, #01-13 Icon@IBP, Singapore 609935. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in United States dollars.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations, joint ventures and associate are detailed in Notes 15, 16 and 17 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial period ended 31 March 2018 were authorised for issue by the Board of Directors on 4 July 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 April 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except for certain presentation improvements arising from Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Adoption of a new financial reporting framework in 2018 – In December 2017, the Accounting and Standards Council ("ASC") has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is to be adopted by Singapore Incorporated Companies listed on the Singapore Exchange ("SGX"), for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("ISAB"). The Group and the Company will be adopting the new framework for the first time for financial year ending 31 March 2019 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (31 March 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 31 March 2019, an additional opening statement of financial position as at the date of transition (1 April 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for Capital and reserves as at the date of transition (1 April 2017) and as at the end of last financial period under FRS (31 March 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 March 2018). Additional disclosures may also be required for specific transition adjustments if applicable.

Management does not expect any changes to the Group's accounting policies or significant adjustments on transition to the new framework.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 March 2019), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at 31 March 2019, they may impact the disclosures of estimated effects described below.

New SFRS(I) that may have impact

The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

<u>Effective for annual periods beginning on or after 1 January 2018</u>

- SFRS(I) 9 *Financial Instruments*

- SFRS(I) 15 *Revenue from Contracts with Customers*

<u>Effective for annual periods beginning on or after 1 January 2019</u>

- SFRS(I) 16 *Leases*

<u>SFRS(I) 9 *Financial Instruments*</u>

SFRS(I) 9 introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The adoption of SFRS(I) 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

SFRS(I) 9 will take effect from financial years beginning on or after 1 April 2018. The Group plans to elect to apply the short-term exemption under SFRS(I) 1, which exempt the Group from restating comparative information for SFRS(I) 9.

The Group anticipates that the initial application of the new SFRS(I) 9 will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. The Group will consider whether a lifetime or 12-month expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of SFRS(I) 9. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the Group is currently finalising their transition adjustments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management anticipates that the initial application of the new SFRS(I) 15 may result in changes to the accounting policies relating to revenue recognition for certain revenue streams. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the Group in the period of initial application as the Group is currently finalising their transition adjustments.

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 16 will take effect from financial years beginning on or after 1 April 2019. Management expects the adoption of the above SFRS(I) to have a material impact on the financial statements of the Group in the period of their initial adoption, in particular on property, plant and equipment, finance lease liabilities and depreciation expenses. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the Group in the period of initial adoption as the management has yet to complete its detailed assessment. The Group does not plan to early adopt SFRS(I) 16 for financial year ending 31 March 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary corporations. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary corporation begins when the Company obtains control over the subsidiary corporation and ceases when the Company loses control of the subsidiary corporation. Specifically, income and expenses of a subsidiary corporation acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary corporation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary corporations is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary corporations to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiary corporations

Changes in the Group's ownership interests in subsidiary corporations that do not result in the Group losing control over the subsidiary corporations are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary corporations. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Group loses control of a subsidiary corporation, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary corporation (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary corporation at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiary corporations, associate and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiary corporations and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Available-for-sale financial assets

Preference shares held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Certain unquoted equity investments held by the Group are classified as being available-for-sale and are stated at cost less any accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Preference shares and perpetual capital securities

Such instruments are classified as equity if they are non-redeemable or redeemable only at the Group's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity.

Shareholder's advances

Shareholder's advances has been classified as an equity instrument as the settlement of the amount is expect to be by the issuance of a fixed number of shares of the Company.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Costs incurred in connection with long-term financing facilities are deferred and amortised, using the effective interest method, over the tenure of the financing facilities.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING – The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risks which includes cross currency and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 24 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The group designates certain hedging instruments which include derivatives, in respect of foreign currency risk as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of profit or loss and other comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

CONSTRUCTION CONTRACTS AND RELATED REVENUE RECOGNITION – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers.

Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessor

Charter hire income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified. The cost of these components is depreciated over the period to the next estimated drydocking costs. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next drydocking date. When significant drydocking costs recur prior to the expiry of the depreciation period, the remaining costs of the previous drydocking are written off in the month of the subsequent drydocking.

Vessels in the course of construction for production or supply purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other vessels, commences when the assets are ready for their intended use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Depreciation is charged so as to write off the cost less residual values over their estimated useful lives, using the straight-line method, on the following bases:

Computers	–	3 years
Office furniture and equipment	–	2 to 5 years
Renovation	–	3 years
Motor vehicles	–	3 to 7 years
Vessels	–	12 to 25 years
Dry-docking	–	5 years
Plant and machineries	–	3 to 5 years
Leasehold building	–	over the estimated term of the lease which ranges from 5 to 30 years

The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE – Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary corporation, all of the assets and liabilities of that subsidiary corporation are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary corporation after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

ASSOCIATE AND JOINT VENTURES – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a Group entity transacts with an associate or joint venture, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture where material.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary corporation or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION – Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets of the Group relate to customer relationships acquired in business combinations and have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. These are amortised to profit or loss on a straight-line basis over their estimated useful life of 3 years.

IMPAIRMENT OF NON-FINANCIAL ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS – The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 29. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Charter hire and brokerage income

Revenue generated from charter hire and brokerage income is recognised on a straight-line basis over the period of the relevant leases.

Vessel management income

Vessel management income is recognised on a straight-line basis over the terms of the service agreements or in the period in which the services are rendered for short-term agreements.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

EXCEPTIONAL ITEMS – Exceptional items refer to items of income or expense within the income statement from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the financial year.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group has long-term retrenchment benefit obligations for certain overseas subsidiary corporations where contributions are made on a mandatory, contracted or voluntary basis. The contributions are recognised as employee benefit expense in the year to which they relate.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiary corporations operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary corporations and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary corporation that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary corporation that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognised in the financial statements.

Rawabi Vallianz Offshore Services Company Limited ("RVOS")

On 1 October 2013, the Group acquired 50% of the issued share capital of RVOS, an entity incorporated in the Kingdom of Saudi Arabia. Therefore, as at 31 December 2013 and since then, the directors of the Company assessed that the Group has the practical ability to direct the relevant activities of RVOS and RVOS has been classified as a subsidiary corporation of the Group even though the Group has 50% ownership interest and voting rights (Note 15).

Rawabi Vallianz International Company Limited ("RVIC")

On 11 December 2015, the Group set up a joint venture entity, RVIC, incorporated in the Kingdom of Saudi Arabia. Management has assessed that the Group exercised joint control over RVIC as the strategic financial and operating policy decisions relating to RVIC's activities required the unanimous consent of both of RVIC's shareholders. Accordingly, since the year ended 31 December 2015, RVIC has been accounted for as a joint venture as disclosed in Note 16.

Other than the above, there are no critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. In view of the challenging operating conditions which has adversely impacted the charter rates and utilisation of vessels, management has estimated the recoverable amount of the vessels based on external market valuations obtained to determine whether there is any impairment loss. The external market valuations were based on comparison value of similar assets. Following the review, management is of the view that the recoverable amounts of certain assets were below the carrying amounts. Accordingly, as at 31 March 2018, the Group recognised impairment loss of approximately US$1,200,000 (2017 : US$131,334,000), relating to property, plant and equipment. The resultant carrying amount of the Group's property, plant and equipment is US$272,218,000 (2017 : US$372,233,000) as disclosed in Note 14 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (cont'd)

Useful lives and residual values of property, plant and equipment

The carrying amount of property, plant and equipment disclosed in Note 14 to the financial statements has been determined after charging depreciation on a straight-line basis over the estimated useful life of these assets and after taking into consideration the residual value of the property, plant and equipment.

Management reviews the estimated useful lives and residual values of these assets at the end of each reporting period and determined that these estimates remain reasonable.

Recoverability of trade and other receivables

Management regularly reviews trade and other receivables and estimates the ultimate realisable amounts for each receivable, based on creditworthiness and the past collection history of each customer.

Specifically, in 2017, a corporate shareholder with whom the Group has frequent transactions with, announced that it had entered into judicial management ("announcement"). Following the announcement, the Group commenced discussions with the related party on the settlement of the outstanding receivables and payables between both parties ("settlement discussion"). On 24 May 2017, the Group and the Company entered into a Set-Off and Settlement Agreement ("SOSA") as disclosed in Note 30. As at 31 March 2018, trade and other receivables due from the related party for balances as 31 December 2016 amounted to US$72,480,000 and US$21,238,000 was set-off against trade and other payables due to the related party amounted to US$8,258,000 and US$92,248,000 with the net payables of US$6,788,000 being reclassified from "Current Liabilities" to "Equity" as disclosed in Note 30 to the financial statements.

In addition, the Group's receivables from its associate of US$82,522,000 as at 31 March 2018 included balances pursuant to the aforesaid SOSA being novated to the Group of US$45,207,000 which are secured over by a fleet of vessels owned by the associate

As at 31 March 2018, management is of the view that the carrying amounts, after impairment, of the trade and other receivables as disclosed in Notes 8 and 9 respectively are recoverable.

Impairment of investments in subsidiary corporations, joint ventures and associate

The Group and Company review the carrying amounts of their investments in subsidiary corporations, joint ventures and associate to determine whether there are any indications that those assets have suffered an impairment loss. In performing its review, the Group and Company consider the recoverable amount of these investments in the foreseeable future by comparing to the carrying amount of net assets in each subsidiary corporation which approximated the market value less cost to sell.

No impairment was recognised for the year ended 31 March 2018. For the period ended 31 March 2017, the Group recognised impairment loss of US$5,880,000 and US$13,389,000 on the carrying amount of its investment in a joint venture and an associate respectively. Please see further details as disclosed in Notes 16 and 17 to the financial statements. For the period ended 31 March 2017, the carrying amount of the investment in subsidiary corporations of the Company was also impaired by approximately US$29,412,000 as disclosed in Note 15 to the financial statements.

Impairment of available-for-sale investments (unquoted preference shares)

Management assesses whether there is any objective evidence that available-for-sale investments are impaired, as evidenced by the occurrence of one or more loss events.

Management has taken into account the ultimate holding company of the issuer entering into judicial management. Accordingly, management has recorded an impairment charge of US$45,471,000 in prior period as further disclosed in Note 12. No additional impairment was charged during the year ended 31 March 2018.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (cont'd)

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 31 March 2018 was US$4,435,000 (2017 : US$2,613,000). The carrying amount of the Group's deferred tax assets and liabilities are disclosed in Note 19 to the financial statements.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of vessels. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The valuation team's findings are highlighted to the Board of Directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 4 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**185,733**	232,790	**142,962**	122,658
Derivative financial instrument in a non-designated hedge accounting relationship	**1,340**	1,295	**–**	–
Available-for-sale investments	**31,729**	31,729	**–**	–
	218,802	265,814	**142,962**	122,658
Financial liabilities				
Amortised cost	**344,402**	540,224	**143,433**	144,320

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. Management reviews the overall financial risk management on specific areas, such as market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash.

Following the settlement of its notes payable in the current financial period, the Group engages in natural hedges to manage its exposure to foreign exchange risks. In 2018 and 2017, the Group engaged in interest rate swap to manage its exposure to fluctuation of interest rates on borrowings.

There has been changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group assesses and monitors its current and projected foreign currency cash flows and insofar as possible, reduces the exposure of the net position in each currency by borrowing in those foreign currencies and utilises foreign currency forward contracts and cross currency swaps to manage the volatility of future cash flows caused by fluctuation in foreign currency exchange rates. The Group does not hold or issue derivative financial instruments for speculative purpose.

The Group's foreign currency exposures arise mainly from the exchange rate movements of the Singapore dollar against the United States dollar.

At the end of the reporting period, carrying amounts of significant monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				**Company**			
	Liabilities		**Assets**		**Liabilities**		**Assets**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Singapore dollar	**4,630**	3,511	**3,338**	1,948	**1,574**	1,267	**713**	513

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each group entity as at the year end, profit before tax (2017 : loss before tax) will increase (decrease) by:

	Group		**Company**	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Singapore dollar	**(65)**	78	**(43)**	38

If the relevant foreign currency weakens by 5% against the functional currency of each group entity as at the year end, the effects will be the converse of the above.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management

The Group is exposed to interest rate risk mainly through its variable rate borrowings undertaken during the financial period.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower during the year and all other variables were held constant, the Group's profit before tax would decrease or increase approximately US$1,218,000 (2017 : US$1,663,000).

(iii) Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. Cash is held with reputable financial institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

At the end of the reporting year, 65% (2017 : 67%) of the Group's trade and other receivables are due from ultimate holding company, related companies, related parties, associate and joint venture. As at 31 March 2018, 59% (2017 : 40%) of trade receivables are due from a single customer in Saudi Arabia.

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 respectively.

The maximum amount the Group could be forced to settle under financial guarantee contracts, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$192,744,000 (2017 : US$181,256,000) for guarantees provided to subsidiary corporations and US$38,822,000 (2017 : US$23,408,000) for guarantees provided to associate. Based on expectations at the end of the reporting period, the Group considers that it is remote that any amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty suffer credit losses.

(iv) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management manages liquidity risk by maintaining adequate reserve and actual cash flows and matching the maturity profiles of financial assets and liabilities, and monitoring the utilisation of bank borrowings and ensure compliance with loan covenants.

As at 31 March 2018, the Company has net current liabilities of US$437,000 (2017 : US$21,640,000). The current liabilities position is mainly due to amounts due to subsidiary corporations of US$136,762,000.

The financial statements have been prepared on a going concern basis because the Company has the ability to control the receipts and payment to its subsidiary corporations.

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted gross outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Derivative financial instruments (cont'd)

	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Group			
As at 31 March 2018			
Gross settled:			
Interest rate swaps	–	1,340	1,340
As at 31 March 2017			
Gross settled:			
Interest rate swaps	–	1,295	1,295

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table below has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Group						
31 March 2018						
Non-interest bearing	–	96,260	–	–	–	96,260
Finance lease liabilities (fixed rate)	7.24	5	7	–	(1)	11
Variable interest rate instruments	4.24	92,140	181,385	3,352	(33,345)	243,532
Fixed interest rate instruments	6.25	4,887	–	–	(288)	4,599
		193,292	181,392	3,352	(33,634)	344,402
31 March 2017						
Non-interest bearing	–	199,409	–	–	–	199,409
Finance lease liabilities (fixed rate)	1.40	189	–	–	(3)	186
Variable interest rate instruments	3.67	59,437	162,993	164,453	(54,297)	332,586
Fixed interest rate instruments	3.37	7,817	508	–	(282)	8,043
		266,852	163,501	164,453	(54,582)	540,224

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000	US$'000
Company						
31 March 2018						
Non-interest bearing	–	141,500	–	–	–	141,500
Fixed interest rate instrument	7.98	2,090	–	–	(157)	1,933
		143,590	–	–	(157)	143,433
31 March 2017						
Non-interest bearing	–	139,497	–	–	–	139,497
Fixed interest rate instrument	2.28	4,985	–	–	(162)	4,823
		144,482	–	–	(162)	144,320

All financial assets are due within one year from the end of the reporting period and are non-interest bearing, except for the Group's monies pledged with banks amounting to US$699,000 (2017 : US$699,000).

(v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to financial statements.

As at 31 March 2018 and 31 March 2017, other than certain available-for-sale investments and derivative financial instruments, as disclosed in Notes 12 and 24 to the financial statements respectively, the Group has no financial assets and financial liabilities that are measured at fair value on a recurring basis. The fair value of derivative financial instrument (non-current) approximates the carrying amount due to the insignificant amount.

Financial assets/ financial liabilities	Fair value as at (US$'000) Assets		Liabilities		Fair value hierarchy	Valuation technique (s) and key input(s)
	2018	2017	**2018**	2017		
Interest rate swaps	**1,340**	1,295	**–**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, perpetual capital securities amount from a shareholder, reserves and term loans.

The Group monitors the financial ratios of its debt covenants stated in the agreements on the financial institutions providing the facilities to the Group. The Group is in compliance with externally imposed capital requirements except as disclosed in Note 20 to the financial statements.

As at the end of the reporting year and the date of this report, the lenders have not sought to enforce their security and legal rights to call on the outstanding debts.

The Group's overall strategy remains unchanged from the prior period.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

Pursuant to the issue of rights and warrants by the Company, Rawabi Holding Company Limited ("RHCL"), incorporated in the Kingdom of Saudi Arabia, became the holding company and the ultimate holding company of the Company on 11 January 2018 by obtaining 64.05% share holdings of the Company. As at 31 March 2018, RHCL holds 57.7% share holdings of the Company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Group's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year/period, the Group entered into the following related companies that are not members of the Group:

	Group	
	2018	2017
	US$'000	US$'000
Ultimate holding company		
Settlement of shareholder's advances via issuance of ordinary shares (Note 30)	**102,087**	–
Management fee expenses	**540**	–
Related companies		
Corporate services	**70**	–

6 RELATED PARTY TRANSACTIONS

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year/period, the Group entered into the following significant related party transactions:

	Group	
	2018	2017
	US$'000	US$'000
Related companies of a corporate shareholder		
Charter hire and brokerage income	**(8,008)**	(28,458)
Dividend income	**–**	(3,206)
Vessel management income	**(4,515)**	(19,333)
Charter hire expense	**–**	90
Management fee expense	**609**	895
Rental expense	**645**	838
Impairment of available-for-sale investment (Note 12)	**–**	45,471
Allowance for doubtful debts (Note 33)	**618**	4,500
Settlement of debts via issuance of ordinary shares (Note 30)	**29,394**	–
Shipyard services	**456**	4,774
Joint venture		
Sale of vessels	**(85,267)**	(16,759)
Shipyard services	**(5,044)**	–
Charter hire expense	**46,028**	55,913
Associate		
Vessel management income	**(432)**	(944)
Charter hire expense	**218**	3,633

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year/period was as follows:

	Group	
	2018	2017
	US$'000	US$'000
Short-term benefits	**1,635**	1,699
Post-employment benefits	**86**	97
Share-based payments	**965**	680
	2,686	2,476

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Cash at banks	**8,243**	46,242	**162**	455
Cash on hand	**25**	25	**–**	–
	8,268	46,267	**162**	455
Less: Monies pledged with banks				
– non-current (Note 20)	**(699)**	(699)	**–**	–
Cash and cash equivalents	**7,569**	45,568	**162**	455

8 TRADE RECEIVABLES

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Associate (Note 6)	**–**	150	**–**	–
Outside parties	**34,321**	38,199	**2**	–
Related parties (Note 6)	**–**	56,024	**–**	–
	34,321	94,373	**2**	–
Less: allowance for doubtful trade receivables	**(362)**	(2,483)	**–**	–
Total	**33,959**	91,890	**2**	–

Movements in allowance for impairment of receivables:

	Group		Company	
At the beginning of year/period	**2,483**	22	**–**	–
Written off during the year/period	**(1,483)**	–	**–**	–
(Credit)/Charge for the year/period	**(641)**	2,461	**–**	–
Effects of exchange differences	**3**	–	**–**	–
At end of year/period	**362**	2,483	**–**	–

The credit period on services rendered is 30 days (2017 : 30 days). No interest is charged on overdue receivables.

In addition to the disclosure made in Note 3(ii) with respect to the trade receivables due from a related party, included in the Group's trade receivables balance are debtors with a carrying amount of US$3,999,000 (2017 : US$67,374,000) which are past due from the credit period granted at the end of the reporting period. The Group has recognised US$362,000 (2017 : US$2,483,000) of impairment loss for certain of these balances as there has been a significant change in credit quality. The impairment loss is determined based on estimated irrecoverable amounts for the service rendered, determined reference to past default experience The Group does not hold any collateral over these balances. The aging of receivables that are past due but not impaired are as follows:

	Group	
	2018	2017
	US$'000	US$'000
31 to 60 days	**471**	1,012
61 to 90 days	**246**	284
91 to 120 days	**299**	19,893
More than 120 days	**2,621**	43,702
Total	**3,637**	64,891

8 TRADE RECEIVABLES (CONT'D)

The remaining amounts of US$30,322,000 (2017 : US$26,999,000) are not past due and not impaired and management considers receivables to be of good credit quality and, therefore, can be recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Management closely monitors the concentration of credit risk with customers as elaborated in Note 4(b)(iii) to the financial statements and believes that there are no further credit allowances required in excess of the allowance for doubtful debts.

9 OTHER RECEIVABLES

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Ultimate holding company (Note 5)	**4,512**	–	**234**	–
Associate (Note 6)	**82,522**	35,920	**28,569**	27,022
Subsidiary corporations (Note 5)	**–**	–	**322,657**	300,195
Joint ventures (Note 6)	**34,126**	31,062	**5,210**	8,749
Related parties (Note 6)	**5,144**	22,475	**28**	191
Related companies (Note 5)	**13,919**	–	**–**	–
Outside parties	**7,039**	5,205	**90**	111
Prepayments	**31,356**	30,282	**34**	22
Deposits	**1,362**	5,114	**141**	66
	179,980	130,058	**356,963**	336,356
Less: Allowance for doubtful other receivables	**(5,118)**	(5,143)	**(214,131)**	(214,131)
	174,862	124,915	**142,832**	122,225
Movements in allowance for impairment of receivables:				
At the beginning of year/period	**5,143**	–	**214,131**	–
Written off during the year/period	**(1,643)**	–	**–**	–
Charge for the year/period	**1,618**	5,143	**–**	214,131
At end of year/period	**5,118**	5,143	**214,131**	214,131

For the financial period ended 31 March 2017, the Group recognised an impairment loss of US$1,135,000, US$3,500,000 and US$508,000 in relation to receivables from a certain joint venture, related parties and third parties respectively as management is of the view that these receivables are not recoverable in the foreseeable future. The Company also recognised an impairment loss of US$214,131,000 in 2017 in relation to receivables from certain subsidiary corporations following a significant change in the credit quality of these balances.

During the financial year ended 31 March 2018, the Group has written off the allowance for doubtful other receivables of US$1,135,000 and US$508,000 for balances previously provided on a certain joint venture and third parties respectively. The Group recognised an impairment loss of US$1,618,000 for balances from related parties in 2018.

9 OTHER RECEIVABLES (CONT'D)

In addition to the disclosure made in Note 3(ii) with respect to the other receivables due from a related party are debtors with a carrying amount of US$52,425,000 (2017 : US$2,987,000) which are past due for more than 1 month at the end of the reporting period. The remaining balance of US$89,719,000 (2017 : US$86,532,000) is not past due. The Group does not hold any collateral over these balances except for the amount due from its associate which is secured over certain vessels of the associate. The aging of other receivables that are past due but not impaired are as follows:

	Group	
	2018	2017
	US$'000	US$'000
31 to 60 days	**952**	144
61 to 90 days	**4**	–
91 to 120 days	**–**	4
More than 120 days	**51,469**	2,839
Total	**52,425**	2,987

The credit period on these receivables is 30 days (2017 : 30 days) and management regularly reviews its other receivables for impairment, considering the creditworthiness and past collection history of each debtor.

10 INVENTORIES

	Group	
	2018	2017
	US$'000	US$'000
Consumables and spares	**2,936**	1,669

11 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2018	2017
	US$'000	US$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date on uncompleted contracts	**4,845**	12,726
Less: progress payments received and receivables to date	**(4,593)**	(11,220)
Net amount due from contract customers at end of the year/period	**252**	1,506

There are no retention monies held by customers for contract work.

No amounts included in trade receivables and arising from construction contracts are due for settlement after more than 12 months. The revenue recognised from construction contracts is US$360,000 (2017 : US$4,873,000).

12 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Available-for-sale investments, at cost				
Unquoted equity shares[(a)]	**88**	88	**86**	86
Less: Impairment of unquoted equity shares	**(88)**	(88)	**(86)**	(86)
Presented as current asset	**–**	–	**–**	–
Available-for-sale investments, at fair value (Level 3)				
Unquoted preference shares[(b)], presented as:				
– Current asset	**31,729**	31,729	**–**	–

(a) Unquoted equity shares

The unquoted equity shares are stated at cost as it is not practicable to determine with sufficient reliability the fair value of the unquoted investments as there are no quoted market prices for the investments nor are there other methods to reasonably estimate the fair values. As at 31 March 2017, based on management's assessment of the recoverability of the investment, the investment had been fully impaired and an impairment loss of US$88,000 was recognised.

(b) Unquoted preference shares

In 2011, the Group acquired the assets and liabilities from an unrelated party, CSOTL Offshore Limited ("CSOTL"). In the transaction, the vessel owned by CSOTL was transferred to a related party, Resolute Offshore Pte. Ltd. ("ROPL"), in exchange for US$155,000,000 of convertible bonds to be held by the Group. ROPL was subsequently disposed by its original shareholders to one of the Company's major shareholders, Swiber Holdings Limited. Pursuant to the change in shareholders, the convertible bonds were converted to cumulative preference shares issued by ROPL amounting to US$155,000,000.

During the financial period ended 31 March 2017, ROPL redeemed a total of US$13,000,000 of cumulative preference shares from the Group by cash, resulting in a net balance of US$77,200,000. No redemption was made during the financial year ended 31 March 2018.

The unquoted preference shares have been accounted for as an unquoted equity instrument in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The terms and conditions of the unquoted cumulative preference shares are set out below:

(i) Non-convertible;

(ii) Non-voting;

(iii) Dividend rate of 5.2% per annum payable semi-annually at the discretion of issuer. No dividend will be paid on the ordinary shares if payment is not made on the preference share dividends; and

(iv) Right to redeem the preference shares lies with the issuer. Redemption amount comprises of the par value.

12 AVAILABLE-FOR-SALE INVESTMENTS (CONT'D)

The fair value of the unquoted preference shares has been determined using the adjusted net asset method. This involves deriving the fair value of the preference shares by reference to the fair value of its issuer's assets and liabilities. The following table gives information about significant unobservable input used for the year ended 31 March 2018 and 31 March 2017:

Significant unobservable input	**Relationship of unobservable input to fair value**
Fair value of vessel held by the issuer. The fair value of the vessel is determined by reference to transacted prices for similar vessels, adjusted for comparability. The adjustments take into account management's experience and knowledge of the market for such vessels. As the adjustments constitute significant unobservable input, accordingly the entire measurement of the vessel is categorised as an unobservable Level 3 input.	The lower the market value of the vessel, the lower the fair value of the unquoted preference shares.

As disclosed in Note 20, the Group triggered a technical default for a loan with a carrying amount of US$31,729,000. The principal and interest remained outstanding as at 31 March 2018, including the additional interests and penalty payable of US$3,594,000 (2017 : US$1,250,000) arising from the default; and is secured over the vessel held by the issuer of the preference shares.

During the financial period ended 31 March 2017, the Group recognised an impairment loss of US$45,471,000 on its unquoted preference shares subsequent to the completion of a review of fair value of its carrying amount of the asset consequent to the ultimate holding company of the issuer entering into judicial management in July 2016. No further impairment loss is recognised for the financial year ended 31 March 2018.

In view of the above developments, it is the intention of management to dispose the preference shares when appropriate. Accordingly, the preference shares have been presented as current assets.

Reconciliation of fair value measurement of the unquoted preference shares:

	Group	
	2018	2017
	US$'000	US$'000
Cost of available-for-sale investments	**77,200**	90,200
Redemptions during the year/period	**–**	(13,000)
Accumulated impairment recognised	**(45,471)**	(45,471)
Carrying amount	**31,729**	31,729

As the preference shares can be redeemed by the issuer based on the unpaid principal, the fair value of the unquoted preference shares is capped at the unpaid principal as at the end of each reporting period less any impairment losses.

There were no fair value gains or losses recognised in other comprehensive income, sales, purchases, or transfers out of Level 3 for the financial year ended 31 March 2018 and 31 March 2017.

13 INTANGIBLE ASSETS

	Group US$'000
Cost:	
At 1 January 2016, 31 March 2017 and 31 March 2018	3,232
Accumulated amortisation:	
At 1 January 2016	1,077
Amortisation during the year/period	538
At 31 March 2017 and 31 March 2018	1,615
Accumulated impairment:	
Impairment recognised during the period ended 31 March 2017 and balance as at 31 March 2017 and 31 March 2018	1,617
Carrying amount:	
At 31 March 2018 and 31 March 2017	–

The intangible assets included above have finite useful life over which the assets are amortised.

The amortisation period was three years and has been included in "administrative expenses" in profit or loss.

The average remaining amortisation period for these assets in 2017 was 1 year.

For the financial period ended 31 March 2017, the Group recognised impairment loss of US$1,617,000 in exceptional expenses in profit or loss from an assessment of the recoverability of the carrying amount of the asset after the customer group from which the value of the intangible asset was derived from, entered into judicial management in July 2016.

14 PROPERTY, PLANT AND EQUIPMENT

	Computers US$'000	Office furniture and equipment US$'000	Renovation US$'000	Motor vehicles US$'000
Group				
Cost:				
At 1 January 2016	572	301	225	471
Additions	494	211	7	381
Acquisition of subsidiary corporations (Note 39)	4	6	29	–
Disposals/Written off	(106)	(10)	(35)	(394)
Transfers from assets previously classified as held for sale	–	–	–	–
Transfers	–	–	–	–
Exchange differences	11	(1)	11	11
At 31 March 2017	975	507	237	469
Additions	464	621	–	85
Disposals	(19)	(121)	–	–
Written off	–	–	(62)	–
Transfers	–	–	–	–
Exchange differences	20	12	–	–
At 31 March 2018	1,440	1,019	175	554
Accumulated depreciation:				
At 1 January 2016	323	78	125	204
Depreciation for the period	194	133	76	162
Disposals/Written off	(85)	(4)	(6)	(230)
Exchange differences	12	10	10	5
At 31 March 2017	444	217	205	141
Depreciation for the year	133	141	2	110
Disposals	(3)	(9)	–	–
Written off	–	–	(58)	–
Exchange differences	20	–	–	–
At 31 March 2018	594	349	149	251
Accumulated impairment:				
At 1 January 2016	–	–	–	–
Impairment charge for the period	–	3	23	–
At 31 March 2017	–	3	23	–
Impairment charge for the year	–	–	–	–
Disposals	–	–	–	–
Reversal	–	–	–	–
At 31 March 2018	–	3	23	–
Carrying amount:				
At 31 March 2018	846	667	3	303
At 31 March 2017	531	287	9	328

Vessels US$'000	Dry-docking US$'000	Plant and machineries US$'000	Leasehold building US$'000	Construction-in-progress US$'000	Total US$'000
121,767	7,429	9,412	16,773	20,185	177,135
132,679	452	–	334	6,279	140,837
138,980	345	–	–	–	139,364
(5,249)	(877)	(1,674)	–	–	(8,345)
94,362	–	–	–	–	94,362
19,918	–	–	–	(19,918)	–
(128)	155	160	153	–	372
502,329	7,504	7,898	17,260	6,546	543,725
139	527	–	120	3,611	5,567
(112,644)	(301)	–	–	–	(113,085)
–	–	–	–	–	(62)
–	–	–	245	(245)	–
–	36	399	–	–	467
389,824	7,766	8,297	17,625	9,912	436,612
10,964	1,042	2,835	557	–	16,128
21,202	1,235	1,734	1,484	–	26,220
(717)	(407)	(888)	–	–	(2,337)
12	–	199	(101)	–	147
31,461	1,870	3,880	1,940	–	40,158
11,663	1,001	442	751	–	14,243
(9,672)	(117)	–	–	–	(9,801)
–	–	–	–	–	(58)
–	34	411	13	–	478
33,452	2,788	4,733	2,704	–	45,020
–	–	–	–	–	–
126,422	–	3,478	121	1,287	131,334
126,422	–	3,478	121	1,287	131,334
1,200	–	–	–	–	1,200
(13,147)	–	–	–	–	(13,147)
–	–	(13)	–	–	(13)
114,475	–	3,465	121	1,287	119,374
241,897	4,978	99	14,800	8,625	272,218
344,446	5,634	540	15,199	5,259	372,233

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain of the Group's property, plant and equipment with a total carrying amount of US$261,774,000 (2017 : US$364,531,000) were mortgaged to financial institutions for facilities granted. The carrying amount of the Group's property, plant and equipment includes an amount of US$11,000 (2017 : US$186,000) secured in respect of assets held under finance leases (Note 23). The leasehold building is located in Batam, Indonesia.

As at 31 March 2018, the Group recorded an impairment loss of US$1,200,000 (2017 : US$131,334,000) on the carrying amount of its property, plant and equipment (Note 33). This resulted from external market valuations that management obtained in 2018 and 2017 on certain of its assets and completion of its right-sizing efforts as announced by the Group in 2017. The external market valuations were based on comparison value of similar assets.

	Computers US$'000	Office furniture and equipment US$'000	Motor vehicle US$'000	Renovation US$'000	Total US$'000
Company					
Cost:					
At 1 January 2016	8	25	–	130	163
Additions	1	–	111	–	112
At 31 March 2017 and 31 March 2018	9	25	111	130	275
Accumulated depreciation:					
At 1 January 2016	6	11	–	89	106
Depreciation for the period	2	8	12	40	62
At 31 March 2017	8	19	12	129	168
Depreciation for the year	1	5	16	1	23
At 31 March 2018	9	24	28	130	191
Carrying amount:					
At 31 March 2018	–	1	83	–	84
At 31 March 2017	1	6	99	1	107

15 SUBSIDIARY CORPORATIONS

	Company 2018 US$'000	Company 2017 US$'000
Unquoted equity shares, at cost	**29,566**	29,517
Accumulated impairment loss	**(29,412)**	(29,412)
Carrying amount	**154**	105

For the financial period ended 31 March 2017, impairment loss of US$29,412,000 was recognised after management completed its assessment of the recoverable amount in these investments in the foreseeable future by comparing to the carrying amount of net assets in each subsidiary corporation which approximates the market value less cost to sell. No additional impairment loss was recognised for the financial year ended 31 March 2018.

Details of the key subsidiary corporations are as follows:

Name of subsidiary corporation	Country of incorporation and operation	Proportion of ownership interest and voting power held 2018 %	2017 %	Principal activity
Resolute Pte. Ltd.(1)	Singapore	**51**	51	Investment holding
Vallianz International Pte. Ltd.(1)	Singapore	**100**	100	Investment holding
Vallianz Corporate Services Pte. Ltd.(1)	Singapore	**100**	100	Provision of corporate services
Vallianz Investment Capital Pte. Ltd.(7)(8)	Singapore	**100**	–	Investment holding
Vallianz Marine Mexico S.A. De C.V(8)	Mexico	**49**	49	Vessel ownership and chartering
<u>Held by Vallianz International Pte. Ltd.</u>				
Samson Marine Pte. Ltd.(1)	Singapore	**100**	100	Vessel ownership and chartering
Vallianz Marine Pte. Ltd.(1)	Singapore	**100**	100	Vessel ownership and chartering
Vallianz Offshore Marine Pte. Ltd.(1)	Singapore	**100**	100	Vessel management and chartering
Vallianz Shipbuilding & Engineering Pte. Ltd.(1)	Singapore	**100**	100	Provision of shipyard and engineering services
Newcruz International Pte. Ltd.(2)	Singapore	**100**	100	Investment holding
Rawabi Vallianz Offshore Services Company Limited(3)(6)	Kingdom of Saudi Arabia	**50**	50	Provision of offshore marine support services
OER Holdings Pte. Ltd.(2)	Singapore	**100**	100	Investment holding
Samson Engineering Limited(4)	Labuan, Malaysia	**100**	100	Provision of shipbuilding and engineering services
RI Capital Holdings Pte. Ltd.(2)	Singapore	**100**	100	Investment holding
Holmen Heavylift Offshore Pte. Ltd.(2)(5)	Singapore	**75**	75	Investment holding

15 SUBSIDIARY CORPORATIONS (CONT'D)

Name of subsidiary corporation	Country of incorporation and operation	Proportion of ownership interest and voting power held 2018 %	2017 %	Principal activity
<u>Held by Vallianz Shipping and Engineering Pte. Ltd.</u>				
Jetlee Shipbuilding & Engineering Pte. Ltd.[(2)]	Singapore	**100**	100	Provision of shipyard and engineering services
<u>Held by Holmen Heavylift Offshore Pte. Ltd.</u>				
Holmen Arctic Pte. Ltd.[(2)(5)]	Singapore	**75**	75	Vessel ownership and chartering
Holmen Atlantic Pte. Ltd.[(2)(5)]	Singapore	**75**	75	Vessel ownership and chartering
Holmen Pacific LLC[(2)(5)]	Marshall Island	**75**	75	Vessel ownership and chartering
<u>Held by OER Holdings Pte. Ltd.</u>				
Offshore Engineering Resources Pte. Ltd.[(2)]	Singapore	100	100	Crewing management
OER Services Pte. Ltd.[(2)]	Singapore	100	100	Crewing management
<u>Held by Newcruz International Pte. Ltd.</u>				
Newcruz Shipbuilding & Engineering Pte. Ltd.[(2)]	Singapore	100	100	Manufacture, assembly and repair of ships and vessels

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by Nexia TS Public Accounting Corporation, Singapore.

(3) Audited by PricewaterhouseCoopers, Kingdom of Saudi Arabia.

(4) Reviewed by Deloitte & Touche LLP, Singapore for purposes of consolidation.

(5) Acquired on 1 April 2016.

(6) The Group has acquired all of the economic benefits of Rawabi Vallianz Offshore Services Company Limited ("RVOS") with effect from 1 January 2014. Accordingly, the Group has consolidated the results of RVOS and there is no profit or loss allocated to non-controlling shareholders. The non-controlling interest remains at the same amount as the date of acquisition.

(7) Incorporated on 28 November 2017 in Singapore.

(8) Exempted from preparing audited financial statements.

15 SUBSIDIARY CORPORATIONS (CONT'D)

Information about the material wholly-owned subsidiary corporations of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation	Number of material wholly-owned subsidiary corporations 2018	2017
Vessel ownership and chartering	Singapore	**2**	2
Vessel management and chartering	Singapore	**1**	1
Provision of offshore marine support services	Kingdom of Saudi Arabia	**1**	1
Investment holding	Singapore	**5**	4
Provision of corporate services	Singapore	**1**	1
Provision of shipbuilding/shipyard and engineering services	Singapore	**2**	2
Manufacture, assembly and repair of ships and vessels	Singapore	**1**	1
Crewing management	Singapore	**2**	2
		15	14

Details of non-wholly owned subsidiary corporations that have material non-controlling interests to the Group are as disclosed below.

Name of subsidiary corporation	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2018 %	2017 %	Loss allocated to non-controlling interests 2018 US$'000	2017 US$'000	Accumulated non-controlling interests 2018 US$'000	2017 US$'000
Resolute Pte. Ltd.	Singapore	**49**	49	**(780)**	(21,993)	**3,038**	3,818
Vallianz Marine Mexico, S.A De C.V	Mexico	**51**	51	**(4,337)**	966	**(3,373)**	964
Holmen Group[1]	Singapore	**25**	25	**(7)**	(13,259)	**(11,143)**	(11,136)
Rawabi Vallianz Offshore Services Company Limited[2]	Kingdom of Saudi Arabia	**50**	50	**–**	–	**3,718**	3,718
				(5,124)	(34,286)	**(7,760)**	(2,636)

(1) Acquired on 1 April 2016 and comprises the following entities:
(a) Holmen Heavylift Offshore Pte. Ltd. (incorporated in Singapore),
(b) Holmen Arctic Pte. Ltd. (incorporated in Singapore),
(c) Holmen Atlantic Pte. Ltd. (incorporated in Singapore), and
(d) Holmen Pacific LLC (incorporated in Marshall Islands).

(2) The Group has acquired all of the economic benefits of Rawabi Vallianz Offshore Services Company Limited ("RVOS") with effect from 1 January 2014. Accordingly, the Group has consolidated the results of RVOS and there is no profit or loss allocated to non-controlling shareholders. The non-controlling interest remains at the same amount as at the date of acquisition.

15 SUBSIDIARY CORPORATIONS (CONT'D)

Summarised financial information in respect of each of the Group's subsidiary corporations that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Vallianz Marine Mexico, S.A De C.V		Holmen Group		Resolute Pte. Ltd.	
	2018	2017	**2018**	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Current assets	**3,463**	12,129	**47,720**	45,259	**34,960**	34,960
Non-current assets	**–**	20,688	**58,366**	59,951	**–**	–
Current liabilities	**(10,077)**	(8,163)	**(61,120)**	(59,082)	**(28,760)**	(27,168)
Non-current liabilities	**–**	(22,764)	**(89,537)**	(90,672)	**–**	–
Equity attributable to owners of the Group	**(3,241)**	926	**(33,428)**	(33,408)	**3,162**	3,974
Non-controlling interests	**(3,373)**	964	**(11,143)**	(11,136)	**3,038**	3,818

	Vallianz Marine Mexico, S.A De C.V		Holmen Group		Resolute Pte. Ltd.	
	2018	2017	**2018**	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Revenue	**442**	5,310	**8,187**	31,234	**–**	3,206
Expenses	**(8,946)**	(3,416)	**(8,214)**	(84,269)	**(1,591)**	(48,090)
Loss for the year/period	**(8,504)**	1,894	**(27)**	(53,035)	**(1,591)**	(44,884)
Loss attributable to owners of the Group	**(4,167)**	928	**(20)**	(39,776)	**(811)**	(22,891)
Loss attributable to the non-controlling interests	**(4,337)**	966	**(7)**	(13,259)	**(780)**	(21,993)
Loss for the year/period	**(8,504)**	1,894	**(27)**	(53,035)	**(1,591)**	(44,884)
Net cash inflow (outflow) from operating activities	**1,959**	2,106	**2,559**	3,888	**(50)**	(6,760)
Net cash inflow from investing activities	**–**	(4)	**–**	2,209	**–**	–
Net cash (outflow) inflow from financing activities	**(1,926)**	(2,819)	**(2,535)**	(18,289)	**–**	6,724
Net cash inflow (outflow)	**33**	(717)	24	(12,192)	**(50)**	(36)

As at 31 March 2018, the Company provided financial support of US$212,874,000 (2017 : US$129,013,000) to certain subsidiary corporations who were in a net current liability position.

16 JOINT VENTURES

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Unquoted shares, at cost	**4,390**	4,390	**67**	67
Deemed investment[(1)]	**68,541**	56,002	**68,463**	55,924
	72,931	60,392	**68,530**	55,991
Share of post-acquisition results, net of dividend received	**(1,721)**	(486)	**–**	–
Accumulated impairment loss	**(5,880)**	(5,880)	**–**	–
Carrying amount	**65,330**	54,026	**68,530**	55,991

(1) Deemed investment in a joint venture mainly arises from an equity loan provided to the joint venture and funding for the purchase of vessels.

The impairment of investment recognised on a joint venture company, other than the material joint venture as disclosed below, is the result of the Group completing its assessment of the recoverability in the investment by comparing to the carrying amount of net assets of the joint venture which approximated the market value less costs to sell.

Details of the material joint venture is as follows:

Name of material joint venture	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2018	2017	
		%	%	
Rawabi Vallianz International Company Limited[(1)]	Kingdom of Saudi Arabia	**50**	50	Provision of offshore marine services

(1) Audited by Pricewaterhouse Coopers, Saudi Arabia.

16 JOINT VENTURES (CONT'D)

Summarised financial information in respect of the material joint venture is set out below:

	Rawabi Vallianz International Company Limited	
	2018	2017
	US$'000	US$'000
Current assets	**12,830**	32,138
Non-current assets	**680,657**	529,201
Current liabilities	**(83,959)**	(80,135)
Non-current liabilities	**(478,867)**	(373,152)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**12,766**	12,447
Current financial liabilities (excluding trade and other payables and provisions)	**41,969**	35,261

Summarised financial information in respect of the material joint venture is set out below:

	Rawabi Vallianz International Company Limited	
	2018	2017
	US$'000	US$'000
Revenue	**44,512**	56,393
Loss for the year/period	**(2,470)**	(972)
The above loss for the year/period include the following:		
Interest expense	**16,778**	20,226
Income tax expense	**3,436**	1,099

Reconciliation of the above summarised financial information to the carrying amount of the interest in Rawabi Vallianz International Company Limited recognised in the consolidated financial statements:

	Group	
	2018	2017
	US$'000	US$'000
Net assets of the joint venture	**130,661**	108,052
Proportion of the Group's ownership interest in the joint venture	**50%**	50%
Carrying amount of the Group's interest	**65,330**	54,026

17 ASSOCIATE

	Group 2018 US$'000	Group 2017 US$'000
Unquoted equity shares, at cost	**15,623**	15,623
Accumulated impairment loss	**(13,389)**	(13,389)
Share of post-acquisition results and reserves	**(2,234)**	(2,234)
Carrying amounts	**–**	–

Name of associate	Country of incorporation and operation	Proportion of ownership interest and voting power held 2018 %	Proportion of ownership interest and voting power held 2017 %	Principal activity
PT Vallianz Offshore Maritim[1]	Indonesia	**49**	49	Provision of offshore marine support services

Notes:

[1] Audited by Pricewaterhouse Coopers, Indonesia (2017 : Ernst & Young, Indonesia).

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRS.

	Group 2018 US$'000	Group 2017 US$'000
Current assets	**6,487**	37,254
Non-current assets	**130,784**	128,409
Current liabilities	**(111,288)**	(59,805)
Non-current liabilities	**(21,370)**	(94,718)
Revenue	**12,892**	22,300
Loss for the year/period	**(7,484)**	(5,926)
Other comprehensive (loss)/income for the year/period	**(2)**	45
Total comprehensive loss for the year/period	**(7,486)**	(5,881)

17 ASSOCIATE (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in PT Vallianz Offshore Maritim recognised in the consolidated financial statements:

	Group	
	2018	2017
	US$'000	US$'000
Net assets of the associate	**4,613**	11,140
Proportion of the Group's ownership interest in PT Vallianz Offshore Maritim	**49%**	49%
	2,260	5,459
Goodwill	**7,930**	7,930
Carrying amount of the Group's interest	**10,190**	13,389

During the financial period ended 31 March 2017, the associate has been fully impaired after the Group completed its assessment of the recoverability in the investment taking into consideration the net assets of the associate and the financial performance of the associate.

18 GOODWILL

	Group	
	2018	2017
	US$'000	US$'000
Balance at beginning of the year/period	**9,171**	9,171
Accumulated impairment loss	**(9,171)**	(9,171)
Balance at end of the year/period	**–**	–

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination.

The carrying amount of goodwill arose solely from the acquisition of Offshore Engineering Resources Pte. Ltd. and its subsidiary corporations ("OER Group"), a single CGU in the vessel management and services segment.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates during the period. Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the financial period ended 31 March 2017, the Group completed its right-sizing initiatives and the cessation of business operations in relation to crew management services for OER Group. Consequently, an impairment loss of US$9,171,000 was recognised (Note 33), resulting in the goodwill being fully impaired in 2017.

19 DEFERRED TAX

	Group 2018 US$'000	Group 2017 US$'000
Deferred tax liabilities	**(4,652)**	(4,010)

The movement in deferred tax (assets) and liabilities is as follows:

	Group			
	Others US$'000	Accelerated tax depreciation US$'000	Fair value adjustment US$'000	Total US$'000
At 1 January 2016	(242)	5,800	3,156	8,714
Charge (Credit) to profit or loss (Note 35)	242	(1,790)	(3,156)	(4,704)
At 31 March 2017	–	4,010	–	4,010
Charge (Credit) to profit or loss (Note 35)	–	631	–	631
Effects of currency translation difference	–	11	–	11
At 31 March 2018	–	4,652	–	4,652

Temporary differences arising in connection with interests in associate and joint venture are insignificant.

At the end of the reporting period, the aggregate amount of temporary differences associated with unremitted earnings of subsidiary corporations for which deferred tax liabilities have not been recognised is US$51,561,000 (2017 : US$33,918,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

20 TERM LOANS

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Loans	**246,198**	340,629	**–**	4,823
Less : Amount due for settlement within 12 months (shown under current liabilities)	**(91,056)**	(64,903)	**–**	(4,823)
Amount due for settlement after 12 months	**155,142**	275,726	**–**	–
– Within 2 to 5 years	**152,529**	143,152	**–**	–
– After 5 years	**2,613**	132,574	**–**	–
Amount due for settlement after 12 months	**155,142**	275,726	**–**	–

In 2018 and 2017, the Group has various bank loans with repayment terms of up to August 2025.

The carrying amount of floating rate loans amounting to US$243,532,000 (2017 : US$332,586,000) approximates the fair value as the interest rates approximate the prevailing market rates. Management estimates the fair value of the Group's fixed rate borrowings with carrying amount of US$2,666,000 (2017 : US$8,043,000), by discounting their future cash flows at the market rate, to be US$2,558,000 (2017 : US$7,997,000). This fair value measurement is categorised as Level 3 within the fair value hierarchy.

20 TERM LOANS (CONT'D)

The bank loans are secured by:

(i) mortgage over the property, vessels and equipment of the Group (Note 14) and a vessel held by a related company of a corporate shareholder;

(ii) assignment of marine insurances in respect of some of the vessels mentioned above;

(iii) monies pledged (Note 7);

(iv) assignment of earnings/charter proceeds in respect of certain vessels mentioned above;

(v) corporate guarantees from the Company [Note 4(b) (iii)] and a corporate shareholder of the Group;

(vi) the unquoted preference shares held by the Group (Note 12); and

(vii) shares in subsidiary corporations incorporated in Singapore.

On 10 March 2017, the Group entered into a framework agreement (the "Agreement") with certain lenders, (the "Lenders") to refinance some of its existing borrowings of approximately US$163,200,000. Pursuant to the Agreement, the profile of the borrowings with the lenders was restructured to a repayment term of approximately 7.2 years (2017 : 8.2 years) from an average of 4.8 years (2017 : 5.8 years) previously and the maturity of these borrowings were extended to December 2022.

As at 31 March 2017, a non-repayment of the instalment payment of US$31,729,000 by a subsidiary corporation triggered a technical default of its loan arrangement. The loan is also secured by the mortgage of a vessel held by a related company of a major shareholder. Accordingly, the amount has been presented as current liabilities on the consolidated statement of financial position since 31 March 2017.

The table below details changes in the Group's liabilities arising from financial activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes	
	April 1, 2017	**Financing cash flow[i]**	**Foreign exchange movement**	**March 31, 2018**
	US$'000	US$'000	US$'000	US$'000
Term loans (Note 20)	340,629	(94,431)	–	246,198
Finance lease payables (Note 23)	186	(175)	–	11
	340,815	(94,606)	–	246,209

[i] The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

21 TRADE PAYABLES

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Associate (Note 6)	**–**	10,759	**–**	–
Related parties (Note 6)	**–**	3,653	**–**	–
Outside parties	**33,037**	40,067	**25**	–
Deferred income	**–**	8,008	**–**	–
	33,037	62,487	**25**	–

The average credit period on trade payables was 30 days (2017 : 30 days) and no interest is charged on the balances.

22 OTHER PAYABLES

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Ultimate holding company (Note 5)	**–**	–	**70**	–
Subsidiary corporations (Note 5)	**–**	–	**136,762**	106,461
Related parties (Note 6)	**1,138**	50,036	**2,079**	30,561
Accruals	**37,951**	77,191	**1,299**	933
Associate (Note 6)	**–**	–	**250**	250
Outside parties	**26,067**	9,695	**2,948**	1,292
	65,156	136,922	**143,408**	139,497

The average credit period on other payables is 30 days (2017 : 30 days) and no interest is charged on the balances except for an amount due to a financial institution of US$1,933,000 (2017 : US$Nil) with an effective interest rate of 7.98% per annum.

23 FINANCE LEASE PAYABLES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Amounts payable under finance leases:				
Within one year	**5**	189	**5**	186
In the second to fifth years inclusive	**7**	–	**6**	–
	12	189	**11**	186
Less: Future finance charges	**(1)**	(3)	**–**	–
Present value of lease obligations	**11**	186	**11**	186
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(5)**	(186)
Amount due for settlement after 12 months			**6**	–

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of lease terms.

The lease term approximates 3 year (2017 : 1 year). The average effective borrowing rate is 7.24% (2017 : 1.40%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

24 DERIVATIVE FINANCIAL INSTRUMENTS

The Group engaged in interest rate swaps to manage its exposure to varying interest rates. A gain on derivative instrument of US$45,000 (2017 : US$1,295,000) was recognised to the statement of profit or loss for the year/period. However, as the fair values of these swaps are not material to these financial statements, no further disclosures are made.

25 SHARE CAPITAL

	Group and Company			
	2018	2017	**2018**	2017
	'000	'000	**US$'000**	US$'000
	Number of ordinary shares			
Issued and paid up:				
At the beginning of the year/period	**4,322,800**	3,345,012	**203,918**	185,338
Issuance of settlement shares to certain trade creditors[i]	**156,261**	451,122	**2,258**	7,549
Issuance of new shares	**–**	350,000	**–**	4,929
Issuance of rights share (Note 30)[ii]	**4,479,061**	–	**51,468**	–
Issuance of warrant share (Note 30)[iii]	**7,456,322**	–	**85,964**	–
Performance shares awarded (Note 29)	**104,667**	51,666	**1,258**	1,847
Issuance of consideration shares for the acquisition of OER Group in 2014	**–**	125,000	**–**	4,255
At the end of year/period	**16,519,111**	4,322,800	**344,866**	203,918

(i) In 2018, 156,261,000 (2017 : 451,122,000) ordinary shares are issued to certain trade creditors of the Company for the settlement of debts and acquisition of property, plant and equipment.

(ii) The issuance of rights share includes 3,044,505,000 rights, 903,535,000 rights and 531,021,000 rights subscribed by Rawabi Holding Company Limited ("RHCL"), a corporate shareholder placed under judicial management and other shareholders of the Company respectively.

(iii) The issuance of warrant share includes 5,810,307,000 warrants, 1,646,001,000 warrants and 14,000 warrants exercised by RHCL, a corporate shareholder placed under judicial management and other shareholders of the Company.

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

The new shares issue during the year are ranked pari passu with the existing ordinary shares of the Company.

26 PERPETUAL CAPITAL SECURITIES

In 2014, the Company issued Perpetual Capital Securities amounting to US$22,500,000 as partial settlement for consideration of certain acquisitions to a corporate shareholder.

Holders of the US$22,500,000 of perpetual capital securities are conferred a right to receive distribution, which are declared at the Company's discretion, on a semi-annual basis from their issue date at the rate of 4.0% per annum, subject to a step-up rate of 7% from 30 December 2017.

The perpetual capital securities have no fixed maturity and are redeemable in whole, or in part, at the Company's option on or after 30 December 2017 at their principal amount together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company, will not declare, pay dividends or make similar periodic payments in respects of, or repurchase, redeem or otherwise acquire any securities of lower rank.

The Company has not redeemed in whole, or in part, the Perpetual Capital Securities after 30 December 2017, and has exercised its rights under the terms and conditions of the Perpetual Capital Securities to defer the payment of distribution for the Perpetual Capital Securities until further notice by the Company.

27 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's subsidiary corporations into United States dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them is a separate component of equity under the header of foreign currency translation reserve.

Movement in translation reserve is as follows:

	Group	
	2018	2017
	US$'000	US$'000
At beginning of the year/period	**1,045**	1,440
Net currency translation differences of financial statements of foreign subsidiary corporations	**(1,019)**	(395)
At end of the year/period	**26**	1,045

28 HEDGING RESERVE

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss.

Movement in hedging reserve is as follows:

	Group and Company	
	2018	2017
	US$'000	US$'000
At beginning of the year/period	**–**	1,945
Changes during the year in other comprehensive income	**–**	3,121
Reclassification to profit or loss on cash flow hedge	**–**	(5,066)
At end of the year/period	**–**	–

29 SHARE OPTIONS RESERVE

The share options reserve arises on the grant of share options and share awards to directors and employees under the following share-based payment arrangements:

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Company. The scheme is administered by the Remuneration Committee.

Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three consecutive trading days preceding the date of grant. A one year vesting period is typically required commencing from the first date of grant if offer price is not at a discount; a two years vesting period is required if the offer price is at a discount. The options shall be exercised before the tenth anniversary of the date of grant, or such earlier date as may be determined by the Committee. The unvested options shall lapse upon the employee ceasing to be employed by the Company or its subsidiary corporations.

Details of the share options outstanding during the period/year are as follows:

	Group and Company			
	Number of share options		Weighted average exercise price	
	2018	2017	**2018** S$	2017 S$
Outstanding at the beginning of the year/period	**4,000,000**	29,000,000	**0.053**	0.116
Cancelled during the year/period	**–**	(25,000,000)	**–**	0.116
Outstanding at the end of the year/period	**4,000,000**	4,000,000	**0.053**	0.053
Exercisable at the end of the year/period	**4,000,000**	4,000,000	**0.053**	0.053

On 14 May 2013, options to subscribe for 9,000,000 ordinary shares of the Company at an exercise price of S$0.053 per ordinary share were granted pursuant to the scheme. The options have a one year vesting period and are exercisable from 14 May 2014 and will expire on 13 May 2018.

The estimated fair value of the option granted on 14 May 2013 and 7 May 2014, determined using the Black-Scholes pricing model, was US$0.015 and US$0.089 respectively per option. The significant inputs in the model were as follows:

	2014	2013
Weighted average share price	**S$0.144**	S$0.052
Weighted average exercise price	**S$0.145**	S$0.053
Expected volatility	**59.56%**	69.67%
Expected life	**9 years**	2 years
Risk-free rate	**0.25%**	0.25%

A total of 25,000,000 share options at an exercise price of S$0.053 per ordinary share, granted on 14 May 2013 and 7 May 2014, were cancelled due to the cessation of Raymond Goh as Non-Executive Director and Chairman of the Board of Directors on 27 July 2016. The reversal of US$84,000 (2017 : US$1,496,000) of share option reserve was recognised in the profit or loss in the current year (Note 32).

Expected volatility for both financial years was determined by reference to the historical volatility of the Company's share price over the past two years.

The options outstanding at the end of the financial period have a remaining contractual life of 0.13 years (2017 : 1.13 years) and have exercise price of US$0.053 (2017 : US$0.053).

No options were granted or exercised in 2018 and in 2017.

29 SHARE OPTIONS RESERVE (CONT'D)

Share awards

Share awards may be granted to directors and employees of the Group under the Vallianz Performance Share Plan.

The movement of the share awards is as follows:

Date of grant	Balance at 1 April 2017	Granted	Vested	Cancelled	Balance at 31 March 2018
14 November 2016	75,000,000	–	(69,000,000)	(6,000,000)	–
25 August 2017	–	110,000,000	(35,666,675)	(6,333,333)	67,999,992
	75,000,000	110,000,000	(104,666,675)	(12,333,333)	67,999,992

On 14 November 2016, 75,000,000 ordinary shares of the Company were granted pursuant to the plan. These share awards vested on 13 November 2017. On 25 August 2017, 110,000,000 ordinary shares of the Company were granted pursuant to the plan. One third of the share awards shall be vested on 1 January 2018, 30 June 2018 and 31 December 2018 respectively.

The fair value of these share awards was determined based on the share price of S$0.012 (2017 : S$0.019) at the grant date.

The Group and Company recognised share-based payment expenses of US$1,300,000 (2017 : US$1,303,000) related to the equity-settled share plan in the profit or loss during the year.

30 SHAREHOLDER'S ADVANCES

Pursuant to the loan agreement entered into with Rawabi Holding Company Limited ("RHCL") in 2016, the Company is entitled to elect repayment of the loan amounted to US$102,087,000 million outstanding as at 31 March 2017 via issuance of equity shares in the Company.

On 24 May 2017, the Group entered into a set-off and settlement agreement ("RHCL SOSA") with RHCL (Note 5) which stipulated the key terms and the loan agreement was superseded. Concurrently, the Group entered into a separate set-off and settlement agreement ("SHL SOSA") with another corporate shareholder (who is placed under judicial management) for the repayment of net owing via issuance of equity shares in the Company.

Pursuant to RHCL SOSA's Irrevocable Undertaking, RHCL has subscribed for its *pro rata* entitlement of 672,000,000 Rights Shares with 1,344,000,000 Warrants, as well as 2,372,505,000 Excess Rights Shares with 4,745,010,000 Warrants. RHCL had exercised 5,810,307,000 Warrants out of 6,089,010,000 Warrants allotted to it into New Shares, for a total subscription amount of US$66,987,000. This, together with the subscription of the Rights cum Warrants Issue of US$35,100,000, had been used to fully set-off against all the Shareholder's Advances totalling US$102,087,000 pursuant to the RHCL SOSA. As a result of the RHCL SOSA, RHCL gained controlling interest in the Company as at year end.

Pursuant to SHL SOSA, the corporate shareholder (who is placed under judicial management) has subscribed for its *pro rata* entitlement of 903,535,000 Rights Shares with 1,807,070,000 Warrants. The shareholder had exercised 1,646,001,000 out of 1,807,070,000 Warrants allotted to it into New Shares, for a total subscription amount of US$18,977,000. This, together with the subscription of the Rights cum Warrants Issue of US$10,417,000, had been used to set-off against payables amounted to US$29,394,000 pursuant to the SHL SOSA. As at 31 March 2018, the Group has off-set trade and other receivables for balances as at 31 December 2016 amounted to US$72,480,000 and US$21,238,000 against trade and other payables amounted to US$8,258,000 and US$92,248,000, with net owing of US$6,788,000 being reclassified from "Current Liabilities" to "Equity" as the settlement of the net balance is expected to be via the issuance of a fixed number of shares in the Company under the SHL SOSA.

31 REVENUE

	Group	
	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Charter hire and brokerage income	**152,662**	207,453
Dividend income	**–**	3,206
Vessel management income	**31,675**	37,169
	184,337	247,828

32 OTHER INCOME AND EXPENSE, NET

	Group	
	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Net foreign exchange gain (loss)	**682**	(2,757)
Gain (Loss) on disposal of property, plant and equipment	**5,773**	(1,768)
Assets written off	**(5)**	–
Allowance for doubtful trade and other receivables (Notes 8 and 9)	**(977)**	–
Bad debt written off	**(5)**	–
Impairment of property, plant and equipment (Note 14)	**(1,200)**	–
Fair value gain of derivative financial instruments (Note 24)	**45**	1,000
Forfeiture of performance shares award	**84**	1,496
Others	**1,287**	4,998
	5,684	2,969

33 EXCEPTIONAL ITEMS

	Group	
	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Bad debt written off	**5,934**	–
Allowance for doubtful trade and other receivables (Notes 8 and 9)	**–**	7,604
Impairment of available for sale investment (Note 12)	**–**	45,559
Impairment of intangible assets (Note 13)	**–**	1,617
Impairment of property, plant and equipment (Note 14)	**–**	131,334
Impairment of investment in joint venture and associate (Notes 16 and 17)	**–**	19,269
Impairment of goodwill (Note 18)	**–**	9,171
	5,934	214,554

34 FINANCE COSTS

These comprise interest on loans, amortised facility fees and interest on obligations under finance leases paid to outside parties.

35 INCOME TAX EXPENSE (CREDIT)

	Group	
	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Current income tax		
– charge to profit or loss	**662**	1,134
– underprovision in prior year/period	**1,890**	1,257
Deferred income tax		
– charge (credit) to profit or loss	**763**	(3,642)
– overprovision in prior year/period	**(132)**	(1,062)
Total	**3,183**	(2,313)

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable profit for the year/period. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Six of its Singapore subsidiary corporations (2017: three of its Singapore subsidiary corporations) earned shipping income from the charter of ships and are exempted from tax under Section 13A of the Singapore Income Tax Act.

The total charge (credit) for the year/period can be reconciled to the accounting profit (loss) as follows:

	Group	
	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Profit (Loss) before tax	**14,724**	(194,846)
Income tax expense calculated at 17%	**2,503**	(33,124)
Effect of expenses that are not deductible	**9,421**	42,020
Effect of income that are not subjected to tax	**(9,607)**	(6,036)
Effect of different tax rates of subsidiary corporations operating in other jurisdictions	**(2,835)**	(5,072)
Tax losses not carried forward	**5**	74
Underprovision of income tax in prior year/period	**1,890**	1,257
Overprovision of deferred tax in prior year/period	**(132)**	(1,062)
Utilisation of deferred tax asset previously not recognised	**–**	(392)
Deferred tax benefit not recognised	**1,078**	787
Others	**860**	(765)
Total	**3,183**	(2,313)

Subject to agreement with the relevant tax authorities, the Group has estimated tax losses carry forwards which are available for offsetting against future taxable income as follows:

	Group	
	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Amount at beginning of year/period	**9,046**	4,417
Arising during current year/period	**6,341**	4,629
Amount at end of year/period	**15,387**	9,046
Deferred tax benefit on above not recorded	**2,616**	1,538

No deferred tax asset has been recognised on the above due to the unpredictability of future profit streams.

36 PROFIT (LOSS) FOR THE YEAR/PERIOD

Profit (Loss) for the year/period has been arrived at after charging (crediting):

	Group	
	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Audit fees to auditors of the Company	**163**	147
Audit fees to other auditors of the Group	**114**	150
Depreciation of property, plant and equipment (Note 14)	**14,243**	26,220
Amortisation of intangible assets (Note 13)	**–**	538
Directors' remuneration (including directors' fees)	**1,267**	1,408
Employee benefits expense (including directors' remuneration)	**9,121**	20,487
Defined contribution benefits included in employee benefits expense	**190**	244
Share-based payment expense included in employee benefits expense (Note 29)	**1,300**	1,303
Net foreign exchange gain (loss)	**682**	(2,757)
Gain (Loss) on disposal of property, plant and equipment	**5,773**	(1,768)
Assets written off	**5**	–
Fair value gain of derivative financial instruments (Note 24)	**45**	1,000
Forfeiture of performance shares award	**84**	1,496
Bad debt written off	**5,939**	–
Allowance for doubtful trade and other receivables (Notes 8 and 9)	**977**	7,604
Impairment of available for sale investment (Note 12)	**–**	45,559
Impairment of intangible assets (Note 13)	**–**	1,617
Impairment of property, plant and equipment (Note 14)	**1,200**	131,334
Impairment of investment in joint venture and associate (Notes 16 and 17)	**–**	19,269
Impairment of goodwill (Note 18)	**–**	9,171

There is no non-audit fee paid to the auditors of the Company for the financial year ended 31 March 2018 and financial period ended 31 March 2017.

37 EARNINGS (LOSS) PER SHARE

	Group	
	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
<u>Earnings (Loss)</u>		
Profit (Loss) for the period/year attributable to owners of the Company	**16,665**	(158,247)
<u>Number of shares ('000)</u>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**7,197,960**	3,613,477
Effect of dilutive potential ordinary shares: Share options, warrants and awards	**1,546,565**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**8,744,525**	3,613,477

	2018 US cents	2017 US cents
Basic earnings (Loss) per share	**0.23**	(4.38)
Diluted earnings (Loss) per share[1]	**0.19**	(4.38)

[1] The diluted loss per share for 2017 is the same as the basic loss per share because the effect of the share options, share awards and potential conversion of shareholder's advance to equity is anti-dilutive.

38 DIVIDENDS

In 2017, the Company paid one-tier, tax exempted final dividends of 0.05 US cents per share totalling US$1,800,000 in respect of the year ended 31 March 2017. No dividend is proposed for the financial year ended 31 March 2018.

39 ACQUISITION OF SUBSIDIARY CORPORATION

In April 2016, Group acquired from a third party for 75,000 ordinary shares of Holmen Heavylift Offshore Pte. Ltd., representing 75% of its issued and paid-up share capital (the "Acquisition") for a purchase consideration of US$6,000,000 to be paid in cash. The Group acquired Holmen primarily to strengthen and value add its core business strategically. The Acquisition has been accounted for by the acquisition method of accounting.

Acquisition-related costs are immaterial compared to the consideration transferred.

Fair value of assets acquired and liabilities assumed from the subsidiary corporation at the date of acquisition:

	US$'000
Current assets	
Cash and cash equivalents	13,274
Trade and other receivables	28,086
Non-current assets	
Property, plant and equipment	139,364
Current liabilities	
Term loans	(24,594)
Trade and other payables	(62,402)
Non-current liabilities	
Term loans	(85,332)
Net assets acquired and liabilities assumed	8,396

The non-controlling interest (25%) in Holmen Group recognised at acquisition date by reference to the net asset of the non-controlling interest amounted to US$2,099,000.

Net cash inflow on acquisition of subsidiary corporation

	US$'000
Consideration paid in cash	(6,000)
Cash and cash equivalent balances acquired	13,274
	7,274

Impact of acquisition on the results of the Group

Revenue and loss for the period from the Acquisition amounted to US$31,234,000 and US$53,035,000 respectively. Had the Acquisition been effected at 1 January 2016, the revenue and loss for the Group would have been US$255,636,000 and US$205,792,000 respectively.

40 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000
Minimum lease payments under operating leases recognised as an expense during the year	**39,093**	17,097

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2018 US$'000	2017 US$'000
Within 1 year	**39,401**	37,989
After 1 year but within 5 years	**55,478**	139,401
	94,879	177,390

Operating lease payments represent rentals payable by the Group for vessels and properties. Leases are negotiated for an average term of five years (2017 : five years) and charter rates are fixed throughout the duration of the lease.

The Group as lessor

The Group hires out its vessels under operating leases. Charter hire income of US$152,495,000 (2017 : US$193,121,000) was earned.

At the end of the reporting period, the Group has contracted with charterers for the following future minimum lease receivable:

	Group	
	2018 US$'000	2017 US$'000
Future minimum lease receivable:		
Within 1 year	**145,735**	172,903
After 1 year but within 5 years	**209,402**	206,511
	355,137	379,414

Operating lease receivables represent charter hire income receivable by the Group. Leases were negotiated for an average term of one to five years.

41 COMMITMENTS

As at 31 March 2018, the Group has capital commitments amounting to US$198,219,000 (2017 : US$198,219,000) for the acquisition of property, plant and equipment.

Details of the Company's commitments for guarantees provided for the subsidiary corporations and associate has been included in Note 4(b) (iii) under credit risk management.

42 SEGMENT INFORMATION

The executive directors of the Group, who reviews the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group:

(i) Vessel chartering and brokerage: chartering of owned vessels and brokering of vessels;

(ii) Vessel management services: provision of crew, consultancy and logistics, marine yard services and construction services; and

(iii) Investment holding: holding available-for-sale investments for long-term purposes.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment based on the types of revenue it generates. All assets and liabilities are allocated to reportable segments, except for deferred tax assets and deferred tax liabilities.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

Information regarding the operations of each reportable segment is included below.

	Vessel chartering and brokerage		**Vessel management services**		**Investment holding**		**Total**	
	1 April 2017 to 31 March 2018 US$'000	1 January 2016 to 31 March 2017 US$'000	**1 April 2017 to 31 March 2018 US$'000**	1 January 2016 to 31 March 2017 US$'000	**1 April 2017 to 31 March 2018 US$'000**	1 January 2016 to 31 March 2017 US$'000	**1 April 2017 to 31 March 2018 US$'000**	1 January 2016 to 31 March 2017 US$'000
Revenue								
External sales	**152,662**	207,453	**31,675**	37,169	**–**	3,206	**184,337**	247,828
Results								
Segment results	**28,814**	50,049	**14,702**	4,299	**(7,649)**	(8,157)	**35,867**	46,191
Finance costs	**(11,044)**	(13,826)	**(147)**	(305)	**(2,783)**	(8,962)	**(13,974)**	(23,093)
Operating profit from ordinary activities and before share of results of associate and joint ventures	**17,770**	36,223	**14,555**	3,994	**(10,432)**	(17,119)	**21,893**	23,098
Exceptional expenses	**(5,934)**	(129,389)	**–**	(19,224)	**–**	(65,941)	**(5,934)**	(214,554)
Share of results of associate and joint ventures							**(1,235)**	(3,390)
Profit (Loss) before tax							**14,724**	(194,846)
Income tax (expense) credit							**(3,183)**	2,313
Profit (Loss) for the year/period							**11,541**	(192,533)
Segment assets and segment liabilities								
Segment assets	**364,540**	496,096	**66,119**	103,861	**160,235**	125,573	**590,894**	725,530
Deferred tax assets							**–**	–
Total assets							**590,894**	725,530
Segment liabilities	**253,698**	354,127	**65,520**	119,407	**31,336**	70,380	**350,554**	543,914
Deferred tax liabilities							**4,652**	4,010
Total liabilities							**355,206**	547,924

42 SEGMENT INFORMATION (CONT'D)

	Vessel chartering and brokerage		Vessel management services		Investment holding		Group	
	1 April 2017 to 31 March 2018	1 January 2016 to 31 March 2017	**1 April 2017 to 31 March 2018**	1 January 2016 to 31 March 2017	**1 April 2017 to 31 March 2018**	1 January 2016 to 31 March 2017	**1 April 2017 to 31 March 2018**	1 January 2016 to 31 March 2017
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Other information								
Allowance for doubtful trade and other receivables (Notes 32 and 33)	**977**	3,769	**–**	2,721	**–**	1,114	**977**	7,604
Depreciation of property, plant and Equipment (Note 14)	**12,704**	22,204	**1,402**	3,902	**137**	114	**14,243**	26,220
Bad debts written off (Notes 32 and 33)	**5,934**	–	**5**	–	**–**	–	**5,939**	–
Amortisation of intangible assets (Note 13)	**–**	–	**–**	538	**–**	–	**–**	538
Net foreign exchange (gain) loss (Note 32)	**159**	155	**(792)**	486	**(49)**	2,116	**(682)**	2,757
(Gain) loss on disposal of property, plant and equipment (Note 32)	**1,471**	1,244	**(7,244)**	524	**–**	–	**(5,773)**	1,768
Joint ventures (Note 16)	**65,330**	54,026	**–**	–	**–**	–	**65,330**	54,026
Additions to property, plant and equipment arising from acquisition of subsidiary corporations (Notes 14 and 39)	**–**	139,364	**–**	–	**–**	–	**–**	139,364
Additions to property, plant and equipment (Note 14)	**4,986**	140,837	**–**	–	**581**	–	**5,567**	140,837
Impairment of property, plant and equipment (Notes 32 and 33)	**1,200**	125,158	**–**	6,176	**–**	–	**1,200**	131,334
Impairment for available-for-sale Investments (Note 33)	**–**	–	**–**	–	**–**	45,559	**–**	45,559
Impairment of investment in associate and joint ventures (Note 33)	**–**	–	**–**	–	**–**	19,269	**–**	19,269
Impairment of intangible assets (Note 33)	**–**	–	**–**	–	**–**	1,617	**–**	1,617
Impairment of goodwill (Note 33)	**–**	–	**–**	–	**–**	9,171	**–**	9,171

Geographical information

The directors of the Company consider that the nature of the Group's business where it operates across international waters precludes a meaningful allocation of revenue and non-current assets as defined under FRS 108 *Operating Segments*. The revenue is derived from and non-current assets are primarily used in geographical markets for vessel chartering and brokerage and management services throughout the world.

Major customer information

During the financial period, the Group derived charter hire and brokerage and vessel management income amounting to approximately US$139,972,000 (2017 : US$154,613,000) from a third party and US$8,135,000 (2017 : US$47,791,000) from related companies of a corporate shareholder who is placed under judicial management.

43 LEGAL PROCEEDINGS AND ARBITRATION

(i) Litigation in Mumbai, India

In 2017, 2 wholly-owned subsidiary corporations of the Company, have been notified by Indian solicitors appointed by one Kishore Khanna and 2 other individuals (collectively, the "Plaintiffs") of a suit commenced against Swiber Offshore (India) Pvt. Ltd. ("SOI"), Oil and Natural Gas Corporation ("ONGC") as well as two of the Company's wholly-owned subsidiary corporations, Offshore Engineering Resources Pte. Ltd. ("OER") and Vallianz Offshore Marine Pte. Ltd. ("VOM") in the Bombay High Court. The Company was notified of the suit by way of emails containing what appears to be draft court papers which were unsigned and unsealed by the Indian courts. The suit appears to be in relation to a project between SOI and ONGC, and to which SOI had engaged VOM and OER for the provision of certain services.

Based on the filed court papers, the Plaintiffs appear to be partners of a claimant, Ocean Marine International ("OMI"), who was also a service provider used for the supply of certain provisions in relation to the project between SOI and ONGC.

The Plaintiffs have brought the suit on behalf of OMI for the following claims, amongst others:

(a) payment of unpaid invoices from SOI, VOM and OER, totalling a sum of approximately US$1.6 million;

(b) an injunction against SOI, VOM and OER to prevent the repatriation of their respective income and monies out of India pending resolution of the suit;

(c) an anti-suit injunction against SOI, VOM and OER to prevent them from filing a claim against the Plaintiffs in any other jurisdiction pending resolution of the suit; and

(d) for ONGC to pay into the Bombay High Court monies that it is contractually obliged to pay to SOI.

VOM and OER have since taken steps to appoint Indian lawyers to represent them in the suit, and to ensure that VOM and OER are properly served with the filed court papers. VOM and OER are of the view that these claims should be made against SOI and not against VOM and OER as none of the unpaid invoices upon which the claims arise are addressed to VOM or OER.

VOM and OER have also been notified by their Indian lawyers that this suit is collectively being heard with several other suits in the Bombay Court, in which SOI is a named defendant. This has been done as all the plaintiffs in these suits are seeking for a common relief i.e., for ONGC to pay into the Bombay High Court monies it is contractually obliged to pay SOI.

The Group continues to work closely with their lawyer to take all necessary action to defend the aforementioned suits as well as safeguard the interests of the Group. As at 31 March 2018, no contingent liabilities have been recorded as management is of the opinion that the unfavourable outcome of the claims by the claimants against the Group is not probable.

43 LEGAL PROCEEDINGS AND ARBITRATION (CONT'D)

(ii) Litigation in Batam, Indonesia

In 2017, the Company had been notified that VOM and Holmen Arctic Pte. Ltd. ("Holmen"), an indirect subsidiary corporation of the Company, have been named as defendants alongside Swiber Offshore Construction Pte. Ltd. ("SOC") and Newcruz Offshore Marine Pte. Ltd. ("NOM") to a suit commenced by one PT. ASL Shipyard Indonesia (the "Claimant").

The claims appear to be in relation to the maintenance and repair works provided to the vessel "Holmen Arctic", which Holmen (as the registered owner of the vessel) had chartered to SOC. On 8 December 2017, the vessel was arrested by the District Court of Batam.

On 17 January 2018, a judgement was passed by the District Court of Batam, where VOM, HAR along with 2 other parties are jointly and severely liable for the principal claim of S$1.9 million (approximately US$1.4 million) and interest of 1% on the aforesaid claim. As at March 31, 2018, the Group has accrued the full sum of the principal claim.

(iii) Arrest of vessel in United Arab Emirates

On 12 January 2017, World Fuel Services (Singapore) Pte. Ltd. ("WFS") has obtained a court judgment for claim amounted to AED 1,604,334 and accrued interest at a daily rate of US$93.80 in United Arab Emirates against a vessel, Rawabi 18 owned by a wholly-owned subsidiary corporation, Samson Marine Pte. Ltd. ("SMPL") under the UAE Federal Maritime Law. The judgement debt arises from non-payment of bunkers supplied to Rawabi 18 while the vessel was under the charter of Swiber Offshore Construction Pte. Ltd. ("SOC"), a related party placed under judicial management.

As at 31 March 2017 and 31 March 2018, the Group has accrued for the full sum of the principal claim which remains unpaid.

44 COMPARATIVE FIGURES

On 6 September 2016, the Company changed its financial year end from 31 December to 31 March. Accordingly, the financial period for 2017 covers the 15 months from 1 January 2016 to 31 March 2017. The financial year for 2018 covers the 12 months period ended 31 March 2018.

45 SUBSEQUENT EVENTS

Subsequent to the end of the reporting period:

(i) On 27 June 2018, the Group and certain of its trade creditors entered into an agreement where each trade creditor has agreed to subscribe for new ordinary shares of the Company at S$0.016 per share to settle liabilities of approximately S$3,146,000 of the Group.

(ii) On 4 July 2018, the Company proposed to consolidate every thirty existing ordinary shares into one ordinary share of the Company. The proposed share consolidation is subject to, *inter alia*:

1. the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation of the Consolidation Shares on the Catalist of the SGX-ST;

2. the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation of the adjusted warrants on the Catalist of the SGX-ST; and

3. the approval of Shareholders by ordinary resolution of the Proposed Share Consolidation at the 2018 AGM of the Company.

SHAREHOLDINGS STATISTICS

AS AT 14 JUNE 2018

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	13	0.39	269	0.00
100 – 1,000	91	2.74	73,303	0.00
1,001 – 10,000	246	7.40	1,772,890	0.01
10,001 – 1,000,000	2,693	81.02	551,638,319	3.34
1,000,001 and above	281	8.45	15,965,626,136	96.65
Total	**3,324**	**100.00**	**16,519,110,917**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. of Shares Held	%
1	DBS NOMINEES PTE. LTD.	10,172,557,287	61.58
2	PHILLIP SECURITIES PTE. LTD.	3,492,669,156	21.14
3	RAFFLES NOMINEES (PTE) LTD	145,679,600	0.88
4	TOH BOON KENG	130,934,000	0.79
5	OCBC SECURITIES PRIVATE LTD	112,193,198	0.68
6	UOB KAY HIAN PTE. LTD.	103,793,400	0.63
7	DBS VICKERS SECURITIES (SINGAPORE) PTE. LTD.	93,110,800	0.56
8	GU JIAN LIN	91,250,000	0.55
9	CHAN KWAN BIAN	91,000,165	0.55
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	82,781,967	0.50
11	CROWN SHIP LIMITED	77,094,000	0.47
12	NG CHEE KEONG	64,896,035	0.39
13	LIM OON HOCK	61,510,000	0.37
14	CITIBANK NOMINEES SINGAPORE PTE. LTD.	55,560,471	0.34
15	CHERAYATH AJAY ANDREWS	54,000,000	0.33
16	TAN DAH CHING (CHEN DAQING)	45,600,000	0.28
17	LOH GEOK CHENG	38,708,000	0.23
18	LING YONG WAH	33,784,400	0.20
19	UNITED OVERSEAS BANK NOMINEES PTE. LTD.	28,762,600	0.17
20	XU YUAN HOLDINGS PTE. LTD.	28,666,398	0.17
	Total	**15,004,551,477**	**90.83**

Class of Shares	No. of Shares	%
ORDINARY	16,519,110,917	100.00
TREASURY	NIL	0.00
TOTAL ISSUED SHARES	16,519,110,917	100.00

VOTING RIGHTS	ON SHOW OF HANDS	:	ONE VOTE FOR EACH MEMBER
	ON A POLL	:	ONE VOTE FOR ORDINARY SHARE

SUBSTANTIAL SHAREHOLDER

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
RAWABI HOLDING COMPANY LIMITED	9,526,811,687	57.67	NIL	0.00
SWIBER HOLDINGS LIMITED	3,453,070,356	20.90	NIL	0.00
ALTURKI, ABDULAZIZ ALI A	NIL	0.00	9,526,811,687[1]	57.67

[1] By Virtue of Section 4 of the Securities and Futures Act, Cap. 289, Sheikh AlTurki, Abdulaziz Ali A is deemed to be interested in 9,526,811,687 shares held by Rawabi Holding Company Limited.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on information available to the Company as at 14 June 2018, 20.81% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, the Company has compiled with the Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST.

WARRANTHOLDINGS STATISTICS

AS AT 14 JUNE 2018

DISTRIBUTION OF WARRANTHOLDERS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	2	0.70	100	0.00
100 – 1,000	1	0.35	100	0.00
1,001 – 10,000	2	0.7	13,600	0.00
10,001 – 1,000,000	206	72.03	61,439,800	4.09
1,000,001 and above	75	26.22	1,440,347,698	95.91
Total	**286**	**100.00**	**1,501,801,298**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

No.	Warrantholder's Name	No. of Warrants Held	%
1	DBS NOMINEES PTE. LTD.	294,411,610	19.60
2	PHILLIP SECURITIES PTE. LTD.	202,249,588	13.47
3	TOH BOON KENG	126,000,000	8.39
4	GU JIAN LIN	112,500,000	7.49
5	CHAN KWAN BIAN	80,000,000	5.33
6	DBS VICKERS SECURITIES (SINGAPORE) PTE. LTD.	58,220,000	3.88
7	CHERAYATH AJAY ANDREWS	58,000,000	3.86
8	RAFFLES NOMINEES (PTE) LTD	51,082,000	3.40
9	NG CHEE KEONG	47,725,000	3.18
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	41,194,000	2.74
11	KGI SECURITIES (SINGAPORE) PTE. LTD.	31,000,000	2.06
12	ANG KIM CHUAN	28,000,000	1.86
13	ANG KIAN KOK	21,373,000	1.42
14	UOB KAY HIAN PTE. LTD.	20,000,000	1.33
15	LIM YI TUNG (LIN YITONG)	19,861,900	1.32
16	OCBC SECURITIES PRIVATE LTD	18,168,000	1.21
17	CITIBANK NOMINEES SINGAPORE PTE. LTD.	13,200,000	0.88
18	TAN CHIN WAH	13,000,000	0.87
19	TAN HAI TONG	10,662,000	0.71
20	FOO JEE JONG	10,200,000	0.68
	Total	**1,256,847,098**	**83.69**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held at 52 Jurong Gateway Road, Auditorium, #06-00 JEM Office Tower, Singapore 608550 on Thursday, 26 July 2018 at 3.30 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr. Yeo Jeu Nam, a director who is retiring pursuant to Article 105 of the Company's Articles of Association.

   Mr. Yeo Jeu Nam, upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee of the Company, and shall be considered independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), Listing Manual Section B: Rules of Catalist ("**Rules of Catalist**").

   [See Explanatory Note (a)] **(Resolution 2)**

3. To re-elect Mr. Chong Chee Keong Chris, a director who is retiring pursuant to Article 109 of the Company's Articles of Association.

   Mr. Chong Chee Keong Chris, upon re-election as Director of the Company, remain as a member of the Audit Committee of the Company, and shall be considered independent for the purpose of Rule 704(7) of the Rules of Catalist.

   [See Explanatory Note (b)] **(Resolution 3)**

4. To re-elect Sheikh AlTurki, Abdulaziz Ali A, a director who is retiring pursuant to Article 109 of the Company's Articles of Association.

   Sheikh AlTurki, Abdulaziz Ali A, upon re-election as Director of the Company, remain as the Non-Executive Director of the Company.

   [See Explanatory Note (c)] **(Resolution 4)**

5. To approve a Director's fee of US$3,333.33 payable to Mr. Chong Chee Keong Chris for the financial year ended 31 March 2018. **(Resolution 5)**

6. To approve Directors' fees of US$218,000 for the financial year ending 31 March 2019. **(Resolution 6)**

7. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company to hold office until the conclusion of the next AGM of the Company, and to authorise the Directors to fix the remuneration of Messrs Deloitte & Touche LLP. **(Resolution 7)**

8. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

9. **Authority to allot and issue shares (the "Share Issue Mandate")**

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Rules of Catalist, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to allot and issue:

(i) shares in the capital of the Company whether by way of bonus, rights or otherwise; or

(ii) convertible securities; or

(iii) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or otherwise; or

(iv) shares arising from the conversion of convertible securities in (ii) and (iii) above, provided always that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed one hundred percent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings or such other limit as may be prescribed by the SGX-ST as at the date of this Resolution, of which the aggregate number of shares and convertible securities in the Company to be issued other than on a *pro rata* basis to the then existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings or such other limit as may be prescribed by the SGX-ST as at the date of this Resolution, and unless revoked or varied by the Company in a general meeting, such authority shall continue in full force until the conclusion of the next AGM or such date by which the next AGM is required by law to be held, whichever is earlier. For the purposes of this Resolution and Rule 806(3) of the Rules of Catalist, the percentage of the total number of issued shares and excluding treasury shares and subsidiary holdings at the date of this Resolution after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from the exercising share options outstanding or subsisting at the time of passing this Resolution, provided the options were granted in compliance with the Rules of Catalist; and

(c) any subsequent bonus issue, consolidation or subdivision of shares."

[See Explanatory Note (d)] **(Resolution 8)**

10. **Proposed Renewal of the Share Buyback Mandate**

"That:

(1) for the purposes of the Rules of Catalist and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Rules of Catalist as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next AGM is held or required by law to be held;

(b) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked.

(3) in this Resolution:

"**Maximum Limit**" means that number of issued shares representing ten per cent. (10%) of the total number of issued shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of shares shall be taken to be the total number of issued shares as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time). Any shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent. (10%) limit;

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchase or acquisition of shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

[See Explanatory Note (e)] **(Resolution 9)**

11. **Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions with the Rawabi Group**

"That:

(1) approval be and is hereby given for the purposes of Chapter 9 of the Rules of Catalist, for the Company, its subsidiaries and associated companies (the "**Group**") or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Appendix A of the Letter to Shareholders dated 11 July 2018 (the "**Letter to Shareholders**") appended to the Annual Report, with the Rawabi Group who is of the class of Interested Persons described in the Letter to Shareholders, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for Interested Person Transactions as set out in the Letter to Shareholders (the "**Rawabi IPT Mandate**");

(2) the Rawabi IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company; and

(3) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the Rawabi IPT Mandate and/or this Resolution."

[See Explanatory Note (f)] **(Resolution 10)**

12. **Authority to grant options and to issue shares under the Vallianz Employee Share Option Scheme**

"That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the Vallianz Employee Share Option Scheme (the "**Scheme**") and to issue such shares as may be required

to be issued pursuant to the exercise of the options granted or to be granted under the Scheme provided always that the aggregate number of shares issued and issuable in respect of all options granted or to be granted under the Scheme, all awards granted or to be granted under the Vallianz Performance Share Plan and all shares, options or awards granted or to be granted under any other share option schemes or share plans of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time."

[See Explanatory Note (g)] **(Resolution 11)**

13. **Authority to grant awards and to issue shares under the Vallianz Performance Share Plan**

"That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the Vallianz Performance Share Plan (the "**Plan**") and to allot and issue from time to time such shares as may be required to be issued pursuant to the Plan provided always that the aggregate number of shares to be issued pursuant to the Plan, when added to the number of shares issued and issuable or existing shares delivered and deliverable in respect of all awards granted or to be granted under the Plan, all options granted or to be granted under the Scheme and all shares, options or awards granted under any other share scheme of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time."

[See Explanatory Note (h)] **(Resolution 12)**

14. **Proposed Share Consolidation**

"That:

(i) on and with effect from the effective date to be determined by the board of directors of the Company (the "**Board**"), every 30 issued ordinary shares ("**Existing Shares**") held by the Shareholders as at the books closure date to be determined by the Board ("**Books Closure Date**") in the share capital of the Company be consolidated into 1 ordinary share (each a "**Consolidated Share**") (the "**Proposed Share Consolidation**"), fractional entitlements to be disregarded and the number of Consolidated Shares which each Shareholder is entitled to resulting from the Proposed Share Consolidation, based on their holdings of Existing Shares as at the Books Closure Date, shall be rounded down to the nearest whole Consolidated Share;

(ii) any fractions of Consolidated Shares arising from the Proposed Share Consolidation pursuant to paragraph (i) above shall be disregarded and all fractions of Consolidated Shares to which holders of the Existing Shares would otherwise be entitled, may be aggregated and dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company, including (i) disregarding fractional entitlements, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company;

(iii) the Board be and are hereby authorised to fix the Books Closure Date and the date on which the Consolidated Shares will trade on the Catalist of the SGX-ST in board lots of 100 Consolidated Shares in their absolute discretion as they deem appropriate; and

(iv) each of the directors of the Board be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interest of the Company to give effect to the Proposed Share Consolidation and/or this resolution"

[See explanatory Note (i)] **(Resolution 13)**

BY ORDER OF THE BOARD

Loo Choon Keow (Ms)
Company Secretary
11 July 2018

Singapore

Explanatory Notes:-

(a) In relation to Resolution 2 proposed above, there is no relationship (including immediate family relationships) between Mr. Yeo Jeu Nam and the other directors, the Company or its 10% shareholders and the detailed information on Mr. Yeo Jeu Nam is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2018 Annual Report.

(b) In relation to Resolution 3 proposed above, there is no relationship (including immediate family relationships) between Mr. Chong Chee Keong Chris and the other directors, the Company or its 10% shareholders and the detailed information on Mr. Chong Chee Keong Chris is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2018 Annual Report.

(c) In relation to Resolution 4 proposed above, Sheikh AlTurki, Abdulaziz Ali A is the Chairman of Rawabi Holding Company Limited, a substantial shareholder of the Company. Apart from that, there is no relationship (including immediate family relationships) between Sheikh AlTurki, Abdulaziz Ali A and the other directors, the Company and the detailed information on Sheikh AlTurki, Abdulaziz Ali A is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2018 Annual Report.

(d) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next AGM, or the date by which the next AGM is required by law to held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total, one hundred per cent. (100%) of the issued shares excluding treasury shares and subsidiary holdings at the time of passing of this resolution, of which up to fifty per cent. (50%) may be issued other than on a *pro rata* basis to shareholders.

(e) The Ordinary Resolution 9 above, if passed, renews the Share Buyback Mandate and will authorise the Directors of the Company from the date of the above Meeting until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to purchase up to ten per cent. (10%) of the total number of issued shares in the capital of the Company. Please refer to the Letter to Shareholders dated 11 July 2018 appended to the Annual Report for details.

(f) The Ordinary Resolution 10 above, if passed, allows the Company, and its subsidiaries and to enter into transactions with interested persons with the Rawabi Group as defined in Chapter 9 of the Rules of Catalist.

(g) The Ordinary Resolution 11 above, if passed, will empower the Directors to grant options and to allot and issue shares upon the exercise of such options granted or to be granted in accordance with the Scheme provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all options granted or to be granted under the Scheme, pursuant to the vesting of any awards granted under the Plan and any shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time.

(h) The Ordinary Resolution 12 above, if passed, will empower the Directors to vest awards and to allot and issue shares pursuant to the vesting of such awards in accordance with the Plan provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all awards granted under the Plan and all options granted or to be granted under the Scheme and any shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time.

(i) The Ordinary Resolution 13 above, if passed, will authorise and empower the Directors to complete and do all acts and things and to sign, execute, complete and deliver such documents, deeds and instruments as they may consider necessary or expedient to give effect to the proposed share consolidation of every 30 ordinary shares in the capital of the Company into 1 ordinary share in the capital of the Company. The details of the proposed share consolidation are set out in the Appendix which is enclosed with the Company's Annual Report.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" means: (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Share Registrar office of the Company at 80 Robinson Road, #11-02, Singapore 068898 not later than 48 hours before the time set for the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

VALLIANZ HOLDINGS LIMITED
(Company Registration No. 199206945E)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT
1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy VALLIANZ HOLDINGS LIMITED shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2018.

*I/We ______________________________ (Name) *NRIC/Passport No. ______________

of ______________________________

being *a member/members of **VALLIANZ HOLDINGS LIMITED** (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No	Proportion of shareholdings represented by proxy (%)

*and/or (delete as appropriate)

Name	Address	NRIC/ Passport No	Proportion of shareholdings represented by proxy (%)

or failing which, the Chairman of the Annual General Meeting of the Company (the "**AGM**"), as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, at the AGM to be held at 52 Jurong Gateway Road, Auditorium, #06-00 JEM Office Tower, Singapore 608550 on 26 July 2018 at 3.30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as he/she/they will on any other matter arising at the AGM.

☐ Please tick here if more than two proxies will be appointed (Please refer to note 2). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

NOTE: Each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Resolutions	For**	Against**
1.	Adoption of Audited Financial Statements for the financial year ended 31 March 2018 together with the Directors' Statement and Independent Auditor's Report thereon.		
2.	Re-election of Director pursuant to Article 105. – Mr. Yeo Jeu Nam		
3.	Re-election of Director pursuant to Article 109. – Mr. Chong Chee Keong Chris		
4.	Re-election of Director pursuant to Article 109. – AlTurki, Abdulaziz Ali A		
5.	Approval of a Director's fee of US$3,333.33 payable to Mr. Chong Chee Keong Chris for the financial year ended 31 March 2018		
6.	Approval of the Directors' fees of US$218,000 for the financial year ending 31 March 2019.		
7.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	Authority to allot and issue shares pursuant to the Share Issue Mandate.		
9.	Renewal of Share Buyback Mandate.		
10.	Renewal of Shareholders' Mandate for Interested Person Transactions with Rawabi Group.		
11.	Authority to grant options and issue shares under Vallianz Employee Share Option Scheme.		
12.	Authority to grant awards and to issue shares under Vallianz Performance Share Plan.		
13.	Proposed Share Consolidation.		

Notes:
* Please delete accordingly
** Please indicate your vote "For" or "Against" with an "X" within the box provided

Dated this ______________ day of ______________ 2018

Total No. of Shares held	No. of Shares
In CDP Register	
In Register of Members	

____
*Signature(s) of Member(s)/Common Seal of Corporate shareholder

IMPORTANT: Please read notes overleaf

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy nor proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Share Registrar office of the Company at 80 Robinson Road, #11-02 Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.

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AFFIX
STAMP

The Company Secretary
VALLIANZ HOLDINGS LIMITED

C/O Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#11-02
Singapore 068898

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6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
7. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2018.

Fold this flap for sealing

VALLIANZ HOLDINGS LIMITED
Company Registration No. 199206945E

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