WELL-POSITIONED

Annual Report 2011

Vallianz

CONTENTS

Vallianz is poised and driven to be a leading player in the dynamic and high-growth offshore oil & gas industry.

The specialised nature of our business, coupled with the commitment and dedication of our team, will continue to set us apart from competition, putting us in an advantageous position to seize growth opportunities in a burgeoning sector.

WELL-POSITIONED

Headquartered in Singapore, Vallianz Holdings Limited ("Vallianz" or "the Company") is a vessel- and equipment-owning and leasing company listed on the SGX-Catalist, providing marine support services-primarily marine asset ownership, leasing and fleet corporate management.

Spearheaded by an experienced and revitalised team, Vallianz is making important strides in raising its profile in Singapore's shipping industry. An adept Board comprising of industry veterans with congruous expertise and complementary track records ensures we operate with the highest standards of corporate governance. We will continuously develop and broaden our team and sharpen our technical expertise to build upon the Group's robust business model.

VISION:

To be the lead provider of leasing structures in the offshore oil and gas industry.

MISSION:

To prudently expand our asset base of offshore marine vessels and pursue medium and long-term charters, as we further expand and diversify our customer base.

PHILOSOPHY: CAUSE NO HARM

Cause No Harm to OURSELVES as individuals
Cause No Harm to OTHERS
Cause No Harm to OUR EQUIPMENT AND MATERIALS
Cause No Harm to OTHERS' ASSETS
Cause No Harm to THE ENVIRONMENT
Cause No Harm to THE PLANET as a whole
Cause No Harm to FUTURE GENERATIONS

OUR STRATEGIC DIRECTIONS

EXPANDING OUR ASSET BASE

We will prudently expand our asset base by way of placement of new build orders and acquisition of new and modern second-hand vessels, ROVs, dive saturation systems, and other offshore equipment. Additionally, medium and long-term charter or lease arrangements will be secured to ensure long-term profitability of our assets and to lower the average age of our fleet.

FOCUSING ON OFFSHORE MARINE VESSELS

Our team of dedicated professionals targets offshore support marine vessels for the oil & gas industry.

PURSUING LONG-TERM CHARTERS

Our customers typically employ long-term charters for dedicated oil-field and offshore installations. Medium-term charters are also sought because they enable us to capitalise on the upside potential of the assets. Hence, we focus on assets that can enter into secure medium to long-term charters and provide stable future cash flows.

EXPANDING AND DIVERSIFYING OUR CUSTOMER BASE

With Singapore as our headquarters and strategic base, we are well-positioned to penetrate regional and global offshore oil & gas exploration markets. We will continue to expand our relationships with existing customers and build new relations with customers who utilise chartered-in assets to add capacity.

OUR PROSPECTS FOR GROWTH

The offshore oil & gas industry presents tremendous opportunities for Vallianz. Prospects for growth remains bright as oil benchmark prices are expected to stay above US$100 a barrel in 2012 against a backdrop of oil supply constraints. Concurrently, there is also sustained demand for oil from major economies driven by the necessity of energy security. Hence, capex spending by Asia Pacific energy companies is also expected to rise in the next five years, bringing exuberant growth to offshore contracting and utilisation rates of offshore support vessels. Specifically, an estimated US$28.8 billion (S$37.3 billion) will be invested in deep-sea exploration, drilling and production this year. In addition, an investment of about US$232 billion is also expected to be pumped into deep-sea projects worldwide from now untill 2016.

- **Vessel Ownership**

  Within a span of a year, Vallianz's young and growing fleet has expanded to 5 young vessels comprising of AHTS, AHT, Utility Vessels and Towing Tugs.

VALLIANZ HOPE
Vessel Type : AHTS
Description : 4,200BHP

Specifications
Length overall (metres) : 40.0m
Classification Society : BV
Year of Delivery : 2008

SWIBER BHANWAR
Vessel Type : AHT
Description : 4,750BHP

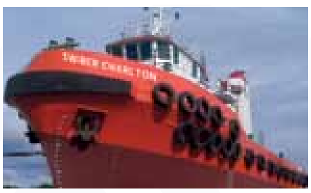
Specifications
Length overall (metres) : 48.0m
Classification Society : BV
Year of Delivery : 2009

SWIBER CARINA
Vessel Type : Utility Vessel
Description : 2,400BHP

Specifications
Length overall (metres) : 40.0m
Classification Society : BV
Year of Delivery : 2009

SWIBER RAVEN
Vessel Type : Towing Tug
Description : 3,200BHP

Specifications
Length overall (metres) : 31.1m
Classification Society : GL
Year of Delivery : 2009



SWIBER CHARLTON
Vessel Type : Towing Tug
Description : 3,200BHP

Specifications
Length overall (metres) : 33.2m
Classification Society : BV
Year of Delivery : 2010

- **Leasing**

  Vallianz provides leasing services that address customer requirements. With our asset base and network of brokers and owners, we are able to target vessels of the highest quality to match customer needs, shortening the time consumed in the vessel aquisition process.

- **Corporate Management Services**

  Vallianz provides a range of corporate management services for our customers, which includes the establishment of structured finance projects, arrangement of bank financing, brokering services, corporate administration and financial advisory services.


SWIBER ELSE-MARIE
RESCUE

STEERED towards GREATER GROWTH

Vallianz's focus is to further expand our fleet of offshore marine vessels through strategic acquisitions in order to secure more long-term charters with the key oil & gas players in Asia.

MESSAGE FROM THE CEO

Dear Shareholders,

On behalf of the Board and Management, I am pleased to present to you, Vallianz's Annual Report for the financial year ended 31 December 2011 ("FY2011").

We are in our second year of operations as a vessel and equipment owning company, and our strategy of intensifying our efforts and resources to create a company with a strong marine asset base, servicing long-term contracts while taking minimal operational risks, is starting to deliver credible performance.

With exploration and production expenditure by global oil and gas players growing steadily, we enjoyed higher charter activity for our expanded fleet, and reaped returns arising from investment holdings in FY2011. We are pleased to have achieved a turnaround in bottomline performance during the year under review.

WELL-POSITIONED

In FY2011, our net profit stood at US$1.5 million. Gross profit surged over 11 times to US$4.5 million from US$0.4 million in FY2010 on the back of revenue increasing over nine times, from US$616,000 to US$5.9 million.

To strengthen our balance sheet and provide ourselves with financial flexibility to capture investment opportunities, we raised net proceeds of US$23.14 million from a rights issue for 594.7 million shares, which was completed in January 2011.

With the proceeds from the rights issue, we have successfully attained a 51% interest in CSOTL Offshore ("COC"). The previous business activity of COC was to provide support services for offshore installation and construction projects.

Our asset base was further strengthened with the acquisition of a 51% equity interest in Resolute Pte Ltd, of which the principal activity is investment holding. During the year, we also incorporated another investment holding company, Vallianz 4000 Pte Ltd.

In line with our strategy to explore opportunities in the chartering business and to build up a fleet of vessels, we acquired 51% of Vallianz Marine Pte Ltd (previously Bentley Marine Pte Ltd), a company incorporated in Singapore and principally involved in the ownership and chartering of vessels.

Going forward, we will continue to focus on offshore marine assets that are secured predominantly against long-term contracts and will continue to look for further similar investments which generate stable and predictable incomes.

CAPTURING WAVES OF OPPORTUNITIES

Global offshore oil production has been predicted to grow steadily to reach 34.3 million bpd in 2015. Existing fields are ageing and at the same time, there is growing demand for energy arising from developing economies as well as an ongoing quest for energy security. With the gap for energy widening, the search for new fields for oil production or utilising enhanced oil recovery methods is becoming of utmost importance.

Asia is one particular region which will be supported by high levels of economic activity and energy consumption growth. With the Asian offshore oil and gas industry being a significant growth area, global oil majors are rapidly seeking to meet the region's growing demand. The offshore oil and gas exploration markets are also continuing to expand their use of chartered-in assets to add capacity.

Headquartered in the Asia Pacific, Vallianz is well-positioned to support the waves of exploration and production activities in the Asia Pacific. Hence, we continue to focus on our key strategic business directions for our future development and growth:

- Asset base expansion;
- Focus on offshore marine vessels;
- Pursue long-term fixed-rate charters;
- Expand and diversify our customer base.

We will continue to increase the size of our assets through judicious acquisitions of additional vessels to ensure long-term growth of our assets and to decrease the average age of our fleet.

There is large demand for alternative finance structures to help support the ever growing demand for offshore marine assets, hence we will focus on offshore marine support vessels for the offshore oil and gas industry,

Our customers typically employ long-term charters for their dedicated offshore oil-field installations. Thus, we will acquire assets that can secure medium to long-term fixed-rate charters, which will provide us with stable future cash flows. We will also seek medium-term charters to capitalise in the upside potential of the asset.

Last but not least, we will continue to expand our relationships with our existing customers as well as to serve new ones.

WORD OF APPRECIATION

Today, with the guidance from our Board of Directors, Vallianz is well-positioned to capitalise on our strategic base in Singapore to penetrate regional markets, and we would like to take this opportunity to thank our Board of Directors for that.

To our business associates, partners, clients and loyal shareholders, thank you for your support and faith in the Group. Finally, to our management and staff, thank you for your passion, drive and commitment to the future of this company.

We will continue to strengthen our team and hone our skills and technical expertise to build a resilient business model and establish our track record in this industry.

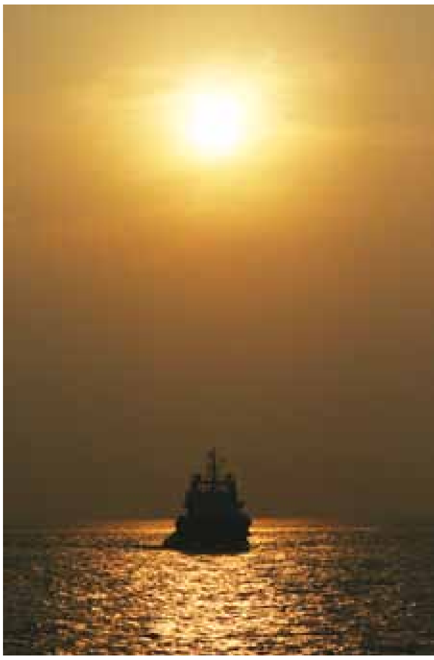
MR. ANDERS SCHAU
Executive Director and CEO
Vallianz Holdings Limited

"WE WILL CONTINUE TO INCREASE THE SIZE OF OUR ASSETS THROUGH JUDICIOUS ACQUISITIONS OF ADDITIONAL VESSELS TO ENSURE LONG-TERM GROWTH."

OPERATIONS REVIEW

DELIVERING OUR STRATEGY

Our transformation to a vessel- and equipment-owning company providing marine support services, primarily vessel ownership, leasing and fleet management, continues to reap returns. We achieved revenue of US$5.9 million in FY2011, over nine times higher than sales of US$616,000 for the nine months ended 31 December 2010 ("FY2010"). The increase in revenue is largely due to the expansion of our vessel fleet, higher charter activity and returns arising from investment holdings.



The vessel chartering and broking segment of the business accounted for 60.2% of Group Revenue, contributing US$3.55 million in revenue for the year. The remaining 39.8% of Group Revenue is contributed by the Group's investment holding segment, at US$2.32 million.

In line with higher revenue, the Group's gross profit rose over 11 times to US$4.5 million in FY2011.

In line with expansion of the Group's business along with higher overhead costs, we incurred an increase in administrative expenses of US$2.3 million to US$2.8 million from US$0.5 million in FY2010. With the Group taking on additional loans associated with the business acquisitions made during the year under review, finance expense of the Group increased from US$58,000 in FY2010 to US$2.2 million in FY2011.

However, foreign exchange gains of approximately US$2.0 million, and the receipt of lease income on the Group's office premises during FY2011, resulted in Other Income increasing from US$39,000 in FY2010 to US$2.1 million in FY2011.

Correspondingly, we are pleased to have achieved a turnaround in bottomline performance to US$1.5 million in FY2011.

RESILIENT BALANCE SHEET

As proceeds from the rights issue were used to acquire vessel-owning entities during the year and further cash was used to subscribe for preferential shares in our subsidiary, Vallianz Marine Pte Ltd, our cash and cash equivalents decreased from US$4.04 million as at 31 December 2010 to US$3.45 million as at 31 December 2011.

The Group's net assets value per ordinary share rose to 2.73 US cents per share as at 31 December 2011, as compared to 1.55 US cents per share as at 31 December 2010.

GIRDED FOR GROWTH

We are indeed heartened by the turnaround in performance in FY2011, but we are not resting on our laurels. Vallianz envisions being the lead provider of lease structures in the offshore oil and gas industry. Since our move into this new business focus, we have intensified our efforts and resources to deliver growth.

We allocated up to 90% of the net proceeds from our non-underwritten rights issue exercise in 21 January, 2011 for the acquisition of vessels directly or via special purpose vehicles and the remaining proceeds for working capital. We continue to look for investments that will provide us with stable and predictable income as we execute upon our asset expansion strategies.

The Group now comprises Vallianz Samson Pte Ltd, Vallianz Marine Pte Ltd, Resolute Pte Ltd, CSOTL Offshore Co. Ltd and Vallianz 4000 Pte Ltd.

VALLIANZ ENVISIONS BEING THE LEAD PROVIDER OF LEASE STRUCTURES IN THE OFFSHORE OIL AND GAS INDUSTRY. SINCE OUR MOVE INTO THIS NEW BUSINESS FOCUS, WE HAVE INTENSIFIED OUR EFFORTS AND RESOURCES TO DELIVER GROWTH.

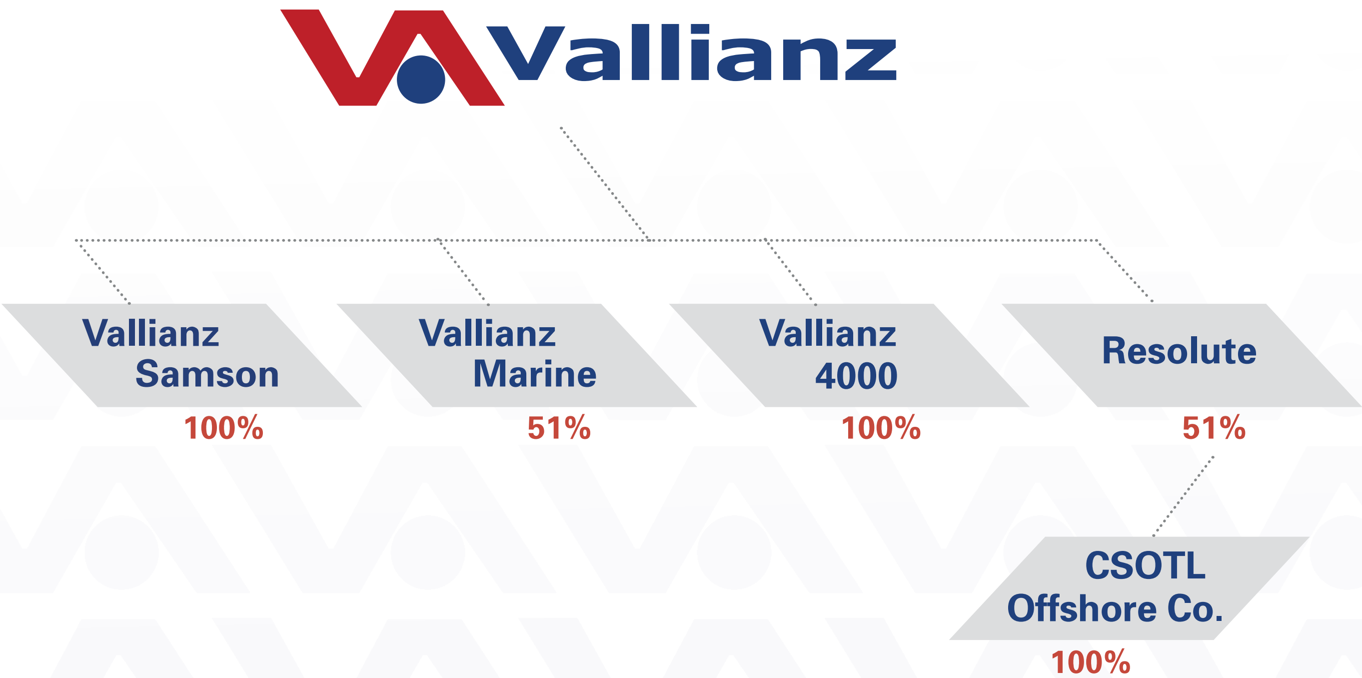
In FY2011, we have grown our fleet of young vessels. In all, we have in our fleet Vallianz Hope, a 4,200 BHP anchor handling tug supply vessel, 40 metres in length; Swiber Bhanwar, a 4,750 BHP anchor handling tug that is 48 metres in length; Swiber Carina, a 2,400 BHP Utility Vessel that is 40 metres in length; Swiber Charlton, a 3,200 BHP towing tug that is 33.2 metres in length and Swiber Raven, a 3,200 BHP towing tug that is 31.1 metres long.

Our business expansion is supported by the positive external environment in which we operate. According to the International Energy Agency, world annual oil consumption will grow to 106 million bpd in 2030. Offshore oil production predicted to grow steadily to reach 34.3 million in 2015 and developing countries in the Asia Pacific such as China and India remains to be big drivers for oil demand. With sustained strong crude oil prices, the momentum of offshore activities will increase and will bode well for providers of vessel-lease structures in this region.

Vallianz is well-positioned to deploy our resources in the most efficient manner and will ride on this long-term demand by moving strategically towards expanding our asset base, with a focus on offshore marine support vessels, pursuing long-term fixed-rate charters and expanding and diversifying our customer base.

Led by a strong Board and Senior Management Team, we will move forward with fortitude. We are confident of making our mark as a marine support services company in the offshore oil and gas industry.

CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS

"OUR STRATEGY OF INTENSIFYING OUR EFFORTS AND RESOURCES TO CREATE A COMPANY WITH A STRONG MARINE ASSET BASE, SERVICING MEDIUM AND LONG-TERM CONTRACTS WHILE TAKING MINIMAL OPERATIONAL RISKS, IS STARTING TO DELIVER CREDIBLE PERFORMANCE."

- ANDERS SCHAU

US$'000	FY2011	FY2010	% change
Revenue	5,878	616	854
Gross Profit	4,473	385	1,062
Profit/(Loss) before tax	1,465	(131)	NM
Profit/(Loss) for the year	1,465	(131)	NM

NM: Not Meaningful

GUIDED by a strategic outlook,

Vallianz is led by an astute and experienced leadership highly focused on expanding not just our capabilities but also our customer base and market reach.

BOARD OF DIRECTORS

1	2	3	4

1 / MR. RAYMOND KIM GOH
Non-Executive Chairman

Mr. Raymond Kim Goh is the Non-Executive Chairman of Vallianz and was appointed on 6 September 2010. Being an industry veteran, Mr. Goh brings with him close to two decade's worth of experience and winning expertise in the offshore marine industry. He is also the Founder and Executive Chairman of the Swiber Group, where he sets the long-term growth strategy and spearheads the expansion of Swiber. Mr. Goh is currently also the Non-Executive Chairman of Kreuz Holdings Limited. At the same time, Mr. Goh serves as a patron for Punggol North Citizen's Consultative Committee. Mr. Goh graduated from Murdoch University in Australia with a Bachelor of Commerce (Honours) degree.

2 / MR. ANDERS SCHAU
Executive Director and Chief Executive Officer

Mr. Anders Schau, as Executive Director and Chief Executive Officer, plays a key role in charting Vallianz's corporate and strategic directions. Mr. Schau, who was appointed to the Board of Directors on 6 September 2010, has over 10 years of experience in the financial sector and over 5 years in ship broking. Mr. Schau was previously Managing Partner for R.S. Platou Finans, specialising in private placement of equity, where he successfully placed a considerable amount of vessels, with assets under management of just under US$1 billion. Mr. Schau holds an MBA from the Buckingham Business School, UK and a Diploma in Marketing (with distinction) from the OMH Business School.

3 / MR. YEO JEU NAM
Non-Executive and Independent Director

Mr. Yeo Jeu Nam, who has more than 30 years of consultancy experience, was appointed the Non-Executive Independent Director of the Company on 21 August 2008. Mr. Yeo is also an Independent Director of EDMI Limited and Frencken Group Limited. Mr. Yeo is the Founder and Managing Director of Radiance Consulting Pte Ltd. Before starting his own consultancy, he was a Senior Consulting Partner with Ernst & Young Consultants Pte Ltd where he headed the Strategy and Transformation practice as well as the HR Consulting practice for more than 12 years. He was also previously a Director at PwC Consulting where he headed their Public Sector Consulting practice. Mr. Yeo graduated with a Bachelor of Social Science (Class II Upper, Honours) degree from the University of Singapore.

4 / MR. BOTE DE VRIES
Non-Executive and Independent Director

Mr. Bote de Vries was appointed to the Board of Directors on 6 September 2010 and brings to Vallianz more than 17 years of international asset finance experience in the shipping transport industry. He is now an Independent Advisor to Finamar B.V., a financial consultancy firm, and he holds several Non-Executive board positions. Mr. de Vries is a frequent speaker on 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.

SENIOR MANAGEMENT

1 | 2 | 3

1 / MR. ANDERS SCHAU
Chief Executive Officer

Mr. Anders Schau is also an Executive Director and was appointed to the Board on 6 September 2010. His profile can be found on Page 14.

2 / MR. LARRY PUPKIN
Director of Operations

Mr. Larry Pupkin was appointed as Director of Operations on 1 December 2010 and leads the management operation and business development of Vallianz. Mr. Pupkin brings to Vallianz more than 20 years experience in the shipping industry. Previously, he was a director for R.S. Platou Finans; specialising in structured finance for marine assets. Before his career in shipping finance, Mr. Pupkin held various commercial positions within the industry. Mr. Pupkin graduated with a BBA in International Business from Hofstra, University New York and is also a Fellow of the Institute of Chartered Shipbrokers (FICS).

3 / MR. EDMUND LIM
Finance Manager

Mr. Edmund Lim was appointed as the Finance Manager of Vallianz Holdings Limited on 22 November 2010, and is responsible for overseeing the financial and accounting function of Vallianz. Mr. Lim brings with him over 5 years of expertise and specialism in audit, tax, accounting and business advisory services with one of the largest accounting firms, KPMG. Mr. Lim was accredited as a Chartered Accountant in 2008 and received membership into The Institute of Chartered Accountants in Australia. Mr. Lim is a graduate from Curtin University with a Bachelor of Commerce degree.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Raymond Kim Goh, *Non-Executive Director (Chairman)*
Anders Hagbarth Schau, *Executive Director*
Yeo Jeu Nam, *Non-Executive and Independent Director*
Bote de Vries, *Non-Executive and Independent Director*

COMPANY SECRETARY

Lee Bee Fong

AUDIT COMMITTEE

Yeo Jeu Nam, *Non-Executive and Independent Director (Chairman)*
Raymond Kim Goh, *Non-Executive Director*
Bote de Vries, *Non-Executive and Independent Director*

REMUNERATION COMMITTEE

Yeo Jeu Nam, *Non-Executive and Independent Director (Chairman)*
Raymond Kim Goh, *Non-Executive Director*
Bote de Vries, *Non-Executive and Independent Director*

NOMINATING COMMITTEE

Bote de Vries, *Non-Executive and Independent Director (Chairman)*
Raymond Kim Goh, *Non-Executive Director*
Yeo Jeu Nam, *Non-Executive and Independent Director*

REGISTERED OFFICE

12 International Business Park
Swiber@IBP #02-02
Singapore 609920
Tel: (65) 6505 0010
Fax: (65) 6505 0011

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

Stamford Corporation Services Pte Ltd
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

AUDITORS

Deloitte & Touche LLP
Public Accountants and Certified Public Accountants
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809
Partner-in-charge: Ernest Kan Yaw Kiong
(since the financial year ended 31 December 2011)

EXTERNAL INVESTOR RELATIONS

Citigate Dewe Rogerson, i.MAGE
1 Raffles Place #26-02
One Raffles Place
Singapore 048616
Tel: (65) 6534 5122
Fax: (65) 6534 4171

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "Board") is committed to maintaining a high standard of corporate governance within the Group and adopts practices based on the Code of Corporate Governance 2005 (the "Code") and the amendments to the Catalist Rules which came into effect on 29 September 2011 as announced by the Singapore Exchange Securities Trading Limited ("SGX-ST") to strengthen corporate governance practice and foster greater corporate disclosure, where it is applicable and practical to the Group. The Company recognises the importance of good governance for continued growth and investor confidence.

In line with the commitment by the Company to maintaining high standards of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code and Catalist Rules.

The Board is pleased to report compliance of the Company with the Code except where otherwise stated.

BOARD MATTERS

Principle 1: 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 success of the company. The Board works with Management to achieve this 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 strategies 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 interests of the Company and its shareholders.

The Board is also responsible for the following corporate matters:

(a) Approval of half-yearly and year-end result announcements;
(b) Approval of the annual report and accounts;
(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; and
(h) Issuance of policies and key business initiatives.

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

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, the Board has established various board committees, namely, Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These committees 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 committee will also be constantly reviewed by the Board.

CORPORATE GOVERNANCE STATEMENT

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

	Board	AC	NC	RC
Number of meetings held	2	3	1	1
Directors / members	Number of meetings attended			
Raymond Kim Goh	1	2	1	1
Yeo Jeu Nam	2	3	1	1
Anders Hagbarth Schau	2	-	-	-
Bote de Vries	2	3	1	1

The directors received briefings on regulatory changes in the relevant laws, regulations and accounting standards. The directors also received updates on the business of the Group through regular scheduled meetings and ad hoc Board meetings.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises four directors of whom one (1) is an Executive Director, one (1) is a Non-Independent Non-Executive Director and two (2) are Independent Non-Executive Directors. With the Independent Non-Executive Directors making up of not less than half of the Board, it provides an independent element on the Board capable of exercising objective judgment. The Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. 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 independence of each Independent Non-Executive Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review. The NC is of the view that the two Independent Non-Executive Directors (who represent one-half of the Board) are independent. The criteria for independence are determined based on the definition provided in the Code and also the following:

(a) The Board will assess the independence of directors regularly. For the avoidance of doubt, only Non-Executive 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 of its related companies for the current or any of the past three 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 financial years, employed by the Company or of its related companies as a senior executive office whose remuneration is determined by the RC;

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

(iv) is not a substantial shareholder of or a partner in (with 5% or more stake), or an executive officer of, any for-profit business organization to which the Company made, or from the Company received, significant payments in the current or immediate past financial year.

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

The Board considers the present Board size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations.

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

The Board and the Management will from time to time review the Board structures of the principal subsidiaries and will make an appropriate corporate decision to consider the appointment of the Independent Non-Executive Director into the principal subsidiaries.

The profiles of each of the directors are set out on page 14 of this Annual Report.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Mr Raymond Kim Goh ("Mr Goh") serves as Non-Executive Chairman and Mr Anders Hagbarth Schau ("Mr Schau") assumes the role of Chief Executive Officer ("CEO"). The separation of the roles of 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 is not related to the CEO.

As the Company's CEO, Mr Schau will lead Management in setting strategies, objectives and missions and is responsible for the day-to-day operations of the Group. Amongst other responsibilities Mr Goh will lead the Board, ensure effective communication with shareholders, encourage constructive relationships between the Board and Management, as well as between Board members, and promote high standards of corporate governance.

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

NOMINATING COMMITTEE

Principle 4: Board Membership

There should be a formal and transparent process for the appointment of new directors to the Board.

The NC comprises Mr Bote de Vries ("Mr de Vries"), Mr Goh and Mr Yeo Jeu Nam ("Mr Yeo"). Save for Mr Goh, a Non-Independent Non-Executive Director of the Company, the other two members of the NC are Independent Non-Executive Directors. Mr de Vries is the Chairman of the NC and he is not associated with any substantial shareholder of the Company.

The NC 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 director;
(b) re-nominating directors (including Independent Non-Executive 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; and
(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.

New directors are appointed by way of a Board Resolution or 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.

All directors 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, the number nearest to but not greater than one third) and subject themselves to re-election by shareholders at every annual general meeting ("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 not be taken into account in determining the number of directors who are to retire by rotation at the AGM.

At the forthcoming AGM, Mr Yeo will be retiring pursuant to Article 105 of the Company's Articles of Association. Mr Yeo, being eligible for re-election, has offered himself for re-election.

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.

Principle 5: Board Performance

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

At the date of this Annual Report, the NC has adopted a formal process to assess the effectiveness of the Board and committees of the Board 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. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.
In accordance with the requirements of the Code, the NC has reviewed the status of the Independent Non-Executive Directors and is of the view that they are in compliance with the Code's definition on independence.

ACCESS TO INFORMATION

Principle 6: Access to Information

In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

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 and the Company's auditors would also provide additional information on the matters for discussion.

All directors have separate and independent access to senior management and to the Company Secretary. The Company Secretary 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 directors, in furtherance of their duties, are entitled to take independent professional advice at the expense of the Company when necessary.

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. When a director is first appointed to the Board, an orientation program is arranged for him to ensure that he is familiar with the Company's business and governance practices.

REMUNERATION MATTERS

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 Goh and Mr de Vries. Save for Mr Goh, a Non-Independent Non-Executive Director of the Company, the other two members of the RC are Independent Non-Executive 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 Directors, CEO and key executives;
(b) determining specific remuneration packages for each Executive Directors; and
(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 Employees' Share Option Scheme (the "Scheme") and Performance Share Plan of the Company.

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 matters, if required.

Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

The Chairman of the RC reviews, for recommendation to the Board, the specific remuneration package for the Executive Director or senior management. There are appropriate and meaningful measures in place for the purpose of assessing the performance of Executive Director and senior management staff. In determining remuneration packages of Executive Director and senior management, the RC will ensure that 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. Each member of the RC does not participate in any decision concerning his own remuneration.

Principle 8: Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

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

The Executive and Non-Executive Directors receive directors' fees, in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board committees. The directors' fees are recommended by the Board for approval at the AGM.

The Company had entered into a service agreement with the Executive Director of the Company, Mr Schau for an initial period of 3 years (unless otherwise terminated by either party giving not less than six months' notice to the other). The service agreement covers the terms of employment and specifically, salaries and bonuses.

The Independent Non-Executive Directors do not have any service agreements with the Company except for directors' fees, which have to be approved by shareholders at annual general meetings. The Independent Non-Executive Directors do not receive any other form of remuneration from the Company.

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.

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 Benefts	Total
	%	%	%	%	%
S$500,001 to S$750,000					
Anders Hagbarth Schau	94	-	-	6	100
S$250,000 and below					
Raymond Kim Goh	-	-	100	-	100
Yeo Jeu Nam	-	-	100	-	100
Bote de Vries	-	-	100	-	100

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 or given in addition to usual compensation, normally for outstanding performance and service for certain period.

The following shows the annual remuneration of the top executives of the Company for the financial year under review. To maintain confidentiality of staff remuneration matters and for competitive reason the names of the key executives of the Group are not disclosed in this Annual Report:

Two key executives received total remuneration of less than S$250,000.

Notwithstanding Guidelines 9.1 of the Code, the Company is disclosing the remuneration of only two top key executives because the Company had only such a number of key executives (who were not also directors) during the financial year ended 31 December 2011.

The Company has no employees who are immediate family members of a Director or CEO and whose remuneration exceeded S$150,000 during the financial year ended 31 December 2011.

There were no share options/awards granted during the financial year under share options scheme and share plan.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

The Company provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a half yearly basis. The Board is provided with appropriately detailed management reports on a half yearly basis.

Principle 11: 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 Yeo, Mr Goh and Mr de Vries. Save for Mr Goh, a Non-Independent Non-Executive Director of the Company, the other two members of the AC are Independent Non-Executive Directors. Mr Yeo is the Chairman of the AC.

The NC is of the opinion that the members of AC have sufficient financial management expertise and experience to discharge their duties.

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 financial statements of the Company and its subsidiaries before their submission to the Board;
(e) the half-yearly 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;
(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 and approving procedures to hedge the exposure to foreign currency fluctuations (if any); and
(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.

The AC has the express power to conduct or authorise investigations into any matters within its terms of reference and has full access to and co-operation by Management. The AC has full discretion to invite any other directors or Executive Directors 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.

CORPORATE GOVERNANCE STATEMENT

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.

During the financial year under review, the AC has reviewed the independence of the Company's external auditors, and is satisfied with the independence and objectivity of the external auditors. The aggregate amount of fees paid to the external auditors of the Company and its overseas subsidiary for the audit services amounted to US$60,000 and US$7,000 respectively. There were no non-audit services provided by the external auditors of the Company for the financial year ended 31 December 2011. The AC has recommended the re-appointment of Deloitte & Touche LLP as external auditors of the Company at the forthcoming AGM.

The Group has appointed different auditors for its overseas subsidiary. The Board and the AC have reviewed that the appointment of different auditors for its subsidiary 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 are provided with all necessary information to enable them 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 and internal 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.

INTERNAL CONTROLS AND AUDITS

Principle 12: Internal Controls

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Group's internal controls and systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial information and to safeguard and maintain the accountability of the assets.

The Board believes that, in the absence of any evidence to the contrary, the system of internal control systems maintained by the Group's Management and that was in place through the financial year and up to the date of this report, is adequate to meet the needs of the Group in its current business environment.

The Board, in concurrence with the AC is satisfied that the Company has a robust and effective internal control system in place in addressing the financial, operating and compliance risks. In addition as and when required, the Company's Sponsor, Stamford Corporation Services Ptd Ltd will highlight to the management, AC and the Board on the necessary compliance matters. The Company is consistently improving and adopts the recommendations which were highlighted by the auditors and the Sponsor to safeguard the Company's internal controls.

Principle 13: Internal Audit

The company should establish an internal audit function that is independent of the activities it audits.

The Board supports the need of an internal audit function where its primary objective is to maintain a system of internal controls and processes to safeguard shareholders' investment and the Group's assets. The internal auditor team is expected to meet the standards set by nationally or internationally recognized professional bodied including the Standards for the professional Practice of Internal Auditing of the Institute of Internal Auditors.

At present, the Company does not have in place an internal audit function as the Board is of the view that this is not necessary under current circumstances, considering the size and operation of the Group. However, the Board is looking into the possibility of appointing a qualified professional to perform the Company's internal audit function as and when is appropriate. Such qualified professionals when engaged, will report directly to the Chairman of the AC on audit matter and to the CEO on administrative functions.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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 Listing Manual of the SGX-ST, the Board's policy is that all shareholders would be equally informed of all major developments and/or transactions impacting the Group.

Half yearly 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 period prescribed by the SGX-ST and are available on the Company's website.

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 the 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 committees.

Shareholders are given the right to vote on the resolutions at general meetings. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Each distinct issue will be carried in a separate resolution. A proxy form is sent with the notice of general meeting to all shareholders so that those shareholders who are unable to attend the general meeting in person can appoint a proxy or proxies to attend and vote on their behalf. The Company's Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote at all general meetings on his/her behalf.

CORPORATE GOVERNANCE STATEMENT

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 December 2011 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 \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Swiber Offshore Marine Pte Ltd	US\$630,000[1]	Nil
Swiber Engineering Ltd	US\$216,500[2]	Nil
Newcruz Offshore Marine Pte Ltd	US\$2,561,600[3]	Nil

(1) Swiber Offshore Marine Pte Ltd is a subsidiary of Swiber Holdings Limited, a major shareholder of the Company.

The transaction relates to chartering income receivable for the year ended 31 December 2011. No shareholder approval was obtained because all terms of the charter party agreement entered into between Vallianz Samson Pte Ltd (formerly known as Samson Oceanic Pte Ltd) ("Vallianz Samson") and Swiber Offshore Marine Pte Ltd were finalized and signed prior to the Company acquiring the entire interest in Vallianz Samson and before Swiber Holdings Limited became an interested party as defined in Rule 907 of the Catalist Rules.

(2) Swiber Engineering Ltd is a subsidiary of Swiber Holdings Limited, a major shareholder of the Company.

The transaction relates to the purchase of 25,500 ordinary shares in Bentley Marine Ltd on 30 June 2011. No shareholders' approval was obtained because the value of the transaction was no more than 5% of the Group's latest audited net tangible assets.

(3) Newcruz Offshore Marine Pte Ltd is a subsidiary of Swiber Holdings Limited, a major shareholder of the Company.

The transaction relates to chartering income receivable for the year ended 31 December 2011. No shareholder approval was obtained because all terms of the charter party agreement entered into between Vallianz Marine Pte Ltd ("Vallianz Marine") and Newcruz Offshore Marine Pte Ltd were finalized and signed prior to the Company acquiring the 51% interest in Vallianz Marine and before Swiber Holdings Limited became an interested party as defined in Rule 907 of the Catalist Rules.

MATERIAL CONTRACTS

Save for the service agreement entered into between the Executive Director and the Company, there was no material contract entered into by the Company and its subsidiaries involving the interests of any Director or controlling shareholders since the end of the financial year ended 31 December 2010 or subsisting at the end of the financial year ended 31 December 2011.

CORPORATE GOVERNANCE STATEMENT

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 periods commencing one month before announcement of the Group's half yearly results and one 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 Company are advised not to deal in the Company's securities for short term consideration and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods. Officers are to consult with the CFO / Company Secretary before trading in the 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.

RISK MANAGEMENT POLICIES AND PROCESSES

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 in order 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.

RIGHTS ISSUE

On 18 January 2011, the Company completed a rights issue exercise in relation to 594,706,061 new ordinary shares, with an issue price of S$0.05 for each new share. The net proceeds from the rights issue was approximately USD23,138,000.00 after deduction of issue costs. As announced by the Company on 21 February 2011, 30 June 2011 and 30 September 2011 in relation to the use of the proceeds raised from the rights issue, the Company has provided an update as follows, as at 31 December 2011:

Intended use	**Amount allocated US$'000**	**Amount utilised US$'000**	**Balance amount US$'000**
Acquisitions	20,824	20,824	NIL
General working capital	2,314	2,314	NIL
Total net proceeds	23,138	23,138	NIL

There was no material deviation from the stated use of the proceeds for the proceeds of the Rights Issue.

NON-SPONSORSHIP FEES

The nature of non-sponsor services that were rendered by the company's sponsor, Stamford Corporation Services Pte Ltd, to the Group and their related fees for the year ended 31 December 2011 were as follows:

	US$'000
Legal fee in relation to acquisitions	**75**

Financial Contents

REPORT OF THE DIRECTORS

The directors present their report 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 December 2011.

1 DIRECTORS

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

Raymond Kim Goh
Anders Hagbarth Schau
Yeo Jeu Nam
Bote de Vries

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 paragraph 5 of the Report of the Directors.

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 and none of the directors deemed to have interests in the share capital of the Company:

Names of directors and company in which interests are held	**Shareholdings registered in name of director**	
	At 1 January 2011	**At 31 December 2011**
The Company (Ordinary shares)		
Yeo Jeu Nam	250,000	500,000

The directors have no deemed interest in the share capital and debentures of the Company and related corporations.

The directors' interests as at 21 January 2012 are the same as those as at 31 December 2011.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

The Enzer Employee's 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 (ie. 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.

5 SHARE OPTIONS (CONT'D)

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

(i) Yeo Jeu Nam (Chairman)
(ii) Raymond Kim Goh
(iii) Bote de Vries

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 options, to the extent unexercised, shall lapse upon the employee ceasing to be employed by the Company or its subsidiaries.

b) Unissued shares under option and options exercised

Details of the number of options to subscribe for ordinary shares of the Company granted to directors of the Company who held office as at 31 December 2011 pursuant to the ESOS were 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	-	250,000	(250,000)	-

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 have been granted to any participant.

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

6 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 are 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 take into account 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 Condition 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.

As at 31 December 2011 and 31 December 2010, no award was granted by the Remuneration Committee under the PSP.

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

(i) Yeo Jeu Nam (Chairman)
(ii) Raymond Kim Goh
(iii) Bote de Vries

7 AUDIT COMMITTEE

The Audit Committee comprises three non-executive directors. The members of the committee are:

Yeo Jeu Nam (Chairman and Independent Director)
Bote de Vries (Independent Director)
Raymond Kim Goh (Non-Executive Director)

During the financial year, the Audit Committee held three meetings.

During the financial year, the Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and the Listing Manual of the Singapore Exchange Securities Trading Limited.

REPORT OF THE DIRECTORS

7 AUDIT COMMITTEE (CONT'D)

The functions of the Audit Committee include the following:

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

b) review of the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

c) review of the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company;

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

e) 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 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.

8 AUDITORS

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

On Behalf of the Directors

Anders Hagbarth Schau

Raymond Kim Goh

28 March 2012

STATEMENT OF DIRECTORS

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 set out on pages 35 to 74 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and of the results, 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.

On Behalf of the Directors

Anders Hagbarth Schau

Raymond Kim Goh

28 March 2012

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Vallianz Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 74.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Other Matters

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated 28 March 2011.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

28 March 2012

STATEMENTS OF FINANCIAL POSITION

31 December 2011

		Group		Company	
	Note	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	3,449	4,036	1,868	3,773
Trade receivables	7	2,294	108	91	-
Other receivables	8	7,030	9	5,443	4,509
Available-for-sale investments	9	86	86	86	86
Intangible asset		-	29	-	29
Total current assets		12,859	4,268	7,488	8,397
Non-current assets					
Plant and equipment	10	27,448	7,287	10	18
Subsidiaries	11	-	-	24,798	101
Associate	12	-	949	-	949
Available-for-sale investments	9	124,440	-	690	-
Total non-current assets		151,888	8,236	25,498	1,068
Total assets		164,747	12,504	32,986	9,465
LIABILITIES AND EQUITY					
Current liabilities					
Term loans	13	14,084	600	-	-
Trade payables	14	2,434	-	-	-
Other payables	15	8,867	615	639	600
Total current liabilities		25,385	1,215	639	600
Non-current liability					
Term loans	13	83,224	2,100	-	-
Capital and reserves					
Share capital	16	54,647	31,509	54,647	31,509
Foreign currency translation reserve		(622)	-	-	-
Accumulated losses		(21,526)	(22,320)	(22,300)	(22,644)
Equity attributable to owners of the Company		32,499	9,189	32,347	8,865
Non-controlling interests		23,639	-	-	-
Total equity		56,138	9,189	32,347	8,865
Total liabilities and equity		164,747	12,504	32,986	9,465

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000
Continuing operations			
Revenue	17	5,878	616
Cost of sales		(1,405)	(231)
Gross profit		4,473	385
Other income	18	2,087	39
Administrative expenses		(2,847)	(479)
Share of loss of associate	12	-	(25)
Finance costs	19	(2,248)	(58)
Profit (Loss) before tax from continuing operations		1,465	(138)
Income tax	20	-	-
Profit (Loss) for the year from continuing operations	21	1,465	(138)
Discontinued operations			
Profit from discontinued operations	22	-	7
Profit (Loss) for the year		1,465	(131)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000
Other comprehensive income			
Exchange differences on translation of foreign operations representing other comprehensive income for the year, net of tax		(1,405)	-
Total comprehensive income (loss) for the year		60	(131)
Profit (Loss) for the year attributable to:			
Owners of the Company		794	(131)
Non-controlling interests		671	-
		1,465	(131)
Total comprehensive income (loss) attributable to:			
Owners of the Company		172	(131)
Non-controlling interests		(112)	-
		60	(131)
Earnings (Loss) per share (US cents)			
Continuing operations:			
Basic and diluted	23	0.07	(0.03)
Continuing and discontinued operations:			
Basic and diluted	23	0.07	(0.03)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2011

	Note	Share capital	Foreign currency translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
Balance at 1 April 2010		25,517	-	(22,189)	3,328	-	3,328
Total comprehensive loss for the year		-	-	(131)	(131)	-	(131)
Issue of shares	16	5,992	-	-	5,992	-	5,992
Balance at 31 December 2010		31,509	-	(22,320)	9,189	-	9,189
Total comprehensive (loss) income for the year		-	(622)	794	172	(112)	60
Issue of shares	16	23,138	-	-	23,138	-	23,138
Acquisition of a subsidiary		-	-	-	-	231	231
Acquisition of assets and liabilities		-	-	-	-	19,600	19,600
Non-controlling interest's share of preference shares in a subsidiary issued during the year		-	-	-	-	3,920	3,920
Balance at 31 December 2011		**54,647**	**(622)**	**(21,526)**	**32,499**	**23,639**	**56,138**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2011

	Note	Share capital US$'000	Accumulated losses US$'000	Total US$'000
Company				
Balance as at 1 April 2010		25,517	(22,179)	3,338
Total comprehensive loss for the year		-	(465)	(465)
Issue of shares	16	5,992	-	5,992
Balance at 31 December 2010		31,509	(22,644)	8,865
Total comprehensive income for the year		-	344	344
Issue of shares	16	23,138	-	23,138
Balance at 31 December 2011		**54,647**	**(22,300)**	**32,347**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000
Operating activities		
Profit (Loss) before tax	1,465	(131)
Adjustments for:		
Depreciation of plant and equipment	953	240
Dividend income from investment securities	(2,334)	(9)
Gain on disposal of subsidiaries	-	(7)
Interest income	(1)	(2)
Share of loss of associate	-	25
Interest expenses	2,248	58
Unrealised exchange gain	(1,594)	-
Loss on disposal of associate	16	-
Loss on disposal of plant and equipment	117	-
Gain on bargain purchase	(24)	-
Operating cash flows before movement in working capital	846	174
Trade and other receivables	(1,600)	(111)
Trade and other payables	927	346
Cash generated from operations	173	409
Income tax paid	-	(2)
Net cash from operating activities	173	407
Investing activities		
Net cash (outflows) inflows from acquisition of subsidiary (Note 24)	(186)	101
Net cash outflows from acquisition of assets and liabilities (Note A)	(39,109)	-
Proceeds on disposal of plant and equipment	20	1
Dividends received	1,858	9
Proceeds from disposal of an associate	933	-
Investment in an associate	-	(974)
Interest received	1	2
Net cash flows from disposal of subsidiaries (Note 24)	-	(1)
Proceeds from disposal of held for trading investment securities	-	14
Investment in available-for-sale investment	(690)	-
Purchase of plant and equipment	-	(22)
Proceeds from disposal of intangible assets	29	-
Net cash used in investing activities	(37,144)	(870)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000
Financing activities		
Proceeds from shares issue	23,170	1,741
Proceeds from non-controlling shareholders	19,600	-
Transaction costs on issuance of shares	(32)	(369)
Proceeds from exercised share options	-	18
Repayment of loans	(4,163)	(300)
Interest paid	(2,248)	(58)
Investment in available-for-sale investment	(84,169)	-
Proceeds from new bank loans raised	84,229	-
Net cash from financing activities	36,387	1,032
Net (decrease) increase in cash and cash equivalents	(584)	569
Cash and cash equivalents at beginning of the year	4,036	3,467
Net effect of exchange rate changes due to cash and cash equivalents	(3)	-
Cash and cash equivalents at end of year	3,449	4,036

Note A

On 30 June 2011, the Group acquired the following assets and liabilities from CSOTL Offshore Co. Limited for a cash consideration of US$39,240,000.

	2011 US$'000
Plant and equipment	175
Trade and other receivables	74,574
Cash and cash equivalents	131
Term loans	(2,310)
Trade and other payables	(33,330)
Net assets acquired and liabilities assumed	39,240

Net cash outflow on acquisition of assets and liabilities

Consideration transferred	39,240
Less: cash and cash equivalents acquired	(131)
Net cash outflow on acquisition of assets and liabilities	39,109

Note B

During the year, one of the subsidiaries issued non-cumulative preference shares to its non-controlling shareholder amounting to US$3,920,000 which was settled by way of offsetting a corresponding payable to a related company of the major shareholder.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2011

1 GENERAL

The Company (Registration No. 199206945E) is incorporated in the Republic of Singapore with its principal place of business and registered office at 12 International Business Park #02-02, Swiber@IBP, Singapore 609920. 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 subsidiaries are detailed in Note 11 to the financial statements.

During the current and prior periods, the Group has been engaged by various subsidiaries of its major shareholder to provide chartering services. The dividend income received by the Group is also derived from the cumulative preference shares issued by a related company of its major shareholder. The revenue from the related companies of major shareholder amounted to US$5,515,000 (2010 : US$616,000). Accordingly, the Group remains reliant on its major shareholder for its business.

The 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 December 2011 were authorised for issue by the Board of Directors on 28 March 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are 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").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2011. The adoption of these new/revised FRS and INT FRS 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.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 1 *Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income*
- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 113 *Fair Value Measurement*

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

Amendments to FRS 1 *Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income ("OCI")*

The amendment on Other Comprehensive Income ("OCI") presentation will require the group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes arising from these amendments to FRS 1 will take effect from financial years beginning on or after 1 July 2012, with full retrospective application.

FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation - Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after 1 January 2013, with full retrospective application.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. FRS 112 will take effect from financial years beginning on or after 1 January 2013.

FRS 113 *Fair Value Measurement*

FRS 113 is a single new standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets.*

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after 1 January 2013. Comparative information is not required for periods before initial application.

The Group is currently estimating the effects of the above FRSs and amendments to FRS in the period of initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders 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 (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control 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. 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.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

BUSINESS COMBINATIONS - Acquisitions of subsidiaries 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 andmeasured 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.

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 instrument.

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.

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

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. With the exception of available-for-sale instruments, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

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 also 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 rate 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.

Derecognition of financial liabilities

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

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.

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

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.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

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

Vessels	-	18 years
Computers	-	3 years
Office furniture and equipment	-	3 to 5 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

The gain or loss arising on disposal or retirement of an item of 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.

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.

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.

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. 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 equity-settled employee benefits 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.

<u>Rental and charter hire income</u>

Revenue generated from charter hire is recognised on a straight-line basis over the period of the charter period.

<u>Dividend income</u>

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

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.

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 statement of 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 subsidiaries operate by the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, and is accounted for using the balance sheet liability method. 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 subsidiaries and associates 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.

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 - 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore 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 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 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash at banks and on fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimation uncertainties as disclosed in (ii) below.

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

(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 plant and equipment

As at 31 December 2011, the Group's carrying amount of plant and equipment is US$27,448,000 (2010 : US$7,287,000). The Group reviews the carrying amount of the plant and equipment to determine whether there are any indicators of impairment. Management is of the view that no impairment loss is required in the current and prior financial periods as there are no indicators of impairment.

Impairment of available-for-sale investments

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 consideration, among other factors, the financial health and long-term business outlook of the investments, including factors such as changes in overall industry and sector performance and related market risks. Based on their assessment, management is of the view that no impairment is required for the available-for-sale investments.

The carrying amount of available-for-sale investments is disclosed in Note 9.

Useful lives and residual values of plant and equipment

The carrying amount of plant and equipment disclosed in Note 10 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 values of the 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. Management is of the view that the carrying amounts of the trade and other receivables as disclosed in Notes 7 and 8 are recoverable.

Impairment of investments in subsidiaries

The Company reviews its investments in subsidiaries amounting to US$24,798,000 (2010 : US$101,000) as disclosed in Note 11 to determine whether there are any indications that those assets have suffered an impairment loss. Based on their assessment, management is of the view that no impairment is necessary.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	12,753	4,152	7,390	8,281
Available-for-sale investments	124,526	86	776	86
	137,279	4,238	8,166	8,367
Financial liabilities				
Amortised cost	108,609	3,315	639	600

(b) Financial risk management policies and objectives

(i) Credit risk

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 creditworthy 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 period, 48.2% (2010 : 100%) of the Group's trade receivables are due from related parties.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 respectively.

(ii) Foreign exchange risk management

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

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

	The Group*				The Company			
	Liabilities		Assets		Liabilities		Assets	
	2011	2010	2011	2010	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Singapore dollar	198	420	455	3,780	72	420	418	3,746
United States dollar	2,692	-	45,929	-	-	-	-	-
Norwegian kroner	107	-	-	-	107	-	-	-

**Figures include intercompany financial assets and liabilities denominated in currencies other than the respective Group entities' functional currencies.*

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

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

(ii) Foreign exchange risk management

The Group has an investment in a foreign subsidiary, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

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, impact on profit for the year will increase by:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Singapore dollar	13	168	17	166
United States dollar	2,162	-	-	-

If the relevant foreign currency weakens by 5% against the functional currency of each group entity as at the year end, impact on profit for the year would decrease by the same amount.

(iii) Interest rate risk management

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

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period 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 period and all other variables were held constant, the Group's profit for the year would decrease or increase by US$232,000 (2010 : US$13,500).

As the Company does not hold interests-bearing assets or liabilities, no sensitivity analysis has been presented.

(iv) Liquidity risk management

At the end of the reporting period, the Group's total current liabilities exceed its total current assets by US$12,526,000. Management is of the view that they will be able to generate sufficient cash inflows from its operations in order to satisfy its obligations notwithstanding that the loans are secured against the vessels of the Group as well as the vessels owned by a related company of its major shareholder.

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

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

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**	**Within 2 to 5 years**	**After 5 years**	**Adjustment**	**Total**
	%	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Group						
2011						
Non-interest-bearing	-	11,301	-	-	-	11,301
Variable interest rate instruments	4.08	16,132	61,328	26,242	(13,169)	90,533
Fixed interest rate instruments	11.24	1,755	5,818	-	(798)	6,775
		29,188	67,146	26,242	(13,967)	108,609
Group						
2010						
Non-interest-bearing	-	615	-	-	-	615
Variable interest rate instruments	4.14	689	2,259	-	(248)	2,700
		1,304	2,259	-	(248)	3,315

All financial assets are due within one year from the end of the reporting period and are non-interest bearing except for available-for-sale investments amounting to US$123,750,000 (2010 : US$Nil) which is not expected to be realised within the next 12 months and is non-interest bearing.

Company

All financial assets and liabilities are due within one year from the end of the reporting period and are non-interest bearing except for available-for-sale investment amounting to US$690,000 which is not expected to be realised within the next 12 months and is non-interest bearing.

The Company issued guarantees for bank loans and counter indemnities to the extent of US$101,117,000 (2010 : US$3,000,000) to banks. The earliest period that the guarantee could be called is within 1 year (2010 : 1 year) from the end of the reporting period. Management considers that it is more likely than not that no amount will be payable under these financial guarantee arrangements.

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

(v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, 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 liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

- unquoted equity investments (Note 9) are measured at cost less accumulated impairment loss because their fair value cannot be measured reliably.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

During the year, the Group acquired available-for-sale investment amounting to US$123,750,000 (2010 : US$Nil) and this has been measured at fair value based on Level 3. In determining the fair value as at 31 December 2011, the preference shares have been accounted for at its last transacted price which approximates the fair value.

(c) Capital risk 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 structure of the Group consists of debt, which includes the borrowings disclosed in Note 13, and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

5 RELATED PARTY TRANSACTIONS

Some of the Company'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 due to and from related parties are with the related companies of its major shareholder and such balances are unsecured, interest free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following significant transactions with related companies of its major shareholder:

	Group	
	2011	2010
	US\$'000	US\$'000
Charter hire revenue from related parties	(3,192)	(616)
Dividend income from a related party	(2,324)	-

Compensation of directors and key management personnel

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

	Group	
	2011	2010
	US\$'000	US\$'000
Short-term benefits	812	369
Post-retirement benefits	13	10
	825	379

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

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank	3,449	4,036	1,868	3,773

Cash and cash equivalents mainly comprise cash held at bank. The carrying amounts of these assets approximate their fair values.

6 CASH AND CASH EQUIVALENTS (CONT'D)

Significant cash and cash equivalents that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Singapore dollar	452	3,779	415	3,745

7 TRADE RECEIVABLES

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Outside parties	1,188	-	91	-
Related party (Note 5)	1,106	108	-	-
Total	2,294	108	91	-

The credit period on services rendered is 30 days (2010 : 31 days). No interest is charged on the outstanding balance.

Trade receivables amounting to US$1,096,000 (2010 : US$108,000) are secured by a corporate guarantee from the ultimate holding company of the related parties.

Allowance for trade receivables is provided for based on estimated irrecoverable amounts from services provided, determined by reference to past default experience. No allowances are made in current and prior periods as management is of the view that these receivables are recoverable.

As at 31 December 2011, included in the Group's trade receivables balance are debtors with a carrying amount of US$1,772,000 (2010 : US$Nil) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables are 155 days.

Significant trade receivables that are not denominated in the functional currency of the respective entities are as follows:

	Group	
	2011 US$'000	2010 US$'000
United States dollar	1,053	-

8 OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Subsidiaries	-	-	5,353	4,500
Related party (Note 5)	5,059	-	-	-
Outside parties	1,950	7	77	7
Prepayments	20	1	12	1
Deposits	1	1	1	1
Total	7,030	9	5,443	4,509

Amount due from subsidiaries is unsecured, interest-free and repayable in demand.

Significant other receivables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Singapore dollar	3	1	3	1
United States dollar	5,295	-	-	-

9 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Available-for-sale investments, at cost				
Unquoted equity shares (a)	776	86	776	86
Less: Presented as current asset	(86)	(86)	(86)	(86)
Presented as non-current asset	690	-	690	-
Available-for-sale investments, at fair value (Level 3)				
Unquoted preference shares (b)	123,750	-	-	-
Total	124,440	-	690	-

(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.

(b) Unquoted preference shares
During the year, the Group acquired the assets and liabilities from an unrelated party, CSOTL Offshore Co. Ltd ("CSOTL"). In the transaction, the vessel owned by CSOTL was transferred to an unrelated 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 the Company's major shareholder, 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.

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

(b) Unquoted preference shares (cont'd)

Subsequent to the conversion, ROPL redeemed US$31,250,000 of cumulative preference shares from the Group, resulting in a net balance of US$123,750,000 as at end of the reporting period. The redemption does not result in any cashflow as it was settled by way of offsetting a corresponding payable to a related company of ROPL.

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 payable 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 unpaid principal and unpaid interest.

10 PLANT AND EQUIPMENT

	Computers US$'000	Office furniture and equipment US$'000	Vessels US$'000	Total US$'000
Group				
Cost:				
At 1 April 2010	8	-	-	8
Additions	12	10	-	22
Acquisition of subsidiary	-	-	7,500	7,500
Disposals	(2)	-	-	(2)
At 31 December 2010	18	10	7,500	7,528
Acquisition of subsidiaries (Note 24)	-	-	21,076	21,076
Additions	60	115	-	175
Disposals	(34)	(113)	-	(147)
At 31 December 2011	44	12	28,576	28,632
Accumulated depreciation:				
At 1 April 2010	2	-	-	2
Depreciation for the financial year	3	6	231	240
Disposals	(1)	-	-	(1)
At 31 December 2010	4	6	231	241
Depreciation for the financial year	14	2	937	953
Disposals	(10)	-	-	(10)
At 31 December 2011	8	8	1,168	1,184
Carrying amount:				
At 31 December 2011	36	4	27,408	27,448
At 31 December 2010	14	4	7,269	7,287

10 PLANT AND EQUIPMENT (CONT'D)

	Computers US$'000	Office furniture and equipment US$'000	Total US$'000
Company			
Cost:			
At 1 April 2010	8	-	8
Additions	12	10	22
Disposals	(2)	-	(2)
At 31 December 2010	18	10	28
Disposals	(4)	-	(4)
At 31 December 2011	14	10	24
Accumulated depreciation:			
At 1 April 2010	2	-	2
Depreciation for the financial year	3	6	9
Disposals	(1)	-	(1)
At 31 December 2010	4	6	10
Depreciation for the financial year	5	1	6
Disposals	(2)	-	(2)
At 31 December 2011	7	7	14
Carrying amount:			
At 31 December 2011	7	3	10
At 31 December 2010	14	4	18

11 SUBSIDIARIES

	Company 2011 US$'000	Company 2010 US$'000
Unquoted equity shares, at cost	20,718	101
Unquoted preference shares	4,080	-
	24,798	101

The unquoted non-cumulative preference shares issued by one of its subsidiaries have been accounted for as investment in subsidiary. The terms and conditions of the unquoted non-cumulative preference shares are set out below:

(v) Non-convertible;
(vi) Non-voting;
(vii) Dividend rate of 15% per annum at the discretion of the issuer; and
(viii) Right to redeem the preference shares lies with the issuer.

Details of the subsidiaries are as follows:

Name of subsidiary	Proportion of ownership interest/ voting power held 2011 %	2010 %	Principal activities/ Country of incorporation and operations
Vallianz Samson Pte Ltd [(1)]	100	100	Vessel ownership and chartering/ Singapore
Vallianz Marine Pte Ltd [(1)] [(4)] (formerly known as Bentley Marine Pte Ltd)	51	-	Vessel ownership and chartering/ Singapore
Vallianz 4000 Pte Ltd [(3)] [(5)]	100	-	Dormant/Singapore
Resolute Pte Ltd [(1)] [(5)]	51	-	Investment holding/Singapore
CSOTL Offshore Co. Ltd [(2)]	51	-	Dormant/Thailand

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

[(2)] *Audited by another firm of auditors, PYS Audit Company Limited.*

[(3)] *Not required to be audited by law in the country of incorporation.*

[(4)] *The subsidiary was acquired during the year for a cash consideration of US$217,000 for 51% equity interest (Note 24).*

[(5)] *These subsidiaries were incorporated during the year.*

12 ASSOCIATE

	Group and Company 2011 US$'000	2010 US$'000
Cost of investment in associate	-	974
Share of loss in associate	-	(25)
	-	949

Details of the associate is as follows:

Name of associate	Proportion of ownership interest/ voting power held 2011 %	2010 %	Principal activities/ Country of incorporation and operations
A3 Offshore LLC	-	30	Vessel ownership and chartering/ Republic of Marshall Islands

The associate was disposed of to a third party for a consideration of US$933,000 in 2011.

Summarised financial information in respect of the Group's associate is set out below:

	2011 US$'000	2010 US$'000
Total assets	-	3,244
Total liabilities	-	(80)
Net assets	-	3,164
Group's share of associates' net assets	-	949

	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000
Revenue	-	1
Loss for the year	-	(84)
Group's share of associates' loss for the year	-	(25)

13 TERM LOANS

	Group	
	2011	2010
	US$'000	US$'000
Loans	**97,308**	2,700
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(14,084)**	(600)
Amount due for settlement after 12 months	**83,224**	2,100

The Group has 6 (2010 : 1) bank loans with repayment terms commencing from August 2010 to June 2018.

Loans amounting to US$4,204,000 (2010 : US$Nil) are subject to interest rates of 3.82% above the cost of funds while loan amounting to US$2,100,000 (2010 : US$2,700,000) carries interest at 3.75% above LIBOR per annum. Another loan amounting to US$84,229,000 (2010 : US$Nil) is subject to interest at 3.50% above LIBOR per annum. Accordingly, interest rates are subject to change according to prevailing market conditions and/or at bank's discretion. The carrying amount of these loans approximates the fair value as the interest rates approximate the prevailing market rates. The average effective interest rate of the loans is 4.08% (2010: 4.14%).

The remaining bank loans of US$6,775,000 (2010 : US$Nil) are arranged at fixed interest rates. The average effective interest rate is 11.24% (2010 : Nil%). Management estimates the fair value of the Company's borrowings, by discounting their future cash flows at the market rate, to be US$6,090,000.

Term loans are denominated in the functional currency of the respective group entities.

The bank loans are secured by:

(i) First legal mortgage over the vessels of the Group (Note 10) and a vessel held by a related company of its major shareholder;
(ii) Assignment of marine insurances in respect of some of the vessels mentioned above;
(iii) Assignment of earnings/charter proceeds in respect of some of some of the vessels mentioned above; and/or
(iv) The unquoted cumulative preference shares held by the Group (Note 9).

14 TRADE PAYABLES

	Group	
	2011	2010
	US$'000	US$'000
Related parties (Note 5)	**4**	-
Outside parties	**2,430**	-
	2,434	-

The average credit period on trade payables is 30 days (2010 : Nil days).

Significant trade payables that are not denominated in the functional currency of the respective entities are as follows:

	Group	
	2011	2010
	US$'000	US$'000
United States dollar	**2,340**	-

15 OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Related parties (Note 5)	**2,740**	-	**-**	-
Accruals	**5,485**	612	**96**	597
Other payables	**642**	3	**543**	3
	8,867	615	**639**	600

Significant other payables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Singapore dollar	198	420	72	420
United States dollar	352	-	-	-
Norwegian kroner	107	-	107	-

16 SHARE CAPITAL

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares			
	'000	'000	US$'000	US$'000
At beginning of year	**594,706**	357,439	**31,509**	25,517
Issuance of shares pursuant to:				
Exercise of share options	**-**	500	**-**	18
Acquisition of a subsidiary (Note 24)	**-**	171,767	**-**	4,602
Share placement exercise	**594,706**	65,000	**23,170**	1,741
Transaction costs	**-**	-	**(32)**	(369)
At the end of the year	**1,189,412**	594,706	**54,647**	31,509

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 newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company.

17 REVENUE

	Group	
	1 January 2011 to 31 December 2011	1 April 2010 to 31 December 2010
	US$'000	US$'000
Charter hire and brokerage income	**3,554**	616
Dividend income	**2,324**	-
	5,878	616

18 OTHER INCOME

	Group 1 January 2011 to 31 December 2011 US$'000	Group 1 April 2010 to 31 December 2010 US$'000
Foreign exchange gain	**1,987**	-
Dividend income	**10**	9
Gain on bargain purchase	**24**	-
Interest income	**1**	2
Others	**65**	28
	2,087	39

19 FINANCE COSTS

	Group 1 January 2011 to 31 December 2011 US$'000	Group 1 April 2010 to 31 December 2010 US$'000
Interest expense to outside parties	**2,248**	58

From 1 April 2010 to 31 December 2010, there was no finance costs incurred relating to its discontinued operations.

20 INCOME TAX

	Continuing operations		Discontinued operations		Total	
	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000
Current tax	-	-	-	-	-	-

Domestic income tax is calculated at 17% (2010 : 17%) of the estimated assessable profit/loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. During the year, 2 (2010 : 1) of its subsidiaries earned shipping income from the charter of ships and are exempted from tax under Section 13A of the Singapore Income Tax Act.

20 INCOME TAX (CONT'D)

The total charge for the year can be reconciled to the accounting loss as follows:

	Group	
	1 January 2011 to 31 December 2011	1 April 2010 to 31 December 2010
	US$'000	US$'000
Profit (Loss) before tax	**1,465**	(131)
Continuing operations	**1,465**	(138)
Discontinued operations	**-**	7
	1,465	(131)
Income tax expense (benefit) calculated at 17%	**249**	(23)
Non (taxable) deductible expenses	**(360)**	84
Non-taxable income	**(604)**	(175)
Differences in tax rates of overseas operations	**123**	-
Tax losses not carried forward	**304**	-
Deferred tax assets not recognised	**288**	113
Others	**-**	1
Total	**-**	-

Subject to agreement with the relevant tax authorities, the Group has estimated tax losses carryforwards which are available for offsetting against future taxable income as follows:

	Group	
	2011	2010
	US$'000	US$'000
Amount at beginning of year	**1,269**	-
Adjustment during the year	**1,876**	-
Amount in current year	**1,518**	1,269
	4,663	1,269
Deferred tax benefit on above not recorded	**823**	216

21 PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging (crediting):

	Group	
	1 January 2011 to 31 December 2011	**1 April 2010 to 31 December 2010**
	US$'000	**US$'000**
Audit fees to auditors of the Company	**60**	28
Non-audit fees to auditors of the Company	**-**	3
Depreciation of plant and equipment	**953**	240
Foreign exchange gain, net	**(1,987)**	(322)
Employee benefits expense (including directors' remuneration)	**908**	410
Directors' remuneration	**572**	321
Defined contribution benefits	**20**	13
Loss on disposal of plant and equipment	**117**	-
Loss on disposal of associate	**16**	-

22 DISCONTINUED OPERATIONS

In 2010, the Group discontinued its retail and distribution audio equipment/accessories business. Accordingly, the result of the discontinued operation for the period from 1 April 2010 to 31 December 2010 is analysed as follows:

	1 April 2010 to 31 December 2010
	US$'000
Revenue	11
Cost of sales	(11)
Gain on disposal of subsidiaries	7
Profit before tax	7
Income tax	-
Profit for the year	7

During the financial year from 1 April 2010 to 31 December 2010, the discontinued operations does not contribute materially to the Group's cash flows. Accordingly, no disclosure has been made.

23 EARNINGS PER SHARE

	Continuing operations		Continuing and discontinued operations	
	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000	1 January 2011 to 31 December 2011 US$'000	1 April 2010 to 31 December 2010 US$'000
Profit (Loss) for the year attributable to owners of the Company	794	(138)	794	(131)

	1 January 2011 to 31 December 2011 '000	1 April 2010 to 31 December 2010 '000	1 January 2011 to 31 December 2011 '000	1 April 2010 to 31 December 2010 '000
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	1,156,825	518,691	1,156,825	518,691

	1 January 2011 to 31 December 2011 US cents	1 April 2010 to 31 December 2010 US cents	1 January 2011 to 31 December 2011 US cents	1 April 2010 to 31 December 2010 US cents
Earnings (Loss) per share	0.07 (1)	(0.03) (2)	0.07 (1)	(0.03) (2)

(1) No diluted earnings per share for year ended 31 December 2011 as there are no dilutive potential ordinary shares.

(2) Diluted loss per share is the same as basic loss per share as the effect of the dilutive potential ordinary shares is anti-dilutive.

24 ACQUISITION OF SUBSIDIARY

2011

On 30 June 2011, the Group acquired 51% of the issued share capital of Vallianz Marine Pte Ltd (formerly known as Bentley Marine Pte Ltd) for a cash consideration of US$217,000. This transaction has been accounted for by the acquisition method of accounting and the fair values of assets and liabilities acquired have been disclosed below.

Vallianz Marine Pte Ltd ("VMPL") is an entity incorporated in the Republic of Singapore with its principal activity as a ship charterer. The Group acquired VMPL in order to expand its fleet of vessels.

	2011 US$'000
Plant and equipment	21,076
Trade and other receivables	3,388
Cash and cash equivalents	31
Term loans	(12,191)
Trade and other payables	(11,832)
Net assets acquired and liabilities assumed	472
Consideration transferred	217
Plus: Non-controlling interests	231
Less: Fair value of identifiable net assets acquired	(472)
Gain on bargain purchase	(24)

The gain on bargain purchase has been recorded in "other income" line item in the consolidated statement of comprehensive income.

Acquisition-related costs amounting to US$10,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'administrative expenses' line item in the consolidated statement of comprehensive income.

Non-controlling interests are measured at the non-controlling shareholders' proportionate share of the fair value of the acquiree's identifiable net assets.

	2011 US$'000
Net cash outflow on acquisition of subsidiary	
Consideration transferred	217
Less: cash and cash equivalents acquired	(31)
Net cash outflow on acquisition of subsidiaries	186

Included in the profit for the year is US$300,000 attributable to the subsidiary acquired. Revenue for the period from the subsidiary amounted to US$1,913,000.

Had the business combination during the year been effected at 1 January, 2011, the revenue of the Group would have been US$7,458,000 and the profit for the year from continuing operations would have been US$1,750,000.

24 ACQUISITION OF SUBSIDIARY (CONT'D)

2010

On 8 July 2010, the Group completed the acquisition of 100% interest in Vallianz Samson Pte Ltd from a related company of its major shareholder. The fair value of the assets and liabilities were as follows:

	2010 US$'000
Plant and equipment	7,500
Cash and cash equivalents	101
Term loan	(3,000)
Other payables*	(4,500)
Identifiable net assets representing cash and cash equivalents acquired	101

* Other payables pertain to amount owing to a related company of the seller. Pursuant to the sales and purchase agreement dated 10 June 2010, any amount that is owing by Vallianz Samson Pte Ltd to the seller or any of its related company shall be satisfied and extinguished by the issue of shares of the Company.

Accordingly, the total consideration of approximately US$4,601,000 comprising the amount owing of US$4,500,000 and the cost of acquisition of 100% interest in Vallianz Samson Pte Ltd of US$101,000 was wholly satisfied by the allotment and issue of 171,767,493 ordinary shares of the Company at an issue price of S$0.0375 per share (Note 16), being the share price of the Company at the date of acquisition.

25 DISPOSAL OF SUBSIDIARY

In 2010, Enzer Acoustics Pte Ltd, a subsidiary of the Company was placed under voluntary liquidation.

The carrying amount of net assets deconsolidated on liquidation of subsidiaries and its cash flow effects were as follows:

	2010 US$'000
Cash and cash equivalents	1
Trade and other payables	(8)
Net liabilities on liquidation	(7)
Less: Net liabilities deconsolidated, net of cash and cash equivalents	8
Cash and cash equivalents disposed	1

26 OPERATING LEASE ARRANGEMENTS

<u>The Group as lessor</u>

The Group hires out its vessels under operating leases. Charter hire income of US$3,192,000 (2010 : US$616,000) was earned.

At the end of the reporting period, the Group has contracted with charterers for the following future minimum lease receivable:

	Group	
	2011	**2010**
	US$'000	**US$'000**
Future minimum lease receivable:		
Within 1 year	5,087	1,278
After 1 year but within 5 years	14,774	4,365
	19,861	5,643

Operating lease receivables represent charter hire income receivable by the Group. Leases were negotiated for a minimum period of 5 years.

27 CONTINGENT LIABILITY

The Company provided corporate guarantees of US$101,117,000 (2010 : US$3,000,000) for loans taken by its subsidiaries and management is of the view that the fair values of the guarantees is not material.

28 SEGMENT INFORMATION

The Group's chief operating decision maker has been identified as the executive director 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 : leasing of owned vessels; and

(ii) 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. All assets and liabilities are allocated to reportable segments.

Information regarding the operations of each reportable segment is included below.

2011

	Vessel chartering and brokerage US$'000	Investment holding US$'000	Total US$'000
REVENUE			
External sales	3,554	2,324	5,878
RESULTS			
Segment results	1,543	2,170	3,713
Finance costs	(618)	(1,630)	(2,248)
Profit before income tax			1,465
Income tax			-
Profit for the year			1,465
Segment assets and segment liabilities			
Segment assets	39,524	125,223	164,747
Segment liabilities	23,507	85,102	108,609
Other information			
Foreign exchange gains	(1,980)	(7)	(1,987)
Loss on disposal of plant and equipment	117	-	117
Depreciation of plant and equipment	953	-	953

There are no intersegment elimination as disclosed above as the Group does not transact between the segments.

28 SEGMENT INFORMATION (CONT'D)

Geographical information

The Group operates only in Singapore and accordingly, no presentation of geographical information has been included in the financial statements.

Major customer information

During the year, the Group derived vessel chartering and brokerage revenue amounting to US$3,192,000 from related companies of its major shareholder.

In addition, revenue from the investment holding segment is derived from a related company of its major shareholder.

2010

The Group operated only in the vessel chartering and brokerage segment and one geographical segment. Accordingly, no segment reporting has been presented.

29 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, Resolute Offshore Pte Ltd redeemed US$3,000,000 of preference shares from the Group, resulting in a net balance of US$120,750,000 of unquoted preference shares in Resolute Offshore Pte Ltd.

30 COMPARATIVE FIGURES

The financial statements for the year ended 31 December 2011 cover the 12 month period from 1 January 2011 to 31 December 2011.

The comparative financial statements for the year ended 31 December 2010 cover the 9 month period from 1 April 2010 to 31 December 2010.

SHAREHOLDINGS STATISTICS

As at 12 March 2012

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	13	0.52	424	0.00
1,000 - 10,000	333	13.46	1,929,988	0.16
10,001 - 1,000,000	2,019	81.61	331,945,500	27.91
1,000,001 AND ABOVE	109	4.41	855,536,210	71.93
TOTAL	2,474	100.00	1,189,412,122	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NO.OF SHARES HELD	%
1	SWIBER HOLDINGS LIMITED	343,534,986	28.88
2	LARIX INTERNATIONAL LIMITED	47,130,026	3.96
3	TOH BOON KENG	46,500,000	3.91
4	OCBC SECURITIES PRIVATE LTD	39,053,198	3.28
5	ANG KIAN KOK	20,710,000	1.74
6	ANG PANG CHEE	20,278,000	1.70
7	SRI SUHARTI	18,500,000	1.56
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	16,841,000	1.42
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	13,238,000	1.11
10	DMG & PARTNERS SECURITIES PTE LTD	12,159,000	1.02
11	MAYBANK KIM ENG SECURITIES PTE LTD	10,566,000	0.89
12	GOH CHAI SIN	9,500,000	0.80
13	HO YENG PEW	9,500,000	0.80
14	LIONG YEW FEI	8,200,000	0.69
15	UOB KAY HIAN PTE LTD	7,637,000	0.64
16	LIAU SAI LANG	7,456,000	0.63
17	PHILLIP SECURITIES PTE LTD	7,418,000	0.62
18	OCBC NOMINEES SINGAPORE PTE LTD	6,955,000	0.58
19	DBS NOMINEES PTE LTD	6,189,000	0.52
20	LOW YEW KIAT	5,928,000	0.50
	TOTAL	**657,293,210**	**55.25**

CLASS OF SHARES	NO. OF SHARES	%
ORDINARY	1,189,412,222	100.00
TREASURY	NIL	0.00
TOTAL ISSUED SHARES	1,189,412,122	100.00

VOTING RIGHTS	ON SHOW OF HANDS	:	ONE VOTE FOR EACH MEMBER
	ON A POLL	:	ONE VOTE FOR ORDINARY SHARE

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
SWIBER HOLDINGS LIMITED	343,534,986	28.88	NIL	0.00

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on information available to the Company as at 12 March 2012, 71.08% 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.

NOTICE OF ANNUAL GENERAL MEETING

VALLIANZ HOLDINGS LIMITED

(Company Registration No. 199206945E)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 12 International Business Park, #03-02 Swiber@IBP, Singapore 609920 on Friday, 20th day of April 2012 at 10.00 a.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 December 2011 and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Yeo Jeu Nam retiring pursuant to Article 105 of the Company's Articles of Association. **(Resolution 2)**

   Mr. Yeo Jeu Nam shall, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee of the Company, and shall be considered independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Listing Manual Section B: Rules of Catalist ("Rules of Catalist").

3. To approve the Directors' fees of US$180,000.00 for the financial year ending 31 December 2012. **(Resolution 3)**

4. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company, and to authorise the Directors to fix the remuneration of Messrs Deloitte & Touche LLP. **(Resolution 4)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

5. **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) 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 that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed one hundred per cent. (100%) of the total number of issued shares excluding treasury shares 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 per cent. (50%) of the total number of issued shares excluding treasury shares 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 general meeting, such authority shall continue in full force until the conclusion of the next Annual General Meeting or such date by which the next Annual General Meeting of the Company 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 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 (a)] **(Resolution 5)**

6. Proposed Renewal of the Share Buyback Mandate

"That:

(1) for the purposes of the Catalist Rules 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 Shares 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 listing rules of the SGX-ST 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 annual general meeting of the Company ("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 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 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 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, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 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 (b)] **(Resolution 6)**

7. Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions

"That:

(1) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, 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 5 April 2012 (the "Letter to Shareholders") appended to the Annual Report, with any party 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 "Shareholders' Mandate");

(2) the Shareholders' 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 Shareholders' Mandate and/or this Resolution."

[See Explanatory Note (c)] (**Resolution 7)**

8. Authority to grant options and to issue shares under the Employee Share Option Scheme

"That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Enzer Employee Share Option Scheme ("the Scheme"), and, pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme, when aggregated together with shares issued and/or issuable pursuant to any other existing share schemes or plans of the Company for the time being shall not exceed fifteen per cent (15%) of the total number of issued share capital of the Company excluding treasury shares from time to time, as determined in accordance with the provisions of the Scheme."

[See Explanatory Note (d)] **(Resolution 8)**

9. Authority to allot and issue shares under Vallianz Performance Share Plan

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of Vallianz Performance Share Plan ("Plan") and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of paid-up Shares in the capital of the Company as may be required to be issued pursuant to the vesting of award provided always that the aggregate number of shares to be issued or issuable pursuant to the Plan shall not exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time."

[See Explanatory Note (e)] **(Resolution 9)**

10. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lee Bee Fong (Ms)
Company Secretary
5 April 2012

Singapore

Explanatory Notes:

(a) The Ordinary Resolution 5 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting 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 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.

(b) The Ordinary Resolution 6 proposed in item 6 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 5 April 2012 appended to the Annual Report for details.

(c) The Ordinary Resolution 7 above, if passed, allowing the Company, and its subsidiaries and to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual Section B Rules of Catalist of the SGX-ST.

(d) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company to offer and grant options under the Employees Share Option Scheme and to allot and issue shares upon the exercise of such options in accordance with the Scheme not exceeding fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.

(e) The Ordinary Resolution No. 9 proposed in item 9 above, if passed, will empower the Directors of the Company to grant awards and to allot and issue shares in accordance with the Vallianz Performance Share Plan.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead.

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 registered office of the Company at 12 International Business Park, #02-02 Swiber@IBP, Singapore 609920 not later than 48 hours before the time appointed for the Meeting.

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VALLIANZ HOLDINGS LIMITED
(Company Registration No. 199206945E)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT
1. 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.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ______________________________ of ______________________

of ______________________________ being *a member/members of **VALLIANZ HOLDINGS LIMITED** (the **"Company"**), hereby appoint:

Name	Address	NRIC/Passport No	Proportion of shareholdings to be represented by proxy (%)

*and/or (delete as appropriate)

Name	Address	NRIC/Passport No	Proportion of shareholdings to be 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 and, if necessary, to demand a poll, at the AGM to be held at 12 International Business Park, #03-02 Swiber@IBP, Singapore 609920 on 20 April 2012 at 10.00 a.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.

No.	Ordinary Resolutions	For**	Against**
1.	Adoption of Directors' Report and Accounts for the financial year ended 31 December 2011		
2.	Re-election of Director pursuant to Article 105 - Mr Yeo Jeu Nam		
3.	Approval of the Directors' fees of US$180,000.00 for the financial year ending 31 December 2012.		
4.	To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
5.	Authority to allot and issue shares pursuant to the Share Issue Mandate.		
6.	Proposed Renewal of Share Buyback Mandate		
7.	Proposed Renewal of Shareholders' Mandate for Interested Person Transactions		
8.	Authority to grant options and issue shares under the Employee Share Option Scheme.		
9.	Authority to allot and issue shares under the Vallianz Performance Share Plan.		

Notes:
* Please delete accordingly
** Please indicate your vote "For" or "Against" with an "X" within the box provided

Dated this _______ day of ______________ 2012

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

____
*Signature(s) of Member(s)/Common Seal

IMPORTANT: Please read notes overleaf

Please
affix
postage
stamp

The Company Secretary
VALLIANZ HOLDINGS LIMITED
12 International Business Park
#02-02 Swiber@IBP
Singapore 609920

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such 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 or 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 registered office of the Company at 12 International Business Park, #02-02 Swiber@IBP, Singapore 609920 not later than 48 hours before the time set for the Annual General Meeting.
6. 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 130A of the Companies Act, Chapter 50 of Singapore), 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.
7. 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 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
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 48 hours before the time set for the Annual General Meeting.

an EQUITY communications production

Vallianz

VALLIANZ HOLDINGS LIMITED

Company Registration No. 199206945E

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Singapore 609920
www.vallianzholdings.com