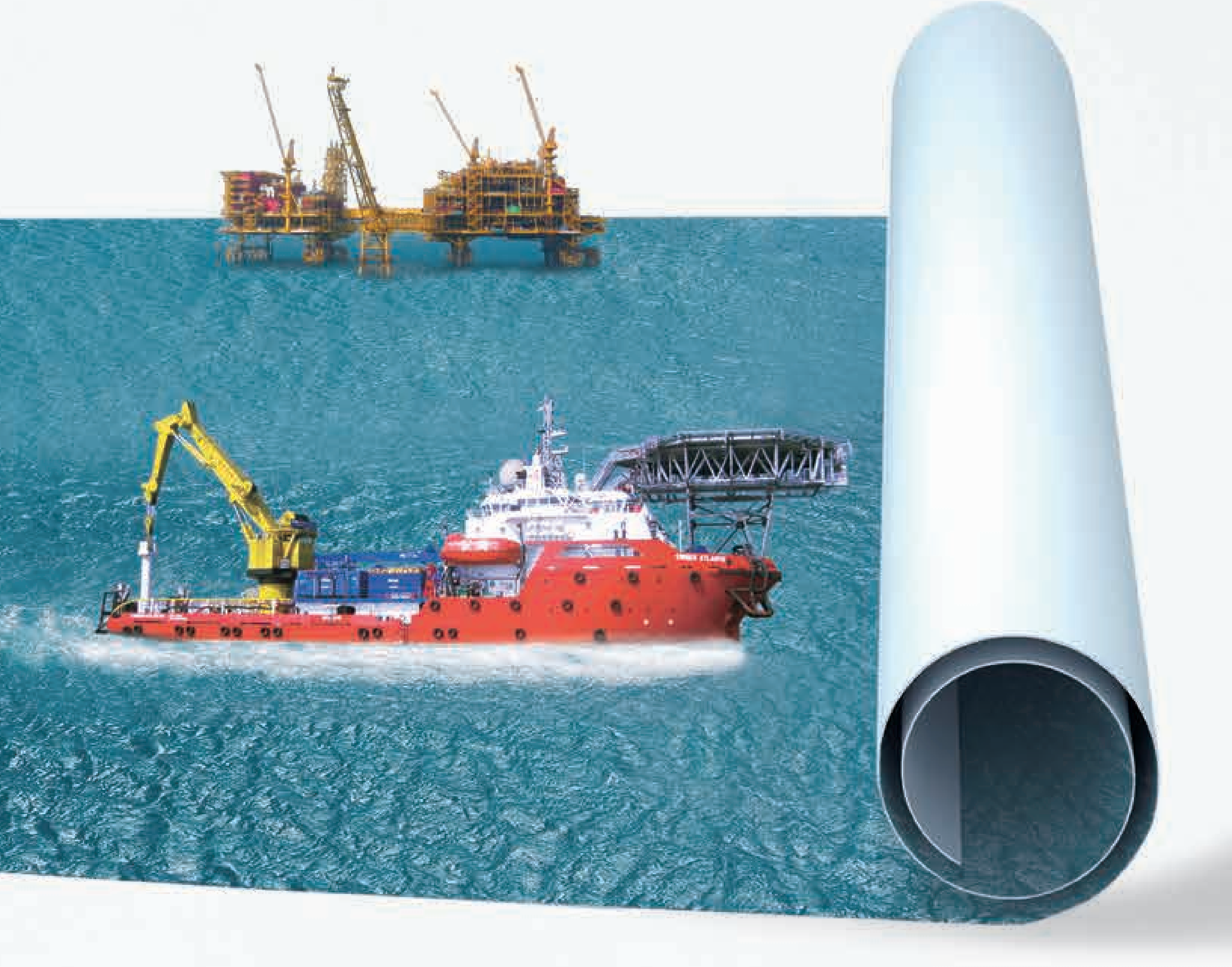
BLUEPRINT FOR THE FUTURE

Vallianz Holdings Limited
Annual Report 2013



This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document.

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Vallianz is poised and driven to be a leading global player in the dynamic and rapidly growing offshore marine industry.

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

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CORPORATE PROFILE

Vallianz Holdings Limited ("Vallianz" or "the Company") is an integrated offshore marine solutions services provider in the oil and gas industry. Listed on SGX-Catalist in Singapore, and headquartered in Singapore, Vallianz is in an advantageous position to capitalise on growth opportunities in a burgeoning offshore exploration and production sector.

Having established its geographical footprint across Asia Pacific, the Middle East, Latin America, and more recently West Africa, Vallianz provides extensive offshore marine services to oil majors and national oil companies worldwide.

Offshore marine services include:

- Vessel ownership
- Chartering
- Brokering
- Vessel management services
- Marine marketing services

We have invested in industry experts to operate and manage a fleet of offshore support vessels which include anchor handling tugs with supply capabilities (AHT/AHTS), platform supply vessels (PSVs) and towing tugs. Our vessels transport equipment, materials and supplies to support upstream activities, including the transport of pipes, anchor-handling for construction barges, positioning of drilling rigs and assist in maintaining and safeguarding offshore facilities.

We are currently excuting our plans to significantly grow our fleet size to capitalise on business opportunities in this rapidly growing and dynamic exploration and production market, where demand for offshore support vessels exceeds supply. Our plans to build more offshore support vessels using innovative designs and the latest technology will further strengthen our service capability in the market.

The specialised nature of Vallianz's business, coupled with the valuable industry expertise, strengthened fleet of offshore support vessels, and commitment and dedication of Vallianz's team, continues to set the Company apart from its competitors. Vallianz is primed to be a leading player in the dynamic and high-growth offshore oil and gas industry.

VISION

To be a Sustainable, Globally Competitive Company (GCC) in the offshore marine industry by 2015.

MISSION

To ensure our clients' projects flow safely without interruption or delays by subordinating all processes and personnel to deliver fully operational vessels and services ON TIME, BEFORE TIME, ALL THE TIME.

TRADEmark VALUES:

Trust: We are trusted for our integrity, honesty, reliability, fairness and sincerity in our work with our partners, customers and employees.

Respect: We respect and value each other's views. We respect the laws of the countries we operate in and the confidentiality of information provided by our clients and employees. We win as a team.

Affirmation: We affirm and recognise the contributions made by our partners, clients and employees to the success of our business. We value our employees, encourage their contributions and develop them to their fullest potential. We practice the 101% principle in affirmation – finding the 1% we can affirm, and giving it 100% of our attention.

Determination: We are determined to succeed and will always rise up to any challenge. We are known for our resolve in solving any problems faced by us or our clients and partners.

Excellence: We excel in everything that we do and are committed to delivering jobs of the highest quality, exceeding our customers' expectations.

CORE PHILOSOPHIES

CAUSE NO HARM PHILOSOPHY

A core philosophy that Vallianz embraces unconditionally is the 'Cause No Harm' philosophy. It is a philosophy that is integral to Vallianz's corporate DNA. We see it as the linchpin for all aspects of our organisation, encompassing our business conduct, ethics, daily operations and our overall corporate strategy. The essence behind our philosophy is that everything that we do will have, as our first consideration, the idea that it must '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

The 'Cause No Harm' philosophy, together with our TRADEmark core values of 'Trust', 'Respect', 'Affirmation', 'Determination' and 'Excellence', forms the basis of our Code of Business Conduct, and Health, Safety and Environment (HSE) policies. It defines how we interact with our stakeholders with the highest standards of ethics, integrity and responsibility.

EMOTIONAL EXCELLENCE PHILOSOPHY

Being aware of our Emotional Quotient ("EQ") and taking the necessary steps to develop it to its optimum, leads to Emotional Excellence ("EE").

EE enables us to create excellent human relationships and keep ourselves and others highly inspired, engaged and committed in both personal life and work.

Practising EE at the workplace allows us to deal and support each other in the right way, enabling us to perform at a higher level in order to achieve the goals of the organisation collectively.

Vallianz strives to be an emotionally excellent organisation, where its leaders and employees exhibit a high level of EE, which allows the organisation to connect with its most important asset – its people.

FLOW MANAGEMENT PHILOSOPHY

At the heart of this philosophy is that the first priority of our business is the safe and smooth flow of our projects. This can be achieved through a smooth and optimised flow where all our internal processes are subordinated to the project. Our processes need to flow as we have planned it to be.

Vallianz Flow Management is all about unblocking the flow. It's about examining ourselves whether we are causing the flow to slow down or to even causing it to stop. It's about subordinating ourselves to the flow for the sake of project completion to be on-time, before time, all the time, without compromising safety.

OUR SERVICES

The Group's core business activities are in vessel ownership, chartering, brokering and the provision of vessel management services and marine marketing services in the Asia Pacific, the Middle East, Latin America and beyond.

Vessel Ownership

The Group currently owns and operates a young and growing fleet of 28 offshore support vessels available for charter, which has an average age of approximately two and a half years. The Group's vessels are mostly deployed in offshore oil and gas projects in the Asia Pacific region, the Middle East and Latin America.

The Group intends to expand its existing fleet to 50 by 2016 as part of its strategy to strengthen its market presence and capitalise on the business opportunities in the exploration and production market.

Chartering

The Group charters its offshore support vessels to customers throughout various stages of their offshore oil and gas exploration, development and production projects. They are used in activities that include seismic surveys during the exploration phase, positioning of rigs during the development of the oil and gas fields, towing, mooring and handling of ship anchors and transportation of supplies during the production period and the removal of rig structures at de-commissioning. The Group's customers typically employ charters of 5 years for their dedicated offshore oil field installations.

Brokering

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

Vessel Management Services

The Group provides a suite of vessel management services for both the Group's vessels and third party vessels. Through its ship management expertise and service line, the Group is able to manage and operate a diverse range of vessels deployed in different phases of offshore oil and gas operations.

Vessel management services encompass provision of a seaworthy vessel suitable for the intended deployment; vessel repair and maintenance services such as annual survey, drydocking, repair, maintenance and health safety and environmental compliance; crewing services; procurement services; facilitating port and documentation clearance; ensuring the quality and safety assurance/maintenance of vessels and their classification; providing operational services; ensuring compliance with the charterer's requirement; and arranging for highly skilled repair teams for port and voyage repairs upon customers' request.

Marine Marketing Services

The Group also provides marine marketing services and a range of marine logistics support services. The Group has contacts with main suppliers of marine equipment and materials in the Asia Pacific region and the Middle East so as to enable it to meet the supply needs of its clients.

OUR STRATEGIC DIRECTIONS

Vallianz rises towards new vantage points, augmented by our proven strategies: expanding and diversifying our customer base, expanding our asset base, pursuing long-term charters, and focusing on the best offshore support vessels.

EXPAND AND DIVERSIFY OUR CUSTOMER BASE

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

PURSUING LONG-TERM CHARTERS

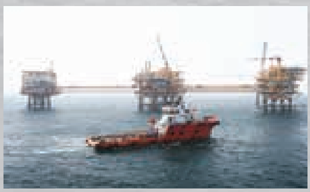
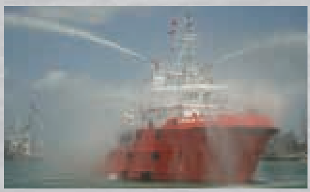
We will focus on securing medium and long-term charter or lease arrangements to ensure long-term profitability of our assets. Our customers typically employ long-term charters for dedicated oil field and offshore installations. Together with medium-term charters, which are also in demand, Vallianz is able to capitalise on the upside potential of the assets.

EXPANSION OF 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 and other offshore equipment, to maintain a low average age of our fleet. A key consideration in the expansion of our asset base will be the assets' ability to enter into secure medium to long-term charters and provide stable future cash flows.

FOCUS ON OFFSHORE MARINE VESSELS

Our team of dedicated professionals targets the best offshore support vessels for the oil and gas industry.

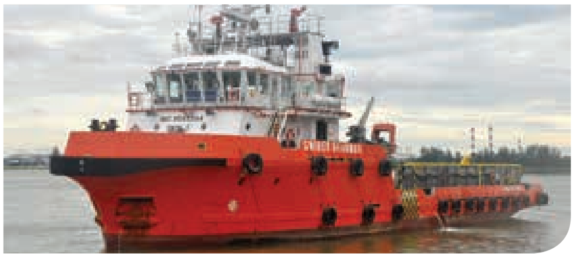

VALLIANZ FLEET

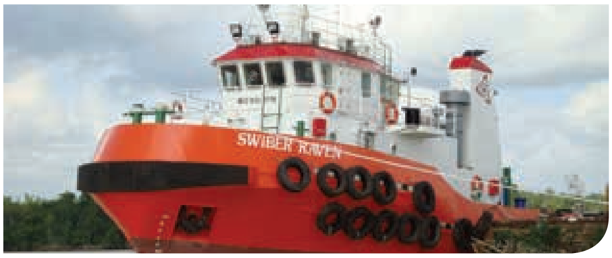
S/N	VESSEL NAME	BHP/BP/DEADWEIGHT	DIMENSIONS (m) (L.O.A. x Breadth x Depth)	CLASS	YEAR BUILT
	ANCHOR HANDLING TUG (AHT)				
1	Vallianz Hope	4,200 BHP/52T BP	40.00 x 11.80 x 4.60	BV	2008
2	Swiber Bhanwar	4,750 BHP/58T BP	48.00 x 12.80 x 4.60	BV	2009
	ANCHOR HANDLING TUG SUPPLY (AHTS – DP1)				
3	Rawabi 1	5,150 BHP/66T BP	60.50 x 14.60 x 5.50	BV	2011
4	Rawabi 2	5,150 BHP/66T BP	60.50 x 14.60 x 5.50	BV	2012
5	Rawabi 3	5,150 BHP/65T BP	59.25 x 14.95 x 6.10	ABS	2012
6	Rawabi 4	5,150 BHP/65T BP	59.25 x 14.95 x 6.10	ABS	2012
7	Rawabi 5	5,150 BHP/65T BP	59.25 x 14.95 x 6.10	ABS	2012
8	Rawabi 6	5,150 BHP/65T BP	59.25 x 14.95 x 6.10	ABS	2012
9	Rawabi 7	5,150 BHP/65T BP	59.25 x 14.95 x 6.10	ABS	2012
10	Rawabi 8	5,150 BHP/65T BP	59.25 x 14.95 x 6.10	ABS	2012
11	Rawabi 11	6,400 BHP/80T BP	60.50 x 15.80 x 6.50	ABS	2013
12	Rawabi 13	6,000 BHP/80T BP	59.85 x 14.95 x 6.10	ABS	2014
13	Rawabi 14	6,000 BHP/80T BP	59.85 x 14.95 x 6.10	ABS	2013
14	Rawabi 15	6,000 BHP/80T BP	59.85 x 14.95 x 6.10	ABS	2013
	ANCHOR HANDLING TUG SUPPLY (AHTS – DP2)				
15	Rawabi 9	6,000 BHP/80T BP	60.50 x 15.80 x 6.50	ABS	2013
16	Rawabi 10	6,000 BHP/80T BP	60.50 x 15.80 x 6.50	ABS	2013
17	Rawabi 12	6,000 BHP/80T BP	60.00 x 15.80 x 6.50	ABS	2013
18	Rawabi 16	7,300 BHP/99.64T BP	75.00 x 16.00 x 7.50	ABS	2012
19	Rawabi 17	6,000 BHP/80T BP	60.00 x 15.80 x 6.50	ABS	2013
	PLATFORM SUPPLY VESSEL (PSV)				
20	Rawabi 18	5,150 BHP/3,004T DW	69.90 x 16.60 x 7.00	ABS	2011
21	Rawabi 19	5,150 BHP/3,004T DW	69.90 x 16.60 x 7.00	ABS	2011
22	Rawabi 23	6,000 BHP/3,300T DW	75.00 x 17.25 x 8.00	ABS	2013
23	Rawabi 26	6,000 BHP/3,300T DW	75.00 x 17.25 x 8.00	ABS	2013
24	Rawabi 31	8,200 BHP/2,429T DW	70.50 x 16.60 x 7.20	ABS	2010
25	Rawabi 32	8,200 BHP/2,544T DW	70.50 x 16.60 x 7.20	ABS	2011
	TOWING TUG				
26	Swiber Raven	3,200 BHP/36T BP	31.10 x 9.50 x 4.20	DNV-GL	2009
27	Swiber Charlton	3,200 BHP/42T BP	33.20 x 9.760 x 4.30	BV	2010
	UTILITY VESSEL				
28	Swiber Carina	2,400 BHP/32T BP	40.00 x 11.80 x 4.60	ABS	2009

VALLIANZ FLEET

Vallianz is bolstered by its young and best-in-class vessel fleet of 28 offshore support vessels, through which Vallianz provides offshore marine services to the rapidly growing and dynamic oil and gas industry.


Vallianz Hope

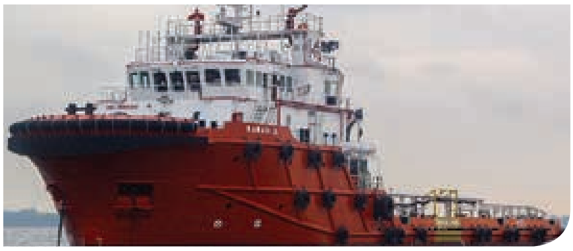

Swiber Bhanwar



Swiber Raven

Swiber Charlton


Swiber Carina


Rawabi 2


Rawabi 3


Rawabi 4


Rawabi 14


Rawabi 17


Rawabi 26

On a raised platform, Vallianz is poised to capitalise on opportunities in Asia Pacific, the Middle East, Latin America and West Africa.

CORPORATE HIGHLIGHTS

KEY CORPORATE HIGHLIGHTS FROM FY2013 TO DATE

OCTOBER 2013

- Expanded footprint to the Kingdom of Saudi Arabia, with acquisition of 50% equity stake in Rawabi Swiber Offshore Services Co. Ltd ("RSOS"), an offshore marine support company. Rawabi Holding Company Limited ("Rawabi"), a leading Saudi Arabian oil and gas service company holds the remaining 50% equity stake.

- Through RSOS, we took on ongoing contracts-with-additional options to charter Anchor Handling Tug Supply vessels to a leading oil company in the Middle East, and as a result, our orderbook was boosted by over 27 times to US$334.0 million.

- Strengthened vessel fleet to 22 offshore support vessels.

- Entered into a subscription agreement with Rawabi, in which Rawabi will subscribe for redeemable convertible capital securities ("RCCS") issued by Vallianz for a principal amount of US$35.2 million.

- Entered into an option agreement with Swiber Holdings Limited, in which gross proceeds of US$22.0 million will be raised, assuming that all options are exercised.

NOVEMBER 2013

- Awarded US$150.0 million Platform Supply Vessels chartering contracts by a leading Middle Eastern company that boosted orderbook by 45% to a new record of US$485.0 million.

DECEMBER 2013

- Established a US$500 million Multicurrency Islamic Trust Certificates Issuance Programme.

FEBRUARY 2014

- Achieved record earnings of US$10.3 million in FY2013.

- Acquisition of 49% interest in Vallianz Marine Mexico S.A. DE C.V.

- Completed issuance of US$35.2 million RCCS and US$22.0 million options to strategic equity investors.

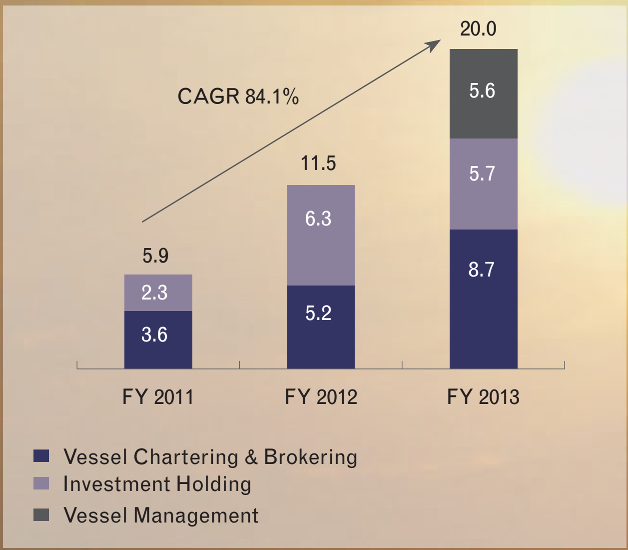
MARCH 2014

- Established a S$500 million Multicurrency Debt Issuance Programme.

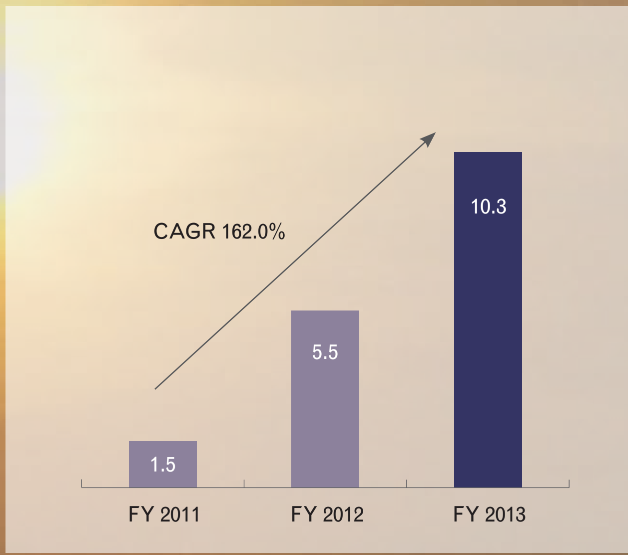
- Further strengthened vessel fleet to 28 offshore support vessels.

FINANCIAL HIGHLIGHTS

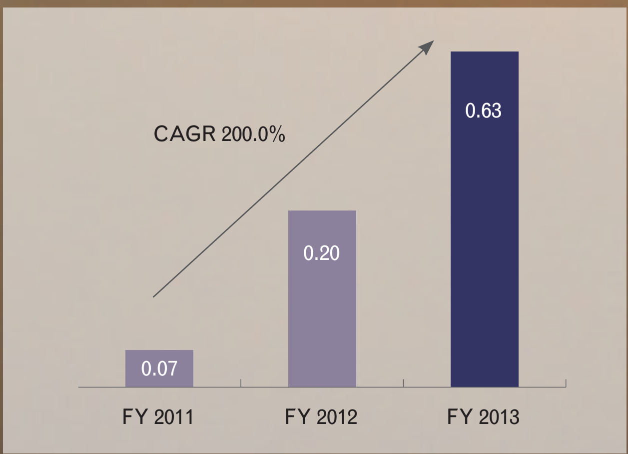
Revenue (US$ Million)



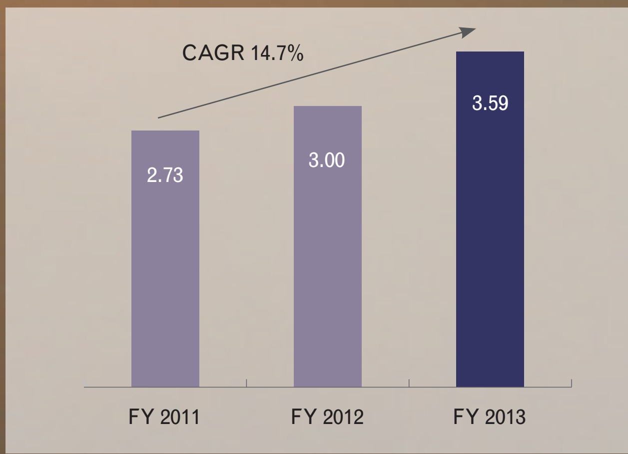
Profit for the Year (US$ Million)



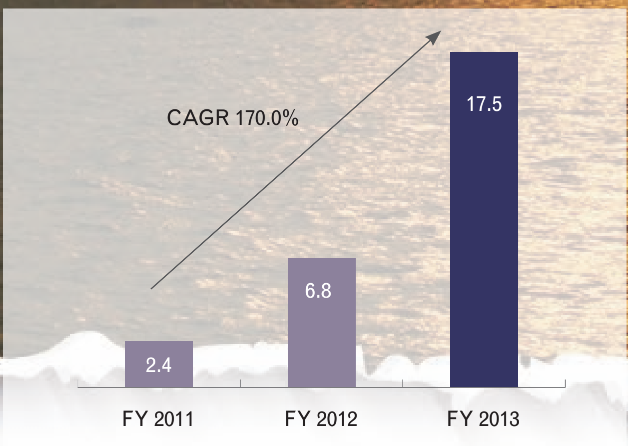
Earnings per share (US Cents)



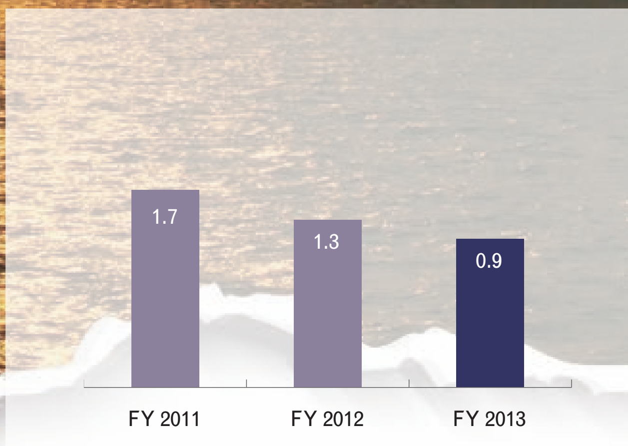
Net Asset Value per share (US Cents)



Return on Equity (%)



Net Gearing Ratio (times)



CHAIRMAN'S MESSAGE

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 2013 ("FY2013"). The foregoing FY2013 has been the year in which Vallianz took several large strides forward, which not only brought about the achievement of an 87.3% surge in earnings to a record high of US$10.3 million in FY2013, but also lifted the Company onto a new and higher platform for future growth.

ON A RAISED PLATFORM

In FY2013, Vallianz beefed up the senior management team, aligned its business interests with its stakeholders, expanded its asset base, widened its geographical presence to Saudi Arabia and Latin America, and established equity and debt financing to fund Vallianz's future growth plans.

Vallianz's growth momentum in FY2013 began with the appointment of experienced and outstanding individuals that have strong experience and proven track records in the marine industry to the senior management team.

Joining Vallianz's senior management team during the year are experienced industry professionals such as Captain Lim Kean Hin, who was appointed as our Vice President for QHSE, and Mr. Phoon Kim Sin who came on board as our Chief Financial Officer. I am confident that with Captain Lim's close to 40 years of experience and expertise in management, ship quality assurance, safety, environmental protection, crisis and emergency response and Mr. Phoon's more than two decades of senior finance management roles with Singapore-listed companies including shipping and marine companies, Vallianz will be placed in a stronger footing as it continues to strive towards becoming a globally competitive company in the offshore marine industry.

Another industry professional, Mr. Ling Yong Wah, was appointed as an Executive Director and Senior Vice President, Corporate in March 2014. Mr. Ling brings with him over 25 years of experience in business, management and private equity.

CAPITALISING ON OPPORTUNITIES

Vallianz also successfully deepened and further aligned its interest with strategic stakeholders in FY2013, another noteworthy achievement for the year. This also paved the way for an expansion of asset base and an increase in order book.

Vallianz established its presence in the Middle East through the acquisition of a 50% stake in a Saudi entity in FY2013. Through this acquisition, Vallianz's fleet was strengthened to 22 vessels, and its orderbook was propelled over 27 times to US$334.0 million. As a result, Vallianz's customer base also extended beyond Asia Pacific to the Middle East.

Through the acquisition, Vallianz is better positioned to capitalise on the abounding opportunities that the offshore oil and gas industry offers in the Middle East. In late FY2013, Vallianz was awarded US$150.0 million worth of chartering contracts in the Middle East. This further boosted Vallianz's current order book to US$470.0 million as at end FY2013.

Apart from the Middle East, Vallianz also made progress in the expansion into Latin America, through the subscription of an equity stake in Vallianz Marine Mexico, S.A. DE C.V. in February 2014.

INVESTMENT FROM STRATEGIC INVESTORS

During FY2013, Vallianz also aligned its business interests with Swiber Holdings Limited ("Swiber") and Rawabi Holding Company Limited ("Rawabi"). Rawabi entered into a subscription agreement for a principal amount of US$35.2 million redeemable convertible capital securities ("RCCS"). Similarly, Swiber entered into an option agreement with Vallianz pursuant to which Swiber has the option to subscribe for an aggregate 500 million shares in Vallianz at an exercise price of US$0.044 per share.

I am pleased to inform that as of to-date, Rawabi has subscribed for the entire US$35.2 million granted under the RCCS and Swiber has exercised 291 million options for approximately US$12.8 million. These subscriptions have strengthened Vallianz's equity by US$48.0 million and demonstrates the strategic investors' confidence in Vallianz's growth potential. Not only does it cement the business synergies between the Company and important stakeholders, it also provides the opportune catalyst for the Company to embark on its next platform of growth, and to make further inroads into the Middle East and Latin America.

In addition to strengthening its equity base, Vallianz also established a US$500 million Multicurrency Islamic Trust Certificates Issuance Programme in December 2013 and a S$500 million Multicurrency Debt Issuance Programme in March 2014. Through both equity and debt financing, Vallianz will be able to execute its future growth plans.

OUTLOOK AND STRATEGY

The outlook for regions in which Vallianz operates in and intends to grow its presence in, remains bright.

In Southeast Asia, Petronas, a key driver in Malaysia's oil and gas industry, seeks to rejuvenate mature assets and develop marginal oil fields, having pledged US$14.0 billion to enhance oil recovery projects.

The Middle East is expected to be the fastest growing oil field services market in 2014, with E&P spending expected to rise 14.4% to US$39.8 billion, led by significant capital expansions expected for Saudi Aramco and Kuwait Oil Co.

And in Latin America, E&P spending is expected to increase 12.8% to US$84.2 billion in 2014[1], partly driven by re-acceleration of spending in Mexico by PEMEX, Petrobas in Brazil, Pacific Rubiales in Colombia and PetroAmazonas in Ecuador, Petrobas in Brazil has also planned an E&P budget of US$147.5 billion for the period 2013-2017[2]. At the same time, Argentina's YPF also posted its first production gain in more than 15 years in 2013 and has planned a capex of US$5.5 billion in 2014.

Vallianz has also identified West Africa, for further geographical expansion. There had been oil and gas discoveries in Angola, Ghana and Ivory Coast. There is also frontier exploration taking place across the Gulf of Guinea, offshore Cameroon and offshore Mauritania[3]. Moreover, large international oil companies such as Total, ExxonMobil, and Chevron have committed billions of dollars in capital to Nigeria's offshore region in the next decade[4]. These create opportunities which Vallianz can potentially pursue.

To support the growing need for offshore marine assets, which is rising on the back of the booming offshore oil and gas industry, companies engage in alternative finance structures such as vessel chartering, which offers flexibility and cost-efficiencies.

Vessel chartering for Platform Supply Vessels ("PSVs") in particular, are in high demand by exploration and production companies. In comparison to other vessels, it is more economical to use PSVs due to its fuel-efficiencies and capabilities in deeper waters. Day rates for Anchor Handling Tug Supply ("AHTS") vessels are also expected to rise due to an increase in rigs expected to be delivered, and the limited newbuild activity for AHTS.

All these augur well for Vallianz's young and best-in-class fleet of 28 offshore support vessels, of which AHTS and PSVs are a strong feature. In view of the rising demand for offshore support vessels, Vallianz intends to boost its vessel fleet to at least 50 vessels by 2016. Steering forward for future growth, Vallianz will unwaveringly continue in our strategy to pursue mid to long-term charters in the Asia Pacific, the Middle East, Latin America, and West Africa markets.

WORD OF THANKS

On behalf of the Board of Directors, I would like to thank our business partners, associates and shareholders for your confidence and support for Vallianz in the past year. My appreciation also goes to my fellow Board members for their invaluable contribution. Our management and staff have also played a vital role in ensuring smooth operations of our business and we would like to acknowledge the hard work, commitment and dedication they have delivered in Vallianz's growth path.

As we enter a brand new financial year as a bigger and better Vallianz, we continue to seek our stakeholders' support to stand with us as we attain new milestones ahead.

Finally, I would like to thank God for his abundant grace and providence to Vallianz.

RAYMOND KIM GOH
Non-Executive Chairman
Vallianz Holdings Limited

Notes:
1 Barclays Global 2014 E&P Spending Outlook
2 'Petrobas to splash US$147.5 billion on E&P by 2017' – Offshore Energy Today, March 19, 2013
3 Regional Report West Africa', World Oil, July 2013
4 IOC Divestments in Nigeria: Opportunities, Challenges and Outlook, Nigeria Development & Finance Forum, October 2013

MESSAGE FROM THE CEO

"Having achieved strong results through the execution of our strategies – expanding our asset base, with a focus on offshore marine vessels, pursuing long-term charters, and expanding and diversifying our customer base – we will stay on-course as we steer into the new financial year. With our strengthened balance sheet and a growing fleet of young vessels, and a strong Board and management team leading Vallianz, the Group is poised to soar further."

Dear Shareholders,

For the year under review, we are pleased that our topline has increased 73.9% from US$11.5 million for the full year ended 31 December 2012 ("FY2012") to US$20.0 million for the full year ended 31 December 2013 ("FY2013"). In line with this increase, our profit grew by a spectacular 87.3% to a record high of US$10.3 million for FY2013.

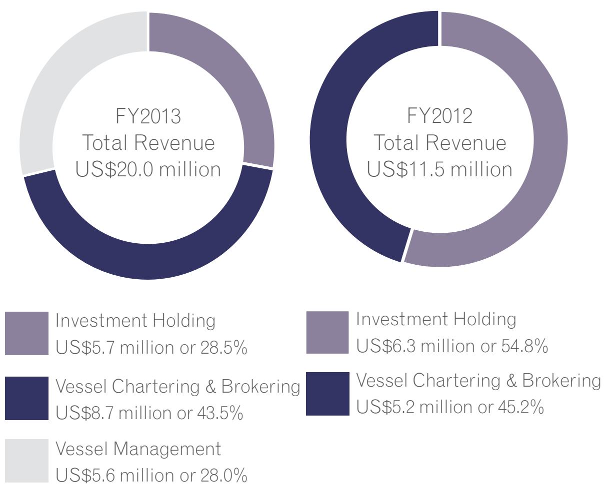
Correspondingly, our earnings per share rose from 0.20 US cents in FY2012 to 0.63 US cents in FY2013.

These impressive growths are a good reflection of rising demand for Vallianz's Chartering & Brokering services, Vessel Management expertise and our successful expansion of the Group's geographical presence to the Kingdom of Saudi Arabia during the last quarter of FY2013. FY2013 also marks the first time that the Vessel Management segment has contributed to the Group's Revenue.

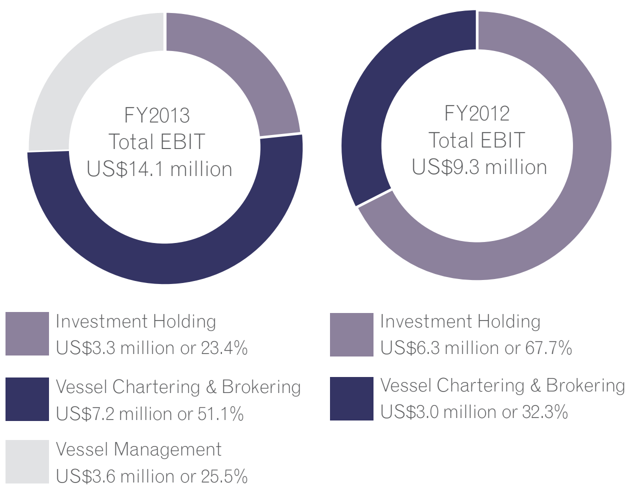
STRONG PERFORMANCE IN CORE OPERATIONAL BUSINESS SEGMENTS

In FY2013, our operational business segments, namely Vessel Chartering & Brokering and Vessel Management, performed well.

Revenue by Segments



Earnings before Interest and Tax by Segments ("EBIT")



MESSAGE FROM THE CEO

Vessel Chartering & Brokering

Vessel Chartering & Brokering, which is the Group's core business, contributed 43.5% or US$8.7 million to Group Revenue in FY2013, 67.3% higher than this segment's contribution in FY2012. As a result, EBIT contribution from this segment rose from US$3.0 million in FY2012 to US$7.2 million in FY2013.

One notable development in FY2013, which further consolidates our position as an integrated marine solutions provider in the offshore oil and gas industry, is the acquisition of a 50% equity stake in Rawabi Swiber Offshore Services Co. Ltd ("RSOS") in October 2013. With RSOS focused on providing offshore marine support services for oil platforms and projects to clients in the Middle East, this acquisition expanded Vallianz's asset base and further developed the Group's customer base.

Through RSOS, we took on an ongoing contracts-with-additional options to charter Anchor Handling Tug Supply ("AHTS") vessels to a leading oil company in the Middle East. In November 2013, we were awarded US$150.0 million worth of chartering contracts in the Middle East, in which Platform Supply Vessels ("PSVs") will be chartered out from the first quarter of 2014 for 5 years, including options of extension.

As a result, our order book grew exponentially, reaching US$470.0 million as at 31 December 2013. In view of a new agreement entered with our Saudi partner subsequent to year end, we will be consolidating the results of RSOS from the first quarter of 2014. Revenue contribution from Vessel Chartering & Brokering business segment is, therefore, expected to rise substantially in FY2014.

Vessel Management

To complement Vessel Chartering & Brokering business, and as a value-add, Vallianz provides a range of Vessel Management services to our customers. The Vessel Management business contributed for the first time, US$5.6 million and US$3.6 million to Group Revenue and EBIT, respectively.

Investment Holding

Vallianz's third business segment, the Investment Holding, contributed US$5.7 million or 28.5% of Group Revenue, which is lower as compared to US$6.3 million in FY2012, due to the redemption of preference shares and the disposal of our available-for-sale investment.

STRENGTHENED BALANCE SHEET

The Group's net asset value per ordinary share increased to 3.59 US cents in FY2013 from 3.00 US cents in FY2012. The Group's net gearing improved to 0.9 times in FY2013 from 1.3 times in FY2012.

In December 2013, Vallianz established a US$500 million Multicurrency Islamic Trust Certificates Issuance Programme. The proceeds raised from each series of Trust Certificates issued under this programme will be towards Shariah compliant general corporate purposes.

In February 2014, the Group also completed the issuance of redeemable convertible capital securities ("RCCS") in Vallianz to Rawabi Holding Company Limited, a leading Saudi Arabian oil and gas service company for a principal amount of US$35.2 million.

In addition, Swiber Holdings Limited had exercised 291 million options in March 2014, which is equivalent to approximately US$12.8 million. Together with the issuance of the RCCS, Vallianz's equity is boosted by US$48.0 million from US$72.0 million as at 31 December 2013 to US$120.0 million.

In March 2014, Vallianz established a S$500 million Multicurrency Debt Issuance Programme. The establishment of this programme offers the Group a ready avenue to tap funding for its capital expenditure and working capital needs.

LARGER VESSEL FLEET

At present, Vallianz owns and operates a young and best-in-class vessel fleet of 28 offshore support vessels. They comprise of 3 towing/utility tugs, 2 anchor handling tugs, 17 AHTS and 6 PSVs.

Our vessels transport equipment, materials and supplies to support the oil and gas construction industry, including the transport of pipes, offshore structures, jackets and platforms. Our vessels also handle anchors for construction barges, move and position drilling rigs and assist in maintaining and safeguarding offshore facilities.

To meet the rising demand for offshore support vessels, Vallianz plans to boost the vessel fleet to 50 vessels by 2016, and to 200 over the next few years.

OUTLOOK

Vallianz is established in Asia Pacific and the Middle East, regions where offshore exploration and production work is expected to grow. This is due to the structural demand for oil, ongoing development of oil fields and the potential for new oil discovery in these regions.

These growth drivers, along with the industry's expectation that oil prices will oscillate favourably, support E&P spending by offshore and international operators as well as national oil and gas companies in Asia Pacific and the Middle East.

In addition, the increase in delivery of offshore oil rigs will also support vessel utilisation rates of offshore support vessels. All these augur well for Vallianz's vessel fleet.

Having achieved strong results through the execution of our strategies – expanding our asset base, with a focus on offshore marine vessels, pursuing long-term charters, and expanding and diversifying our customer base – we will stay on-course as we steer into the new financial year. With our strengthened balance sheet and a growing fleet of young vessels, and a strong Board and management team leading Vallianz, the Group is poised to soar further.

I look forward to working with our Board and management, in taking Vallianz towards greater heights. Thank You.

DARREN YEO
Chief Executive Officer
Vallianz Holdings Limited

Vallianz is led by an astute and experienced leadership that has high visual acuity to execute plans strategically.

BOARD OF DIRECTORS

RAYMOND KIM GOH

Non-Executive Director and Chairman

Mr. Raymond Kim Goh is an industry veteran with close to two decades of experience in the offshore oil and gas industry. In his role as Non-Executive Chairman, Mr. Goh sets the long-term growth strategy of the Vallianz Group and spearheads growth initiatives to expand Vallianz's resources, develop new markets, and invest in new vessel designs and technology. Mr. Goh is also the founder and Executive Chairman of Swiber Holdings Limited ("Swiber"), where he is the key figure in leading Swiber's overall business, operations and marketing activities globally. Mr. Goh is active in grassroot community activities. He serves as a patron of the Punggol North Citizen's Consultative Committee and as Chairman of the School Advisory Board (SAC) for Westwood Primary School. Mr. Goh graduated from Murdoch University in Australia with a Bachelor of Commerce (Honours) degree.

DARREN YEO

Executive Director and Chief Executive Officer

Mr. Darren Yeo was appointed to the Board as Executive Director and CEO on 1 December 2012. As Executive Director and CEO, Mr. Yeo plays a key role in charting Vallianz's corporate and strategic directions. Mr. Yeo brings with him over 20 years of industry experience under his belt. He was the Executive Director of Swiber since 2004 and was re-designated as Non-Executive Director of Swiber with effect from 1 December 2012. Mr. Yeo graduated from the National University of Singapore with a Bachelor of Engineering degree and also holds a diploma in Marketing from the Singapore Institute of Management.

LING YONG WAH

Executive Director and Senior Vice President, Corporate

Mr. Ling Yong Wah has been appointed as Executive Director and Senior Vice President, Corporate since March 2014. Mr. Ling has over 25 years of business and management experience and has held various roles including board seats in companies listed on the Singapore Exchange and Hong Kong Stock Exchange. Mr. Ling is a member of the Institute of Chartered Accountants of England and Wales.

BOARD OF DIRECTORS

YEO JEU NAM

Non-Executive and Independent Director

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

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 20 years of international asset finance experience in the shipping transport industry. Apart from Mr. de Vries' appointment on Vallianz's Board, he is also an Independent Advisor to Finamar B.V., a financial consultancy firm, and he holds several Non-Executive board positions. 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

DARREN YEO

Executive Director and Chief Executive Officer

Mr. Darren Yeo is an Executive Director and Chief Executive Officer of Vallianz. His profile can be found on page 18 of the Annual Report.

LING YONG WAH

Executive Director and Senior Vice President, Corporate

Mr. Ling Yong Wah is an Executive Director and Senior Vice President, Corporate of Vallianz. His profile can be found on page 18 of the Annual Report.

CAPTAIN LIM KEAN HIN

Vice President, Quality, Health, Safety and Environment (QHSE)

Captain Lim has broad sea-going, oil and gas shipping, terminal and marine knowledge, having been an ocean-going shipmaster, worked in upstream (exploration and production), downstream (supply and distribution), terminal, trading and refinery settings. Captain Lim's close to 40 years of experience and expertise in management, ship quality assurance, safety, environmental protection, crisis and emergency response, was developed at Chevron Shipping, Shell International E&P, trading and downstream companies, and Malaysian national shipping lines. Captain Lim holds a Masters Class 1 (Command) Certificate of Competency from Australia and a Diploma in Safety and Health from the Royal Society for the Prevention of Accidents (RoSPA), United Kingdom.

SENIOR MANAGEMENT

ROY YAP

Vice President, Fleet Management

Mr. Roy Yap is currently the Vice President for Fleet Management of Vallianz. Prior to joining the Group, he had led operations and HSE units of various marine and offshore services companies, where he had successfully implemented operations and safety systems. A graduate in Nautical studies, Mr. Yap is also a qualified Internal Quality Auditor, Company Security Officer, and ISM Internal Auditor. Mr. Yap is currently pursuing his Masters in Business Administration.

PHOON KIM SIN

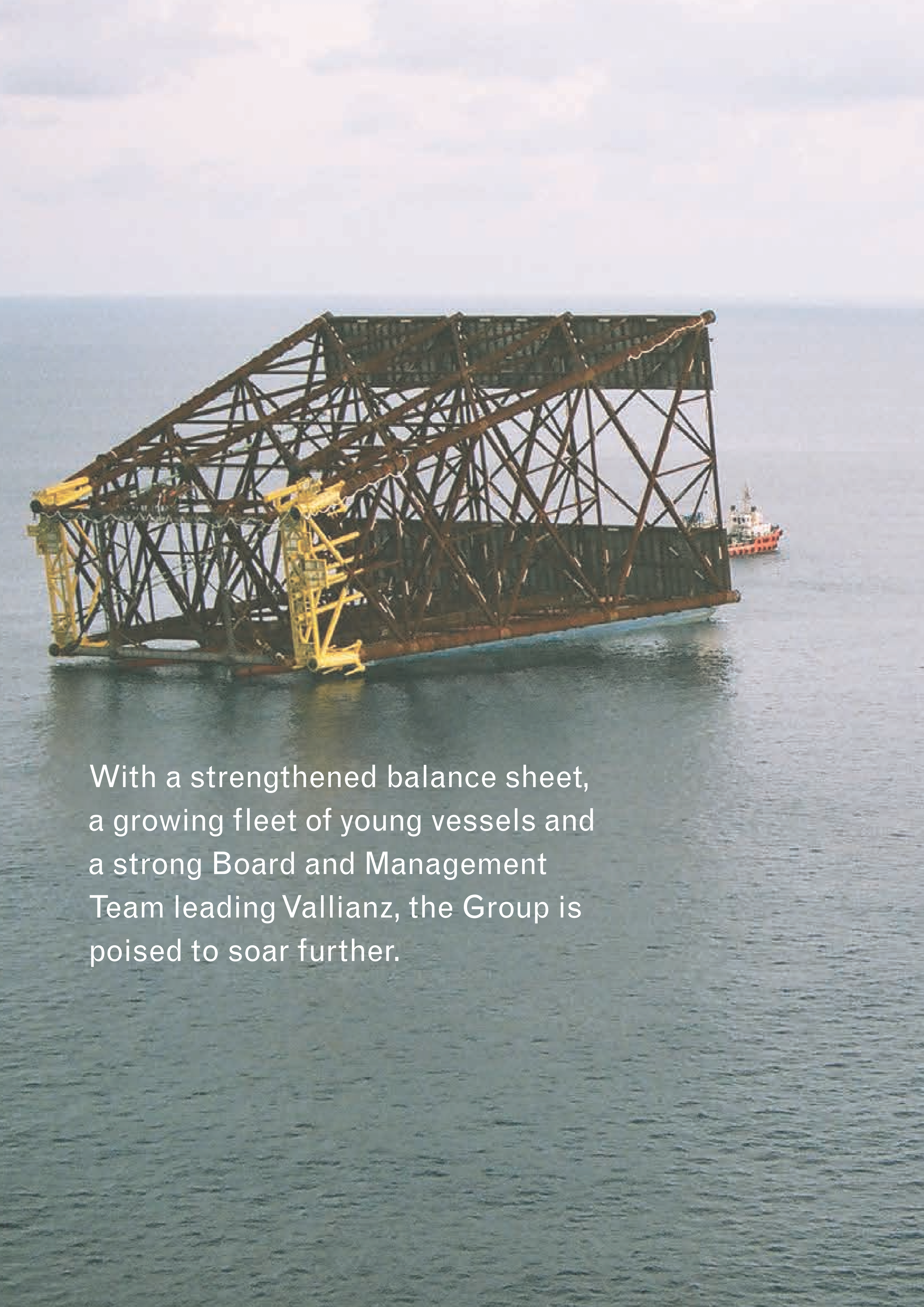
Chief Financial Officer

Mr. Phoon Kim Sin was appointed as Chief Financial Officer on 4 November 2013, and is responsible for all the aspect of finance, accounting and administrative functions. Mr. Phoon has more than 20 years of experience, and has held senior finance management roles with Singapore-listed companies in shipping, marine and agri-commodity companies. At various periods of his career, prior to his appointment as Chief Financial Officer, he was Director of Corporate Finance and Special Projects at Beng Kuang Marine Limited, Group Financial Controller positions at GMG Global Ltd., Drydocks World SE Asia Pte. Ltd., Labroy Marine Limited and as Assistant General Manager of Finance for Pacific International Lines Pte. Ltd. Mr. Phoon is a Chartered Accountant of Singapore and holds a Bachelor of Accountancy Degree from the Nanyang Technological University, Singapore.

SHIRLEY TOK

Financial Controller

As Financial Controller of Vallianz, Ms. Shirley Tok assists the Chief Financial Officer in a full spectrum of financial, accounting and administrative functions. Prior to her current position, Ms. Tok was the Chief Accountant of Swiber Corporate Services Pte. Ltd. and a Senior Accountant of Labroy Marine Limited. Ms. Tok has more than 13 years of experience in finance management and accounting. Ms. Tok is a member of Institute of Singapore Chartered Accountant.



With a strengthened balance sheet, a growing fleet of young vessels and a strong Board and Management Team leading Vallianz, the Group is poised to soar further.

CORPORATE STRUCTURE

Vallianz

Vallianz Samson Pte Ltd
100%

Vallianz Marine Pte Ltd
51%

Vallianz Offshore Marine Pte Ltd
100%

Resolute Pte Ltd
51%

Vallianz Corporate Services Pte Ltd
100%

Vallianz Shipbuilding & Engineering Pte Ltd
100%

Vallianz Engineering Limited
100%

Vallianz Capital Ltd
100%

Rawabi Swiber Offshore Services Co. Ltd
50%

Vallianz Marine Mexico, S.A. DE C.V.
49%

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Raymond Kim Goh, Non-Executive Director (Chairman)
Mr Yeo Chee Neng, Executive Director and Chief Executive Officer
Mr Ling Yong Wah, Executive Director
Mr Yeo Jeu Nam, Non-Executive and Independent Director
Mr Bote de Vries, Non-Executive and Independent Director

COMPANY SECRETARY
Ms Lee Bee Fong

AUDIT COMMITTEE
Mr Yeo Jeu Nam (Chairman)
Mr Raymond Kim Goh
Mr Bote de Vries

REMUNERATION COMMITTEE
Mr Yeo Jeu Nam (Chairman)
Mr Raymond Kim Goh
Mr Bote de Vries

NOMINATING COMMITTEE
Mr Bote de Vries (Chairman)
Mr Raymond Kim Goh
Mr Yeo Jeu Nam

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Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399
Email: info@sg.tricorglobal.com
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AUDITORS
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Public Accountants and Chartered Accountants
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Partner-in-charge: Dr Ernest Kan Yaw Kiong
(Since the financial year ended 31 December 2011)

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

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

The Board is pleased to report compliance of the Company with the Code and the Catalist Rules, where applicable, except where otherwise stated.

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 long-term 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 strategy 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 quarterly and year-end results announcement;
(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;
(h) issuance of policies and key business initiatives; and
(i) to consider sustainability issues such as environmental and social factors as part of its strategic formulation.

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.

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	4	4	2	2
Directors/Members		**Number of meetings attended**		
Raymond Kim Goh	4	4	2	2
Yeo Chee Neng	4	4	2	2
Ling Yong Wah[1]	–	–	–	–
Yeo Jeu Nam	4	4	2	2
Bote de Vries	4	4	2	2

Note:

1. Mr. Ling Yong Wah ("**Mr. Ling**") was appointed as an Executive Director of the Company on 17 March 2014.

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

Briefings and updates provided to the Board during FY2013 were:

(a) external auditors briefed the AC members on developments in accounting and governance standards and AC members have provided such updates to the Board members.
(b) in February and November 2013, Board members were briefed by external advisor and Company Secretary on the amendments to the Listing Rules and the Code.
(c) in February 2013, Board members were briefed by the Company Secretary on the MAS introduction of the new disclosure of interest regulatory regime to streamline and enhance the existing disclosure requirements in listed entities by directors and substantial shareholders. The new regime took effect on 19 November 2012.
(d) the CEO and Chairman update Board members on business and strategic developments of the Group and overview of industry trends at regular scheduled meetings and *ad hoc* Board meetings. Directors can request for further explanations, briefings or information on any aspects the Group's business issues from the Management.

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

The Board comprises five directors of whom two (2) are Executive Directors, 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 one-third of the Board, it provides an independent element on the Board capable of exercising objective judgment. The Company noted that the requirement for independent directors to make up at least half of the Board where the Chairman is not an independent director (Guideline 2.2 of the Code) is not applicable to the Company until its financial year commencing 1 January 2017. The NC reviews the size and composition of the Board and Board committees and are of the view that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies such as accounting, finance, business, investment industry knowledge and strategic planning experience. Each director has been appointed based on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategies and the performance of its business. The Board consider the present Board size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operations.

The Code sets out guidelines that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to rigorous review. The NC is charged with the responsibility of monitoring and determining if a director remains independent in accordance with the guidelines and salient factors under the Code including to conduct rigorous review on any Independent Non-Executive Director who has served on the Board for a nine-year term. As at the date of this report, none of the Independent Non-Executive Directors has served on the Board for nine years or beyond.

All Directors are subject to retirement and re-election at least once every three years. The independence of each Independent Non-Executive Director is reviewed annually by the NC in accordance with the Code. The NC adopts the Code's definition of what constitutes an Independent Director in its review. The NC is of the view that the two Independent Non-Executive Directors are independent.

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

(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 any 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 and 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 for the provision of services for the current or immediate past financial year, other than compensation for board service;
    (iv) or an immediate family member is or was not a substantial shareholder of or a partner in (with 10% or more stake), or an executive officer of, any for-profit business organisation to which the Company made, or from the Company received, significant payments in the current or immediate past financial year;
    (v) or an immediate family member is not a substantial shareholder of the Company; and
    (vi) is or has not directly associated with a substantial shareholder of the Company 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 principal subsidiaries. The Board and the Management are of the view that the current Board structures in the principal subsidiaries are already well organised and constituted.

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

The profiles of each of the directors are set out on pages 18 and 19 of this Annual Report.

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

The Chairman and Chief Executive Officer ("**CEO**") are separate persons. Mr. Raymond Kim Goh ("**Mr. Goh**") continues to serve as Non-Executive Chairman of the Group and Mr. Yeo Chee Neng ("**Mr. Darren Yeo**") assumes executive responsibilities for the Group's performances and business. 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 and the CEO are not related.

Mr. Goh plays a role in mapping out the directions for Group's growth at a strategic level. He exercises control over the quality and timeliness of information flow between the Board and the Management. In addition, he provides close oversight, guidance, advice and leadership to the CEO and Management. At annual general meeting ("**AGM**") and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management as well as between Board members, and promote high standards of corporate governance.

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

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

The 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.

Principle 4: Board Membership

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

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

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

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.

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

(a) making recommendations to the Board on all Board appointments, including making recommendations on the composition of the Board, taking into account the balance between executive and Non-Executive directors and between Independent and Non-Independent 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;
(e) proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board;
(f) reviewing board succession plans for directors, in particular, the Chairman and CEO; and
(g) reviewing of training and professional development programs for 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.

Annual Review of Director's Independence in 2013

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

The NC had reviewed the independence of each of the Independent Directors in accordance with the Code and based on each of the Director's declaration of independence. The NC is of the view that the two Independent Non-Executive Directors are independent.

Directors' Time Commitments & Multiple Board Representations

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

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

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

Recommendation of Nomination and Re-nomination of Directors

The NC is responsible for reviewing and recommending all nominations and re-nominations of Directors. All directors 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 for re-election by shareholders at every AGM. A new director who is appointed by the Board is subject to re-election by shareholders at the next AGM following his appointment and, thereafter, shall be taken into account in determining the number of directors who are to retire by rotation at the AGM. Directors of or over 70 years of age are required to be re-elected every year at the AGM under Section 153(6) of the Companies Act., Cap. 50 before they can continue to act as a Director.

At the forthcoming AGM, the NC had nominated and recommended that Mr. Goh and Mr. Ling will be retiring pursuant to Article 105 and Article 109 of the Company's Articles of Association respectively. Both of them, being eligible for re-election, have offered themselves 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.

Succession Planning for the Board and Senior Management

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

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

Mr. Raymond Kim Goh – Non-Independent Non-Executive Director

Date of appointment	6 September 2010
Date of last re-election	20 April 2011
Board committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	Executive Chairman of Swiber Holdings Limited
Past Directorship in other listed companies held over the preceding three years	Non-Executive Chairman of Kreuz Holdings Limited

Mr. Yeo Chee Neng – Executive Director and Chief Executive Officer

Date of appointment	1 December 2012
Date of last re-election	15 April 2013
Board committee(s) served on	Not applicable
Present Directorships in other listed companies	Non-Executive Director of Swiber Holdings Limited
Past Directorship in other listed companies held over the preceding three years	Alternate Director of Mr Francis Wong Chin Sing in Kreuz Holdings Limited

Mr. Ling Yong Wah – Executive Director

Date of appointment	17 March 2014
Date of last re-election	Not applicable
Board committee(s) served on	Not applicable
Present Directorships in other listed companies	Lead Independent Director of Frencken Group Limited
Past Directorship in other listed companies held over the preceding three years	China Sunsine Chemical Holdings Ltd. EDMI Limited Kreuz Holdings Limited

Mr. Yeo Jeu Nam – Independent Non-Executive Director

Date of appointment	21 August 2008
Date of last re-election	20 April 2012
Board committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	Lead Independent Director of Swiber Holdings Limited Independent Director of Frencken Group Limited
Past Directorship in other listed companies held over the preceding three years	EDMI Limited

Mr. Bote de Vries – Independent Non-Executive Director

Date of appointment	6 September 2010
Date of last re-election	15 April 2013
Board committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	Not applicable
Past Directorship in other listed companies held over the preceding three years	Not applicable

Principle 5: Board Performance

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

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

At the date of this Annual Report, the NC has adopted a formal process to assess the effectiveness of the Board and 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.

Principle 6: Access to Information

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

The Board and the Board committees are furnished with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision-making process. Management team 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 appointment and removal of the Company's Secretary are subject to the Board's approval as a whole.

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.

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 Director;
(c) reviewing all aspects of remuneration, including directors' fees, salaries, allowances, bonuses, the options to be issued under the share option scheme, the awards to be granted under the share plan and other benefit in-kind;
(d) overseeing the administration of the Employees' Option Scheme and Performance Share Plan of the Company;
(e) reviewing and recommending to the Board the terms of renewal of service contracts which including the suitable compensation commitments in the event of early termination;
(f) retaining such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties hereunder satisfactorily; and
(g) considering the various disclosure requirements for directors' remuneration particularly those required by regulatory bodies such as SGX-ST and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and the relevant interested parties.

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

The 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 Directors and senior management staff. In determining remuneration packages of Executive Directors 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.

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

Principle 8: Level and Mix of Remuneration

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

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

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

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

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

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

The Company had entered into a service agreement with Mr. Darren Yeo, the Executive Director of the Company, 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 cover the terms of employment and specifically, the salaries and bonuses.

In addition, the Company had also entered into an employment contract with the new Executive Director, Mr. Ling whereby the employment contract will be terminated by either party, giving not less than three months' notice to the other. The employment contract cover the terms of employ and specifically the salaries and bonuses.

The 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 policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key 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 Benefits	Total
	%	%	%	%	%
S$250,001 to S$499,999					
Yeo Chee Neng	84	–	–	16	100
S$250,000 and below					
Raymond Kim Goh	–	–	100	–	100
Ling Yong Wah[4]	–	–	–	–	–
Yeo Jeu Nam	–	–	100	–	100
Bote de Vries	–	–	100	–	100

The Company has decided not to disclose the actual remuneration paid to the Directors having regard to the highly competitive environment in the chartering, oil and gas industry and the nature of directors remuneration matters, so as to ensure the Company's competitive advantage in the retention of its Board of Directors.

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.
(4) Mr. Ling was appointed as an Executive Director of the Company on 17 March 2014. He has not received any remuneration 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 and the aggregate total remuneration paid to top 5 key management personnel are not disclosed in this Annual Report. The following shows the annual remuneration of the key nine (9) executives of the Company (who are not directors or the CEO) for the financial year under review:

Key Management Personnel

Remuneration Band	No. of Executives	Base/Fixed Salary	Variables or Bonuses	Benefits in Kind	Share-Based	Total
		%	%	%	%	%
S$250,000 and below	9	93	7	–	–	100

The Company has no employees who are immediate family members of a Director or CEO and whose remuneration exceeded S$50,000 during the financial year ended 31 December 2013.

Share Option Scheme and Performance Share Plan

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

The information on the Scheme and the Plan are disclosed in the Directors' Report on pages 45 to 48.

Principle 10: Accountability

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

The Company provides shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. The Board is provided with appropriately detailed management reports on a quarterly basis. The Company will provide monthly management report to the Board upon receipt of their request.

In line with the Catalist Rules, the Board provides confirmation to shareholders in respect of the truthfulness of the interim financial results of the Company. For the full-year financial statements, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, are adequate. This is based on the internal controls established and maintained by the Company and the Group, and reviews performed by Management, various Board Committees and the Board.

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

Principle 11: Risk Management and Internal Controls

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

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

The Company does not have a Risk Management Committee. The senior management assumes the responsibility of the risk management function. The senior management regularly assesses and reviews the Group's business and operational environment 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. The Company will continue to foster risk awareness across the organisation to address and help mitigate these risks.

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

Financial, operational, compliance and information technology checklists were also prepared by the Management, CEO, Chief Financial Officer ("**CFO**") and respective head of division, in order to assist the AC and Board to review the adequacy of the risk management and internal control systems, which include all the operational matters, regulatory compliances and guidance and financial risk. The checklists have been reviewed and confirmed by the Board.

With the presence of the Management who meets regularly, the Board is able to receive the feedback and response on the risk and legal issues which will affect the Company in terms of operational risk, on timely basis.

Assurance from the CEO and CFO were also obtained to confirm that the financial records of the Company were properly maintained, the financial statements of the Company give a true and fair view of the Company's operations and finances of the Company's risk management and internal control systems are effective.

Based on the internal controls established by and maintained by the Company, and the reviews performed by the Management, AC and the Board, the Board, with the concurrence with the AC, is of the opinion that the risk management and internal controls that the Group has put in place to address financial, operational, compliance and information technology risks, are adequate as at 31 December 2013.

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

In view of the growth of the Group's operations in 2013, the Group has appointed internal auditors, Baker Tilly TFW LLP on 23 December 2013. The internal auditors' role includes the following:

(a) assess and evaluate the adequacy of applicable operational internal controls;
(b) assess and evaluate the efficiency of business process;
(c) evaluate compliance with applicable policies and procedures, as well as regulatory requirements;
(d) identify possible opportunities for process and internal control improvement; and
(e) compile a report on findings and recommendations to highlight controls deficiencies and compliance gaps.

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

Principle 12: Audit Committee

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

The AC comprises Mr. 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 AC is responsible for:

(a) reviewing the audit plans of the Company's external auditors;
(b) reviewing the reports of the Company's external auditors;
(c) reviewing the co-operation given by the Company's officers to the external auditors;
(d) reviewing the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the Board;
(e) reviewing and recommending the quarterly and annual announcements as well as the related press releases on the results and financial position of the Company;
(f) nominating the Company's external auditors for re-appointment;
(g) approving the Company's internal audit plans and reviewing internal audit report;
(h) reviewing interested person transaction (if any);
(i) reviewing and considering transactions in which there may be potential conflicts of interests between the Company and its interested persons and recommending whether those who are in a position of conflict should abstain from participating in any discussion or deliberations of the Board or voting on resolutions of the Board or the shareholders in relation to such transactions;
(j) reviewing and approving procedures to hedge the exposure to foreign currency fluctuations (if any);
(k) reviewing the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's results of operation and/or financial position;
(l) reviewing the Group's risk management structure and any oversight of the risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board; and
(m) reviewing the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting. Where findings are material, announcements will be made immediately via SGXNET.

The AC has the 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.

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 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 for the audit services amounted to US$110,000. There were no non-audit services provided by the external auditors of the Company for the financial year ended 31 December 2013. 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 joint venture during the financial year under review. The Board and the AC have reviewed that the appointment of different auditors for its overseas joint venture 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 Rule 712, 715 and 716 of the Catalist Rules in relation to its independent auditors.

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

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

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

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

Principle 13: Internal Audit

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

The Board supports the need of an internal audit function where its primary objective is to maintain a 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.

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

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangement.

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

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting in accordance to the nature of the business to be transacted at the meeting. The Company's articles also allow any shareholder to appoint not more than 2 proxies during his absence, to attend and vote on his behalf at the general meetings. In addition, shareholders who hold shares through custodial institutions may attend the general meetings as observers.

Principle 15: Communication with Shareholders

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

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

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

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

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

Principle 16: Conduct of Shareholder Meetings

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

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the annual report of the Company and notice of AGM. At the AGM, shareholders will be given opportunity to voice their views and to direct questions regarding the Group to the directors. The Chairman of the AC, NC and RC would be present at the AGMs to answer any question relating to the work of these 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. For the time being, the resolutions of the Company are carried out by show of hands and voting by poll will only carried out when it is demanded by the Chairman or the shareholders in accordance with the provisions of the Company's Articles of Association. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company will not implement voting in absentia by mail, email or fax. Minutes of the general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with the responses from the Board and management are prepared and confirmed as true record of the proceedings of the general meetings. The minutes of the general meetings are made available to the shareholders upon request.

The Board noted that the SGX-ST had on 31 July 2013 introduced new listing rules to promote greater transparency in general meetings and support listed companies in enhancing their shareholders engagement. Pursuant to the new Rule 730A(2), all resolutions at general meeting shall be voted by poll with effect from August 2015 where shareholders are accorded right proportionate to the shareholding and all votes are counted. Taking into account of the effective date of the new ruling, the Company will conduct voting by poll for all resolutions at the general meeting in year 2015.

For greater transparency in the voting process, the Company will, in due course, consider conducting electronic poll voting for all resolutions passed at the AGMs and EGMs and incorporation the information on the total number of votes cast for or against the resolution into the announcement released to the SGX-ST after each meeting.

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 2013 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Chartering		
Swiber and its subsidiaries	US$5,073,500(1)	US$1,821,000
Corporate services		
Swiber and its subsidiaries	Nil	US$288,000
Marine brokerage services		
Swiber and its subsidiaries	US$539,926	US$1,232,132
Ship management services		
Swiber and its subsidiaries	US$1,157,300	US$3,036,800
Other		
Swiber and its subsidiaries	US$1,450,000	Nil

(1) The transaction relates to chartering income for the year ended 31 December 2013. 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 in Chapter 9 of the Catalist Rules.

MATERIAL CONTRACTS

Save for respectively service agreement and employment contract entered into between the Executive Directors and the Company, there was no material contract of the Company and its subsidiaries involving the interests of any director or controlling shareholders which are either still subsisting at the end of the financial year ended 31 December 2013 or, if not then subsisting, entered into since the end of previous financial year.

USE OF PROCEEDS FROM ISSUE AND CONVERSION OF CAPITAL SECURITIES

On 2 October 2013, the Company has entered into a subscription agreement dated 2 October 2013 (the "**Subscription Agreement**") with Rawabi Holding Company Limited ("**Rawabi Holding**") pursuant to which the Company shall issue to Rawabi Holding redeemable convertible capital securities of a principal amount of US$35,200,000 (the "**Capital Securities**"), with such Capital Securities convertible into ordinary shares in the capital of the Company (the "**Conversion Shares**") by Rawabi Holding and its permitted transferee at the conversion price of US$0.044 per conversion share.

The net proceeds from the issuance of the Capital Securities were approximately US$35,200,000. As announced by the Company on 26 March 2014 and 2 April 2014 in relation to the use of the proceeds raised from the issue and conversion of Capital Securities, the Company has provided an update as follows, as at 2 April 2014:

Intended use	Amount allocated US$'000	Amount utilised US$'000	Balance amount US$'000
Acquisition of new vessels	21,120	22,300	(1,180)
General working capital	14,080	12,900	1,180
Total net proceeds	35,200	35,200	–

There was no material deviation from the stated use and percentage allocation of the proceeds raised from conversion of Capital Securities.

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 two weeks before announcement of the Group's quarterly 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 a short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods. Officers are to consult with the CFO/Company Secretary before trading in Company's securities and are to confirm annually that they have complied with and are not in breach of the Code. The Board is kept informed when a Director trades in the Company's securities.

NON-SPONSORSHIP FEES

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that there was no non-sponsorship fee paid to the Company's sponsor, Stamford Corporate Services Pte. Ltd. for the year ended 31 December 2013.

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 2013.

1 DIRECTORS

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

Raymond Kim Goh
Yeo Chee Neng
Ling Yong Wah (Appointed on 17 March 2014)
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 paragraphs 3 and 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:

	Shareholdings registered in name of director	
	At beginning of year	At end of year
Name of directors and company in which interests are held		
The Company (Ordinary shares)		
Yeo Jeu Nam	500,000	500,000
The Company (Share options)		
Raymond Kim Goh	–	5,000,000
Yeo Jeu Nam	–	3,000,000
Bote de Vries	–	1,000,000
The Company (Share awards)		
Yeo Chee Neng	–	3,000,000

The director's interests in the shares and options of the Company and its related corporations as at 21 January 2014 are the same as those as at 31 December 2013.

None of the directors has deemed interests in the Shares of the Company.

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 Vallianz Employee Share Option Scheme ("ESOS")

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

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

(i) Yeo Jeu Nam (Chairman)
(ii) 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.

5 SHARE OPTIONS (CONT'D)

b) Unissued shares under option and options exercised

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

Options participants	Options granted during the financial year	Aggregate options granted since commencement of plan to the end of the financial year	Aggregate options exercised since commencement of plan to the end of the financial year	Aggregate options outstanding as at end of the financial year
Raymond Kim Goh	5,000,000	5,000,000	–	5,000,000
Yeo Jeu Nam	3,000,000	3,250,000	250,000	3,000,000
Bote de Vries	1,000,000	1,000,000	–	1,000,000
Total	9,000,000	9,250,000	250,000	9,000,000

On 14 May 2013, options to subscribe for 9,000,000 ordinary shares of the Company at an exercise price of S$0.053 per ordinary share were granted pursuant to the ESOS. The options have a one year vesting period and are exercisable from 14 May 2014 and expire on 13 May 2018. As at 31 December 2013, the options remained non-exercisable.

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

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

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

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

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

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

5 SHARE OPTIONS (CONT'D)

b) Unissued shares under option and options exercised (Cont'd)

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

Subsequent to year end, the Company issued 500,000,000 share options to its major shareholder for cash proceeds of S$1, and 800 redeemable convertible capital securities ("**securities**") for cash proceeds of US$35,200,000. Each security is convertible into 1,000,000 ordinary shares of the Company. As at the date of this report, 634 securities with principal amount of US$27,896,000 have been converted by the holder into 634,000,000 new ordinary shares of the Company, and 291,000,000 share options have been exercised resulting in the issue of 291,000,000 new ordinary shares of the Company. Following the conversion of securities and exercise of share options, the number of ordinary shares in the Company has increased from 1,189,412,000 shares to 2,114,412,000 shares.

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 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 conditions as determined by the Remuneration Committee may be achieved within the performance period.

6 VALLIANZ PERFORMANCE SHARE PLAN (“PSP”) (CONT’D)

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.

During the financial year, 6,000,000 awards were granted, of which 3,000,000 were granted to Mr. Yeo Chee Neng. The awards remain unvested as at 31 December 2013. One-third of these share awards shall be vested in each year on the anniversary date of the awards. The share price at the grant date was S$0.052.

No awards were granted by the Remuneration Committee under the PSP for the year ended 31 December 2012.

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 Non-Executive Director)
Raymond Kim Goh (Non-Executive Director)

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

The functions of the Audit Committee include the following:

a) review of the internal audit plans and results of the internal auditors’ examination and evaluation of the Group’s systems of internal accounting controls;
b) review of the external audit plans and reports and evaluation of co-operation given by the Company’s officers to the external auditors;
c) review of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditors’ report on those financial statements;
d) review of the quarterly and annual announcements as well as the related press releases on the results and financial position of the Group and Company;
e) nominate the external auditors of the Group for re-appointment; and
f) review the interested person transactions.

7 AUDIT COMMITTEE (CONT'D)

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.

As there are no non-audit services provided by the external auditors during the financial year, the Audit Committee is satisfied that the independence and objectivity of the external auditors is not prejudiced prior to recommending their re-appointment.

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 INTERNAL CONTROLS

The Board has set out its opinion on the internal controls of the Group in Principle 11 of the Corporate Governance Statement of the Annual Report 2013.

9 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Yeo Chee Neng

Raymond Kim Goh

20 March 2014

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 52 to 96 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 2013, 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

Yeo Chee Neng

Raymond Kim Goh

20 March 2014

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 2013, and the consolidated statement of profit or loss and other 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 information, as set out on pages 52 to 96.

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 2013 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.

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
Chartered Accountants
Singapore

20 March 2014

Statements of Financial Position

31 DECEMBER 2013

	Note	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	1,812	3,352	65	1,819
Trade receivables	7	5,662	432	–	–
Other receivables	8	5,335	3,282	13,368	8,035
Available-for-sale investments	9	86	86	86	86
Total current assets		12,895	7,152	13,519	9,940
Non-current assets					
Available-for-sale investments	9	104,900	115,650	–	–
Plant and equipment	10	25,166	25,995	198	65
Subsidiaries	11	–	–	24,798	24,798
Joint venture	12	3,071	–	–	–
Total non-current assets		133,137	141,645	24,996	24,863
Total assets		146,032	148,797	38,515	34,803
LIABILITIES AND EQUITY					
Current liabilities					
Term loans	13	15,258	14,169	–	–
Trade payables	14	2,559	–	–	–
Other payables	15	1,549	2,541	2,714	220
Finance lease		23	–	23	–
Income tax payable		728	–	–	–
Total current liabilities		20,117	16,710	2,737	220
Non-current liabilities					
Term loans	13	53,797	69,055	–	–
Finance lease		19	–	19	–
Total non-current liabilities		53,816	69,055	19	–
Capital and reserves					
Share capital	16	54,647	54,647	54,647	54,647
Share options reserve	17	181	–	181	–
Foreign currency translation reserve		–	98	–	–
Accumulated losses		(12,098)	(19,115)	(19,069)	(20,064)
Equity attributable to owners of the Company		42,730	35,630	35,759	34,583
Non-controlling interests		29,369	27,402	–	–
Total equity		72,099	63,032	35,759	34,583
Total liabilities and equity		146,032	148,797	38,515	34,803

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 DECEMBER 2013

	Note	2013 US$'000	2012 US$'000
Revenue	18	19,985	11,519
Cost of sales		(4,958)	(1,765)
Gross profit		15,027	9,754
Other income	19	1,219	5,350
Administrative expenses		(3,734)	(5,820)
Finance costs	20	(3,092)	(3,802)
Share of profit of joint venture	12	1,621	–
Profit before tax		11,041	5,482
Income tax expense	21	(728)	–
Profit for the year	22	10,313	5,482
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations			
– gains arising during the year		252	1,412
– gains reclassified to profit or loss upon liquidation of a subsidiary		(350)	–
		(98)	1,412
Total comprehensive income for the year		10,215	6,894
Profit for the year attributable to:			
Owners of the Company		7,493	2,411
Non-controlling interests		2,820	3,071
		10,313	5,482
Total comprehensive income attributable to:			
Owners of the Company		7,395	3,131
Non-controlling interests		2,820	3,763
		10,215	6,894
Earnings per share (US cents)			
Basic	23	0.63	0.20
Diluted	23	0.63	0.20

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2013

	Note	Share capital US$'000	Share options reserve US$'000	Foreign currency translation reserve US$'000	Accumulated losses US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
Group								
Balance at 1 January 2012		54,647	–	(622)	(21,526)	32,499	23,639	56,138
Total comprehensive income for the year								
Profit for the year		–	–	–	2,411	2,411	3,071	5,482
Other comprehensive income for the year		–	–	720	–	720	692	1,412
Total		–	–	720	2,411	3,131	3,763	6,894
Balance at 31 December 2012		54,647	–	98	(19,115)	35,630	27,402	63,032
Total comprehensive income for the year								
Profit for the year		–	–	–	7,493	7,493	2,820	10,313
Other comprehensive income for the year		–	–	(98)	–	(98)	–	(98)
Total		–	–	(98)	7,493	7,395	2,820	10,215
Transactions with owners, recognised directly in equity								
Dividends	24	–	–	–	(476)	(476)	–	(476)
Recognition of share-based payments	17	–	181	–	–	181	–	181
Liquidation of subsidiary		–	–	–	–	–	(853)	(853)
Total		–	181	–	(476)	(295)	(853)	(1,148)
Balance at 31 December 2013		54,647	181	–	(12,098)	42,730	29,369	72,099

See accompanying notes to financial statements.

Statements of Changes in Equity

YEAR ENDED 31 DECEMBER 2013

	Note	Share capital US$'000	Share options reserve US$'000	Accumulated losses US$'000	Total US$'000
Company					
Balance at 1 January 2012		54,647	–	(22,300)	32,347
Profit for the year, representing total comprehensive income for the year		–	–	2,236	2,236
Balance at 31 December 2012		54,647	–	(20,064)	34,583
Profit for the year, representing total comprehensive income for the year		–	–	1,471	1,471
Transactions with owners, recognised directly in equity					
Dividends	24	–	–	(476)	(476)
Recognition of share-based payments	17	–	181	–	181
Total		–	181	(476)	(295)
Balance at 31 December 2013		54,647	181	(19,069)	(35,759)

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2013

	2013 US$'000	2012 US$'000
Operating activities		
Profit before tax	11,041	5,482
Adjustments for:		
Depreciation of plant and equipment	1,545	1,518
Dividend income from available-for-sale investments	(5,707)	(6,352)
Gain on liquidation of subsidiary	(1,203)	–
Gain on disposal of available-for-sale investment	–	(323)
Finance costs	3,092	3,802
Loss on disposal of plant and equipment	1	16
Unrealised exchange loss	252	1,412
Write-off of other receivables	–	1,134
Share-based payment expense	181	–
Share of profit of joint venture	(1,621)	–
Operating cash flows before working capital changes	7,581	6,689
Trade and other receivables	(7,442)	6,025
Trade and other payables	1,552	(8,787)
Net cash from operating activities	1,691	3,927
Investing activities		
Dividends received	5,866	4,803
Purchase of plant and equipment (Note)	(713)	(82)
Proceeds on disposal of plant and equipment	56	1
Proceeds from redemption of preference shares	10,750	8,100
Proceeds from disposal of available-for-sale investment	–	1,013
Acquisition of investment in joint venture	(1,450)	–
Net cash from investing activities	14,509	13,835
Financing activities		
Interest paid	(3,077)	(3,775)
Dividends paid	(476)	–
Repayment of term loans	(14,169)	(14,084)
Repayment of obligations under finance lease	(18)	–
Net cash used in financing activities	(17,740)	(17,859)
Net decrease in cash and cash equivalents	(1,540)	(97)
Cash and cash equivalents at beginning of the year	3,352	3,449
Cash and cash equivalents at end of year	1,812	3,352

Note

During the financial year, plant and equipment were acquired through the following ways:

	2013 US$'000	2012 US$'000
Plant and equipment acquired (Note 10)	773	82
Settled by way of:		
Finance lease arrangements	(60)	–
Cash payments	(713)	(82)
Amount unsettled as at end of year	–	–

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 199206945E) is incorporated in the Republic of Singapore with its principal place of business and registered office at 12 International Business Park, #03-02 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.

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 2013 were authorised for issue by the Board of Directors on 20 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2013, the Group adopted all the new and revised FRSs and Interpretations of FRS ("**INT FRS**") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

FRS 113 *Fair Value Measurement*

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 28 (Revised) *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*

Consequential amendments were also made to various standards as a result of these new/revised standards.

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 2014, with retrospective application subject to transitional provisions.

Management is assessing and will perform a more detailed review to quantify the impact on application of FRS 110.

FRS 111 *Joint Arrangements* and FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 supersedes FRS 31 *Interests in Joint Ventures* and INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers.*

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The joint venturer should use the equity method under the revised FRS 28 *Investments in Associates and Joint Ventures* to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the Group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after 1 January 2014, with retrospective application subject to transitional provisions.

When the Group adopts FRS 111, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement.

Management does not expect the application of FRS 111 to change the classification or subsequent accounting of the group's investment which is classified as a jointly controlled entity under FRS 31 and has been accounted for using the equity method.

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 2014.

FRS 112 will take effect from financial years beginning on or after 1 January 2014. Upon adoption of FRS 112, the group expects expanded disclosures relating its interests in subsidiaries and joint arrangements.

Amendments to FRS 32 *Financial Instruments: Presentation*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after 1 January 2014, with retrospective application required.

Management does not anticipate that the application of these amendments to FRS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to FRS 36 *Impairment of Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit ("**CGU**") to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

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 profit or loss and other 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In the Company's financial statements, investments in subsidiaries 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.

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Available-for-sale financial assets

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other 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.

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Other financial liabilities

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group as lessee

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

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

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

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 over their estimated useful lives, using the straight-line method, on the following bases:

Vessels	–	18 years
Computers	–	3 years
Renovation	–	3 years
Office furniture and equipment	–	3 to 5 years
Motor vehicle	–	10 years
Drydocking	–	5 years

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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.

JOINT VENTURE – A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in joint ventures 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 joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture) are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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 joint venture 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 a joint venture, profits and losses are eliminated to the extent of the group's interest in the relevant joint venture.

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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 17. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

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

<u>Charter hire and brokerage income</u>

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

<u>Management fees income</u>

Management fees incomes are recognised in the period in which the services are rendered.

<u>Vessel management income</u>

Vessel management incomes are recognised on a straight-line basis over the terms of the service agreements.

<u>Dividend income</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 bank 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

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

Acquisition of Rawabi Swiber Offshore Services Co. Ltd ("**Rawabi**")

On 1 October 2013, the Group acquired 50% of the issued share capital of Rawabi, an entity incorporated in the Kingdom of Saudi Arabia. Management has assessed that the Group exercises joint control over Rawabi as the strategic financial and operating policy decisions relating to Rawabi's activities require the unanimous consent of both of Rawabi's shareholders. Accordingly, the investment in Rawabi has been accounted for as a joint venture in the Group's financial statements for the financial year ended 31 December 2013. Further details on Rawabi are disclosed in Note 12.

Classification of charter hire arrangements

During the year, the Group entered into agreements to charter two vessels from an external party. At the inception of these agreements, management assessed that substantially all risks and rewards of ownership of the vessels had not been transferred to the Group in accordance with FRS 17 *Leases* and concluded that the charter hire arrangements are operating leases. Further details on the Group's lease arrangements are disclosed in Note 25.

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.

<u>Impairment of available-for-sale investments</u>

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 as well as the valuation of the underlying asset owned by the investee. 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.

<u>Impairment of plant and equipment</u>

As at 31 December 2013, the Group's carrying amount of plant and equipment is approximately US$25,166,000 (2012: US$25,995,000). The Group reviews the carrying amount of the plant and equipment to determine whether there are any indicators of impairment. If any such indication exists, the recoverable amount of the plant and equipment is estimated in order to determine the extent of the impairment loss (if any). Management is of the view that no impairment loss is required in the current year as there are no indicators of impairment.

<u>Useful lives and residual values of plant and equipment</u>

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. If the useful lives of the plant and equipment were to shorten or the residual values of the plant and equipment were to reduce due to the changes in market price of steel, the carrying amount of plant and equipment may be impacted.

<u>Recoverability of trade and other receivables</u>

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.

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

(ii) *Key sources of estimation uncertainty (Cont'd)*

Impairment of investments in subsidiaries

The Company reviews the carrying amount of its investments in subsidiaries to determine whether there are any indications that those assets have suffered an impairment loss. In performing its review, the Company considers the management budget and economic outlooks relating to those assets, unless stated otherwise. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment, if any. On the above basis, the Company has assessed and is of the view that there is no indicators of impairment. The carrying amount of the investments in subsidiaries is approximately US$24,798,000 (2012: US$24,798,000) as disclosed in Note 11 to the financial statements.

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	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	12,275	7,045	13,407	9,833
Available-for-sale investments	104,986	115,736	86	86
	117,261	122,781	13,493	9,919
Financial liabilities				
Amortised cost	73,205	85,765	2,756	220

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

(b) *Financial risk management policies and objectives*

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

	Group*				Company			
	Liabilities		Assets		Liabilities		Assets	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Singapore dollar	**1,049**	220	**333**	336	**44**	72	**52**	318
United States dollar	**–**	–	**–**	41,257	**–**	–	**–**	–

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

Foreign currency sensitivity

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

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

	Group		Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Singapore dollar	**(36)**	6	**–**	12
United States dollar	**–**	2,063	**–**	–

If the relevant foreign currency weakens by 5% against the functional currency of each group entity as at the year end, impact on profit before tax will be vice versa.

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

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

(ii) Interest rate risk management

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

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 before tax would decrease or increase approximately US$327,000 (2012: US$389,000).

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

(iii) Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. Cash is held with 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, 70% (2012: 98%) of the Group's trade and other receivables are due from related parties and its joint venture.

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

(iv) Liquidity risk management

During the current and prior periods, the Group has been engaged by various subsidiaries of its major shareholder to provide chartering and vessel management 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 the major shareholder amounted to approximately US$17,732,000 (2012: US$11,344,000). Accordingly, the Group remains reliant on its major shareholder for its business.

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

(b) *Financial risk management policies and objectives (Cont'd)*

(iv) Liquidity risk management (Cont'd)

In addition, at the end of the reporting period, the Group's total current liabilities exceeded its total current assets by US$7,222,000 (2012: US$9,558,000). Management is of the view that the Group 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.

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						
2013						
Non-interest bearing		4,108	–	–	–	4,108
Finance lease liabilities (fixed rate)	4.41	24	20	–	(2)	42
Variable interest rate instruments	3.79	15,903	55,502	–	(6,168)	65,237
Fixed interest rate instruments	5.15	1,765	2,292	–	(239)	3,818
		21,800	57,814	–	(6,409)	73,205
2012						
Non-interest bearing		2,541	–	–	–	2,541
Variable interest rate instruments	4.06	15,471	59,193	12,402	(9,180)	77,886
Fixed interest rate instruments	5.59	1,760	4,058	–	(480)	5,338
		19,772	63,251	12,402	(9,660)	85,765

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

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

(iv) Liquidity risk management (Cont'd)

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$104,900,000 (2012: US$115,650,000).

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 and finance lease liabilities as shown in the statement of financial position.

The Company issued guarantees for bank loans and counter indemnities to the extent of US$69,055,000 (2012: US$83,224,000) to banks. The earliest period that the guarantee could be called is within 1 year (2012: 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.

(v) Fair values of financial assets and financial liabilities

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

Other than certain available-for-sale investments as disclosed in Note 9, the Group has no financial assets and financial liabilities that are measured at fair value on a recurring basis.

(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 capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital and reserves and term loans.

The Group's overall strategy remains unchanged from 2012.

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 related party transactions:

	Group	
	2013 US$'000	2012 US$'000
Related companies of the major shareholder		
Charter hire and brokerage income	(8,668)	(5,013)
Dividend income	(5,698)	(6,331)
Vessel management income	(3,366)	–
Management fee expense	293	308
Rental expense	437	–
Joint venture		
Vessel management income	(567)	–

Compensation of directors and key management personnel

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

	Group	
	2013 US$'000	2012 US$'000
Short-term benefits	1,010	1,121
Post-retirement benefits	32	13
Share-based payments	181	–
	1,223	1,134

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	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Cash at bank	1,812	3,352	65	1,819

7 TRADE RECEIVABLES

	Group	
	2013	2012
	US$'000	US$'000
Outside parties	1,703	–
Joint venture (Note 12)	567	–
Related parties (Note 5)	3,392	432
Total	5,662	432

The credit period on services rendered is 30 days (2012: 30 days). No interest is charged on the outstanding balance.

Trade receivables amounting to US$848,000 (2012: US$431,000) are secured by a corporate guarantee from the major shareholder.

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 2013, included in the Group's trade receivables balance are debtors with a carrying amount of US$3,896,000 (2012: US$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 was 45 days. The remaining amounts of US$1,766,000 (2012: US$Nil) are not pass due and not impaired and management considers these receivables to be of good credit quality.

8 OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Subsidiaries (Note 11)	–	–	12,234	8,006
Joint venture (Note 12)	1,090	–	1,000	–
Related parties (Note 5)	2,596	3,226	108	–
Outside parties	224	34	–	7
Prepayments	534	21	26	21
Deposits	891	1	–	1
Total	5,335	3,282	13,368	8,035

Amounts due from subsidiaries, joint venture and related parties are unsecured, interest-free and repayable on demand. There has not been a significant change in credit quality and the amounts are still considered recoverable.

In the previous year, the Group had written off other receivables from outside parties amounting to US$1,134,000 as management was of the view such receivables were no longer recoverable.

9 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Available-for-sale investments, at cost				
Unquoted equity shares (a)	**86**	86	**86**	86
Less: Presented as current asset	**(86)**	(86)	**(86)**	(86)
Presented as non-current asset	**–**	–	**–**	–
Available-for-sale investments, at fair value (Level 3)				
Unquoted preference shares presented as non-current asset (b)	**104,900**	115,650	**–**	–
Total	**104,900**	115,650	**–**	–

(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

In 2011, the Group acquired the assets and liabilities from an unrelated party, CSOTL Offshore Limited ("**CSOTL**"). In the transaction, the vessel owned by CSOTL was transferred to 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.

During the year, ROPL redeemed a total of US$10,750,000 (2012: US$8,100,000) of cumulative preference shares from the Group by cash, resulting in a net balance of US$104,900,000 (2012: US$115,650,000) as at the end of the reporting period.

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

(i) Non-convertible;

(ii) Non-voting;

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

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

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

(b) Unquoted preference shares (Cont'd)

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

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

Reconciliation of fair value measurement of the unquoted preference shares:

	Group	
	2013 US$'000	2012 US$'000
Opening balance	115,650	123,750
Redemptions during the year	(10,750)	(8,100)
Closing balance	104,900	115,650

There were no fair value gains or losses recognised in other comprehensive income, impairment losses recognised in profit and loss, sales, purchases, or transfers out of Level 3 for the financial years ended 31 December 2013 and 31 December 2012.

10 PLANT AND EQUIPMENT

	Computers US$'000	Office furniture and equipment US$'000	Renovation US$'000	Motor vehicle US$'000	Vessels US$'000	Drydocking US$'000	Total US$'000
Group							
Cost:							
At 1 January 2012	44	12	–	–	28,576	–	28,632
Additions	–	–	82	–	–	–	82
Disposals	(29)	(4)	–	–	–	–	(33)
At 31 December 2012	15	8	82	–	28,576	–	28,681
Additions	64	5	83	128	–	493	773
Disposals	(5)	–	(82)	–	–	–	(87)
At 31 December 2013	**74**	**13**	**83**	**128**	**28,576**	**493**	**29,367**
Accumulated depreciation:							
At 1 January 2012	8	8	–	–	1,168	–	1,184
Depreciation for the financial year	19	1	20	–	1,478	–	1,518
Disposals	(14)	(2)	–	–	–	–	(16)
At 31 December 2012	13	7	20	–	2,646	–	2,686
Depreciation for the financial year	14	1	13	13	1,479	25	1,545
Disposals	(4)	–	(26)	–	–	–	(30)
At 31 December 2013	**23**	**8**	**7**	**13**	**4,125**	**25**	**4,201**
Carrying amount:							
At 31 December 2013	**51**	**5**	**76**	**115**	**24,451**	**468**	**25,166**
At 31 December 2012	2	1	62	–	25,930	–	25,995

Certain of the Group's plant and equipment with a total carrying amount of US$24,451,000 (2012: US$25,930,000) were mortgaged to facilities institutions for facilities granted.

The carrying amount of the Group's plant and equipment includes an amount of US$115,000 (2012: US$Nil) secured in respect of an asset held under a finance lease.

10 PLANT AND EQUIPMENT (CONT'D)

	Computers US$'000	Office furniture and equipment US$'000	Motor vehicle US$'000	Renovation US$'000	Total US$'000
Company					
Cost:					
At 1 January 2012	14	10	–	–	24
Additions	–	–	–	82	82
Disposals	(3)	(2)	–	–	(5)
At 31 December 2012	11	8	–	82	101
Additions	5	5	128	83	221
Disposals	–	–	–	(82)	(82)
At 31 December 2013	**16**	**13**	**128**	**83**	**240**
Accumulated depreciation:					
At 1 January 2012	7	7	–	–	14
Depreciation for the financial year	4	1	–	20	25
Disposals	(2)	(1)	–	–	(3)
At 31 December 2012	9	7	–	20	36
Depreciation for the financial year	5	1	13	13	32
Disposals	–	–	–	(26)	(26)
At 31 December 2013	**14**	**8**	**13**	**7**	**42**
Carrying amount:					
At 31 December 2013	**2**	**5**	**115**	**76**	**198**
At 31 December 2012	2	1	–	62	65

11 SUBSIDIARIES

	Company 2013 US$'000	Company 2012 US$'000
Unquoted equity shares, at cost	20,718	20,718
Unquoted preference shares	4,080	4,080
	24,798	24,798

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:

(i) Non-convertible;
(ii) Non-voting;
(iii) Dividend rate of 15% per annum at the discretion of the issuer; and
(iv) Right to redeem the preference shares lies with the issuer.

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 2013 %	Proportion of ownership interest and voting power held 2012 %	Principal activity
Vallianz Samson Pte Ltd [(1)]	Singapore	100	100	Vessel ownership and chartering
Vallianz Marine Pte Ltd [(1)]	Singapore	51	51	Vessel ownership and chartering
Vallianz Offshore Marine Pte Ltd (previously known as Vallianz 4000 Pte Ltd) [(1)]	Singapore	100	100	Vessel management and chartering
Resolute Pte Ltd [(1)]	Singapore	51	51	Investment holding
CSOTL Offshore Limited [(2)]	Thailand	–	51	Dormant
Vallianz Corporate Services Pte Ltd [(1)(4)]	Singapore	100	–	Provision of corporate services
Vallianz Shipbuilding & Engineering Pte Ltd [(1)(4)]	Singapore	100	–	Provision of shipbuilding and engineering services

11 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activity
Vallianz Capital Ltd [3] [4]	Labuan, Malaysia	100	–	Investment holding
Vallianz Engineering Limited [3] [4]	Labuan, Malaysia	100	–	Provision of shipbuilding and engineering services

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Liquidated during the year. Previously audited by PYS Audit Company Limited, Thailand.
(3) Not required to be audited by law in the country of incorporation and not material to the Group's results and financial position.
(4) Incorporated during the year.

12 JOINT VENTURE

	Group 2013 US$'000	2012 US$'000
Cost of investment in joint venture	1,450	–
Share of post-acquisition profits, net of dividends received	1,621	–
	3,071	–

The Group's joint venture was acquired on 1 October 2013 from a related company of its major shareholder for cash consideration of US$1,450,000.

Details of the joint venture are follows:

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest and voting power held 2013 %	2012 %	Principal activity
Rawabi Swiber Offshore Services Co. Ltd [1]	Kingdom of Saudi Arabia	50	–	Provision of offshore marine support services

(1) Audited by Talal Abu-Ghazaleh & Co, Kingdom of Saudi Arabia.

12 JOINT VENTURE (CONT'D)

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

	Group	
	2013 US$'000	2012 US$'000
Total assets	335,946	–
Total liabilities	(329,804)	–
Net assets	6,142	–
Group's share of net assets	3,071	–
Revenue (1)	20,162	–
Profit for the period (1)	3,242	–
Group's share of profit for the period (1)	1,621	–

(1) The financial information is in respect of the period from 1 October 2013 (date of acquisition) till 31 December 2013.

13 TERM LOANS

	Group	
	2013 US$'000	2012 US$'000
Loans	69,055	83,224
Less: Amount due for settlement within 12 months (shown under current liabilities)	(15,258)	(14,169)
Amount due for settlement after 12 months	53,797	69,055

The Group has 6 (2012: 6) bank loans with repayment terms commencing from August 2010 to June 2018.

The carrying amount of floating rate loans amounting to US$65,237,000 (2012: US$77,886,000) approximates the fair value as the interest rates approximate the prevailing market rates. Management estimates the fair value of the Company's fixed rate borrowings with carrying amount of US$3,818,000 (2012: US$5,338,000), by discounting their future cash flows at the market rate, to be US$3,578,000 (2012: US$4,889,000). This fair value measurement is categorised as Level 2 within the fair value hierachy.

13 TERM LOANS (CONT'D)

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 the vessels mentioned above; and/or
(iv) the unquoted cumulative preference shares held by the Group (Note 9).

14 TRADE PAYABLES

	Group	
	2013 US$'000	2012 US$'000
Related parties (Note 5)	517	–
Outside parties	2,042	–
	2,559	–

The average credit period on trade payables was 30 days in 2013.

15 OTHER PAYABLES

	Group		Company	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Subsidiaries (Note 11)	–	–	2,002	–
Related parties (Note 5)	429	2,287	395	148
Accruals	574	99	58	34
Outside parties	546	155	259	38
	1,549	2,541	2,714	220

Amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand. The average credit period on other payables to outside parties was 30 days in 2013 (2012: 30 days).

16 SHARE CAPITAL

	Group and Company			
	2013	2012	2013	2012
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
Issued and paid up:				
At the beginning and end of the year	**1,189,412**	1,189,412	**54,647**	54,647

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.

17 SHARE OPTIONS RESERVE

The share options reserve arises on the grant of share options to directors and employees under the following share-based payment arrangements:

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Company. The scheme is administered by the Remuneration Committee.

Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three consecutive trading days preceding the date of grant. A one year vesting period is required commencing from the first date of grant if offer price is not at a discount; a two years vesting period is required if the offer price is at a discount. The options shall be exercised before the tenth anniversary of the date of grant, or such earlier date as may be determined by the Committee. The options, to the extent unexercised, shall lapse upon the employee ceasing to be employed by the Company or its subsidiaries.

Details of the share options outstanding during the year are as follows:

	Group and Company	
	2013	
	Number of share options	Weighted average exercise price S$
Outstanding at the beginning of the year	–	–
Granted during the year	**9,000,000**	**0.053**
Outstanding at the end of the year	**9,000,000**	**0.053**

On 14 May 2013, options to subscribe for 9,000,000 ordinary shares of the Company at an exercise price of S$0.053 per ordinary share were granted pursuant to the scheme. The options have a one year vesting period and are exercisable from 14 May 2014 and expire on 13 May 2018. As at 31 December 2013, the options remain non-exercisable.

17 SHARE OPTIONS RESERVE (CONT'D)

Equity-settled share option scheme (Cont'd)

The estimated fair value of the options granted on 14 May 2013, determined using the Black-Scholes pricing model, was US$0.015 per option. The significant inputs into the model were as follows:

	2013
Weighted average share price	S$0.052
Weighted average exercise price	S$0.053
Expected volatility	69.67%
Expected life	2 years
Risk-free rate	0.25%

Expected volatility was determined by reference to the historical volatility of the Company's share price over the past two years.

The Group and Company recognised total expenses of US$86,000 related to the equity-settled share option scheme during the year.

No options were granted in the financial year ended 31 December 2012.

Equity-settled share plan

Share awards may be granted to directors and employees of the Group under the Vallianz Performance Share Plan. On 14 May 2013, 6,000,000 ordinary shares of the Company were granted pursuant to the plan. One-third of these share awards shall be vested in each year on the anniversary of the awards. The fair value of these share awards was determined based on the share price of S$0.052 at the grant date.

The Group and Company recognised total expenses of US$95,000 related to the equity-settled share plan during the year.

No share awards were granted in the financial year ended 31 December 2012.

18 REVENUE

	Group	
	2013 US$'000	2012 US$'000
Charter hire and brokerage income	8,668	5,013
Dividend income	5,698	6,331
Vessel management income	5,619	–
Management fees income	–	175
	19,985	11,519

19 OTHER INCOME

	Group	
	2013 US$'000	2012 US$'000
Gain on liquidation of subsidiary	1,203	–
Gain on disposal of available-for-sale investment	–	323
Dividend income	9	21
Reversal of accruals	–	5,000
Others	7	6
	1,219	5,350

20 FINANCE COSTS

These comprise interest on loans and interest on obligations under finance leases paid to outside parties.

21 INCOME TAX EXPENSE

Domestic income tax is calculated at 17% (2012: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Two 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.

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

	Group	
	2013 US$'000	2012 US$'000
Profit before tax	11,041	5,482
Income tax expense calculated at 17% (2012: 17%)	1,877	932
Effect of expenses that are not deductible	2	141
Effect of income that are not subject to tax	(1,805)	(1,783)
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	58
Tax losses not carried forward	254	550
Effect of deferred tax assets previously not recognised now utilised	–	(225)
Effect of unused tax losses not recognised as deferred tax assets	400	327
Total	728	–

21 INCOME TAX EXPENSE (CONT'D)

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

	Group	
	2013 US$'000	2012 US$'000
Amount at beginning of year	7,218	4,663
Adjustment during the year	(668)	1,611
Liquidation of subsidiary	(867)	–
Utilised in current year	–	(979)
Arising during current year	2,351	1,923
	8,034	7,218
Deferred tax benefit on above not recorded	1,366	1,279

No deferred tax asset has been recognised due to the unpredictability of future profit streams.

22 PROFIT FOR THE YEAR

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

	Group	
	2013 US$'000	2012 US$'000
Audit fees to auditors of the Company	110	66
Depreciation of plant and equipment	1,545	1,518
Directors' remuneration (including directors' fees)	575	817
Employee benefits expense (including directors' remuneration)	2,630	1,187
Defined contribution benefits included in employee benefits expense	209	18
Share-based payment expense included in employee benefits expense	181	–
Foreign exchange loss, net	5	844
Loss on disposal of plant and equipment	1	16
Write-off of other receivables from outside party	–	1,134
Gain on liquidation of subsidiary	(1,203)	–

23 EARNINGS PER SHARE

	Group	
	2013 US$'000	2012 US$'000
Earnings		
Profit for the year attributable to owners of the Company	7,493	2,411

	Group	
	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,189,412	1,189,412
Effect of dilutive potential ordinary shares:		
Share options and awards	2,825	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,192,237	1,189,412

	Group	
	2013 US cents	2012 US cents
Basic earnings per share	0.63	0.20
Diluted earnings per share	0.63	0.20

24 DIVIDENDS

During the financial year ended 31 December 2013, the Company paid one-tier, tax exempt dividends of 0.04 US cents per share totalling US$476,000 in respect of the financial year ended 31 December 2012.

In respect of the financial year ended 31 December 2013, the directors propose an interim dividend of 0.04 US cents per share be paid to shareholders. The total estimated dividend to be paid is US$476,000.

25 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group 2013 US$'000	Group 2012 US$'000
Payment recognised as an expense during the year:		
Minimum lease payments under operating leases	867	–

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group 2013 US$'000	Group 2012 US$'000
Within 1 year	522	–

Operating lease payments represent rentals payable by the Group for vessels. Leases are negotiated for an average term of one year and charter rates are fixed throughout the duration of the lease.

The Group as lessor

The Group hires out its vessels under operating leases. Charter hire income of US$6,895,000 (2012: US$5,013,000) was earned.

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

	Group 2013 US$'000	Group 2012 US$'000
Future minimum lease receivable:		
Within 1 year	6,534	5,074
After 1 year but within 5 years	6,089	9,700
	12,623	14,774

Operating lease receivables represent charter hire income receivable by the Group. Leases were negotiated for an average term of three to five years.

26 COMMITMENTS

As at 31 December 2013, the Group had capital commitments amounting to US$41,500,000 (2012: US$Nil) for the acquisition of plant and equipment.

27 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;
(ii) Vessel management services: provision of crew, consultancy and logistics; and
(iii) Investment holding: holding available-for-sale investments for long-term purposes.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment. All assets and liabilities are allocated to reportable segments, except for income tax payable.

27 SEGMENT INFORMATION (CONT'D)

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

	Vessel chartering and brokerage		Vessel management		Investment holding		Group	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
REVENUE								
External sales	8,668	5,188	5,619	–	5,698	6,331	19,985	11,519
RESULTS								
Segment results	7,170	2,974	3,637	–	3,326	6,310	14,133	9,284
Finance costs	(423)	(586)	–	–	(2,669)	(3,216)	(3,092)	(3,802)
Profit before tax							11,041	5,482
Income tax expense							(728)	–
Profit for the year							10,313	5,482
Segment assets and segment liabilities								
Segment assets	31,873	31,478	4,285	–	109,874	117,319	146,032	148,797
Segment liabilities	8,292	11,661	1,367	–	63,546	74,104	73,205	85,765
Income tax payable							728	–
							73,933	85,765
Other information								
Depreciation of plant and equipment	1,503	1,518	8	–	34	–	1,545	1,518
Foreign exchange (gain) loss, net	(7)	844	2	–	10	–	5	844
Write-off of other receivables	–	–	–	–	–	1,134	–	1,134
Loss on disposal of plant and equipment	–	16	–	–	1	–	1	16
Gain on liquidation of subsidiary	–	–	–	–	(1,203)	–	(1,203)	–
Additions to non-current assets	493	–	48	–	232	82	773	82

27 SEGMENT INFORMATION (CONT'D)

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

Geographical information

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

Major customer information

During the year, the Group derived charter hire and brokerage and vessel management income amounting to approximately of US$12,034,000 (2012: US$5,013,000) 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.

28 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the following events occurred:

a) The Company issued 500,000,000 share options to its major shareholder for cash proceeds of S$1, and 800 redeemable convertible capital securities ("**securities**") for cash proceeds of US$35,200,000. Subsequently:

   (i) 634 securities with principal amount of US$27,896,000 were converted by the holder into 634,000,000 new ordinary shares of the Company. Following the conversion, the aggregate principal amount of securities outstanding was US$7,304,000; and

   (ii) 291,000,000 share options were exercised by the holder and 291,000,000 new ordinary shares of the Company were issued for proceeds of US$12,804,000.

   Accordingly, the number of ordinary shares in the Company has increased from 1,189,412,000 shares to 2,114,412,000 shares.

b) Resolute Offshore Pte Ltd redeemed US$2,000,000 of preference shares from the Group, resulting in net balance of US$102,900,000 of unquoted preference shares in Resolute Offshore Pte Ltd.

c) The Company entered into a joint venture agreement ("**agreement**") with the joint venturer that holds the remaining 50% interest in Rawabi Swiber Offshore Services Co. Ltd ("**Rawabi**"). The agreement sets out terms relating to the management of Rawabi's activities.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	14	0.51	524	–
1,000 – 10,000	367	13.42	2,281,388	0.11
10,001 – 1,000,000	2,251	82.27	320,670,000	15.17
1,000,001 AND ABOVE	104	3.80	1,791,460,210	84.72
TOTAL	**2,736**	**100.00**	**2,114,412,122**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	No. OF SHARES HELD	%
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	544,606,000	25.76
2	SWIBER HOLDINGS LIMITED	536,614,986	25.38
3	DBS NOMINEES PTE LTD	113,909,000	5.39
4	LARIX INTERNATIONAL LIMITED	47,130,026	2.23
5	TOH BOON KENG	41,550,000	1.97
6	OCBC SECURITIES PRIVATE LIMITED	36,893,198	1.74
7	RAFFLES NOMINEES (PTE) LTD	30,076,000	1.42
8	MAYBANK KIM ENG SECURITIES PTE LTD	27,738,000	1.31
9	ANG PANG CHEE	27,718,000	1.31
10	TAN SEK KHOON	23,572,000	1.11
11	GOH KIM TECK	23,000,000	1.09
12	FRANCIS WONG CHIN SING	20,000,000	0.95
13	PHILLIP SECURITIES PTE LTD	19,336,000	0.91
14	SRI SUHARTI	18,500,000	0.87
15	TERRY TAN SOON LEE @ HUIRI AMITA	14,000,000	0.66
16	CITIBANK NOMINEES SINGAPORE PTE LTD	13,136,000	0.62
17	RICHARD HAU BOON PING	11,120,000	0.53
18	JEAN PERS	10,000,000	0.47
19	NITISH GUPTA	10,000,000	0.47
20	TAY GIM SIN LEONARD	10,000,000	0.47
	TOTAL	**1,578,899,210**	**74.66**

CLASS OF SHARES	NO. OF SHARES	%
ORDINARY	2,114,412,122	100.00
TREASURY	NIL	–
TOTAL ISSUED SHARES	2,114,412,122	100.00

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

SUBSTANTIAL SHAREHOLDER

	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
SWIBER HOLDINGS LIMITED	534,534,986	25.28	NIL	–
RAWABI HOLDING COMPANY LIMITED	529,000,000	25.02	NIL	–
ABDUL AZIZ ALI ALTURKI[(1)]	–	–	529,000,000	25.02

[(1)] By virtue of Section 4 of the Securities and Futures Act, Cap. 289, Mr. Abdul Aziz Ali Alturki is deemed to be interested in 529,000,000 Shares held by Rawabi Holding Company Limited

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on information available to the Company as at 1 April 2014, 43.11% 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 ("**AGM**") of the Company will be held at 12 International Business Park, #03-02 Swiber@IBP, Singapore 609920 on Monday, 28th day of April 2014 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 2013 and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Raymond Kim Goh a director who is retiring pursuant to Article 105 of the Company's Articles of Association.

   Mr. Raymond Kim Goh shall, upon re-election as Director of the Company, remain as the Chairman of the Board of Directors and a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

   [See Explanatory Note (a)] **(Resolution 2)**

3. To re-elect Mr. Ling Yong Wah retiring pursuant to Article 109 of the Company's Articles of Association.

   [See Explanatory Note (b)] **(Resolution 3)**

4. To approve Directors' fees of US$225,000 for the financial year ending 31 December 2014. **(Resolution 4)**

5. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company to hold office until the conclusion of the next AGM of the Company, and to authorise the Directors to fix the remuneration of Messrs Deloitte & Touche LLP. **(Resolution 5)**

6. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:–

7. **Authority to allot and issue shares (the "Share Issue Mandate")**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Rules of Catalist, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to allot and issue:–

   (i) shares in the capital of the Company whether by way of bonus, rights or otherwise; or
   (ii) convertible securities; or
   (iii) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or otherwise; or

(iv) shares arising from the conversion of convertible securities in (ii) and (iii) above,

provided 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 a general meeting, such authority shall continue in full force until the conclusion of the next AGM or such date by which the next AGM is required by law to be held, whichever is earlier. For the purposes of this Resolution and Rule 806(3) of the Rules of Catalist, the percentage of the total number of issued shares and excluding treasury shares 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 (c)] **(Resolution 6)**

8. **Proposed Renewal of the Share Buyback Mandate**

"That:

(1) for the purposes of the Rules of Catalist and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

    (a) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or
    (b) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

    and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Rules of Catalist as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next AGM is held or required by law to be held;
(b) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
(c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked.

(3) in this Resolution:

"**Maximum Limit**" means that number of issued shares representing ten per cent. (10%) of the total number of issued shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of shares shall be taken to be the total number of issued shares as altered (excluding any treasury shares that may be held by the Company from time to time). Any shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent. (10%) limit;

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and
(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchase or acquisition of shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

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

9. **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 11 April 2014 (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 (e)] **(Resolution 8)**

10. **Authority to grant options and to issue shares under the Vallianz Employee Share Option Scheme**

"That, pursuant to Section 161 of the Companies Act, Cap.50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the Vallianz Employee Share Option Scheme (the "**Scheme**") and to issue such shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the Scheme provided always that the aggregate number of shares issued and issuable in respect of all options granted or to be granted under the Scheme, all awards granted or to be granted under the Vallianz Performance Share Plan and all shares, options or awards granted or to be granted under any other share option schemes or share plans of the Company, shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time."

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

11. **Authority to grant awards and to issue shares under the Vallianz Performance Share Plan**

"That, pursuant to Section 161 of the Companies Act, Cap.50, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the Vallianz Performance Share Plan (the "**Plan**") and to allot and issue from time to time such shares as may be required to be issued pursuant to the Plan provided always that the aggregate number of shares to be issued pursuant to the Plan, when added to the number of shares issued and issuable or existing shares delivered and deliverable in respect of all awards granted or to be granted under the Plan, all options granted or to be granted under the Scheme and all shares, options or awards granted under any other share scheme of the Company, shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time."

[See Explanatory Note (g)] **(Resolution 10)**

BY ORDER OF THE BOARD

Lee Bee Fong (Ms)
Company Secretary
11 April 2014

Singapore

Explanatory Notes:

(a) In relation to resolution 2 proposed above, Mr. Raymond Kim Goh is the Executive Chairman of Swiber Holdings Limited, a substantial shareholder of the Company. Save as disclosed herein, there is no relationship (including immediate family relationships) between Mr. Raymond Kim Goh and the other Directors, the Company and its 10% shareholders (as defined in the Singapore Code of Corporate Governance 2012). The detailed information on Mr. Raymond Kim Goh is set out in the section entitled "Board of Directors" on page 18 of the Annual Report.

(b) In relation to resolution 3 proposed above, there is no relationship (including immediate family relationships) between Mr. Ling Yong Wah and the other Directors, the Company and its 10% shareholders (as defined in the Singapore Code of Corporate Governance 2012). The detailed information on Mr. Ling Yong Wah is set out in the section entitled "Board of Directors" on page 18 of the Annual Report.

(c) The Ordinary Resolution 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next AGM, or the date by which the next AGM is required by law to held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total, one hundred per cent. (100%) of the issued shares excluding treasury shares 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.

(d) The Ordinary Resolution 7, if passed, renews the Share Buyback Mandate and will authorise the Directors of the Company from the date of the above Meeting until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to purchase up to ten per cent. (10%) of the total number of issued shares in the capital of the Company. Please refer to the Letter to Shareholders dated 11 April 2014 appended to the Annual Report for details.

(e) The Ordinary Resolution 8 above, if passed, allows 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.

(f) The Ordinary Resolution 9 above, if passed, will empower the Directors to grant options and to allot and issue shares upon the exercise of such options granted or to be granted in accordance with the Scheme provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all options granted or to be granted under the Scheme, pursuant to the vesting of any awards granted under the Plan and any shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.

(g) The Ordinary Resolution 10 above, if passed, will empower the Directors to vest awards and to allot and issue shares pursuant to the vesting of such awards in accordance with the Plan provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all awards granted under the Plan and all options granted or to be granted under the Scheme and any shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.

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, #03-02 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 28 April 2014 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 Audited Financial Statements for the financial year ended 31 December 2013 and Directors' Report and Auditors' Report thereon		
2.	Re-election of Director pursuant to Article 105 – Mr. Raymond Kim Goh		
3.	Re-election of Director pursuant to Article 109 – Mr. Ling Yong Wah		
4.	Approval of the Directors' fees of US$225,000 for the financial year ending 31 December 2014		
5.	Re-appointment of Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration		
6.	Authority to allot and issue shares pursuant to the Share Issue Mandate		
7.	Renewal of Share Buyback Mandate		
8.	Renewal of Shareholders' Mandate for Interested Person Transactions		
9.	Authority to grant options and to issue shares under the Vallianz Employee Share Option Scheme		
10.	Authority to grant awards and to 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 ______________ 2014

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

AFFIX
STAMP

The Company Secretary
VALLIANZ HOLDINGS LIMITED
12 International Business Park
#03-02 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, #03-02 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.

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Vallianz

VALLIANZ HOLDINGS LIMITED

Company Registration No. 199206945E

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