POSH
Excellence Through Safety

RISING UP
TO CHALLENGES



PACC OFFSHORE SERVICES HOLDINGS LTD.









ANNUAL REPORT
2017

OUR VISION

WE ASPIRE TO BE THE BEST-IN-CLASS SERVICE PROVIDER, AND OUR CUSTOMERS' PARTNER OF CHOICE. WE ARE REPUTED FOR OUR RELIABILITY, PROFESSIONALISM, INTEGRITY AND OPERATIONAL EXCELLENCE.

OUR CORE VALUES

TEAMWORK

- Embrace our "ONE TEAM" culture to meet our shared vision and mission.
- Appreciate the contributions of each member of our POSH family, both on shore and at sea.

INTEGRITY

- Honour our commitments and deliver on our promises.
- Be sincere and honest in all our engagements.

ACCOUNTABILITY

- Be accountable for our actions or inaction.
- Be proactive and take ownership – "If it is to be, it is up to me".

DEDICATION TO HEALTH, SAFETY, QUALITY & ENVIRONMENT

- Uphold our firm commitment to operational and safety excellence while delivering constant improvements.
- Keep our staff and our work environments safe and healthy.
- Care for our planet – do no environmental damage.

CUSTOMER AND MARKET FOCUS

- Always listen to and focus on the needs of our customers.
- Be alert to market forces re-shaping the business landscape to identify and capture new opportunities.
- Be passionate about what we do and relish the pursuit of finding solutions to any challenge.

ABOUT POSH

PACC Offshore Services Holdings Ltd. (**"POSH"**) is a leading offshore marine services provider with over 60 years of operating experience and specialised expertise in offshore and marine oil field services. With a young and diverse fleet of over 100 offshore vessels servicing multiple segments of the offshore oil and gas value chain, we are known as a best-in-class service provider with a reputation for operational excellence, teamwork, integrity, accountability, safety and market focus.

Our highly experienced team is consistently recognised by customers for our professionalism and commitment to service quality and safety. We are known for continually raising the bar in offshore marine services, and our proven international track record makes us the partner of choice for clients.

We operate across four major business divisions: Offshore Supply Vessels, Offshore Accommodation, Transportation & Installation and Harbour Services & Emergency Response.

POSH is headquartered in Singapore and listed on the Mainboard of the Singapore Exchange, and a subsidiary of Kuok Singapore Limited (**"KSL"**). Our fleet operates worldwide, serving offshore oilfields in Asia, Africa, Middle East, Europe, North and Latin America, by providing vessels and services for projects involving many of the world's major oil companies and established international offshore contractors.



RISING UP TO CHALLENGES

At POSH, our reliability, professionalism, integrity and operational excellence have been the driving force behind our growth over the years. We remain focused and committed to the success of our customers and stand differentiated amid challenging market conditions.

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record-breaking projects executed in 2017

NOW AND BEYOND

CUSTOMERS' PARTNER OF CHOICE



OUR GROWTH JOURNEY



2006

- Company incorporated as PACC Offshore Pte. Ltd.
- Entered the deepwater segment through orders for two 16,000 BHP DP2 AHTS
- Entered the oilfield services sector through orders for 16 8,000-10,000 BHP AHTS between 2006 and 2007

2007

- Acquired PSA Marine's offshore businesses comprising SEMCO Pte. Ltd., a leading FPSO towage operator; Maritime Pte. Ltd., a leading transportation and installation operator; and various ship-owning entities
- Company renamed PACC Offshore Services Holdings Pte. Ltd.

2008

- Entered the offshore accommodation segment through four accommodation vessels

2010

- Formed PSV fleet through the initial acquisition of two diesel electric PSVs and subsequent addition of six more PSVs

2012

- Enhanced position in the offshore accommodation segment with an order of two 750-pax SSAVs between 2012 and 2013

2013

- Awarded public licence by the Maritime and Port Authority of Singapore for the provision of towage services in Singapore

2014

- Launched Initial Public Offering to strong institutional and retail support – IPO offering was five times subscribed
- Admitted to the Mainboard of the Singapore Exchange and commenced trading

2015

- Further expansion into the Middle East with two LCVs deployed to Saudi Arabia

2016

- POSH Terasea successfully delivered one of the world's largest FPSOs, the Glen Lyon, from Ulsan, South Korea to Haugesund, Norway
- Long-term contracts secured with a National Oil Company in the Middle East for 12 vessels to be deployed in the Arabian Gulf
- Completed extended two-year charter with Petrobras for the 750-pax POSH Xanadu SSAV
- Successfully completed back-to-back major projects including the delivery of the Ichthys Explorer CPF, the world's largest semi-submersible platform; the Ichthys Venturer FPSO; the Prelude FLNG facility, the world's largest offshore floating facility; and the Egina FPSO, the world's largest FPSO

2017

- Provided offshore accommodation support during the hook-up and commissioning phase of the Jangkrik FPU and Prelude FLNG facility
- Secured a long-term contract with a National Oil Company in the Middle East to provide accommodation support for offshore platforms in the Arabian Gulf
- Secured contract with Chevron U.S.A. Inc. for the 750-pax POSH Xanadu SSAV to provide accommodation support during the hook-up and commissioning phase of the Big Foot TLP Project



CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear shareholders,

2017 saw some positive developments for the offshore and marine sector with oil prices averaging above US$50 per barrel and oil companies beginning to plan for an increase in capital expenditure. Nevertheless, overall market conditions remained challenging given the structural changes that have affected our sector.

Advancements in shale technology have caused oil prices to stay range-bound. The persistent oversupply of vessels also remains a key concern for all offshore marine operators, placing pressure on both vessel utilisation and charter rates. With limited scrapping being planned for, and the emergence of competitors from restructuring, we can expect an increasingly competitive operating environment.

It is therefore critical that we maintain an unrivalled reputation for operational efficiency and stringent safety standards. To this end, POSH's ability to deliver on our commitments has been the key reason why the Group stands differentiated amid the downturn and this will continue to ensure our competitive edge in the future.

Sustainable business built upon strong ethos

Our business philosophy prioritises software over hardware. Beyond having quality assets, it is our people and commitment to service excellence that differentiate our business. This proactive attitude to seek out solutions and an unyielding commitment to the success of our customers are key ingredients that have enabled us to continue earning their trust and confidence.

In 2017, POSH successfully supported our customers in executing several record-breaking projects including the Shell Prelude Floating Liquefied Natural Gas (**"FLNG"**) facility, Ichthys Explorer Central Processing Facility (**"CPF"**), Ichthys Venturer Floating Production Storage and Offloading (**"FPSO"**) and Egina FPSO – each the world's largest in their class. These massive structures were towed over long distances. Including other projects executed, the overall towage distance recorded by the Group's joint venture POSH Terasea totalled more than 120,000km, equivalent to circling around the Earth's equator three times.

In supporting these projects, the Group's continued emphasis on operational and safety excellence saw zero Lost Time Injuries (**"LTI"**). This is possible only through the relentless adherence to safety standards, as well as our commitment to one another.

We have been cognisant of the need to maintain fiscal prudence in an industry that has been impacted by over-extension of debt. This provides the assurance to partners and customers who are increasingly selective about working with financially sound operators; it also ensures the continued support of our lenders and places us in a position to pursue growth.

Stable financial performance

In 2017, the Group reported an improvement in operating revenue and managed to narrow our losses. Gross revenue stood at US$192.2 million and net loss attributable to shareholders (**"NLAT"**)



US$192.2 MILLION

2017 Revenue

US$20.3 MILLION

Net Operating Cash Flow







was US$230.3 million. The NLAT included a write-down of fixed assets at US$108.3 million and impairment of goodwill at US$57.1 million, which are reflective of the prevailing challenges in our industry. In view of this, the Board did not propose any dividend payment for the financial year ended 31 December 2017.

During the year, Management remained focused on driving utilisation with positive cash flow, generating net operating cash flow of US$20.3 million. Our continued capital prudence puts us in a good position to weather the challenges ahead and capitalise on growth opportunities.

Well-placed to pursue growth

We are confident that our standing in the industry will aid us in our pursuit of growth, even amid challenging market conditions. During the year, utilisation of our vessels ranked above the industry average. Our operational track record also gave us the credibility to secure new contracts including a significant win to provide accommodation support for Chevron U.S.A. Inc.'s Big Foot tension-leg platform (**"TLP"**) project as well as our thirteenth long-term charter in the Middle East. Our charter providing accommodation support for the hook-up and commissioning of the Shell Prelude FLNG facility was also extended.

Specifically, we see opportunities in the maintenance segment of the oil and gas value chain. To widen our market reach and provide better and more responsive support to our customers overseas, several overseas offices in key growth markets such as Middle East, West Africa and Southeast Asia will be established, while existing overseas offices will be strengthened. We are also actively looking out for accretive growth opportunities, be it in terms of assets or capabilities development.

The Board is confident in Management's ability to steer the course ahead. In pursuing growth, we remain vigilant in pre-empting and responding to political risks in new markets; and constantly evaluate how best to approach the operating structure with local partners. At the same time, we will continue to manage our costs and exercise fiscal prudence.

The Board's commitment to expanding our industry expertise saw Mr. Ivan Replumaz join us as an Independent Director in October 2017. Ivan brings with him more than 40 years of management and directorship experience across oil and gas, offshore services and other industrial sectors and will be a valued member of the Board.

As we look ahead to 2018, we foresee yet another challenging year; however, we have also identified some potential bright spots and envisage increased demand in select markets and industry segments.

Most importantly, I believe that the ethos and traits that have always differentiated the Group will continue to engender positive recognition and support from our customers and partners.

On behalf of my fellow Board members, I would like to express my sincere gratitude to all our shareholders, customers and business partners for your continued support and trust in POSH. To the staff and Management, thank you for your hard work and unwavering dedication to the Group.

Chairman
Kuok Khoon Ean

CEO'S REVIEW OF OPERATIONS

Dear fellow shareholders,

2017 was a landmark year for POSH despite the headwinds faced by the industry as we executed several milestone projects to exacting standards and most importantly, to the satisfaction of our customers. Whilst we performed commendably from an operational point of view, our financial performance mirrored the continued difficulty affecting the offshore and marine sector.

Vessel utilisation and charter rates continued to experience downward pressure as a result of oversupply and lacklustre demand. This was despite oil prices averaging above US$50 per barrel in 2017.

Against this backdrop of increasing competition, it is important for offshore and marine operators to maintain a high degree of customer orientation and strong executional abilities. To this end, I believe our firm commitment to safety and operational excellence as well as strong track record has been our key differentiators and will continue to set us apart.

People are the bedrock of POSH's success

It is important to recognise that none of the achievements in 2017 would have materialised without the dedication of our employees. Our people, both onshore and offshore, are our greatest asset and we continue to invest substantially in their training and development.

To strengthen our talent pipeline, we have also added to our ranks experienced hires to drive our entry into new business segments and geographical markets. This effort will carry on into 2018 as we continue to explore new growth frontiers.

The preferred partner to our customers

In the immediate term, we envisage increasing proximity to our customers by expanding into key regions and enlarging our suite of services across the oil and gas value chain to become a one-stop solutions provider. This will give us greater traction with our customers and a competitive edge in tenders.





POSH started 2018 on a good note having won a major contract with Chevron U.S.A. Inc. for the provision of accommodation support for the Big Foot TLP off the Gulf of Mexico. This is in addition to our thirteenth long-term charter secured with a National Oil Company in the Middle East; and an extension for POSH Arcadia's charter to provide accommodation support for the Shell Prelude FLNG facility.

Despite the stringent demands and tight schedules, we were able to maintain zero LTI in 2017. This consistency in driving operational standards adds to our track record and puts us in an enviable position to continue securing new contracts.

Positioning for growth

Moving forward, we are cautiously optimistic that capital expenditure for offshore projects will pick up given the stabilisation in oil prices and improved financial performance of oil companies.

POSH will continue to invest in our people, continually raise the bar for operational excellence and actively explore select growth pockets to deliver long-term value for our investors. These efforts will be undertaken while maintaining fiscal prudence and a tight rein on costs.

In closing, POSH's excellent track record means we are well-placed to capitalise on growth opportunities. With your enduring support, I am confident that POSH will rise up to the challenges and emerge stronger as One Team.

Chief Executive Officer
Captain Gerald Seow

OPERATIONS & FINANCIAL REVIEW





Financial performance a reflection of market conditions

For the year ended 31 December 2017, POSH improved revenue by 5% year-on-year (**"YoY"**) to US$192.2 million on higher contribution across most business divisions. However, losses for the Offshore Accommodation segment meant the Group registered a gross loss of US$13.4 million for the year.

POSH's share of profit from joint ventures was US$2.4 million, a significant improvement from losses of US$13.8 million incurred for 2016. This was mainly due to the higher contribution from POSH Terasea, which completed several major projects during the year, offset by impairments taken on vessels across POSH's joint ventures in general.

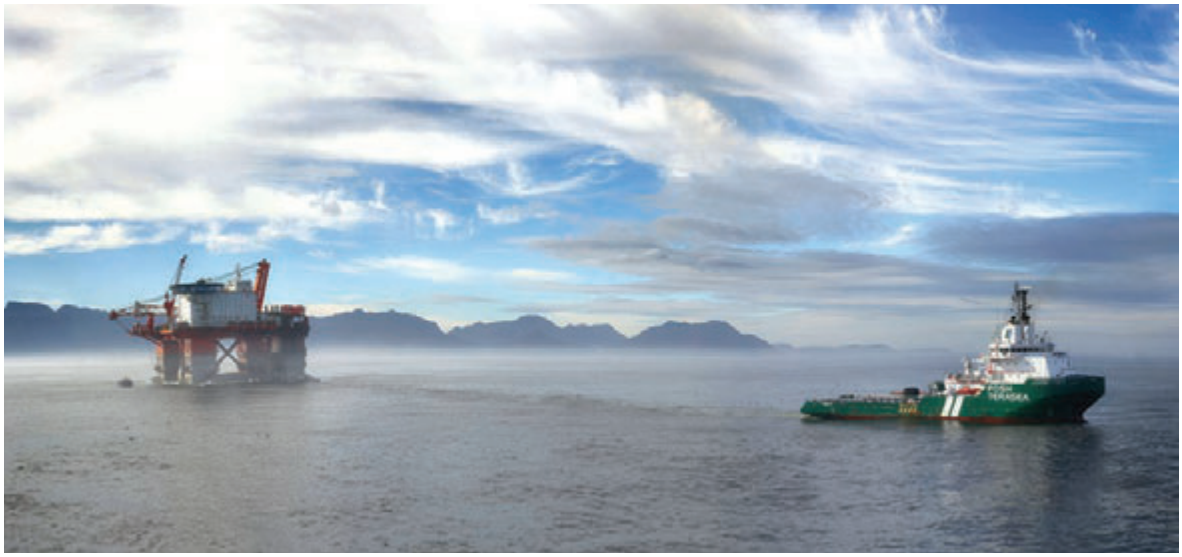
Reflecting continued challenging conditions for the industry, POSH booked non-cash impairments of US$108.3 million and US$57.1 million to fixed assets and goodwill respectively. Correspondingly, we booked NLAT of US$230.3 million, compared to NLAT of US$371.4 million for 2016. Excluding the impact from impairments, fixed assets written-off and loss or gain on fixed assets disposal, NLAT would have been US$61.8 million.

We continued to optimise our cost and organisational structure in 2017, reducing general and administrative expenses by 35% to US$28.2 million. Finance costs increased by 59% to US$22.8 million on higher interest rates and a higher loan balance, the latter mainly to finance vessels for their long-term charters in the Middle East.

POSH remained operating cash flow positive, generating US$20.3 million as at the end of 2017. Net gearing increased to 1.6 times from the previous year, primarily due to the impairment charges taken. Our net current liabilities was US$188.4 million mainly due to bank borrowings due within one year.

Net asset value stood at US$460.2 million and fixed assets decreased by US$73.0 million mainly due to the impairments taken on vessels, offset partially by payment for vessels under construction.

OPERATIONS & FINANCIAL REVIEW





Offshore Supply Vessels ("OSV")

The OSV segment registered revenue of US$75.0 million, mainly on the deployment of 10 vessels to the Middle East. Gross loss reduced to US$11.1 million on lower operating expenses. Although the current market appears to have bottomed out, the segment remains highly competitive against the backdrop of persistent oversupply thus, adversely impacting both vessel utilisation and charter rates.

To deliver cost savings and provide a one-stop integrated solution for our customers, we acquired three Anchor Handling Tug Supply (**"AHTS"**) vessels in 2017 – POSH Defender, POSH Daring and POSH Dauntless. The acquisitions engender unprecedented versatility as the vessels provide a unique combination of deck carrying, towing, anchor handling and accommodation capabilities.

In the Middle East, the Group continued to grow our operational footprint. Over the past year, we set up a new site office in Saudi Arabia and expanded the team at our POSH Saudi joint venture. We also entered into a joint venture with First Emirates Group in the United Arab Emirates (**"UAE"**) to boost our marine services offerings for the region.

As at the end of 2017, we have deployed 10 OSV vessels for charters with a Middle East National Oil Company and another two vessels were deployed in the early parts of 2018. We received compliments from our customer due to the safe and timely delivery of the vessels. Moving forward, the Middle East and West Africa continue to be key growth regions for the segment as we seek to drive vessel utilisation and generate positive operating cash flows.

Offshore Accommodation ("OA")

The OA segment continued to support the Group's diversified strategy in 2017. OA revenue increased by 14% for 2017 to US$81.8 million mainly due to contribution from POSH Arcadia, offset by lower contribution from POSH Xanadu and lower utilisation for other vessels in the segment. The segment registered a gross loss of US$6.4 million as it incurred higher operating expenses overall.

In April, our state-of-the-art 750-pax Semi-submersible Accommodation Vessel POSH Arcadia (**"SSAV"**) set sail on her maiden charter to support ENI's Jangkrik Floating Production Unit (**"FPU"**). Following that project's conclusion, POSH Arcadia promptly geared up for the Shell Prelude, providing her class-leading "walk-to-work" solution for the milestone project. In executing these two projects, we were commended by both ENI and Technip FMC – the latter which contracted POSH for the Prelude project – for our safety and service excellence. As at Q4 2017, our POSH Enterprise Light Construction Vessel (**"LCV"**) has also been deployed to provide support for a contractor in Saudi Arabia.

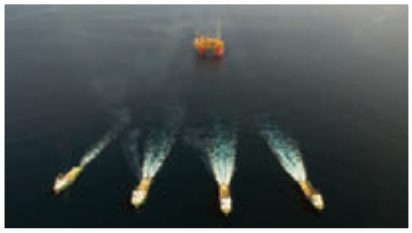
For the year ahead, we look forward to the recent charter won for POSH Xanadu, POSH Arcadia's sister SSAV, to support Chevron U.S.A. Inc. for its Big Foot TLP project in the Gulf of Mexico. This came as POSH Xanadu concluded an extended charter with Petrobras in 2017. POSH Arcadia will also continue to provide accommodation support for Shell Prelude into Q2 2018.

In addition, we were awarded a long-term charter for one of our Multi-purpose Support Vessels (**"MPSV"**) to provide accommodation support to offshore platforms in the Arabian Gulf. On this note, the OA segment will explore entry into the subsea Inspection, Maintenance and Repair (**"IMR"**) sector and the maintenance sub-segment.

Transport & Installation ("T&I")

T&I segment revenue decreased by 12% to US$14.1 million given the lower charter rates affecting the industry. However, the Group was able to narrow gross loss







to US$0.3 million through lower operating costs.

The segment continued to leverage on the longstanding relationship and track record with established contractors in the region. This contributed to the successful completion of several towage projects which supported overall fleet utilisation. In addition, we managed to collaborate with new offshore contractors which served to enhance our operational presence in markets such as Malaysia, Thailand and India.

Our deepwater T&I specialist POSH Terasea had a remarkable year in 2017, executing several milestone projects which involved a high degree of complexity. These included the towage and positioning of the Ichthys Explorer CPF, the world's largest semi-submersible platform and the Ichthys Venturer FPSO. The joint venture also towed and positioned the Shell Prelude FLNG facility, the world's largest offshore floating facility and in January 2018, successfully delivered the Egina FPSO, Total's flagship project, in Nigeria.

With charter rates and vessel utilisation likely to remain challenged in the coming year, the segment will work towards expanding our suite of services to provide more value-add and be a one-stop solutions provider to our customers.

Harbour Services & Emergency Response ("HSER")

HSER continued to expand its suite of solutions to better serve our customers. Revenue increased by 3% to US$21.3 million on higher contribution from its heavy lift, salvage and diving businesses, offset by fewer charters for its harbour tugs for the year. Gross profit was flat at US$4.4 million with higher operating costs and depreciation expenses from adding new vessels to the segment offsetting the improved revenue.

Our Harbour Services (**"HS"**) department executed several towage projects including the Cidade de Sao Mateus FPSO and Glas Dowr FSPO. More notably, our crane barge PW L-501 supported the jetty construction project at Thilawa Port in Myanmar where we installed 20 caissons and deck structures.

As for the Emergency Response (**"ER"**) department, we continued to diversify our revenue streams through commercial diving and oil spill services amid intense competition. In addition, we successfully executed several salvage jobs including the refloating of the bulk carrier Alam Manis off Seychelles.

In 2018, the segment will continue to focus on growing market share in key services and expand into overseas markets.

Delivering long-term value

While oil prices have stabilised in 2017, offshore oilfield development capital expenditure remains subdued. Demand for offshore vessels remains weak and the supply overhang remains unresolved. These factors will continue to exert significant pressure on charter rates and vessel utilisation.

We will continue to leverage our proven service excellence and enhanced track record as a differentiating factor, while remaining prudent in managing costs as well as driving earnings before interest, tax, depreciation and amortisation (**"EBITDA"**) and vessel utilisation.

Underpinned by our sound fundamentals, POSH will also position for growth and explore value accretive opportunities across the oil and gas value chain or relevant adjacencies. This encompasses participating actively in tenders in the Middle East and West Africa, which remain active, and exploring growth sectors such as maintenance and subsea IMR.

OUR PEOPLE
OUR COMMUNITY

People powered

It is our people who power POSH. This recognition underpins our commitment to human capital development. In 2017, we continued our range of programmes aimed at bringing out the best in each of our employees and provided platforms for contributions to the broader community.

A culture of safety

At sea and on shore, the company's commitment to safety saw zero LTI for the second consecutive year in 2017. This achievement was notable given our completion of several high profile and high complexity projects on a back-to-back basis; and was attributable to the ongoing emphasis we place on Health, Safety and Environment (**"HSE"**) management.

During the year, we extended our Supervising for Safety (**"SFS"**) courses – jointly developed with Brunei Shell and launched for onshore staff in 2016 – to include employees at sea. Participants had the opportunity to engage in dialogue with members of Senior Management at each of the sessions held throughout the year.

We also extended the Safety Observation System award to shore employees. This drew a very positive response and motivated employees to proactively spot hazards and rectify them.

The Learning Engagement Tool developed by Shell was introduced across the fleet for hazard identification and incident elimination. Additionally, safety coaching is also included in sea staff seminars held throughout the year, and "safety moments" are discussed at the start of meetings to share relevant experiences to reinforce safety measures.

The results of these programmes are evident from our continual progress up the HSE Cultural Ladder.

Finally, our concerted efforts towards protecting the environment also earned us a Certificate of Recognition from the Singapore Environment Council.

Trained to excel

The success of our business rests on having a competent and dedicated workforce. To this end, the company is committed to developing programmes which will help our people maximise their professional capabilities and develop the required competencies to progress in their career.

We continue to implement programmes which address all levels of development in our talent pool:

- Our POSH Cadetship Training Programme has about 50 cadets from Singapore, Malaysia and Philippines. This programme provides a platform to accelerate the development of promising seafarers, and identifies an early pool of talent to groom for eventual transition to shore-based jobs.









- The Command Assessment Programme continues to be a tool to evaluate suitability for promotion to Senior Officers.
- The 2017 KSL Group Leadership Forum was a platform for our senior leaders across various business groups to engage in dialogue sessions and share best practices on leadership.
- Our In-house Training Programme for Managers aims to equip people managers with the essential skillsets to lead their teams effectively, as well as build up a strong leadership pipeline for the future.

In December 2017, our commitment to training saw POSH officially open its Training Room at the Ramon Magsaysay Centre in Manila, the same building as our corporate office. With a dedicated team supporting our training activities in Manila, POSH is able to enlarge the reach amongst our crew through an expanded curriculum and higher frequency of training sessions.

A caring community

At POSH, we believe it is important for every employee to feel a sense of belonging to the organisation as well as the larger community. This is in line with the KSL corporate values of unity and compassion.

Our annual team-building event was held at Indonesia's Bintan Lagoon Resort and for the first time, done together with Pacific Carriers Limited (**"PCL"**). The three-day retreat sought to foster the culture of "ONE TEAM" and "WE BEFORE ME" to drive greater synergy among the offshore, bulk carriers and liners business segments. More than 250 POSH and PCL staff enthusiastically teamed up to make a success of the events and workshops.



Turning our commitment to the broader community and our core values of compassion and unity, more than 400 employees from POSH and PCL, family members, and friends, gathered for the company's 2017 Charity Walk at Punggol Waterway Park. The event was aptly themed "Leave No Man Behind", which served as a reminder of the importance of caring for the less privileged and embracing a spirit of inclusiveness.

The event raised more than S$50,000 for our beneficiary, SUN-DAC, which serves clients between the ages of 16 and 60 years old with varying intellectual, physical, mental, sensory and learning disabilities; a great day for a cause we are proud to support.

During the year, POSH CEO Captain Gerald Seow also handed out bursaries – based on academic achievement - as part of our School Pocket Fund to deserving children of our sea-staff in Jakarta and Manila. Additionally, POSH staff attending the Seastaff Seminar presented a donation to the Hospico De San Jose, one of the oldest charitable establishments in Manila, which cares for homeless children and the elderly.

BOARD OF DIRECTORS

MR. KUOK KHOON EAN
Chairman and Non-Executive Director

Mr. Kuok Khoon Ean is the Chairman of Kuok (Singapore) Limited (**"KSL"**), a Director of Kerry Group Limited and Kerry Holdings Limited. He is a Non-Executive Director of Wilmar International Limited, a company listed on the Singapore Exchange (**"SGX"**). He is also an Independent Non-Executive Director of IHH Healthcare Berhad which is listed on Bursa Malaysia.

Mr. Kuok holds a Bachelor of Economics degree from Nottingham University, United Kingdom. He was appointed Chairman and Non-Executive Director of the Company on 18 July 2013 and was last re-elected on 27 April 2016.

MR. WU LONG PENG
Non-Executive Director

Mr. Wu Long Peng is an Executive Director of Malaysian Bulk Carriers Berhad (**"MBC"**), a company listed on Bursa Malaysia. He has more than 30 years of experience in finance and corporate affairs. Mr. Wu is also a Non-Executive Director of Gamma Communications Limited, a company listed on AIM in the United Kingdom.

Mr. Wu is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Institute of Singapore Chartered Accountants. He was first appointed as a Director of the Company on 28 January 2008 and was last re-elected on 27 April 2017.

MR. SEOW KANG HOE, GERALD
Chief Executive Officer and Executive Director

Mr. Gerald Seow has more than 40 years of experience in the shipping industry, including 15 years of sea-going experience and more than 20 years of senior management experience.

He began his career at Neptune Orient Lines Limited (**"NOL"**) in 1971 and remained with the NOL group until 1996. From 1986 to 1996, he came ashore and served in various senior management positions within the NOL group in Singapore and the United States of America.

In 1996, he joined Pacific Carriers Limited (**"PCL"**) and was instrumental in developing the liner shipping business, the offshore marine services business (under our Company since 2006) and the shipbuilding business for PCL and KSL.

Mr. Seow holds a Certificate of Competency as Master of a Foreign-Going Ship from the Ministry of Transport of New Zealand and a Degree of Master of Science in Shipping, Trade and Finance from The City University of London. He was appointed as an Executive Director of the Company on 7 March 2006 and was last re-elected on 27 April 2016.

DATO' JUDE PHILOMEN BENNY
Lead Independent Director

Mr. Jude Benny is currently a consultant at Joseph Tan Jude Benny LLP and has been a lawyer in private practice with the same firm for almost 30 years since 1988. He was a Director of Singapore Maritime Foundation from 2004 to 2011 and also a Director of the Maritime & Port Authority of Singapore from 2006 to 2015.

Mr. Benny holds a Bachelor of Laws (Honours) from the London University. In recognition of his public service in Singapore, he was conferred the Public Service Medal in 2013. He was appointed as a Director of the Company on 1 September 2013 and was last re-elected on 27 April 2016.

MR. MA KAH WOH
Independent Director

Mr. Ma Kah Woh was a senior partner of KPMG Singapore, where he was in charge of the Audit & Risk Advisory Practice and Risk Management function for many years until his retirement in September 2003.

Mr. Ma currently sits on the Boards of Mapletree Investment Pte Ltd and Mapletree Greater China Commercial Trust Management Ltd. (the Manager of Mapletree Greater China Commercial Trust, a real estate investment trust listed on the SGX), and StarHub Ltd (a company listed on the SGX). He also sits on the Advisory Board of the Asian Civilisations Museum.

Mr. Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Singapore Chartered Accountants. He was appointed as a Director of the Company on 1 September 2013 and was last re-elected on 27 April 2017.

MR. IVAN REPLUMAZ
Independent Director

Mr. Ivan Replumaz has more than 40 years of management and directorship experience across oil and gas, offshore services and other industrial sectors.

Mr. Replumaz began his career with the Bouygues Group in 1974. He was named Senior Vice President at Bouygues Offshore in 1985 and became its Chief Executive Officer (**"CEO"**) in 1989 and Chairman in 1995, overseeing its listing on the New York Stock Exchange and Paris Stock Exchange in 1996. He took on a simultaneous role as CEO of Bouygues Bâtiment in 1998 and was appointed to the Board of Directors at Bouygues SA, the holding company of the Group, in the same year.

In 2002, Mr. Replumaz joined Technip and became CEO of the Offshore Branch, taking charge of its subsea and offshore activities worldwide. He was Managing Director of SBM Offshore Malaysia from 2006 to 2015.

Mr. Replumaz graduated from École Polytechnique and École Nationale des Ponts et Chaussées, Paris (now "École des Ponts Paris Tech"). He was appointed as a Director of the Company on 1 October 2017.

MR. WEE JOO YEOW
Independent Director

Mr. Wee Joo Yeow was the Managing Director and Head of Corporate Banking in Singapore of United Overseas Bank (**"UOB"**). Mr. Wee has more than 30 years of corporate banking experience. He joined UOB in 2002. Prior to that, Mr. Wee was with Overseas Union Bank (**"OUB"**) from 1981 to 2001 and was last appointed as the Executive Vice President and Head of Marketing, Sales, Credit and Origination in Corporate Banking of OUB before its merger into UOB.

Mr. Wee is also currently an Independent Director of Oversea-Chinese Banking Corporation Limited, Frasers Centrepoint Limited and Great Eastern Holdings Limited (each a company listed on the SGX), and Mapletree Industrial Trust Management Ltd (the Manager of Mapletree Industrial Trust, a real estate investment trust listed on the SGX).

Mr. Wee graduated from the University of Singapore with a Bachelor of Business Administration (Honours) degree and New York University with a Master of Business Administration. He was first appointed as a Director of the Company on 19 December 2013 and was last re-elected on 27 April 2017.

DATO' AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID
Independent Director

Mr. Ahmad Sufian has more than 40 years of experience in the shipping industry. He was the Chairman of Global Maritime Ventures from 1996 to 2003, Country Manager of American President Lines from 1989 to 1995, Director/General Manager of Perbadanan Nasional Shipping Line from 1982 to 1989 and Manager of Malaysian International Shipping Corporation from 1977 to 1982.

He is currently also the Independent Non-Executive Chairman of Malaysian Bulk Carriers Berhad, GD Express Carrier Berhad and an Independent Non-Executive Director of PPB Group Berhad, each of which is listed on Bursa Malaysia.

Mr. Sufian obtained a Certificate of Competency as Master of a Foreign-Going Ship in United Kingdom in 1975 and attended the Advanced Management Program at Harvard Business School in 1993. He is a Fellow of the Chartered Institute of Logistics and Transport. He was appointed as a Director of the Company on 9 January 2009 and was last re-elected on 27 April 2015.

SENIOR MANAGEMENT

MR. LEE KENG LIN
Deputy Chief Executive Officer

Mr. Lee Keng Lin is responsible for overseeing day-to-day operations for the Group and works closely with the Chief Executive Officer to grow the Group's business and drive performance measurement in all operational aspects.

Mr. Lee has more than 10 years of experience in the offshore marine industry and has been with the Group since 2007. He was part of the team that led the acquisition of PSA Marine's offshore business in 2007 and has been instrumental in the development and operations of various joint ventures and new business divisions. Prior to this, he was employed by PSA International as its Corporate and Business Development Manager, where he was responsible for business development and charters of harbour tugs and offshore support vessels.

Mr. Lee graduated with a First Class Honours in Engineering from the National University of Singapore and was on the Vice Chancellor's List. He completed the Advanced Management Programme at INSEAD and is also a CFA Charterholder.

MR. CHAI ULVA
Divisional Director
Offshore Accommodation

Mr. Chai Ulva is the Divisional Director of Offshore Accommodation and has been instrumental in the development and expansion of the business.

Mr. Chai has more than 15 years of experience in the offshore marine industry. He was a Manager with PSA Marine Pte Ltd from 2000 to 2006, handling business development and overseas charters of harbour tugs, and served as a Director in PSA Marine's joint venture company in Fuzhou, China. From 2006 to 2007, Mr. Chai was an Assistant General Manager in PSA Marine's offshore business. Since our acquisition of the business in 2007, Mr. Chai has served the Group as General Manager of POSH Maritime Pte Ltd, and Divisional Director of various business units within POSH Semco Pte Ltd including Offshore Construction Support, Transportation & Installation (Shallow Water) and Offshore Accommodation.

MR. MICHAEL LIM
Chief Financial Officer

Mr. Michael Lim oversees the Group's finance functions, including corporate finance, treasury, risk management, capital management and investor relations.

Mr. Lim has more than 20 years of experience in finance and controllership functions in various corporate and government sectors, including Aurecon Asia Pacific Group, IM Flash LLP and the Central Provident Fund Board. He previously served as POSH's Deputy Chief Financial Officer and Financial Controller.

Mr. Lim is a member of the Institute of Chartered Accountants of Singapore.

MR. SIM HEE PING
Divisional Director
Fleet Services & Fleet HSEQA

Mr. Sim Hee Ping heads our fleet management division. He is responsible for the overall technical management, safety and training of the Group's offshore crew.

Mr. Sim has more than 35 years of experience in the shipping industry. Prior to joining the Group in 2009, he held various positions with NOL from 1977 to 2006. He started out as a cadet engineer in 1977 and worked his way up to become a chief engineer in 1987, responsible for equipment and machinery on board NOL ships. Between 1987 and 1989, he was seconded to Jurong Shipyard as a Ship Repair Manager. He was also a technical superintendent from 1989 to 1998 and a Technical Director from 1998 to 2006, in charge of managing NOL vessels. From 2006 to 2008, he was seconded to Neptune Shipmanagement Services Pte Ltd, the ship management arm of NOL, as Managing Director.

MR. NG ENG KHIN
Divisional Director
Transportation & Installation (Deepwater)

Mr. Ng Eng Khin is the President of POSH Terasea Offshore Pte Ltd, the Group's specialist offshore service contractor joint venture. He has held the position since POSH Terasea's formation and oversaw the subsequent injection of the Group's entire Transportation & Installation (Deepwater) business into the joint venture.

Mr. Ng has more than 35 years of experience in the offshore marine industry. He was involved in PSA Marine's offshore business prior to our acquisition of the business in 2007. Mr. Ng was a Project Superintendent in charge of design, project operation and execution from 1977 to 1986 and a Senior Manager from 1985 to 2001. He was also a General Manager from 2001 to 2007 specialising in project management, operation and execution of complex transportation and installation projects, as well as being responsible for sales, marketing and development. Mr. Ng has been instrumental in the development of the Group's Transportation & Installation (Deepwater) business.

MR. TEO KIM LENG KELVIN
Divisional Director
Offshore Supply Vessels

Mr. Teo Kim Leng Kelvin is the Divisional Director of Offshore Supply Vessels responsible for overseeing the growth and development of the division.

Mr. Teo has more than 10 years of experience in the offshore marine industry. From 2006 to 2009, he was a Marketing Manager, and later promoted to Deputy General Manager with POSH Semco Pte Ltd.
As Deputy General Manager, his responsibilities included exploring business opportunities in new markets and management of the chartering team.
In 2010, he was promoted to General Manager of the Deepwater Services Division and later to Senior General Manager in 2014. He oversaw the growth of the OSV fleet at POSH and worked closely with the Director and senior management in overseeing the chartering and operation team.

COAST TO COAST

RAISING THE BAR FOR OPERATIONAL EXCELLENCE





>60

years of operating experience and specialised expertise in offshore and marine oilfield services

>100

offshore vessels serving multiple segments of the oil and gas value chain

BUSINESS DIVISIONS



Offshore Supply Vessels

Our OSV division has one of the youngest fleets of mid-water and deepwater AHTS vessels and Platform Supply Vessels ("PSV").

These multifunctional vessels undertake towing and anchor handling of drilling rigs, as well as provide logistical support during the exploration, field development, construction and production phases of the oil and gas life cycle.

The vessels in our fleet are equipped with advanced Dynamic Positioning (**"DP"**) technology, which enables safe and efficient operations in close quarters. These new generation vessels are also designed with fuel-efficient diesel electric propulsion and possess Clean Design and Green Passport notation which reduce and limit the vessels' combustion machinery emissions and accidental sea pollution. Our OSV division operates:

- AHTS of up to 200 tonne bollard pull providing multi-role services during drilling such as towing and positioning of drilling rigs, as well as transporting drilling materials and other equipment
- PSVs that transport drilling materials and supplies to drilling rigs and offshore production platforms as well as pipes and other materials for the construction of marine structures or pipelines



Offshore Accommodation

The OA division operates a fleet of vessels that deliver a wide range of accommodation and "walk-to-work" solutions for large numbers of offshore professionals involved in the construction and maintenance of offshore oil field structures and platforms.

We are focused on providing a variety of high-specification offshore accommodation vessels that cater to the different needs of our customers. Our deepwater OA fleet comprises two comfort-class DP3 semi-submersible accommodation platforms that are the largest in the world. These vessels boast sophisticated machinery redundancy and platform stability, offering comfortable and safe living, first class crew welfare amenities and "walk-to-work" capability. They are also capable of operating in harsh weather conditions.

Our shallow water OA fleet consists of four units of our unique DP2 238-pax diesel electric "E-class" accommodation vessels and three units of conventionally moored vessels. In addition, we operate three units of MPSVs that are capable of supporting subsea work.



Transportation & Installation

Our T&I division supports marine contractors worldwide in the construction and maintenance of oilfield infrastructure and pipelines.

In shallow waters, the division operates a fleet of ocean towing tugs and Anchor Handling Tugs (**"AHT"**) of up to 8,000 BHP, which are primarily engaged to support pipelay and platform construction work. In addition, our shallow water T&I department operates submersible barges (up to 30,500 dwt) for float-over or for launching operations of large marine structures and ballastable flat top barges ranging from 250 to 330 feet, as well as tugs for transportation of construction materials and subsea pipes.

As for deepwater operations, our specialist offshore service contractor joint venture, POSH Terasea, operates the largest deepwater AHT fleet globally, comprising tugs of 150 to 200 tonne bollard pull each. These ocean-going tugs are designed with high bollard pull and large fuel tanks that enable them to perform large tows, such as for FPSO and FLNG vessels across long distances economically, without a need for multiple refuelling stops. Leveraging our full suite of vessels, POSH is known as a leading operator in the deepwater T&I space, having successfully completed many demanding ocean towage projects over the past decade.



Harbour Services & Emergency Response

Our Harbour Services department has been operating for over 10 years. Together with our joint venture Pacific Workboats, we own, operate and manage a fleet of harbour tugs and heavy lift crane barges, which are actively engaged in supporting harbour towage operators and providing heavy lift services to shipyards.

In November 2013, we were granted a public towing licence by the Maritime and Port Authority of Singapore for the provision of towage services to vessels within the limits of and the approaches to the port of Singapore.

Our Emergency Response department provides worldwide emergency assistance to vessels that require support after encountering distress such as due to collision, oil spillage, grounding or fire damage. We are one of the two main offshore support vessel operators in the world to offer such emergency response services, which include salvage, wreck removal, emergency rescue and oil spill response services.

FINANCIAL HIGHLIGHTS

Financial Performance (US$'000)	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	237,263	234,037	280,820	183,100	**192,237**
Gross profit / (loss)	72,391	57,204	58,026	4,985	**(13,398)**
Net profit/(loss) after tax[1]	73,371	53,243	(130,959)	(371,448)	**(230,266)**
EBITDA	127,271	108,245	90,393	23,886	**26,525**
EBITDA margin	53.6%	46.3%	32.2%	13.0%	**13.8%**

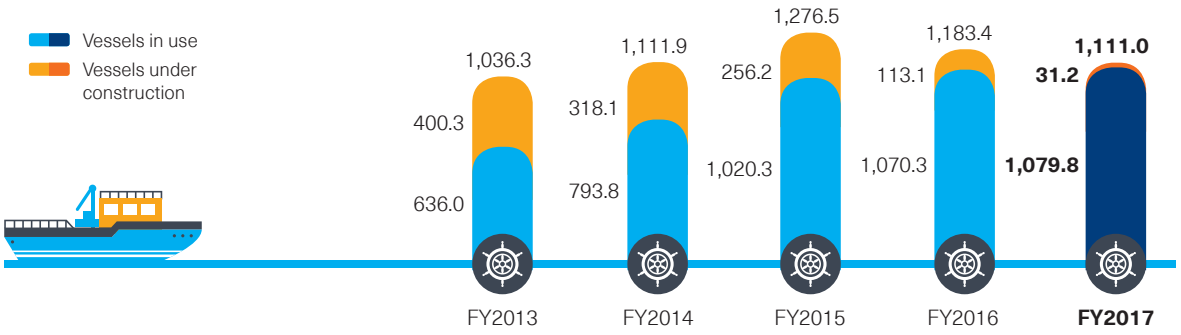
Financial Position (US$'000)	FY2013	FY2014	FY2015	FY2016	FY2017
Total shareholders' equity[1]	864,295	1,213,764	1,061,043	688,332	**460,275**
Total liabilities	909,226	657,571	672,567	817,327	**953,613**
Total assets	1,773,521	1,871,335	1,733,610	1,505,590	**1,413,824**
Fixed assets	1,037,610	1,113,689	1,278,147	1,184,927	**1,111,975**
- Vessels in use	635,961	793,798	1,020,288	1,070,299	**1,079,793**
- Vessels under construction	400,341	318,132	256,221	113,122	**31,183**
- Other assets	1,308	1,759	1,638	1,506	**999**
Net current liabilities	(388,819)	(140,632)	(496,192)	(206,767)	**(188,379)**
Net debt	796,874	548,332	545,951	693,274	**751,837**
Net debt/equity	92.2%	45.2%	51.5%	100.7%	**163.3%**

Financial Indicators	FY2013	FY2014	FY2015	FY2016	FY2017
Return on shareholders' equity	8.5%	4.4%	(12.3%)	(54.0%)	**(50.0%)**
Return on assets	4.1%	2.8%	(7.6%)	(24.7%)	**(16.3%)**
Net asset value per share (in US cents)	58.30	66.69	58.53	37.98	**25.37**
Basic earnings per share (in US cents)	6.02	3.10	(7.20)	(20.50)	**(12.70)**
Diluted earnings per share (in US cents)	4.95	3.10	(7.20)	(20.50)	**(12.70)**

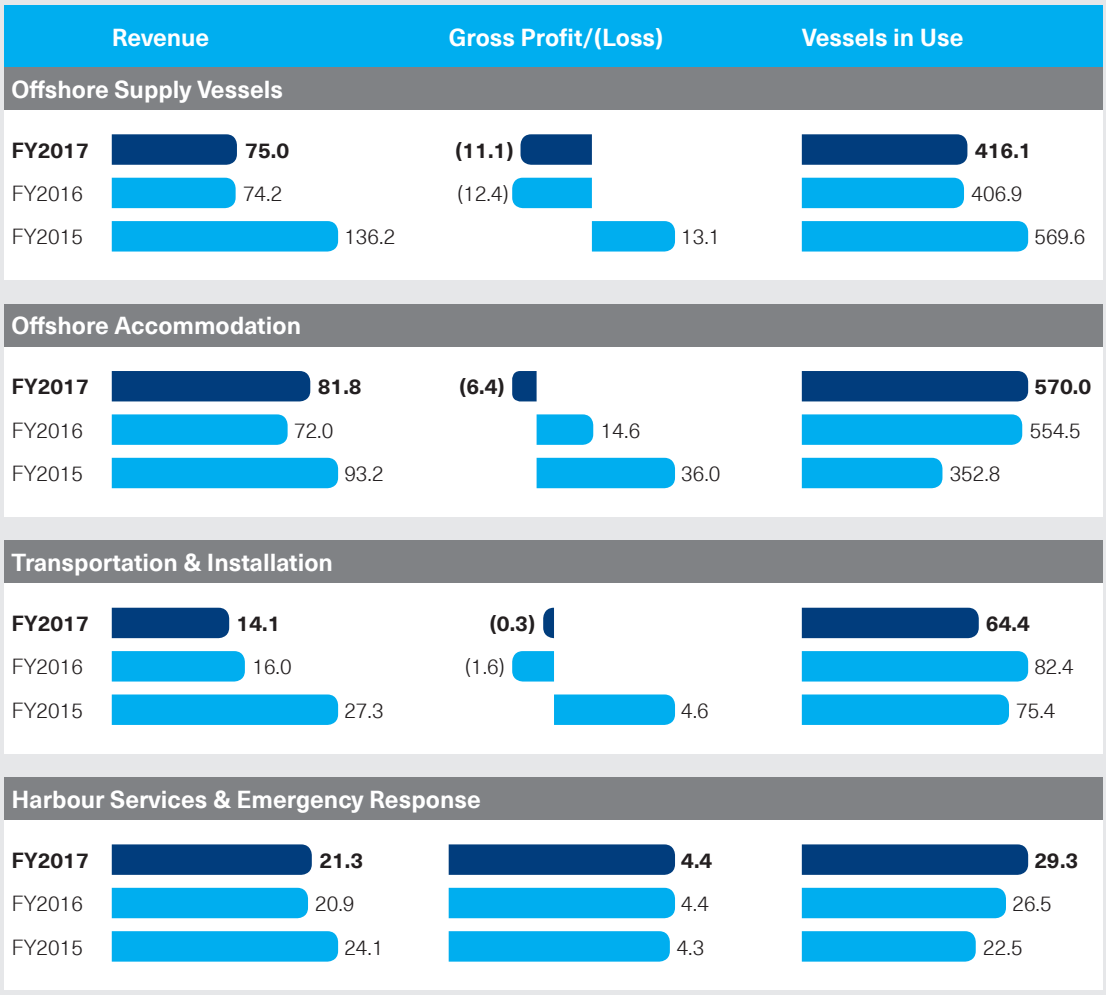
1 Equity attributable to shareholders of the Company

TOTAL VESSELS (US$ MILLION)

	FY2013	FY2014	FY2015	FY2016	**FY2017**
Vessels in use	636.0	793.8	1,020.3	1,070.3	**1,079.8**
Vessels under construction	400.3	318.1	256.2	113.1	**31.2**
Total	1,036.3	1,111.9	1,276.5	1,183.4	**1,111.0**



SEGMENT RESULTS (US$ MILLION)



GEOGRAPHICAL PRESENCE

Ongoing projects

Project over the years

Africa
- 1. Angola
- 2. Egypt
- 3. Gabon
- 4. Ghana
- 5. Libya
- 6. Namibia
- 7. Nigeria
- 8. Republic of Congo
- 9. South Africa

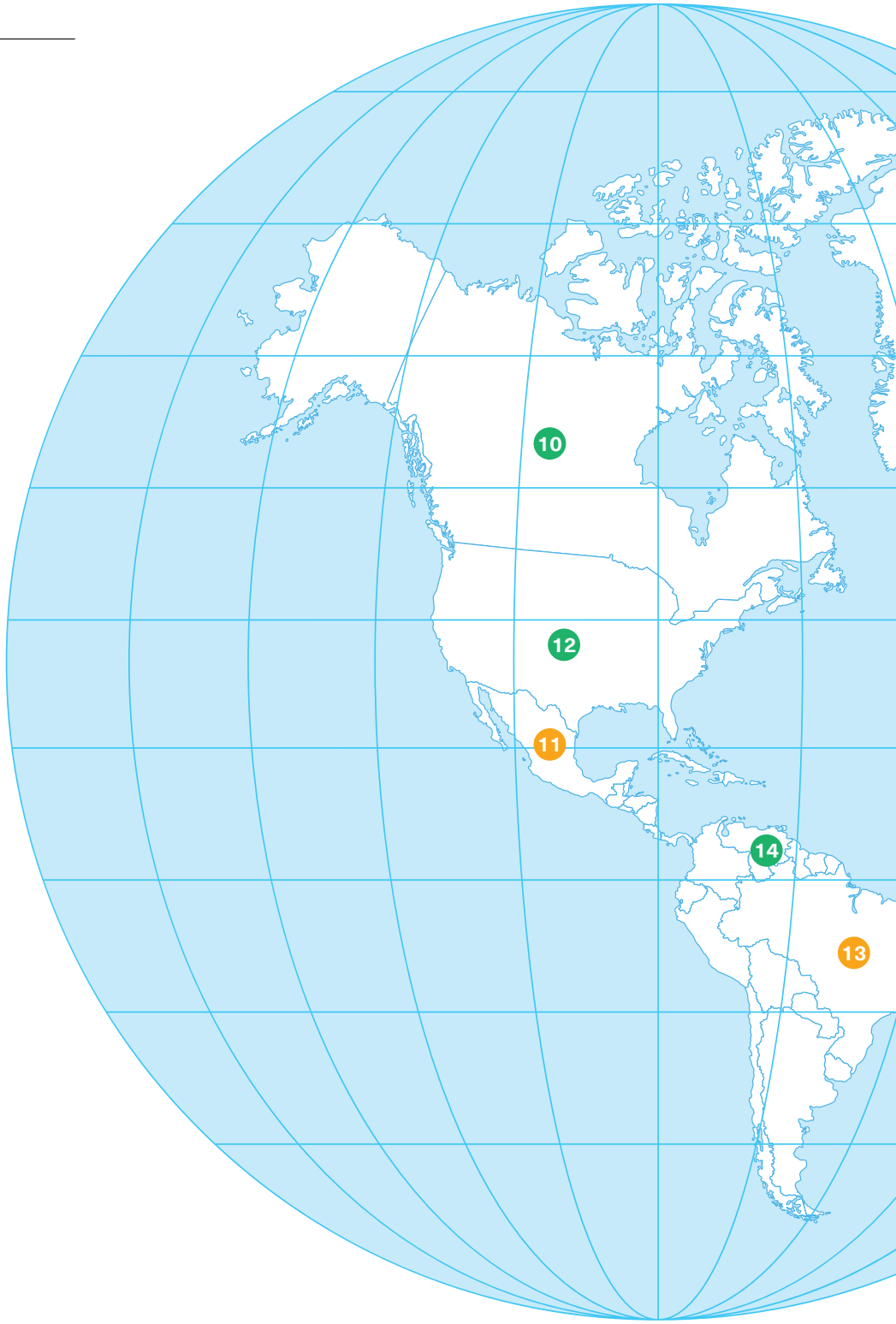
North America
- 10. Canada
- 11. Mexico
- 12. USA

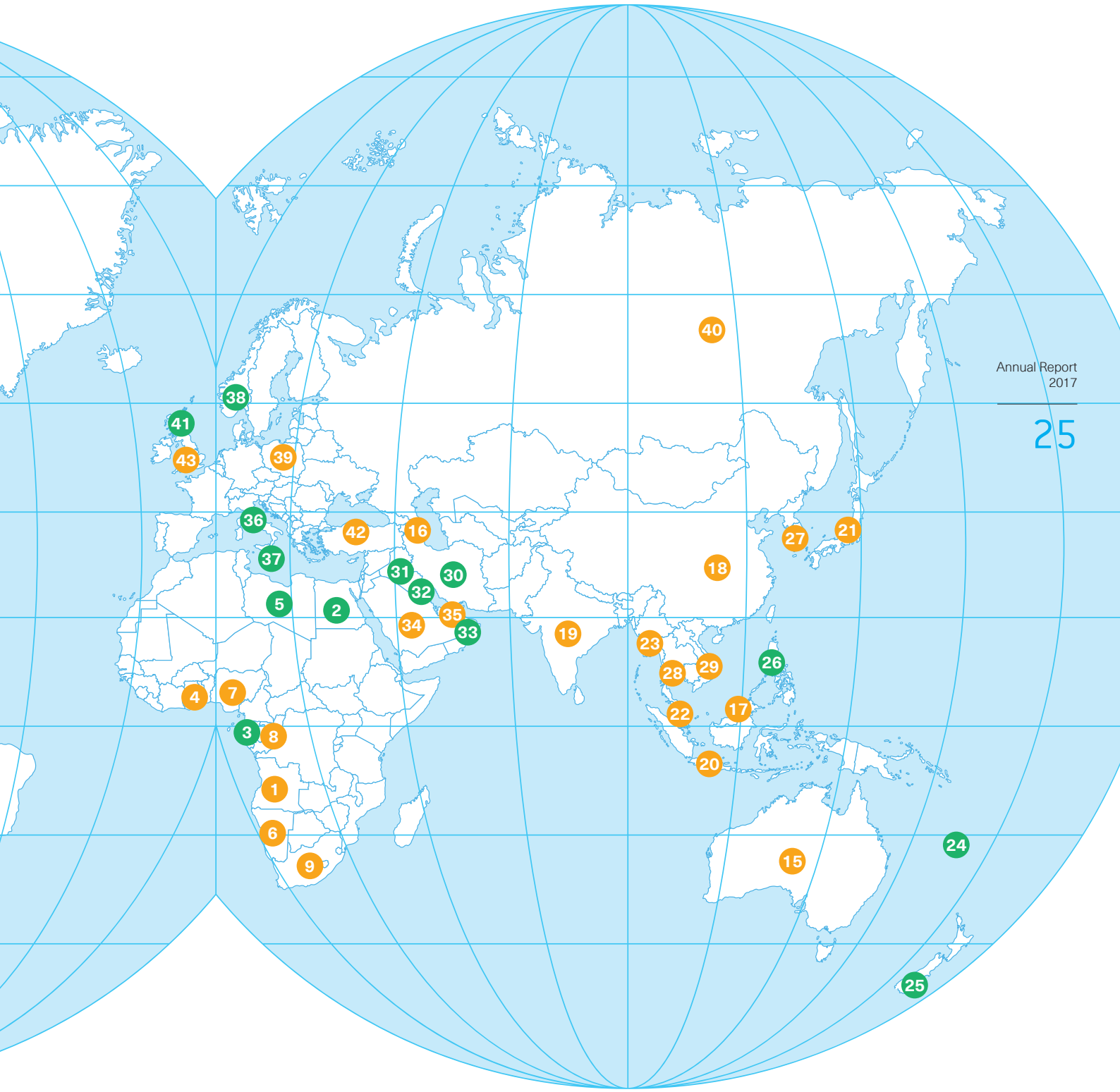
South America
- 13. Brazil
- 14. Venezuela

Asia
- 15. Australia
- 16. Azerbaijan
- 17. Brunei
- 18. China
- 19. India
- 20. Indonesia
- 21. Japan
- 22. Malaysia
- 23. Myanmar
- 24. New Caledonia
- 25. New Zealand
- 26. Philippines
- 27. South Korea
- 28. Thailand
- 29. Vietnam

Middle East
- 30. Iran
- 31. Iraq
- 32. Kuwait
- 33. Oman
- 34. Saudi Arabia
- 35. UAE

Europe
- 36. Italy
- 37. Malta
- 38. Norway
- 39. Poland
- 40. Russia
- 41. Scotland
- 42. Turkey
- 43. UK

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DUSK TILL DAWN

FIRM COMMITMENT TO SAFETY EXCELLENCE



0.16

total recordable case frequency achieved in 2017

2

consecutive years of zero LTI



OUR FLEET

OFFSHORE SUPPLY VESSELS (AS AT 31 MARCH 2018)			
VESSELS OWNED BY THE GROUP			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
POSH Conquest	Anchor Handling/Towing/Supply (AHTS)	16,000	7.29
POSH Constant	Anchor Handling/Towing/Supply (AHTS)	16,000	7.62
POSH Champion	Anchor Handling/Towing/Supply (AHTS)	16,000	7.20
POSH Commander	Anchor Handling/Towing/Supply (AHTS)	16,000	6.85
POSH Concorde	Anchor Handling/Towing/Supply (AHTS)	16,000	5.38
POSH Persistence	Anchor Handling/Towing/Supply (AHTS)	12,240	4.81
POSH Perseverance	Anchor Handling/Towing/Supply (AHTS)	12,240	2.94
POSH Hermosa	Anchor Handling/Towing/Supply (AHTS)	10,800	9.94
POSH Resolve	Anchor Handling/Towing/Supply (AHTS)	8,000	6.57
POSH Resolute	Anchor Handling/Towing/Supply (AHTS)	8,000	6.76
POSH Rapid	Anchor Handling/Towing/Supply (AHTS)	8,000	6.36
POSH Radiant	Anchor Handling/Towing/Supply (AHTS)	8,000	3.69
POSH Raptor	Anchor Handling/Towing/Supply (AHTS)	8,000	1.40
POSH Dauntless	Anchor Handling/Towing/Supply (AHTS)	7,000	4.60
POSH Daring	Anchor Handling/Towing/Supply (AHTS)	7,000	4.48
POSH Defender	Anchor Handling/Towing/Supply (AHTS)	7,000	4.28
POSH Springbok	Shallow Draft Anchor Handling/Towing/Supply (AHTS)	5,150	0.53
POSH Steenbok	Shallow Draft Anchor Handling/Towing/Supply (AHTS)	5,150	0.51
POSH Gemsbok	Shallow Draft Anchor Handling/Towing/Supply (AHTS)	5,150	0.44
POSH Okapi	Shallow Draft Anchor Handling/Towing/Supply (AHTS)	5,150	0.42
POSH Oribi	Shallow Draft Anchor Handling/Towing/Supply (AHTS)	5,150	0.33
POSH Impala	Shallow Draft Anchor Handling/Towing/Supply (AHTS)	5,150	0.31
POSH Skua	Platform Supply Vessel (PSV)	4,100 dwt	5.16
POSH Gannet	Platform Supply Vessel (PSV)	4,100 dwt	4.82
POSH Jaeger	Platform Supply Vessel (PSV)	4,100 dwt	1.57
POSH Sincero	Platform Supply Vessel (PSV)	3,300 dwt	7.75
POSH Kittiwake	Platform Supply Vessel (PSV)	3,300 dwt	6.53
POSH Shearwater	Platform Supply Vessel (PSV)	3,200 dwt	4.93
POSH Sandpiper	Platform Supply Vessel (PSV)	3,200 dwt	4.73
POSH Fulmar	Platform Supply Vessel (PSV)	3,200 dwt	4.50
POSH Pelican	Platform Supply Vessel (PSV)	3,200 dwt	4.27
POSH Generoso	Platform Supply Vessel (PSV) with mudplant	2,828 dwt	9.38
POSH Gentil	Platform Supply Vessel (PSV) with mudplant	2,828 dwt	8.16
POSH Gitano	Platform Supply Vessel (PSV) with mudplant	2,750 dwt	7.75
POSH Galante	Platform Supply Vessel (PSV) with mudplant	2,346 dwt	9.35
POSH Mariam	Maintenance, Utility Vessel	3,150	1.24
POSH Houria	Maintenance, Utility Vessel	3,150	1.23
POSH Maysa	Maintenance, Utility Vessel	2,600	1.07
POSH Mai	Maintenance, Utility Vessel	2,600	0.98
TOTAL OFFSHORE SUPPLY VESSELS			**39**

OFFSHORE SUPPLY VESSELS (AS AT 31 MARCH 2018)			
VESSELS OWNED BY JOINT VENTURES			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
WINPOSH Regent	Anchor Handling/Towing/Supply (AHTS)	8,000	7.62
WINPOSH Resolve	Anchor Handling/Towing/Supply (AHTS)	8,000	5.61
WINPOSH Ready	Anchor Handling/Towing/Supply (AHTS)	8,000	4.06
WINPOSH Rampart	Anchor Handling/Towing/Supply (AHTS)	8,000	5.90
POSH Honesto	Platform Supply Vessel (PSV)	2,346 dwt	9.61
TOTAL OFFSHORE SUPPLY VESSELS			**5**

OFFSHORE ACCOMMODATION (AS AT 31 MARCH 2018)			
VESSELS OWNED BY THE GROUP			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
POSH Xanadu	Semi-submersible Accommodation Vessel (SSAV)	750 pax	3.31
POSH Arcadia	Semi-submersible Accommodation Vessel (SSAV)	750 pax	1.89
POSH Bangka	Accommodation vessel (AV)	197 pax	19.76
POSH Bawean	Accommodation vessel (AV)	198 pax	19.76
POSH Endurance	Accommodation Vessel - Light Construction Vessel (LCV)	238 pax	3.22
POSH Endeavour	Accommodation Vessel - Light Construction Vessel (LCV)	238 pax	3.23
POSH Enterprise	Accommodation Vessel - Light Construction Vessel (LCV)	238 pax	2.73
POSH Elegance	Accommodation Vessel - Light Construction Vessel (LCV)	238 pax	1.77
POSH Mallard	Multi-purpose Support Vessel (MPSV)	108 pax	0.52
POSH Skimmer	Multi-purpose Support Vessel (MPSV)	64/90 pax	1.12
TOTAL OFFSHORE ACCOMMODATION VESSELS			**10**

VESSELS OWNED BY JOINT VENTURES			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
PW Natuna	Accommodation Vessel (AV)	300 pax	8.12
TOTAL OFFSHORE ACCOMMODATION VESSELS			**1**





OUR FLEET

TRANSPORTATION AND INSTALLATION (AS AT 31 MARCH 2018)			
VESSELS OWNED BY THE GROUP			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
POSH Assistor	Anchor Handling Tug (AHT)	8,000	7.54
POSH Antares	Anchor Handling Tug (AHT)	6,600	1.65
POSH Arcturus	Anchor Handling Tug (AHT)	6,600	1.33
Maritime Putri	Anchor Handling Tug (AHT)	5,000	12.97
Maritime Putra	Anchor Handling Tug (AHT)	5,000	12.93
POSH Pahlawan	Anchor Handling Tug (AHT)	5,000	8.19
POSH Panglima	Anchor Handling Tug (AHT)	5,000	7.25
Maritime Mesra	Anchor Handling Tug (AHT)	4,000	8.75
POSH Mulia	Anchor Handling Tug (AHT)	4,000	8.54
Maritime Ratu	Towing Tug	3,200	13.28
Maritime Raja	Towing Tug	3,200	13.09
POSH Giant I	Submersible Barge	20,000 dwt	9.75
POSH Giant II	Submersible Barge	20,000 dwt	7.08
Maritime Honour	Deck/Tank Barge	13,000 dwt	5.47
Maritime Glory	Deck/Tank Barge	11,500 dwt	10.61
Maritime Pride	Deck/Tank Barge	11,500 dwt	10.61
Maritime Courage	Deck/Tank Barge	11,000 dwt	6.33
Maritime Faith	Deck/Tank Barge	7,700 dwt	10.88
Maritime Icon	Deck/Tank Barge	7,700 dwt	10.00
Maritime Topaz	Deck/Tank Barge	7,700 dwt	10.18
Maritime West	Deck/Tank Barge	7,700 dwt	11.23
Maritime Amber	Deck Cargo Barge	7,500 dwt	3.13
Maritime Diamond	Deck Cargo Barge	7,500 dwt	3.13
Maritime Falcon	Deck/Tank Barge	5,400 dwt	10.00
Maritime Hawk	Deck/Tank Barge	5,400 dwt	10.18
TOTAL TRANSPORTATION AND INSTALLATION VESSELS			**25**





TRANSPORTATION AND INSTALLATION (AS AT 31 MARCH 2018)			
VESSELS OWNED BY JOINT VENTURES			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
Terasea Falcon	Anchor Handling Tug (AHT)	16,300	5.08
Terasea Hawk	Anchor Handling Tug (AHT)	16,300	4.92
Terasea Eagle	Anchor Handling Tug (AHT)	16,300	4.35
Terasea Osprey	Anchor Handling Tug (AHT)	16,300	4.08
Salvanguard	Anchor Handling Tug (AHT)	13,500	14.25
Salviscount	Anchor Handling Tug (AHT)	13,500	14.12
Salveritas	Anchor Handling Tug (AHT)	12,000	11.21
Salviceroy	Anchor Handling Tug (AHT)	12,000	11.02
Salvigilant	Anchor Handling Tug (AHT)	12,000	10.70
POSH Giant 3	Semi-submersible Barge	30,500 dwt	5.28
WINPOSH 3301	Deck/Tank Barge	12,200 dwt	11.76
Maritime East	Deck/Tank Barge	8,000 dwt	13.61
Maritime Hope	Deck/Tank Barge	8,000 dwt	13.61
TOTAL TRANSPORTATION AND INSTALLATION VESSELS			**13**

HARBOUR SERVICES & EMERGENCY RESPONSE (AS AT 31 MARCH 2018)			
VESSELS OWNED BY THE GROUP			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
POSH Husky	ASD Harbour Tug	5,000	1.43
POSH Hardy	ASD Harbour Tug	5,000	1.19
POSH Harvest	ASD Harbour Tug	4,000	7.33
POSH Gallant	ASD Harbour Tug	4,000	3.31
POSH Gentle	ASD Harbour Tug	4,000	3.24
POSH Guardian	ASD Harbour Tug	4,000	3.01
POSH Grace	ASD Harbour Tug	4,000	2.96
PW Rapi	Harbour Tug	1,000	10.96
PW Rajin	Harbour Tug	1,000	10.96
Intan	Harbour Tug	1,000	9.42
Ikhlas	Harbour Tug	1,000	9.42
TOTAL HARBOUR SERVICES VESSELS			**11**

VESSELS OWNED BY THE GROUP			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
Salvixen	Utility/Emergency Support	1,250	36.27
Work Boat 1	Workboat	N/A	28.77
Salvern	Utility/Emergency Support	N/A	15.40
TOTAL EMERGENCY RESPONSE VESSELS			**3**

OUR FLEET

HARBOUR SERVICES & EMERGENCY RESPONSE (AS AT 31 MARCH 2018)			
VESSELS OWNED BY JOINT VENTURES			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
PW Gamma	ASD Harbour Tug	4,000	7.67
PW Kappa	ASD Harbour Tug	4,000	7.75
PW Benar	ASD Harbour Tug	4,000	4.51
PW Berani	ASD Harbour Tug	4,000	4.44
PW Iota	ASD Harbour Tug	3,600	5.32
PW Lambda	ASD Harbour Tug	3,600	5.53
PW Tenang	ASD Harbour Tug	3,600	5.38
PW Tenaga	ASD Harbour Tug	3,600	5.40
PW Teraju	ASD Harbour Tug	3,600	5.23
PW Tepat	ASD Harbour Tug	3,600	5.23
PW Tetap	ASD Harbour Tug	3,600	3.86
PW Tentu	ASD Harbour Tug	3,600	1.72
PW Tenteram	ASD Harbour Tug	3,600	1.60
PW Tangkas	ASD Harbour Tug	3,600	3.80
PW Zeta	ASD Harbour Tug	3,200	8.64
PW Reliance	Utility Tug	3,600	9.75
PW L-501	Crane Barge	500 MT	2.02
PW L-801	Crane Barge	800 MT	11.13
TOTAL HARBOUR SERVICES VESSELS			**18**





SUSTAINABILITY REPORT

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MESSAGE FROM THE BOARD

Dear Shareholders,

We are pleased to present POSH's first Sustainability Report, prepared in accordance with the Global Reporting Initiative (**"GRI"**) Standards 2016 – Core Option, an internationally-recognised standard for sustainability reporting. This report covers the operations and overall sustainability impact of the Group's subsidiaries POSH Semco Pte. Ltd. and POSH Fleet Services Pte. Ltd. as well as joint venture POSH Terasea Offshore Pte. Ltd.

Management Structure

The Board of Directors has assigned the overall responsibility for overseeing sustainability initiatives to the Board Risk Committee (**"BRC"**). Throughout the year, the BRC sets the strategic direction and ensures that sustainability matters are considered during strategy formulation and implementation.

The BRC has assigned responsibility for monitoring and managing POSH's sustainability efforts to the Sustainability Steering Committee (**"SSC"**), comprising Senior Management from across the Group. The SSC sets the overall Environment, Social, and Governance (**"ESG"**) direction, manages and discusses ESG risks, opportunities, and practices, and measures performance against Key Performance Indicators (**"KPIs"**), which are reported quarterly to the BRC.

Sustainability Priorities

This year, we have made significant progress in strengthening our capabilities in the key sustainability priorities that we have identified as material to the business: environmental and socioeconomic compliance, training and education, occupational health and safety, and economic performance.

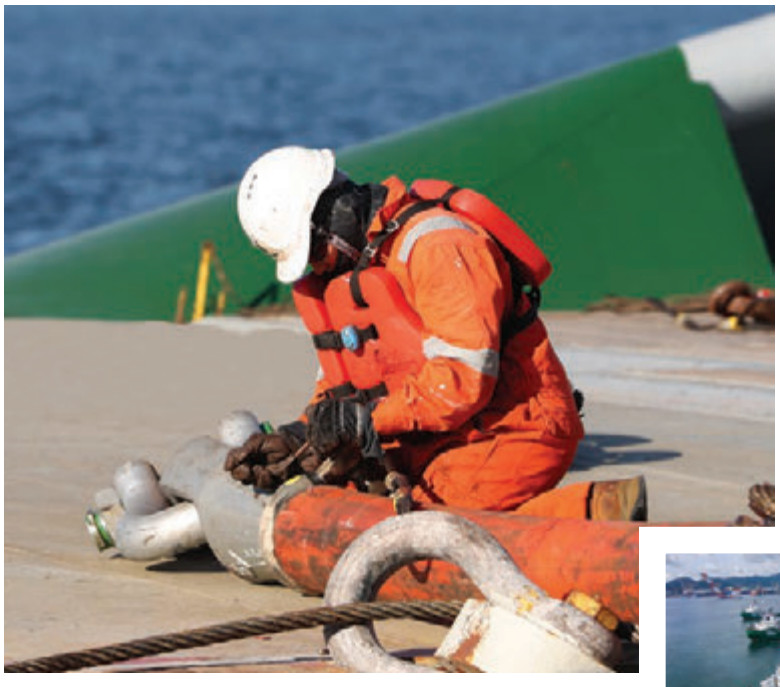
Our constant efforts to improve our company culture and work environment ensures that our organisation, together with our partners and suppliers, adhere to global and local regulations and best practices.

We believe that training is a necessary investment that provides all our employees with the right skills and knowledge to carry out their work safely and efficiently. This is why we continue to invest substantially in people development.

Providing a safe and healthy workplace for all our employees, and achieving the Group's goal of "One Team, One Goal – Zero Harm" is embedded in our core values.

Board Assurance

This Sustainability Report was prepared in accordance with the SGX Listing Rule 711A and 711B for Sustainability Reporting, and provides a reasonable and transparent presentation of POSH's plans and our ESG performance, including agility in our responses towards changing events while respecting the commitments laid out in this report.





OUR SUPPLY CHAIN

We believe in collaborating with suppliers who are transparent, ethical, and environmentally and socially responsible. Our suppliers of goods and services must comply with relevant laws and regulations. We evaluate our suppliers based on their HSE performance and critical suppliers are re-evaluated annually. Where the need arises, we conduct audits on our suppliers and contractors.

Moving ahead, we will continue to improve our procurement processes to ensure that we source for goods and services from suppliers who are responsible and have good sustainability practices.



OUR PEOPLE

At POSH, our employees' right to freedom of association and their right to be members of trade unions are acknowledged and respected. In 2017, 6% of our employees were covered under a Collective Agreement with the Shipbuilding & Marine Engineering Employees' Union (**"SMEEU"**). We will continue to engage in regular dialogue with SMEEU to discuss and address relevant labour issues.

As part of the KSL Group of Companies, POSH actively subscribes to, and participates in the KSL Group's Human Capital practices and policies. In recognition of efforts made in 2017, the KSL Group of Companies was recently recognised as a Human Capital Partner (**"HCP"**) by the Ministry of Manpower's Workforce Singapore. Thus, POSH enjoys the HCP status, and the benefits that come with it.

Key benefits of the HCP include:

i. Stronger employer branding
ii. Expedited processing of applications for work passes
iii. One-stop advisory and assistance from Ministry of Manpower (**"MOM"**) for grant applications

POSH looks after the welfare of our employees through various work-life initiatives and employee support schemes including:

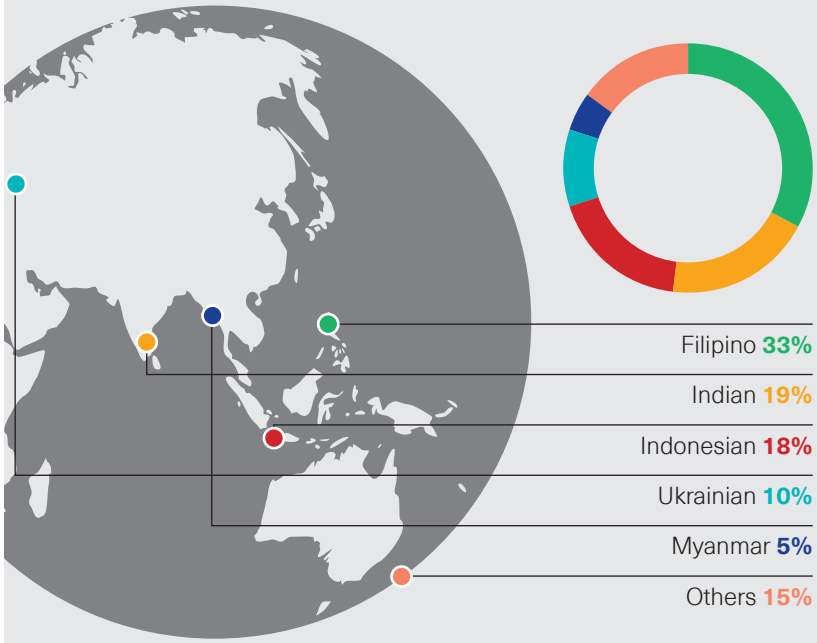
i. Corporate Gym Membership
ii. Flexible Lunch Hours
iii. Lunch-time Talks/ Workshops on professional development and personal healthcare
iv. Family Care Leave

Employees (Onshore)

POSH continues to advocate for a diverse workforce at all levels, with employees of 15 nationalities. In 2017, we had a total of 141 permanent employees and 2 contract employees. Female employees account for 25% and male employees account for 75% of our total workforce.

Seafarers (Offshore)

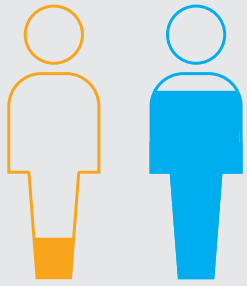
Our 832 highly skilled seafarers come from 33 countries across the world, with a majority from the Philippines, Indonesia and India. As at 31 December 2017, all our seafarers are men. We will continue to review and improve our processes to provide a high-quality work environment for our seafarers by offering ongoing training, career advancement and better opportunities.



Total employees

975

Employees (Onshore) and Seafarers (Offshore)



Onshore 143

Offshore 832

Other nationalities:

Angolan	Congolese	Icelander	Maltese	Polish	Slovene
Azerbaijani	Croatian	Jordanian	Mexican	Portuguese	Swedish
Brazilian	Danish	Kenyan	Nigerian	Romanian	Thai
British	Egyptian	Lithuanian	Norwegian	Russian	
Chinese	Ghanaian	Malaysian	Panamanian	Singaporean	

ABOUT THIS REPORT

Global Reporting Framework

This is our first year of Sustainability Reporting, which we have developed in accordance with the GRI Standards 2016 – Core Option. Kindly refer to the GRI Content Index at the end of this report for the relevant references.

Scope of The Report and Period

This report covers the ESG activities and performance of POSH, with a focus on:

i. POSH Semco Pte. Ltd.
ii. POSH Fleet Services Pte. Ltd.
iii. POSH Terasea Offshore Pte. Ltd.

Other entities (subsidiaries or joint ventures) from the POSH Group will be reviewed for their sustainability practices in the following years, the results of which we plan to include in the Group's sustainability reports in the future.

This report covers the period from 1 January 2017 to 31 December 2017 (unless otherwise stated).



OUR SUSTAINABILITY APPROACH

What Sustainability Means to Us

Put simply, we are a business, but a business that operates in an environmentally and socially responsible way. We are committed to delivering our core business values in a sustained and sustainable manner.

This is reflected in the many key initiatives and sustainable practices that we have embedded throughout our business. We recognise the importance of growing sustainably, which is why the Board of Directors meets with Management regularly to discuss strategic sustainability objectives for the long-term. This in turn gives POSH the opportunity to continually refine its short and medium term measures to achieve these longer term goals.

To ensure that our employees are aligned to our sustainable goals, we have in place existing policies, procedures and reports including those pertaining to corporate governance, regulatory compliance, HSE contracts as well as conduct and ethics.

Our longstanding commitment to invest for future long-term growth is reflected in our constant investment in vessels and technologies that are cleaner, safer, greener and more efficient. A number of initiatives have also been developed and implemented for our young and diverse fleet in line with our vision to be a sustainable offshore marine service provider. These include a safe and eco-friendly fleet equipped with advanced technology as well as a healthy work environment backed by certifications for Health, Safety, and Environment and Quality Assurance (**"HSEQA"**) management systems such as ISO 9001, ISO 14001 and OHSAS 18001.

To ensure that our seafarers are adequately skilled, we provide in-depth training above and beyond the basic International Convention on Standards of Training, Certification and Watch-keeping for Seafarers (**"STCW"**) and Flag State requirements.

We regularly conduct seminars including Sea Staff Seminars where Management and Sea Staff come together during workshops to discuss case studies relating to Operational, Safety, Environmental Protection and Technical issues from the fleet.

Apart from making a difference to our environment and community, it is necessary that we build a solid business. We are cognisant of how the economic slowdown has affected the offshore marine sector. To this end, we are proactively driving revenue growth and minimising costs without compromising on our commitment to sustainable practices. We believe the careful decisions we make take into consideration these various concerns, and the resulting measures we implement will enable us to emerge stronger from the downturn.

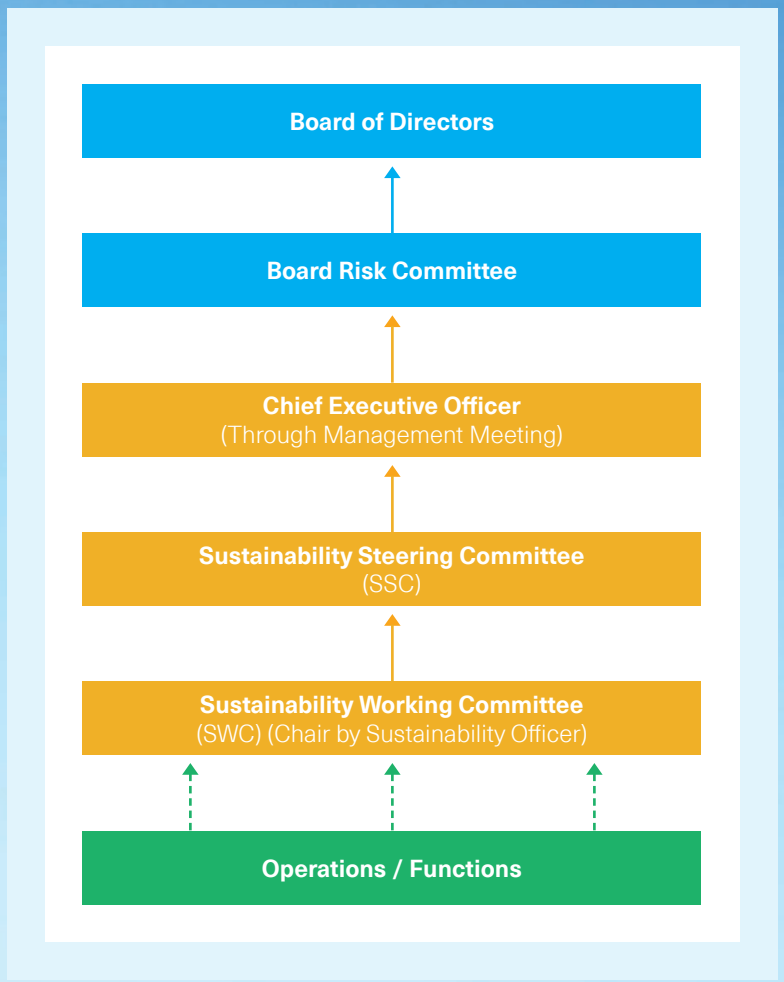


Sustainability Governance Structure

We have established a robust sustainability governance structure across the Group. The SSC chaired by the Deputy CEO and comprising the Chief Financial Officer and Divisional Directors, provides the overall ESG direction and discusses ESG risks, opportunities, practices and targets. The SSC formally convenes on a bi-annual basis and ad hoc, informal sessions are also conducted to ensure a continual dialogue on sustainability.

To assist the SSC in driving the sustainability process, a Sustainability Working Committee (**"SWC"**) has been established, chaired by the Sustainability Officer and comprising representatives from various departments across the Group (e.g. HSEQA, Finance, Risk Management, Human Resources, Crewing, Training, Technical, and Purchasing).

The establishment of the SSC and SWC demonstrates our ambition and commitment to integrate and maintain sustainability practices throughout our operations.





OUR SUSTAINABILITY APPROACH

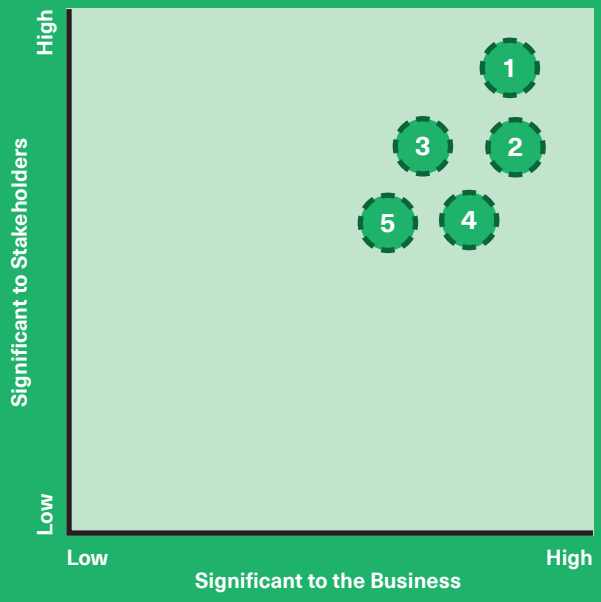
Stakeholder Engagement

Our stakeholders are important to us. We understand that each of them have a vested interest in our operations. As such, we regularly engage our key internal and external stakeholders to understand their ESG expectations and work to constantly improve our sustainability practices to meet their expectations. Our stakeholder engagement process is communicated through various channels and focuses on nine key stakeholder groups – our Board of Directors, employees, seafarers, shareholders, regulators, customers, labour unions, media, and suppliers. Key stakeholder engagements include regular feedback and consultation sessions.

Materiality Assessment

Various sessions and discussions were conducted with representatives from across POSH to identify and analyse ESG factors that are relevant to POSH and our stakeholders. An enterprise-wide materiality assessment, in line with GRI Standards 2016 and SGX sustainability reporting requirements, was conducted in October 2016 to assess and determine the material ESG factors at POSH. After assessing ESG-related business risks and opportunities and ESG-related issues in the Oil and Gas sector, we identified five ESG factors that we believe to be most material to us this year.

The materiality matrix plots the material topics and their significance to POSH's business against their significance to our key stakeholders. Our five most material factors are illustrated in the materiality matrix below:



No.	Material Topics
1	Occupational Health and Safety
2	Economic Performance
3	Environment Compliance
4	Training & Education
5	Socioeconomic Compliance

OCCUPATIONAL HEALTH AND SAFETY

Our seafarers who form the majority of our workforce, work in challenging environments. Their safety and well-being are of utmost importance to us and it is our responsibility to provide a safe and healthy environment for seafarers working on our vessels. As we work towards our goal of achieving "One Team, One Goal – Zero Harm", we continue to invest in improving HSE policies and practices. Our enduring focus on safety differentiates and gives us a competitive advantage over other offshore marine players.

In 2017, we held Safety Day for all onshore employees to raise awareness about the challenging working conditions at sea and to amplify the message that safety takes priority at all times. All employees demonstrated their commitment to this by signing the Safety Pledge. We continued with our Sea Staff Seminar where members of Senior Management and prominent industry partners shared their knowledge on practical topics such as procurement, HSE, technical matters, operations, delivering cost-effective, high quality and safe services.

We have rigorous policies based on ISM Code, ISO 9001, ISO 14001, OHSAS 18001 and other industry-driven requirements incorporated into an Integrated Management System (**"IMS"**), managed by POSH Fleet Services (**"PFS"**), our dedicated in-house ship manager, and reviewed by our Senior Management during annual management review meetings. The policies in the PFS IMS Manual, which are displayed across the offices and all fleet vessels, cover topics including:

i. HSE Policy
ii. Drug and Alcohol Policy
iii. Smoking Policy
iv. Stop Work Policy
v. Navigation Policy
vi. Security Policy
vii. Quality Policy
viii. Dynamic Positioning Operations Policy

Occupational Safety and Health Responsibilities

The overall responsibility of managing Occupational Health and Safety on fleet vessels lies with the Director of PFS. He is supported by the General Manager of the HSEQA Department. Masters have the overall responsibility of managing Occupational Health and Safety on vessels under their charge with support from onshore management. These responsibilities are linked to the incentive scheme for onshore staff in the form of KPIs, based on fleet Lost Time Injury Frequency and Total Recordable Case Frequency. Our HSE KPIs are closely tracked and Senior Management conduct regular vessel visits as part of our firm commitment to HSE policies and to reiterate our core safety values to our staff at sea.

Manpower Allocation

Human resources allocated to our fleet vessels are aligned with Flag State requirements and defined in the Safe Manning Certificate. However, we have further refined our processes to be able to provide extra resources based on operational requirements. Shore-based resource allocation is reviewed during annual management reviews based on overall fleet size, operational requirements and other factors. The organisation provides adequate financial resources for Occupational Health and Safety management and additional requirements are reviewed on a project basis.

Occupational Safety and Health Risk Management

We have established a comprehensive risk assessment process related to Occupational Health and Safety of employees engaged on fleet vessels, which is in compliance with applicable codes and standards, including industry recommendations. As the Occupational Health and Safety programmes are part of our due diligence process, we aim to avoid or mitigate the impact to the level of "As Low As Reasonably Practicable". Employees onboard vessels must prioritise health and safety in their actions over all other aspects of operations.

How Have We Performed?

POSH complies with guidelines on recording and reporting accident statistics set out by the International Labour Organisation's (**"ILO"**) Maritime Labour Convention (**"MLC"**), Flag State and Oil Companies International Marine Forum. Incidence of injuries is tracked each month and our annual target is based on data from the previous year.

Performance Indicators (Based on 1 million man hours)	**Actual FY2017**	**Target**
Injury Rate*	0.16	<1.0
Lost Time Injury Frequency	0.0	<0.5

*Injury Rate includes the total number of Fatalities, Permanent Total Disability (**"PTD"**), Permanent Partial Disability (**"PPD"**) and Lost Work Day Cases (**"LWDC"**), Restricted Work Cases (**"RWC"**), and Medical Treatment Cases (**"MTC"**).

ENVIRONMENTAL COMPLIANCE

Operating in the highly regulated oil and gas industry, we are committed to safeguarding the environment by ensuring compliance with all relevant local and international laws and regulations. We ensure that vessel machinery is in compliance with environmental regulations and operate efficiently to minimise any impact on the environment. In addition, we have followed industry guidelines closely so as to enhance our environmental compliance onboard vessels. Key industry regulations and guidelines we adhere to include those from the International Maritime Organisation (**"IMO"**), Flag State, Classification Society, Coastal State, International Marine Contractors Association (**"IMCA"**) Common Marine Inspection Document (**"CMID"**) standards, Oil Companies International Marine Forum's (**"OCIMF"**) Offshore Vessel Management and Self-Assessment (**"OVMSA"**) and Offshore Vessel Inspection Database (**"OVID"**) standards.

SOx Emission Compliance

In May 2005, IMO declared several SOx Emission Controlled Areas (**"ECA"**) worldwide, whereby sulphur limits for fuel oil were introduced. Presently, vessels operating in ECA areas are required to consume fuel oil containing less than 0.1% sulphur. Ships are required to change to low-sulphur fuel prior to entering into ECA. IMO has given rights to port state inspectors to verify the use of low-sulphur fuels in ECA ports and samples can be collected from the engine inlet fuel pipe to ascertain compliance.

A comprehensive ECA fuel management plan which adheres to all requirements as stated in IMO Annex VI regarding the shift to low sulphur fuel in ECA zones, has been developed for POSH vessels. Each vessel has a fuel sulphur record book in compliance with IMO Annex VI where information about the changeover to low-sulphur fuel and other associated data are recorded.

NOx Emission Compliance

The control of diesel engine NOx emissions is achieved by meeting the survey and certification requirements for the issue of an Engine International Air Pollution Prevention (**"EIAPP"**) Certificate, as well as the subsequent demonstration of in-service compliance in accordance to regulations 13.8 and 5.3.2, NOx Technical Code 2008 (resolution MEPC.177 (58) as amended by resolution MEPC.251. (66)).

The NOx control requirements of Annex VI apply to installed marine diesel engines of over 130 kW output power except for those used solely for emergency purposes regardless of the tonnage of the ship onto which such engines are installed.

Sulphur Limits for Fuel in ECA	
Period	**Consumed**
Before 1 July 2010	1.50% m/m
Between 1 July 2010 and 1 January 2015	1.00% m/m
After 1 January 2015	0.10% m/m



NOx Limits for Fuel in ECA				
	Ship construction	Total weighted cycle emission limit (g/kWh). n = engine's rated speed (rpm)		
Tier	date on or after	n < 130	n = 130 - 1999	n ≥ 2000
1	1 January 2000	17.0	$45 \cdot n^{(-0.2)}$ e.g., 720 rpm – 12.1	9.8
2	1 January 2011	14.4	$44 \cdot n^{(-0.23)}$ e.g., 720 rpm – 9.7	7.7
3	1 January 2016	3.4	$9 \cdot n^{(-0.2)}$ e.g., 720 rpm – 2.4	2.0

Definitions of "installed" and "marine diesel engine" are given in regulations 2.12 and 2.14 respectively. Different levels (Tiers) of control apply based on the ship construction date, a term defined in regulations 2.19 and hence 2.2, and within any particular Tier, the actual limit value is determined by the engine's rated speed.

Each POSH vessel is equipped with NOx type approved main and auxillary engines by classification society, and each engine is issued with an "Engine Air Pollution Prevention Certificate" for NOx compliance. Spares used for combustion components during routine maintenance are also in compliance with IMO NOx requirements and stamped with an IMO number. The same information is recorded in NOx technical files per IMO Annex VI requirements.

CO_2 Emission Compliance

With the growing concern over emissions of greenhouse gases (**"GHG"**) and consumption of fossil fuels, IMO has taken positive steps by implementing an Energy Efficiency Design Index (**"EEDI"**) for new vessels which will monitor the amount of CO_2 emission and other greenhouse gas emissions from ships.

As the new EEDI concept is introduced for newly built ships, IMO has also developed a special tool to measure and control GHG emissions from existing shipping fleets, known as the Ship Energy Efficiency Management Plan. It is mandatory for all vessels to comply with IMO Annex VI.

Apart from the above compliance-related actions, we have taken several initiatives to minimise CO_2 emission by adopting technologies to enhance overall vessel efficiency including:

i. **Ultra sonic anti-fouling ("USAF")** – The working principle of the system is based on the production of ultrasonic sound waves, which creates micro-bubbles that implode around the vicinity of the ship's hull. The pressure that the waves produced create an inconducive environment for microorganisms, deterring larvae attachment and development of marine growth on the hull. Application of USAF technology has led to less fouling on the ship's hull resulting in less resistance and minimal loss of power. In other words, lower fuel consumption for the same power generation, which translates to reduced CO_2 emission.

   We have carried out this experiment on POSH Constant, which resulted in approximately 40-50% reduction in barnacles compared to a vessel without USAF. We are conducting more tests on our other fleet vessels to ensure that this product is suitable for idle offshore vessels or those traveling at less than five knots.

ii. **Silicon paint on propellers and thrusters** – Over the past few years, we observed that propeller blades and hubs were badly fouled during docking, resulting in propulsion and thruster inefficiency as well as increased fuel consumption. We decided to apply silicon paint on the propeller and thruster blades. Subsequent inspections proved that silicon application is an effective way of dealing with fouling issues.

iii. **Bilge and sludge management** – Offshore vessels generally ply close to shore or rigs in restricted areas, where discharge of bilge water through oily water separators is prohibited. To overcome this issue, we have designed a system in collaboration with classification society American Bureau of Shipping, whereby bilge water is transferred to a Bilge Primary Tank where it is separated from excess oil. The separated bilge water is then pumped into a tank (Waste Heat Heater) for evaporation by the main engine exhaust heat. The Waste Heat Heater is currently in the experimental stage and if successful, will contribute towards protecting the environment. This is done by evaporating most of the bilge water into the atmosphere instead of disposing all the oily water mixture into receiving barges or vessels for disposal at a facility ashore. The number of trips made by receiving vessels per year will also be reduced, which will indirectly help to reduce CO_2 emissions.

How Have We Performed?

We comply with the applicable laws and regulations in the areas that we operate in. There were no significant fines or non-monetary sanctions in 2017.

TRAINING AND EDUCATION

We recognise that our people underpin our operational and safety excellence around the world. Hence, we continue to develop our human capital and cultivate a deep pool of talent that shares our core values. We also review and improve our systems annually to entrench a culture of excellence and best practices for all employees – onshore and offshore. We do this with a robust training calendar each year to continually improve and broaden the skillsets of our crew and staff, reinforce safety awareness, and instil a shared sense of corporate values.

Onshore Staff

POSH embarked on a new Performance Management System (**"PMS"**) in 2016, which signalled a significant shift in how the Group manages and rewards performance in the years ahead. We aim to drive a high performance culture where there is a clear measurement of performance and ongoing feedback between managers and employees.

Performance Management System

The new PMS sets a foundation to help managers guide and coach their employees, and also to assess employees consistently and fairly across the Group. It consists of two performance measurement components, KPIs and Competencies, assessed on equal weightage to drive business results and reinforce desired behaviours in the organisation. Employees' performance on both KPIs and Competencies are appraised on a defined five-point rating scale. When measuring Competencies, all employees are assessed on behaviours consistent with the organisation's core values and either four Competencies for broad-based staff or nine leadership Competencies for people managers.

How Have We Performed?

99% of the total employees completed their performance review during the reporting period in 2017. The following table shows a breakdown by employee and employee category.

Projects / Initiatives in 2017

In 2017, Group Human Resource (**"HR"**) department introduced a new online platform, SAP SuccessFactors, which integrates several HR tools, one of which is the Performance Management module. This is a shift away from pen and paper forms to a web-based tool that will enable an efficient performance management process, to drive greater clarity in accountability and alignment of goals.

Regular performance discussions will ensure our employees receive ongoing constructive and meaningful feedback about their work performance. Targets were set to achieve 80-89% for Goal Setting, Mid-Year and Final Year performance discussions between manager and employee.

In September 2017, Group HR commissioned Willis Towers Watson to administer the inaugural employee engagement survey in which 85% of invited employees responded. POSH achieved a high sustainable engagement score of 94% (7% higher than Global High Performing Companies Norm).

	Males	Females
	Non-Management	
Goal Setting	100%	100%
Mid-Year Review	100%	100%
Year-End Review	100%	100%
	Middle Management	
Goal Setting	100%	100%
Mid-Year Review	98%	100%
Year-End Review	98%	100%
	Senior Management	
Goal Setting	100%	100%
Mid-Year Review	100%	100%
Year-End Review	100%	100%





Offshore Staff

Competency management of seafarers is of utmost importance as it relates directly to health and safety on our ships, which ultimately contributes to efficient operations. We have defined training regimes for seafarers to ensure safe operations, and we endeavour to source and provide additional training beyond the IMO Standards of STCW Conventions.

Training Initiatives for Seafarers

i. There are numerous in-house training courses that focus on operational excellence and high level safety courses which are on par with or above industry standards
ii. We have also collaborated with various regional Maritime Colleges for cadetship training programmes in Philippines, Malaysia, China and Singapore to start nurturing seafarers as they start their maritime career. Cadets also undergo strict training that grooms them to become future Captains or Chief Engineers by gaining experience on various types of ships in the organisation
iii. We have a dedicated Training Manager who has seafaring, training and teaching experience to manage the training of seafarers in POSH
iv. We collaborate with training centres in Philippines, Malaysia, India and Singapore to provide tailor-made, company-specific trainings to POSH seafarers
v. We organise the Seafarer's Seminar in Philippines and Jakarta where Senior Management of POSH meet our seafarers to impart company policies, industry best practices and most importantly, provide a good opportunity for the seafarers to voice their concerns and ideas to Senior Management. This is to ensure that the seafarers and Senior Management ashore are growing as "One Team" in the wider POSH family
vi. Computerisation dominates the Dynamic Positioning of the vessels during offshore operations. POSH wants to ensure that in the case of a vessel losing its ability to use dynamic positioning, the Dynamic Positioning Officers (**"DPOs"**) are still able to use manual controls to bring the vessel safely away from offshore platforms and prevent any catastrophic incidents, which may result in asset damage, environmental pollution, and loss of lives at sea. Hence, we provide manual shiphandling simulator training courses for our DPOs.

TRAINING AND EDUCATION

Offshore Staff (Cont'd)

Effectiveness of Training
Effectiveness of training is measured by the following:

i. Management and seafarers' interaction sessions during the Seafarer's Seminar
ii. Customers' inspection and feedback on POSH vessels
iii. Internal and external audits
iv. Management's participation whenever there is a course attended by the seafarers

The result of the evaluation of our management approach is documented in annual management review meeting minutes. Any adjustment to the management approach post-review is recorded and tracked. Adjustments will be made annually as POSH aspires to be an industry leader and reach the OVMSA stage 3.

How Have We Performed?
We provide Manual Ship Handling (**"MSH"**) Courses for our DPOs to enhance their skills in manual ship handling. Currently, we have about 70 DPOs onboard our Fleet. We aim to have all our DPOs attend 24 hours of MSH Courses. For FY2017, we achieved 960 hours of DPO training in MSH against a target of 700 hours.

SOCIOECONOMIC COMPLIANCE

Operating in the highly regulated oil and gas industry, we are committed to ensuring we are in compliance with all relevant local and international laws and regulations. We have established whistleblowing and anti-corruption policies that provide a channel for reporting suspected fraud, corruption, dishonest practices or other misdemeanours without fear of reprisals, and which provide for independent investigations of such matters and appropriate follow-up actions.

Our representatives also engage in regular interactions with our global and local clients to ensure that all parameters per clients' stated requirements are in line with local and international laws and regulations throughout the engagement of services.

How Have We Performed?
We comply with the applicable laws and regulations in the areas that we operate in. In 2017, there were no significant fines or non-monetary sanctions.



GRI CONTENT INDEX

This report has been prepared in accordance with the GRI Standards 2016 - Core option.

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102 – 56	External assurance	We have not obtained external assurance for this reporting period and will be considered as our reporting matures.

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CORPORATE GOVERNANCE REPORT

PACC Offshore Services Holdings Ltd. ("POSH" or the "Company") and its subsidiaries (the "Group") believe in a firm commitment to upholding the highest standards of corporate governance to safeguard the interests of all its stakeholders. This report sets out the current practice with reference to the guidelines set out in the Code of Corporate Governance 2012 (the "Code"). Where there are deviations from the Code, appropriate explanations are provided in this Report.

THE BOARD'S CONDUCT OF AFFAIRS

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

The Board is accountable to stakeholders for the long-term performance and financial soundness of the Group. The Board's primary responsibility, apart from its statutory duties, is to direct and oversee the implementation of the Group's overall business strategy, establish and communicate corporate culture and values, and establish conflicts of interest policies and a strong corporate governance environment.

Other principal functions of the Board include overseeing Management's performance, putting in place all relevant internal controls and risk management process and identifying key stakeholder groups.

The Group's sustainability practices is set out on pages 33 to 48 of this Annual Report.

To assist the Board in the discharge of its oversight function, various board committees namely the Audit, Board Risk, Nominating and Remuneration Committees ("Board Committees") have been constituted with clear terms of reference. All Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. All Directors exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Group. This is one of the performance criteria for the assessment of the contributions of the individual Directors.

The Board conducts regular scheduled meetings on a quarterly basis and ad-hoc meetings are convened, as may be requested by any member of the Board or if warranted by circumstances deemed appropriate by the Board. Between scheduled meetings, matters that require the Board's approval are circulated to all Directors for their consideration and decision. As provided in the Company's Constitution, Directors may participate in Board meetings by teleconferencing and videoconferencing.

All written resolutions passed and minutes of meetings held by the Board Committees are circulated to the Board for information and review, with such recommendations as the respective Board Committees consider appropriate for approval by the Board. While the Board Committees have the delegated powers to make decisions or make recommendations within the scope of their respective terms of reference, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

For the year under review, the attendance of the Directors of the Company at meetings of the Board and Board Committees are summarised below:

		Board	Audit Committee	Board Risk Committee	Remuneration Committee	Nominating Committee
1.	Kuok Khoon Ean	5/5	NA	4/4	2/2	NA
2.	Seow Kang Hoe, Gerald	5/5	NA	NA	NA	NA
3.	Wu Long Peng	5/5	NA	NA	NA	3/3
4.	Ahmad Sufian @ Qurnain Bin Abdul Rashid	5/5	4/4	NA	2/2	3/3
5.	Ma Kah Woh	5/5	4/4	4/4	NA	3/3
6.	Jude Philomen Benny	5/5	4/4	4/4	NA	3/3
7.	Wee Joo Yeow	5/5	4/4	4/4	2/2	NA
8.	Ivan Replumaz[1]	2/5	NA	NA	NA	NA

Note:
1. Mr Ivan Replumaz was appointed as a Director of the Company on 1 October 2017 and as a member of the AC and BRC on 1 March 2018.

CORPORATE GOVERNANCE REPORT

The Company has adopted and documented internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved for the decision of the Board include:

- Strategies and major business proposals of the Group;
- Acquisitions and disposals of investments, businesses and assets;
- New lines of businesses which complement the core business activities of the Group;
- Commitment to loans and lines of credit from banks and financial institutions including interest rates hedging and fund raising from capital markets, and including the opening and closing of bank accounts;
- Share issuances, interim dividends and other returns to shareholder.

The Company has a board induction pack organised for new Directors. Directors are updated on the Group's business and on regulatory changes, as and when necessary. Industry update briefing sessions by external industry specialists are also organised for the Board. Board members are encouraged to attend seminars and courses organised by the Accounting and Corporate Regulatory Authority, the Singapore Institute of Directors and/or the Singapore Exchange Limited on relevant topics, costs of which are borne by the Company.

The Board Secretariat is responsible for organising and compiling a list of relevant courses, which are circulated to Board members. Directors' attendance record at courses is being maintained by the Secretariat.

Newly appointed directors will receive formal letters of appointment setting out the scope of their duties and obligations.

BOARD COMPOSITION AND GUIDANCE

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

The Board has eight (8) members comprising one (1) Executive Director, two (2) Non-Executive Directors and five (5) Independent Non-Executive Directors. Independent Directors make up more than half the Board. The Board considers an "independent" director as one who has no relationship with the Company, its related corporations, its shareholders with shareholdings of 10% or more voting shares in the Company or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of a Director's independent business judgment with a view to the best interests of the Group.

The Code states 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 particularly rigorous review. Mr Ahmad Sufian @ Qurnain Bin Abdul Rashid was first appointed to the Board on 9 January 2009 and has served more than nine years on the Board.

The Nominating Committee ("NC") and the Board reviewed Mr Ahmad Sufian @ Qurnain Bin Abdul Rashid's independence. The NC and the Board are of the view that Mr Ahmad Sufian @ Qurnain Bin Abdul Rashid contributed significantly to the discussions and demonstrated independent judgement in the discharge of his duties at Board and Committee meetings. Mr Ahmad Sufian @ Qurnain Bin Abdul Rashid expressed individual point of view and objectively reviewed and scrutinised Management's proposals. The NC and the Board are not aware of any factors that would impair Mr Ahmad Sufian @ Qurnain Bin Abdul Rashid's independence and concluded that Mr Ahmad Sufian @ Qurnain Bin Abdul Rashid continued to be considered independent.

In FY2017, on the basis of the declarations of independence provided by the Directors, the guidance in the Code and the review of the NC, the Board has determined that Mr Ahmad Sufian @ Qurnain Bin Abdul Rashid, Mr Ma Kah Woh, Mr Jude Philomen Benny, Mr Wee Joo Yeow and Mr Ivan Replumaz are Independent Directors under the Code.

With Independent Directors being a majority on the Board, the Company believes that it has a strong and independent element on the Board which facilitates the exercise of independent and objective judgment on its corporate affairs.

Mr Jude Benny is the Lead Independent Director. He avails himself to address shareholders' concerns and acts as a counter-balance on management issues in the decision-making process. The Lead Independent Director works closely with other Independent Directors and when necessary meets with them, without the presence of other Directors to discuss matters that were deliberated at Board meetings. In the absence of the Chairman or if there is a conflict of interest, the Lead Independent Director, will assume the role of Chairman. The Lead Independent Director will also provide feedback to the Chairman after such discussions/meetings.

The NC reviews annually, the size, composition and balance of the Board to ensure the Board has the core competencies for effective functioning and informed decision making. The Board is made up of Directors with a wide range of skills, experience and qualifications and they bring with them expertise and knowledge in areas such as accounting, finance, legal, business acumen, risk management and specific industry and customer-based knowledge relevant to the Group's business. Key information about the Directors is presented in the section entitled "Board of Directors" in the Company's Annual Report 2017.

The composition of the Board is determined using the following principles:
(i) The majority of the Board should be independent;
(ii) The Board should comprise directors with a wide range of commercial, risk management and general management experience.

The Board recognises the importance and value of gender diversity. The NC will include gender diversity as one of the criteria for future appointments on the Board.

The Board is provided with accurate, complete and timely information to enable it to make well informed decisions. The Non-Executive and Independent Directors constructively challenge and assist in the development of proposals on strategy; and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. Where necessary, the Non-Executive and Independent Directors will hold discussions separately without the presence of the other Directors.

The Board in concurrence with the NC, is of the view that taking into account the nature and scope of the operations of the Group, and the requirements of the Group's businesses, the current size and composition of the Board facilitates effective decision making. With Independent Directors making up more than half of the Board, no individual or small group of individuals dominate decision making. The Directors as a group provide the appropriate balance and diversity of skills, experience, knowledge of the Group, core competencies, such as legal, accounting or finance, maritime and offshore, business or management experience required for the Board and the Board Committees to be effective.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

The Company's Chairman is Mr Kuok Khoon Ean. The Chairman, with the assistance of the Company Secretaries, schedules and prepares meeting agenda to enable the Board to discharge its duties responsibly having regard to the Group's operations.

The Chairman leads all Board meetings and ensures that Board members receive accurate and timely information to enable them to be fully cognisant of the affairs of the Group. He also promotes a culture of openness and solicits contributions from the Board members to facilitate constructive discussions.

The Chairman takes a leading role in the Company's drive to achieve and maintain high standards of corporate governance with the full support of the Board and the Company Secretaries.

The Chief Executive Officer ("CEO") on the other hand, has full executive responsibility over the business direction and operational decisions on the day-to-day operations and management of the Company.

The Chairman and CEO are not related.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP

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

The Board has established the NC comprising entirely Non-Executive Directors with the majority being Independent Directors, namely:

Jude Philomen Benny	-	Chairman and Lead Independent Director
Ahmad Sufian @ Qurnain bin Abdul Rashid	-	Member
Wu Long Peng	-	Member
Ma Kah Woh	-	Member

The NC meets at least once a year and is responsible for making recommendations to the Board on matters relating to:

a) The review of Board succession plans for Directors, in particular the Chairman as well the succession plan for CEO;
b) The review of the process for evaluation of the performance of the Board, Board Committees and Directors;
c) The review of training and professional development programs for the Board; and
d) The appointment and re-appointment of Directors.

The NC has adopted the guidelines as set out in the Code in carrying out its assessment of the independence of the Directors of the Company. The independence of each Independent Director is reviewed by the NC on an annual basis. Annually, each Independent Director is required to confirm his independence. Appointment of a new independent director is subject to his confirmation that he is independent based on the criteria set out in the Code.

The NC has, upon its assessment, concluded that none of the Independent Directors are related and do not have any relationship with the Company or its related companies, its shareholders with shareholdings of 10% or more voting shares in the Company or its officers that could interfere with the exercise of their independent judgment. The Board has concurred with the NC that all five existing Independent Directors of the Company are considered independent.

The Company does not, as a matter of policy, limit the maximum number of listed company board representations its Board members may hold as long as each of the Board members is able to commit his time and attention to the affairs of the Group. In this connection, the NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to carry and has been adequately carrying out his duties as a Director of the Company. The NC takes into account the results of the assessment of the competencies, commitment and contributions of the individual Director and is of the view that although some Directors hold other non-Group Board representations, they are nevertheless able to carry and have effectively carried out their duties as Directors of the Company.

As part of the Board selection process, the NC undertakes an assessment of the current strengths of the Board, its ability to govern effectively, as well as any gaps that should be filled.

Candidates may be proposed by existing Board members or recommended through the Group's network of business associates and professionals. The necessary due diligence on the candidate will be conducted and interviews arranged with the NC before the selected candidate is formally proposed to the Board of Directors. The NC must be satisfied that the candidate is fit and proper for the position, taking into account the candidate's track record, experience, capabilities and other relevant factors.

As a principle of good corporate governance, all Board members are required to submit themselves for re-election at regular intervals. The CEO, as a Board member, is also subject to retirement and re-election. In accordance with the Constitution of the Company, one-third of the Directors who have been longest in office since their last re-election, are required to retire by rotation at least once every three years. These Directors are eligible for re-election subject to approval by the shareholders at the annual general meeting ("AGM"). New Directors will hold office only until the next AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.

The NC has, in its deliberations on the re-election of existing Directors, taken into consideration the relevant Director's contribution and performance. The assessment parameters include attendance record and intensity of participation at meetings of the Board and Board Committees as well as the quality of participation and special contribution.

The Board has accepted the NC's recommendation to seek approval of shareholders at the upcoming AGM for the re-election of Mr Ahmad Sufian @ Qurnain bin Abdul Rashid, Mr Seow Kang Hoe Gerald, Mr Jude Philomen Benny and Mr Ivan Replumaz under Articles 94, 95 and 100 of the Company's Constitution.

Currently, the Company does not have alternate directors.

BOARD PERFORMANCE

Principle 5: 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 Board, through the NC, has implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees and contribution by each individual Director to the effectiveness of the Board, on an annual basis. Directors are required to complete a Board assessment form and an individual self-assessment form. In addition, Committee members are required to assess each Board Committee they are a member of. The findings are collated and presented by the NC to the Board.

The assessment is based on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, the Board process and accountability, the Company's procedures on development of remuneration policies and risk management controls. Through the Board evaluation, the Directors had the opportunity to gauge their effectiveness individually, collectively and identify areas of improvement.

ACCESS TO INFORMATION

Principle 6: In order to fulfil 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.

All Directors receive a set of board papers that include explanatory information relating to matters to be brought before the Board, copies of disclosure notes and internal group financial statements prior to Board and Board Committees' meetings. This is generally sent to them in advance to allow sufficient time for the Board members to obtain further explanations, where necessary, to be properly briefed and adequately prepared for the Board and Board Committees' meetings.

The Directors also receive the monthly flash reports as well as quarterly management accounts of the Group and have unrestricted access to the records and information of the Group. The Non-Executive and Independent Directors have access to senior executives in the Group and other employees to seek additional information if required. To facilitate such access, the contact particulars of the senior executives and Company Secretaries of the Group have been provided to the Directors. The Directors whether collectively or individually may, at the Company's expense, seek and obtain independent professional advice when necessary to discharge their duties effectively.

The Company Secretaries have the responsibility to ensure that Board procedures are followed and that all applicable rules and regulations including requirements of the Securities and Futures Act, Singapore Companies Act and SGX-ST Listing Manual, are complied with. The Company Secretaries are in attendance at meetings of the Board and Board Committees and are responsible for preparing the minutes of the proceedings thereat. The appointment and removal of the Company Secretaries is a matter for the Board to decide as a whole.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: 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 Remuneration Committee ("RC") comprises three (3) Directors namely:

Wee Joo Yeow	-	Chairman
Kuok Khoon Ean	-	Member
Ahmad Sufian @ Qurnain bin Abdul Rashid	-	Member

The RC has written terms of reference that describes the composition and responsibilities of the members. The RC shall comprise of at least three directors, the majority of whom, including the RC Chairman should be independent. The RC is responsible for ensuring a formal and transparent procedure for developing a comprehensive remuneration policy, and general framework and guidelines for remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, grant of shares and shares options, and benefits-in-kind) of the members of the Board and key management personnel. The RC reviews and recommends to the Board, in consultation with the Chairman of the Board (where applicable), specific remuneration packages for each of the Directors and the key management personnel. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximizing shareholder value. Where necessary, the RC will seek expert advice on human resource or remuneration matters within the Company or from external consultants.

The RC is also responsible for the review of, and recommending to the Board awards under the POSH Share Option Plan ("SOP") and POSH Performance Share Plan ("PSP") and their associated performance conditions. In addition, the RC reviews the Company's obligations arising in the event of termination of the Executive Director's and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No RC member nor any Director is involved in deliberations regarding compensation, share-based incentive or any form of benefits to be granted to himself.

LEVEL AND MIX OF REMUNERATION

Principle 8: 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's current remuneration framework comprises a fixed and a variable component. The variable component, delivered in the form of annual bonus and/or PSP and SOP ("Share Plans"), is tied to the performance of the individual and the Group. During the financial year in January 2017, the Company granted a batch of share awards to the CEO and key management personnel of the Group. The Company also granted its first batch of share options to eligible employees of the Group. These are intended to reward and recognise the contributions of the key executives to the long-term growth of the Group. Details of the share awards and options granted are set out in the Directors' Statement.

One of the key objectives of the Share Plans is to provide employees an opportunity to participate in the equity of the Company and to enhance its competitive edge in attracting, recruiting and retaining talented key management personnel and employees. The Company believes that the Share Plans, as a long term incentive scheme will align the interests of its employees with those of its shareholders.

DISCLOSURE ON REMUNERATION

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

Each member of the Board receives annual Directors' fees, and such fees are subject to the approval of shareholders at the AGM. The structure of Directors' fees for FY2017 is set out below. The CEO as an Executive Director does not receive Director's Fees.

In determining the quantum of Directors' fees for the Non-Executive Directors, factors such as effort and time spent and responsibilities of the Directors are taken into account. The RC ensures that none of the Independent Directors are over-compensated to the extent that their independence may be compromised.

Fee Structure for FY2017

a. A retainer fee of S$60,000 for serving as a Director;
b. Additional fee of S$30,000 for serving as Chairman of the Board;
c. Additional fee of S$20,000 for serving as Lead Independent Director;
d. Additional fee for serving as member on the following Board Committees. In addition, the Chairman of each Board Committee is also paid an additional fee in view of the greater responsibility carried by that office.

	Audit Committee S$	Board Risk Committee S$	Nominating Committee S$	Remuneration Committee S$
Chairman's Fee	30,000	5,000	5,000	5,000
Member's Fee	20,000	10,000	10,000	10,000

The breakdown of remuneration for the Directors and the top 5 key management personnel of the Company for FY2017 are as follows:

Non-Executive and Independent Directors	Proposed Directors' Fee	Fixed Salary	Variable Bonus	Benefits-in-kind	Total (S$)
Kuok Khoon Ean	100%	–	–	–	115,000
Wu Long Peng	100%	–	–	–	70,000
Jude Philomen Benny	100%	–	–	–	125,000
Ma Kah Woh	100%	–	–	–	130,000
Ahmad Sufian @ Qurnain Bin Abdul Rashid	100%	–	–	–	100,000
Wee Joo Yeow	100%	–	–	–	105,000
Ivan Replumaz[1]	100%	–	–	–	15,000

Executive Director	Fixed Salary	Variable Bonus	LTI[3]	Benefits-in-kind	Total	Remuneration Band (S$)
Gerald Seow	52%	26%	21%	1%	100%	1,000,000 – 1,249,999

For FY2017, the aggregate remuneration paid to the top five key management personnel is approximately S$2,770,220, the breakdown of which in percentage terms is as follows:

Top 5 Key Management Personnel						
Lee Keng Lin	67%	17%	16%	0%	100%	750,000 – 999,999
Ng Eng Khin[2]	67%	16%	17%	0%	100%	500,000 – 749,999
Chai Ulva	88%	4%	8%	0%	100%	250,000 – 499,999
Michael Lim Han Boon	70%	17%	13%	0%	100%	250,000 – 499,999
Sim Hee Ping	71%	19%	10%	0%	100%	250,000 – 499,999

Note:
1. Mr Ivan Replumaz was appointed on 1 October 2017.
2. Mr Ng is employed by POSH Terasea Offshore Pte Ltd, a wholly owned subsidiary of the joint venture POSH Terasea Pte Ltd.
3. Long term incentive ("LTI") comprising share awards to be granted under the Company's Performance Share Plan.

CORPORATE GOVERNANCE REPORT

The remuneration of the Company's top five key management personnel takes into account the pay and employment conditions within the industry, performance of the Group as well as their individual performance. In assessing performance related criteria, due regard is given to health and safety measures undertaken by the Executive. The Company is of the opinion that it is not in the best interest of the Company to disclose specific details of their remuneration due to the competitiveness of the industry for key talent.

No employee is an immediate family member of a Director or the CEO.

In exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company, the Company will be able to reclaim incentive components of remuneration from the Executive Director and key management personnel.

There is no termination, retirement, or post-employment benefits that are granted to the Directors and the key management personnel.

ACCOUNTABILITY

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

The Board is responsible for providing a balanced and understandable assessment of the Company's and Group's performance, financial position and prospects, including interim and other price-sensitive public reports, and reports to regulators (if required). The Directors fully recognise the principle that the Board is accountable to the shareholders while the Management is accountable to the Board.

The Board has embraced openness and transparency in the conduct of the Group's affairs, whilst preserving the commercial interests of the Group. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNet, press releases and the Company's website.

The Board reviews reports from the Management to ensure compliance with all the Group's policies, operational practices and procedures and relevant legislative and regulatory requirements. The Directors may seek independent professional advice as and when necessary.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: 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 Group'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.

Role of Board and Board Committees

The Board with the assistance of the Board Risk Committee ("BRC") and the Audit Committee ("AC") which is discussed under Principle (12) is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The Board sets the overall strategic direction and ensures such strategies are aligned with the risk tolerance of the Group, as well as any potential emerging risks that the Group may face.

The BRC comprises five (5) Non-Executive Directors with the majority being Independent Directors, namely:

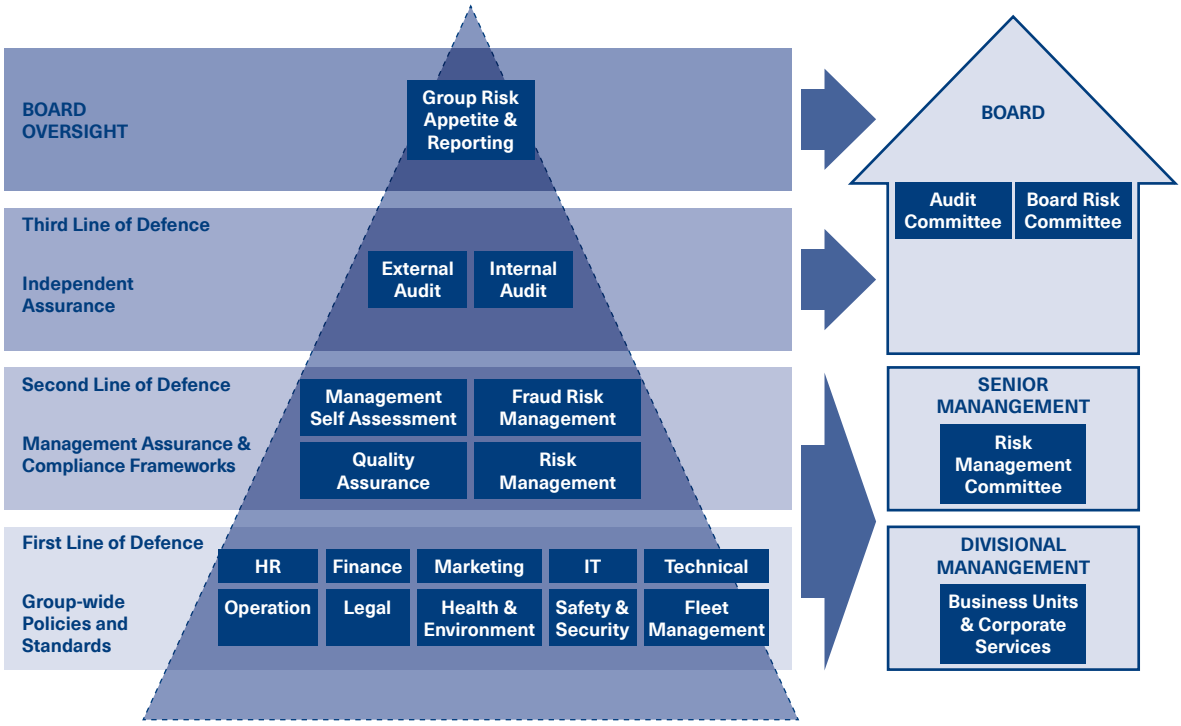
Ivan Replumaz	-	Chairman[1]
Kuok Khoon Ean	-	Member
Jude Philomen Benny	-	Member
Ma Kah Woh	-	Member
Wee Joo Yeow	-	Member

Note:
1. Mr Ivan Replumaz was appointed as a member and Chairman of the BRC from 1 March 2018.

The BRC reviews and discusses with Management the Group's risk governance structure, risk assessment and risk management guidelines, policies and processes and the adequacy and effectiveness of the Group's risk management policies and systems. The BRC reports to the Board on material findings and recommendations in respect of significant strategic, business and operating risks. For financial reporting, information technology ("IT"), compliance and regulatory risks, the AC provides the oversight and assesses the adequacy and effectiveness of the Group's internal control and compliance systems.

Risk Governance and Assurance Framework

The Group's risk governance and assurance framework is structured with three lines of defence; the business unit management, in partnership with corporate services support functions, is the first line of defence and is primarily responsible for establishing policies and procedures to manage risks within approved Group risk appetite. As the second line of defence, Group oversight functions (such as Group Health, Safety, Environment and Quality Assurance ("HSEQA") and Risk Management) develop and maintain appropriate risk management framework and assurance processes as well as monitor and report key risk issues. Internal Audit function and External Auditors, as the third line of defence, provide independent assurance on the adequacy and effectiveness of the Group's internal controls and risk management systems. The following diagram depicts the Group's risk governance and assurance framework by which the Board obtains assurance on the adequacy and effectiveness of the Group's risk management and internal control systems.



Risk Management Framework

The Group has established a Risk Management Framework to identify, manage and monitor the portfolio of business and operating risks impacting the Group on an on-going basis. During the financial year, Risk Management and Internal Audit worked with the business units to review and assess key financial, operational, compliance and information technology risks of the Group. All business units were involved in identifying and evaluating risks from the bottom up, and these risks were then reviewed by the Risk Management Committee that comprised senior management of the Group to provide a top down perspective as well. Reports on specific risk topics were also prepared by Management, and tabled to the BRC during the year for deliberation.

CORPORATE GOVERNANCE REPORT

Fraud Risk Management
The Group does not tolerate any corporate impropriety, malpractice or wrongdoing by staff in the course of their work. The Group has put in place a fraud risk management framework and some of the key practices in place include the following:

a) *Clear communication of Group's values and ethics*
The Group's Codes of Ethics and Conduct serve to guide staff on issues of ethical conduct and conflicts of interests that may arise in the course of their employment. These requirements are also clearly set out in the employee's Employment Terms & Conditions, as well as the Employee Handbook.

b) *Implementation of anti-fraud controls*
Conflicting duties and access rights are identified and segregated. Employment due diligence processes include background reference checks for all staff newly appointed to executive grades and above. All new staff are also required to provide offence and non-indebtedness declarations. For new vendors, company profile searches and financial evaluation are performed, where relevant.

c) *Establishment of whistleblowing channels*
The Group implemented a whistleblowing programme that provides a framework for reporting of suspected fraud, corruption, dishonest practices or other misdemeanors without fear of reprisals and provides for independent investigation of such matters and appropriate follow up actions. Please refer to Principle (12) for an elaboration on the whistleblowing programme.

Anti-Corruption and Sanctions Policies
The Group operates or has presence in various jurisdictions, including environments where there is a significant risk of bribery and corruption. Across the globe, there is an ever increasing focus on combating bribery and corruption, not only in developed nations but also in developing countries. POSH Management is and has been committed to conducting business with integrity and in an ethical and proper manner, and in compliance with all applicable anti-corruption laws and regulations.

The Group's commitment is embedded in its anti-corruption policies and procedures, a copy of which is available at https://portal.kuoksg.com/sites/PoshPage and upon request. Implementation of the policy is reinforced via inclusion in relevant staff, operating and contract manuals, training, third party associate due diligence processes, gifts and entertainment approval systems, risk matrices, certification requirements and through routine audits as well as special audits.

Likewise, the Group is committed to compliance with all applicable economic and trade sanctions programmes, laws and regulations. The Group's existing process relating to sanctions compliance has been formulated into a Sanctions Compliance Policy, a copy of which is available at https://portal.kuoksg.com/sites/PoshPage and upon request.

Quality Assurance
To further enhance POSH commitment towards safety, the Group's Safety Handbook was revised to reflect current safety standards and used to educate non-operational staff on the importance of Safety. POSH 10 Golden Rules was developed to inculcate a safety culture within all POSH staff with strong commitment coming from senior management. All shore staff were briefed by HSEQA department on the contents of the Safety Handbook and 10 Golden Rules, following which they signed the safety pledge to reflect their commitment towards safety. This pledge is to promote the mind set of "Safety Starts With Me".

To cultivate environmental awareness in shore based personnel towards compliance with ISO 14001, waste segregation was implemented in the office since 2015. In addition to ship staff, the Behaviour Base Safety ("BBS") programme was extended to the shore based personnel.

Regular review of Group's Safety Management System ("IMS") is carried out to ensure continual improvement and that it remains current. The HSEQA department also carries out regular audits on ship operations in compliance with International Safety Management Code, International Ship and Port Facility Security Code, Code of Maritime Labour Convention, Occupational Health and Safety Management Standard and International Organisation for Standardisation ("ISO") Quality Management Standard. Periodic checks are also conducted by prospective charterers to ensure compliance with charterer's requirement of Offshore Vessel Management System Audit and Offshore Vessel Inspection Database.

IT Risk Management
IT services for the Group is outsourced to KSL Group IT as part of the common support services provided under the Shared Services Platform across KSL Group.

KSL Group IT together with POSH Management through the IT Steering Committee ("ITSC") forum meets periodically to discuss IT projects and initiatives in alignment with business goals and direction. The forum also serves as a communication channel to discuss matters concerning IT governance including IT policies and process, IT security and service level agreement for continual performance monitoring of outsourced services to the Group.

As it is critical for the organisation to continually examine its risks and security objectives across its business environment, IT seeks to further enhance its security posture by deployment of Advanced Threat Defence System for protection against threats and vulnerabilities to mitigate cyber related risks. This coupled with continuous updating of documented IT security policies and security programmes, increases staff awareness of cyber security risks so that they can play an active role in managing IT risks in the course of their work. IT has also established a strategy and reporting framework for incident management and controls.

To mitigate IT project related risks, IT projects are managed based on an IT Project Framework that sets out processes to ensure detailed and accurate scoping of business requirements, project planning, regular project updates, risk assessment with respect to project budget and timeline, performance monitoring and reporting of key projects to stakeholders.

Over the years, both the Internal Audit team and External Auditor carried out periodic audits to assess the adequacy of internal controls for IT systems in addition to reviewing general information technology infrastructure and controls in their audit cycle/programme. Any potential risks identified are then highlighted to Management for necessary actions. Any major risks identified are also tracked and reported to the AC and BRC.

Management Control Self-Assessment
During the year, the Internal Audit team updated the Control Self-Assessment checklists for each business division and the business divisions used them to evaluate the adequacy and effectiveness of the key controls within their area. The results of these self-assessments provide one of the bases for the Board's opinion on the adequacy and effectiveness of risk management and internal control systems.

Opinion on the Adequacy and Effectiveness of Internal Control and Risk Management Systems
The Board recognises the importance of a sound internal controls system to safeguard the assets of the Group and the shareholders' interest. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing the adequacy and integrity of those systems. It should be noted that the internal controls system is designed to manage rather than to eliminate risks. Accordingly, the internal controls system can only provide reasonable and not absolute assurance regarding the achievement of the Group's objectives in the following areas:

a) effectiveness and efficiency of operations;
b) reliability of financial reporting; and
c) compliance with applicable laws and regulations.

The first area addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second relates to the preparation of reliable financial statements, including interim and full year financial statements. The third deals with complying with those laws and regulations to which the entity is subject to.

During the year under review, the Board has received written assurance from the CEO and Chief Financial Officer that the financial records have been properly maintained, that the financial statements give a true and fair view of the Group's operations and finances, and that the risk management and internal control systems of the Group are adequate and effective.

On the basis of the foregoing assurance from Management, the internal controls established and maintained by the Group, the self-assessments by the business divisions and work performed by the Internal and External Auditors, the Board, with the concurrence of the AC and BRC, is of the opinion that the Group's internal control and risk management systems, addressing key financial, operational, compliance, information technology and risk management objectives; and which the Group considers relevant and material to its operations, were adequate and effective to meet the needs of the Group in its business environment as at 31 December 2017.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

Composition and Role of AC

The AC comprises entirely of Non-Executive Independent Directors, namely:

Ma Kah Woh	-	Chairman
Ahmad Sufian @ Qurnain bin Abdul Rashid	-	Member
Jude Philomen Benny	-	Member
Wee Joo Yeow	-	Member
Ivan Replumaz[1]	-	Member

Note:
1. Mr Ivan Replumaz was appointed as a member of the AC from 1 March 2018.

The Chairman has accounting, auditing and risk management expertise and experience. The other members provide expertise in accounting, legal and business issues. The Board is of the view that the members of the AC have relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The AC was briefed at each quarterly AC meeting by the External Auditor on changes in Financial Reporting Standards which are relevant to the Group's businesses. Members of the AC also attends seminars and courses organised by the Accounting and Corporate Regulatory Authority, the Singapore Institute of Directors and/or the Singapore Exchange Limited on relevant topics, costs of which are borne by the Company.

The AC has a set of terms of reference, scope and authority of which include:

- Review of the quality and reliability of information prepared for inclusion in financial reports;
- Review of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls;
- Review of scope and audit findings of Internal and External Auditors as well as management responses to them;
- Evaluation of the nature and extent of non-audit services performed by External Auditor;
- Recommendation of the appointment and re-appointment of External Auditor;
- Approval of the remuneration and terms of engagement of External Auditor; and
- Review of Interested Person Transactions.

In addition, the AC also:

- Meets with the External and Internal Auditors, without the presence of Management, at least once a year to review and discuss the financial reporting process, system of internal controls, significant comments and recommendations; and
- Reviews and if required, investigates the matters reported via the whistle-blowing mechanism, by which staff and external parties who have business relationship with the Group may, in confidence, raise concerns about suspected improprieties including financial irregularities.

The AC has explicit authority to investigate any matter within its terms of reference, and access to sufficient resources in order to carry out its duties, including full access to, and co-operation by, Management, the Company Secretaries, the External Auditor and Internal Auditors for assistance as required. It has full discretion to invite any Director, member of Management and third parties to attend its meetings. It also has the authority to review its terms of reference and its own effectiveness annually and recommend necessary changes to the Board.

No former partner or director of the Company's existing auditing firm or auditing corporation, within a period of 12 months from the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation, is appointed to the AC.

AC Activities for the Year

The AC met 4 times during the year and the activities for the year, in accordance with its responsibilities and duties under its terms of reference, included the following:

a) *Financial Reporting*

The AC reviewed the quarterly and annual financial statements and financial announcements required by SGX-ST for recommendation to the Board for approval. The reviews focused on changes in accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, compliance with accounting standards, compliance with SGX-ST and other legal requirements.

The AC has reviewed the assessments performed by Management and made relevant enquiries on the key audit matters highlighted by the External Auditor. Where appropriate, the key audit matters were also reviewed by the AC on a quarterly basis as part of their review of the quarterly results. In addition, the AC reviewed and discussed the findings presented and related work performed by the External Auditor. The AC was satisfied that these material issues have been properly addressed and appropriately accounted for and disclosed in the financial statements.

For more information on the key audit matters please refer to pages 72 to 73 of this Annual Report.

b) *External Audit*

The AC discussed with the External Auditor the audit plan, and the report on the audit of the year-end financial statements; reviewed the External Auditor's management letter and Management's responses thereto; and reviewed the External Auditor's objectivity and independence from Management and the Company. During the year, the AC had one meeting with the External Auditor, without the presence of Management, to enable the External Auditor to privately raise issues encountered in the course of their work directly with the AC. A review of the incumbent External Auditor's competency and quality of the work, objectivity and independence was performed. The AC has also reviewed the aggregate amount of fees paid to the External Auditors for FY2017 and the breakdown of the fees paid in total for audit and non-audit services, and is satisfied that the value, volume and nature of non-audit services performed by the External Auditors would not affect their independence and objectivity. The fees payable in respect of audit services provided by the External Auditor for FY2017 are disclosed in the notes (set out on page 136 of this Annual Report) to the financial statements. The AC has reviewed and is satisfied with the standard of the External Auditor's work. The AC has recommended the re-appointment of Ernst & Young LLP ("EY") as the Group's External Auditor at the forthcoming AGM. In appointing EY as auditor of the Group, the Company has complied with Rule 712 and Rule 715, read with Rule 716 of the SGX-ST Listing Manual.

c) *Internal Audit*

The AC reviewed the scope and major findings of internal audits carried out by the Internal Audit team during the year and Management's responses thereto. The AC also reviewed and approved the risk-based annual internal audit plan proposed by Internal Audit. During the year, the AC had one private session with the Internal Audit team, without the presence of Management, to discuss matters which may affect the independence, quality and robustness of their audits. Please refer to Principle (13) for an elaboration on Internal Audit.

d) *Risk Management*

The AC, together with the BRC, reviews the risk reports and materials; and the adequacy and effectiveness of the risk management system. Risk appetites for financial, operational and compliance risks have been established and endorsed by AC and BRC to facilitate timely and effective risk discussions and reporting between Management and the Board. Please refer to Principle (11) for an elaboration on AC's and BRC's assessment of the adequacy and effectiveness of risk management and internal controls systems.

e) *Interested Person Transactions ("IPT")*

Transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. During the year, approvals were sought from AC for IPTs in accordance with the IPT Manual. The AC also reviewed the results of the quarterly audits carried out by the Internal Audit team on interested person transactions for compliance with the SGX-ST Listing Manual and the Shareholders' Mandate obtained at the last AGM.

f) *Whistle-Blowing*

The AC oversees and reviews the whistle-blowing programme implemented to strengthen corporate governance and ethical business practices across the business units. The policy and processes are set out in the Company's website and communicated to all staff via internal circular. Whistleblowers are provided with accessible channels to the AC Chairman, which include a secure phone hotline, and electronic and postal mailing addresses. The AC will direct the investigations of all cases reported and the adoption of appropriate remedial measures where warranted. During the year, the AC reviewed and was satisfied with the adequacy of the whistle-blowing programme instituted by the Company.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT

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

Independence of the Internal Audit Function

The role of the Internal Auditors ("IA") is to assist the AC to ensure that the Group maintains a sound system of internal controls and risk management by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC and/or the BRC, and conducting regular in-depth audits of high risk areas. The Group's Internal Audit functions are outsourced to its parent company, KSL Group.

Staffed by suitably qualified executives, IA has unrestricted direct access to the AC and unfettered access to all the Group's documents, records, properties and personnel. The Head of IA's primary line of reporting is to the Chairman of the AC. Annually, the AC provides an appraisal of the performance of the Head of IA to KSL Group.

Adequacy of the Internal Audit Function Resources

IA prepares a risk-centric annual audit plan to review the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance, IT controls and risk management systems. IA carries out audits that address the controls and business processes in the Group. The AC reviews and approves the annual audit plan proposed by IA and periodically reviews the reports and findings of the IA. The AC also assesses the adequacy and effectiveness of the IA function, including the adequacy of the resources required and where necessary, the engagement of external resources to assist IA.

Qualifications and Experience of Internal Audit Staff

IA employs suitably qualified and experienced personnel who either possess a recognised diploma in Accounting or an equivalent professional qualification, or have working experience in a public accounting firm. In addition, they are Certified Internal Auditors ("CIA"), Chartered Accountants ("CA"), Chartered Certified Accountant ("ACCA") or Certified Information Systems Auditors ("CISA"). The certification bodies that govern these professional accreditations require their members to maintain a programme of continuing education. The professional competence of IA is maintained and upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations and industry trends.

Internal Audit Standards

The IA function adheres to the Code of Ethics and International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors' ("IIA"). Internal Audit focuses on determining whether the controls provide reasonable assurance of effective and efficient operations, as to reliability and integrity of financial data and reports, and compliance with laws, regulations and contracts. The Internal Audit plan is reviewed and approved by the AC. The Internal Audit Plan covers the examination and evaluation of the adequacy and effectiveness of internal control systems and the quality of compliance to the internal control systems which comprises key components of control environment, risk assessment process, operational control activities, information and communication system and monitoring practices.

The approach of Internal Audit is divided into four phases:

1. Document and update systems and procedures or policies;
2. Prepare and update detailed audit programmes, testing and draft report;
3. Discuss with auditee's management on draft report and findings; and
4. Report to AC and follow-up.

In addition, IA will suggest improvements in practices and procedures to eliminate inefficiencies, to report deficiencies and follow up with appropriate management to ensure the necessary corrective actions are taken and to report on a regular basis to the AC.

Annual review of adequacy and effectiveness of Internal Audit function
IA conducted an internal self-assessment for internal auditing work performed during the year, as part of its Quality Assurance and Improvement programme for the Internal Audit activity. IA also conforms to the standards of the IIA for validation by an independent external reviewer once every five years. The next external review will be conducted in FY2020.

SHAREHOLDER RIGHTS

Principle 14: 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 arrangements.

COMMUNICATION WITH SHAREHOLDERS

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

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: 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 Company is committed to treat all shareholders fairly and equitably to facilitate the exercise of their ownership rights and to provide them with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company employs various platforms to effectively engage the shareholders and the investment community, with an emphasis on timely, accurate, fair and transparent disclosure of information. Engagement with shareholders and other stakeholders takes many forms, including announcements of quarterly results and presentations, e-mail communications, publications and content on the Company's website. During the year under review, senior management met with investors, analysts and also held media conference calls to keep the market and investors apprised of the Group's corporate developments and financial performance.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNet and the press. To ensure a level playing field and provide confidence to shareholders, unpublished price-sensitive information is not selectively disclosed.

The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meeting. Shareholders are informed of shareholders' meetings through notices published in the newspaper and via SGXNet, and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Shareholders are also informed of the rules, including voting procedures, governing such meetings.

If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. A relevant intermediary which includes a corporation holding licences in providing nominee or custodial services and CPF Board, may appoint more than two proxies to attend and vote at the general meeting. The Company has not amended its Constitution to provide for absentia voting methods, which call for elaborate and costly implementation of a foolproof system, the need for which does not arise presently.

As recommended by the Code, all resolutions at general meetings will be voted by poll.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. The results are announced in a timely manner after the general meeting via SGXNet.

The Chairman of the Board and each Board Committee are required to be present to address questions at general meetings of shareholders. The External Auditor will also be present at such meetings to assist the Directors in addressing shareholders' queries, if necessary.

The Company Secretaries prepares minutes of shareholders' meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

CORPORATE GOVERNANCE REPORT

Pertinent information is regularly conveyed to the shareholders through SGXNet and the Company's website at http://www.posh.com.sg/.

The Company has not adopted a formal dividend policy. The Company pays dividends out of profits available for distribution and when there is sufficient cash available after taking into consideration the operating requirement and capital commitment of the Group. In light of the financial performance of the Company in FY2017, and cash preservation and financing of operations being key considerations, the Board has not proposed any dividend for FY2017.

DEALING IN SECURITIES

In compliance with Rule 1207 (19) of the SGX-ST Listing Manual, the Company has an internal code on dealings in the Company's shares by all Directors and employees of the Group.

All Directors and employees of the Group are prohibited from dealing in the Company's shares during the period commencing two weeks before the announcement of the Group's quarterly results, and one month before the announcement of its full year financial results, and ending on the date of such announcements.

Directors, officers and employees of the Group are prohibited from dealing in the Company's shares while in possession of unpublished price-sensitive information and to refrain from dealing in the Company's shares on short-term considerations.

INTERESTED PARTY TRANSACTIONS

Pursuant to Rule 907 of the Listing Manual of the SGX-ST the aggregate value of IPTs entered into during FY2017 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$'000	Aggregate value of all IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) US$'000
KSL Corporate Services Pte Ltd	–	2,243
DP Shipbuilding & Engineering Pte Ltd	–	3,153
GWC Commercial Pte Ltd	–	3,923
DDW PaxOcean Shipyard Pte Ltd	–	486
Manis Shipping Pte Ltd	–	986
PaxOcean Engineering Zhoushan Co., Ltd	–	1,839
PaxOcean Engineering Zhuhai Co., Ltd	–	1,313
PACC Ship Managers Pte Ltd	–	199
Total	**–**	**14,142**

MATERIAL CONTRACTS

Except as disclosed under the section on IPTs above and in Note 28 (Related Party Transactions) of the Notes To Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

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DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of PACC Offshore Services Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and statements of financial position and changes in equity of the Company for the financial year ended 31 December 2017.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and statements of financial position and changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Kuok Khoon Ean
Seow Kang Hoe, Gerald
Wu Long Peng
Jude Philomen Benny
Ma Kah Woh
Ahmad Sufian @ Qurnain Bin Abdul Rashid
Wee Joo Yeow
Ivan Replumaz (Appointed on 1 October 2017)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except as described in the financial statements, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS

According to the register kept by the Company for purposes of Section 164 of the Singapore Companies Act, Chapter 50, particulars of interests of Directors, who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, share options/awards of the Company and related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	As at 1.1.2017/ date of appointment	As at 31.12.2017	As at 1.1.2017/ date of appointment	As at 31.12.2017
Name of Director				
Ordinary Shares				
In the immediate and ultimate holding company - Kuok (Singapore) Limited				
Kuok Khoon Ean	–	**–**	5,700,000	**5,700,000**
Wu Long Peng	800,000	**800,000**	133,333	**133,333**
Seow Kang Hoe, Gerald	400,000	**400,000**	–	**–**
In the Company				
Kuok Khoon Ean	–	**–**	1,725,000	**1,725,000**
Wu Long Peng	5,626,542	**5,626,542**	–	**–**
Seow Kang Hoe, Gerald	7,444,043	**8,078,043**	–	**–**
Ahmad Sufian @ Qurnain Bin Abdul Rashid	1,020,000	**1,020,000**	–	**–**
Ma Kah Woh	200,000	**200,000**	–	**–**
Jude Philomen Benny	250,000	**250,000**	38,000	**38,000**
Wee Joo Yeow	500,000	**500,000**	–	**–**
Ivan Replumaz	–	**–**	–	**–**
FY2016 share awards grant under the POSH Performance Share Plan ("PSP")				
Seow Kang Hoe, Gerald	678,000	**678,000**	–	**–**
FY2017 share awards grant under the PSP				
Seow Kang Hoe, Gerald	–	**880,000**	–	**–**
Options granted by Kuok (Singapore) Limited over shares it held in the Company				
Seow Kang Hoe, Gerald	–	**–**	3,750,000	**3,750,000**
Wu Long Peng	–	**–**	2,812,500	**2,812,500**

These options granted by Kuok (Singapore) Limited to the abovementioned Directors over existing shares of the Company are to be exercised during the period from 5 August 2015 to 4 August 2018 ("Option Exercise Period") at an exercise price of US$0.5333 per option share. These options may be exercised on all or part of the option shares at any time during the Option Exercise Period, provided that where the option is exercised in part, it shall be in multiples of 18,750 shares.

Except as disclosed in this statement, no other Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of appointment, if later, or at the end of the financial year.

There were no changes in any of the abovementioned interests in the Company between the end of the financial year and 21 January 2018.

DIRECTORS' STATEMENT

SHARE BASED INCENTIVE PLANS

The Company has in place two share-based incentive plans namely the POSH Share Option Plan (the "SOP") and the POSH Performance Share Plan (the "PSP"), (collectively, the "Share Plans"). The Share Plans were approved by the shareholders of the Company at the Extraordinary General Meeting held on 28 March 2014.

The Company had adopted the Share Plans to reward, retain and motivate employees and Non-Executive Directors of the Group, as well as to align the interests of employees with the interests of the Group and its shareholders, thereby enhancing the long-term growth of the Company and the Group. The Remuneration Committee administers the Share Plans.

SOP

Other information regarding the SOP is set out below:

- The share options shall be exercised, in whole or in part, in accordance with the following vesting schedule:

  (i) 25 January 2018 to 24 January 2019 – 50%
  (ii) 25 January 2019 to 24 January 2020 – 30%
  (iii) On or after 25 January 2020 – 20%

- All options are to be settled by physical delivery of shares.

- The options granted expire after 10 years or upon cessation of the employment of the employees.

At the end of the financial year, details of the options granted under the SOP on the unissued ordinary shares of the Company are as follows:

Date of grant	Exercise price per share	Outstanding at 1 January 2017	Granted during the financial year ended 31 December 2017	Exercised	Forfeited	Outstanding at 31 December 2017
25/01/17	S$0.34	-	1,549,000	-	189,000	1,360,000

The aggregate number of options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the SOP to the end of the financial year under review is 762,000.

Except for the above, there are no other share options forfeited, expired, cancelled or exercised since commencement of the SOP to 31 December 2017.

DIRECTORS' STATEMENT

SHARE BASED INCENTIVE PLANS (CONT'D)

PSP

Other information regarding the PSP is set out below:

(i) The vesting of the first batch of 1,839,000 share awards granted on 22 January 2016 is subject to achievement of performance and/or service conditions as determined by the Remuneration Committee. The share awards shall vest on the third anniversary of the date of grant (i.e. 22 January 2019).

(ii) The second batch of 1,873,000 share awards granted on 22 January 2016 were a one-time grant as an initial launch of the PSP scheme to key management personnel of the Company. The vesting of these shares awards are not conditional on any performance criteria. The share awards vested on 31 December 2016.

(iii) The vesting of the third batch of 1,962,000 share awards granted on 25 January 2017 is subject to achievement of performance and/or service conditions as determined by the Remuneration Committee. The share awards shall vest on the third anniversary of the date of grant (i.e. 25 January 2020).

At the end of the financial year, details of the share awards granted under the PSP are as follows:

Date of grant	Batch	Outstanding at 1 January 2017	Granted during the financial year ended 31 December 2017	Vested since commencement of PSP to 31 December 2017	Forfeited since commencement of PSP to 31 December 2017	Outstanding at 31 December 2017
22/01/16	1	1,839,000	-	-	120,000	1,719,000
22/01/16	2	-	-	1,873,000	-	-
25/01/17	3	-	1,962,000	-	-	1,962,000

Details of share awards granted to an Executive Director of the Company under the PSP are as follows:

Name of Director	Granted and not released as at 1 January 2017	Granted during the financial year ended 31 December 2017	Vested during the financial year ended 31 December 2017	Granted and not released as at 31 December 2017
Seow Kang Hoe, Gerald	678,000	880,000	-	1,558,000

No awards have been granted to controlling shareholders or their associates, or parent group Directors or employees.

No shares were issued by virtue of the exercise of options or the vesting of any performance share awards during the financial year.

There were no unissued shares under option at the end of the financial year.

No participant has received 5% or more of the total number of share options or share awards available under the Share Plans during the financial year.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and the results of their audits;
- Reviewed the external and internal auditors' evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Group and the Company's management to these auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company and recommending these statements to the Board of Directors for approval;
- Reviewed the adequacy and effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management, and the reviews carried out by the external and internal auditors;
- Met with the external and internal auditors in private to discuss any matters that they believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost adequacy and effectiveness, and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor for re-appointment and approved the compensation of the external auditor;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance of all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

AUDITORS

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

SEOW KANG HOE, GERALD
Director

WU LONG PENG
Director

23 March 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PACC OFFSHORE SERVICES HOLDINGS LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PACC Offshore Services Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statements of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of vessels

We draw your attention to Note 2.6(a), Note 2.8 and Note 5. Due to the current state of the market, there is possibility of delays in projects arising from changes in capital investment by various customers and the risk of charterers renegotiating for lower rates. These have resulted in an indication of impairment of vessels. Management identified vessels whose carrying values had exceeded appraised values and had incurred operating losses during the financial year to be subjected for impairment assessment. The appraised values were based on open market values provided by an independent valuer.

This area was significant to our audit as the total carrying amounts of the vessels amounted to US$1,076,476,000, representing 87% of the total non-current assets as at 31 December 2017 and there are significant management's judgements involved in determining the recoverable value of vessels. The recoverable value is based on the higher of the fair value less cost of disposal and value-in-use of the vessels.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PACC OFFSHORE SERVICES HOLDINGS LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Key Audit Matters (cont'd)

Impairment assessment of vessels (cont'd)

Our audit procedures included, amongst others, evaluating and assessing the assumptions and methodology used by management and the external independent valuers. We considered the competence, capabilities and objectivity of its external independent valuer and also assessed the appropriateness of the data and key assumptions used by the external valuer such as specification of vessels. We also engaged our internal valuation specialist to support us in assessing the reasonableness of the external valuer's valuation methodology and key assumptions used and considered the appropriateness of the open market values. Based on management's assessment, US$103,893,000 impairment charges were recognised for the financial year ended 31 December 2017.

We also focused on the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on key assumptions and sensitivities are included in Note 5.

Recoverability of trade receivables

We draw your attention to Note 2.6(b) and Note 11. Trade receivable balances were significant to the Group as they represent 5% of the total assets on the statements of financial position. The industry in which the Group operates in remains weak and this gives rise to increased risks in collection of trade receivables. Trade receivables impairment assessment requires significant management judgment hence we determined that this is a key audit matter.

The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The Group's management supports subsidiaries in setting credit limits for customers and approves such limits above certain thresholds where applicable.

We assessed the Group's processes and key controls relating to the monitoring of trade receivables and considered aging to identify collection risks. We performed audit procedures, amongst others, sending trade receivable confirmations, and reviewing for collectability by way of obtaining evidence of receipts from the trade receivables subsequent to the year end. We had discussions with management on the recoverability of long outstanding debts, analysed trend of collections for particular trade debtors and reviewed legal case file for disputes. We also selected samples to test cut-off of revenue transactions through verification of contracts and invoices. We assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk and liquidity risk in Notes 11, 31(c) and 31(d). Based on management's assessment, impairment charges of US$3,221,000 on trade receivables were recognised for the financial year ended 31 December 2017.

Impairment of investments and amounts due from subsidiaries

The investment in subsidiaries are accounted for at cost less impairment losses in the Company's financial statements. These subsidiaries are vessel owning companies. The impairment assessment was significant to our audit due to the total carrying amount of subsidiaries and amount due from subsidiaries which amounted to 88% of the Company's total assets as at 31 December 2017 and there are significant management's judgements involved in the impairment assessment process.

The results of the audit procedures discussed in the preceding paragraphs relating to impairment assessment of vessels held as fixed assets and other factors such as the various subsidiaries historical and current performances, financial position and the estimated probability of future cash flows are taken into consideration when assessing the impairment of investments and amounts due from subsidiaries. Based on management's assessment, impairment charges of US$219,223,000 on investment in subsidiaries and US$104,769,000 on amount due from subsidiaries were recognised during the financial year ended 31 December 2017.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PACC OFFSHORE SERVICES HOLDINGS LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PACC OFFSHORE SERVICES HOLDINGS LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Yee Woon Yim.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

23 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017	2016	**2017**	2016
		US$'000	US$'000	**US$'000**	US$'000
Assets					
Non-Current Assets					
Goodwill	4	**–**	57,125	**–**	–
Fixed assets	5	**1,111,975**	1,184,927	**346**	96,638
Intangible assets	6	**95**	12	**–**	–
Due from joint ventures	12	**31,877**	21,834	**27,050**	21,834
Investment in subsidiaries	27	**–**	–	**112,493**	331,616
Interest in joint ventures	7	**80,668**	63,189	**35,989**	44,507
Receivables and other non-current assets	8	**1,616**	1,982	**–**	–
Derivatives	9	**7,295**	5,600	**1,261**	–
		1,233,526	1,334,669	**177,139**	494,595
Current Assets					
Consumables	10	**3,609**	1,677	**–**	–
Receivables and other current assets	11	**83,203**	79,626	**5,877**	3,443
Due from subsidiaries and joint ventures	12	**75,061**	71,490	**806,578**	860,585
Due from related companies	12	**1,337**	523	**3**	–
Cash and cash equivalents	13	**17,088**	15,058	**12,511**	3,850
		180,298	168,374	**824,969**	867,878
Fixed assets classified as held-for-sale	14	**–**	2,547	**–**	–
		180,298	170,921	**824,969**	867,878
Total Assets		**1,413,824**	1,505,590	**1,002,108**	1,362,473
Equity and Liabilities					
Equity Attributable to Shareholders					
Share capital	15(a)	**827,201**	827,201	**827,201**	827,201
Treasury shares	15(b)	**(1,447)**	(1,828)	**(1,447)**	(1,828)
Accumulated (losses)/retained profits		**(373,205)**	(142,939)	**(340,788)**	14,602
Other reserves	16	**7,726**	5,898	**1,394**	–
		460,275	688,332	**486,360**	839,975
Non-controlling interest		**(64)**	(69)	**–**	–
		460,211	688,263	**486,360**	839,975
Non-Current Liabilities					
Bank borrowings	17	**584,461**	439,225	**295,000**	200,000
Deferred tax liabilities		**475**	414	**–**	–
		584,936	439,639	**295,000**	200,000
Current Liabilities					
Payables and accruals	18	**110,295**	73,561	**19,254**	20,259
Advances received from customers	19	**849**	198	**–**	–
Due to subsidiaries and joint ventures	20	**60,093**	29,301	**32,868**	49,027
Due to related companies	20	**5,602**	2,505	**4,407**	2,402
Due to holding company	21	**196**	195	**196**	195
Bank borrowings	17	**184,464**	269,107	**161,400**	248,487
Provision for taxation		**7,178**	2,821	**2,623**	2,128
		368,677	377,688	**220,748**	322,498
Total Liabilities		**953,613**	817,327	**515,748**	522,498
Net Current (Liabilities)/Assets		**(188,379)**	(206,767)	**604,221**	545,380
Net Assets		**460,211**	688,263	**486,360**	839,975
Total Equity and Liabilities		**1,413,824**	1,505,590	**1,002,108**	1,362,473

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 US$'000	Group 2016 US$'000
Revenue	3	**192,237**	183,100
Cost of sales		**(205,635)**	(178,115)
Gross (loss)/profit		**(13,398)**	4,985
Other expenses, net	22	**(162,225)**	(302,793)
Distribution costs		**(1,146)**	(1,002)
General and administrative expenses		**(28,176)**	(43,277)
Finance costs	23	**(22,847)**	(14,412)
Share of joint ventures' results		**2,359**	(13,814)
Loss before taxation	24	**(225,433)**	(370,313)
Taxation	25	**(4,828)**	(1,271)
Net loss for the year		**(230,261)**	(371,584)
Loss attributable to:			
Equity holders of the Company		**(230,266)**	(371,448)
Non-controlling interest		**5**	(136)
		(230,261)	(371,584)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
Fair value gain		**1,695**	5,600
Other comprehensive income, net of tax		**1,695**	5,600
Total comprehensive loss for the year		**(228,566)**	(365,984)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(228,571)**	(365,848)
Non-controlling interest		**5**	(136)
		(228,566)	(365,984)
Loss per share (cents per share)			
Basic	36	**(12.70)**	(20.50)
Diluted	36	**(12.70)**	(20.50)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Note	Share Capital US$'000	Treasury Shares US$'000	Retained Profits/ Accumulated (Losses) US$'000
Balance at 1 January 2017		**827,201**	**(1,828)**	**(142,939)**
Treasury shares reissued pursuant to employee share plans	15(b)	**–**	**419**	**–**
Purchase of treasury shares	15(b)	**–**	**(38)**	**–**
Grant of equity-settled share options to employees		**–**	**–**	**–**
Net loss for the year		**–**	**–**	**(230,266)**
Other comprehensive income for the year		**–**	**–**	**–**
Total comprehensive loss for the year		**–**	**–**	**(230,266)**
Balance at 31 December 2017		**827,201**	**(1,447)**	**(373,205)**
Balance at 1 January 2016		827,201	(1,669)	235,213
Purchase of treasury shares	15(b)	–	(159)	–
Incorporation of subsidiary		–	–	–
Dividends	35	–	–	(6,704)
Net loss for the year		–	–	(371,448)
Other comprehensive income for the year		–	–	–
Total comprehensive loss for the year		–	–	(371,448)
Balance at 31 December 2016		827,201	(1,828)	(142,939)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Other Reserves US$'000	Exchange Reserve US$'000	Hedging Reserve US$'000	Employee Share Option Reserve US$'000	Non-Controlling Interest US$'000	Total Equity US$'000
5,898	**298**	**5,600**	**–**	**(69)**	**688,263**
–	**–**	**–**	**–**	**–**	**419**
–	**–**	**–**	**–**	**–**	**(38)**
133	**–**	**–**	**133**	**–**	**133**
–	**–**	**–**	**–**	**5**	**(230,261)**
1,695	**–**	**1,695**	**–**	**–**	**1,695**
1,695	**–**	**1,695**	**–**	**5**	**(228,566)**
7,726	**298**	**7,295**	**133**	**(64)**	**460,211**
298	298	–	–	–	1,061,043
–	–	–	–	–	(159)
–	–	–	–	67	67
–	–	–	–	–	(6,704)
–	–	–	–	(136)	(371,584)
5,600	–	5,600	–	–	5,600
5,600	–	5,600	–	(136)	(365,984)
5,898	298	5,600	–	(69)	688,263

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	Share Capital US$'000	Treasury Shares US$'000	Retained Profits/ Accumulated (Losses) US$'000	Other Reserves US$'000	Hedging Reserve US$'000	Employee Share Option Reserve US$'000	Total Equity US$'000
Balance at 1 January 2017		**827,201**	**(1,828)**	**14,602**	**–**	**–**	**–**	**839,975**
Treasury shares reissued pursuant to employee share plans	15(b)	**–**	**419**	**–**	**–**	**–**	**–**	**419**
Purchase of treasury shares	15(b)	**–**	**(38)**	**–**	**–**	**–**	**–**	**(38)**
Grant of equity-settled share options to employees		**–**	**–**	**–**	**133**	**–**	**133**	**133**
Net loss for the year		**–**	**–**	**(355,390)**	**–**	**–**	**–**	**(355,390)**
Other comprehensive income		**–**	**–**	**–**	**1,261**	**1,261**	**–**	**1,261**
Total comprehensive loss for the year		**–**	**–**	**(355,390)**	**1,261**	**1,261**	**–**	**(354,129)**
Balance at 31 December 2017		**827,201**	**(1,447)**	**(340,788)**	**1,394**	**1,261**	**133**	**486,360**
Balance at 1 January 2016		827,201	(1,669)	218,079	–	–	–	1,043,611
Purchase of treasury shares	15(b)	–	(159)	–	–	–	–	(159)
Dividends	35	–	–	(6,704)	–	–	–	(6,704)
Net loss and total comprehensive loss for the year		–	–	(196,773)	–	–	–	(196,773)
Balance at 31 December 2016		827,201	(1,828)	14,602	–	–	–	839,975

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017 US$'000	2016 US$'000
Cash Flow from Operating Activities		
Loss before taxation	**(225,433)**	(370,313)
Adjustments for:		
Amortisation of prepayments	**364**	364
Amortisation of intangible assets	**128**	33
Depreciation of fixed assets	**63,625**	69,626
Grant of equity-settled share options to employees	**133**	–
Bad debts written off	**–**	1,882
Allowance for doubtful debts – trade	**3,221**	13,768
Fixed assets written off	**–**	505
Impairment of fixed assets	**108,255**	198,950
Impairment of goodwill	**57,125**	111,178
Loss/(gain) on disposal of fixed assets	**3,133**	(352)
Share of joint ventures' results	**(2,359)**	13,814
Unrealised exchange gain	**(181)**	(320)
Interest expense	**22,847**	14,412
Interest income	**(1,980)**	(2,259)
Operating cash flow before working capital changes	**28,878**	51,288
Increase in consumables	**(1,932)**	(872)
Increase in receivables and other assets	**(6,987)**	(27)
Increase in due to related companies	**2,231**	–
Increase in payables and accruals	**17,947**	1,226
Cash generated from operating activities	**40,137**	51,615
Interest paid	**(21,553)**	(14,139)
Interest received	**2,171**	2,256
Income taxes paid	**(410)**	(1,512)
Net cash generated from operating activities	**20,345**	38,220
Cash Flow from Investing Activities		
Acquisition of intangible assets	**(211)**	(16)
Acquisition of fixed assets	**(91,571)**	(171,049)
Proceeds from disposal of fixed assets	**4,445**	2,239
Increase in due to related companies	**51**	–
Decrease/(increase) in due from joint ventures	**8,254**	(4,587)
Increase in interest in joint venture	**(20)**	–
Net cash used in investing activities	**(79,052)**	(173,413)
Cash Flow from Financing Activities		
Capital injection from non-controlling interest of a subsidiary	**–**	67
Increase in bank borrowings	**60,593**	148,602
Dividends paid	**–**	(6,704)
Purchase of treasury shares	**(38)**	(159)
Decrease in due to joint ventures and related companies	**–**	(5,265)
Increase/(decrease) in due to holding company	**1**	(389)
Net cash generated from financing activities	**60,556**	136,152
Net increase in cash and cash equivalents	**1,849**	959
Effect of exchange rate changes on cash and cash equivalents	**181**	320
Cash and cash equivalents at beginning of year	**15,058**	13,779
Cash and cash equivalents at end of year (Note 13)	**17,088**	15,058

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1 GENERAL INFORMATION

The financial statements of the Group and the Company for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors passed on 23 March 2018.

The Company, which is a limited liability company, is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at No. 1 Kim Seng Promenade, #07-02 and #06-01 Great World City, Singapore 237994 respectively.

The principal activities of the Company are in the business of general shipping and investment holding. The principal activities of the subsidiaries, which provide offshore marine support services, are disclosed in Note 27 to the financial statements.

The immediate and ultimate holding company is Kuok (Singapore) Limited, incorporated in the Republic of Singapore.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group, statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("US$" or "USD") and all values are rounded to the nearest thousand (US$'000) unless otherwise indicated.

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the adoption of the new standards that are effective on 1 January 2018, the Group expects that the new framework will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that as disclosed in Note 2.3.

The financial statements have been prepared on a going concern basis. The Group has a net current liability position of US$188,379,000 (2016: US$206,767,000) as at 31 December 2017 mainly due to uncommitted revolving loans of US$161,400,000 (2016: US$248,487,000) being due for repayment in the following 12 months. The uncommitted revolving loans outstanding as at 31 December 2017 has been classified as current liability as this funding is subject to the banks' continued approval to be refinanced. These uncommitted facilities agreements expire in July 2021. In the opinion of the Directors, the Group will be able to generate positive cash flows from operations and, coupled with continued funding from lenders, has sufficient funding to meet its financial obligations as and when they fall due.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016)	
– Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
– INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
– INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Improvements to FRSs (March 2018)	
– Amendments to FRS 12 *Income Taxes*	1 January 2019
– Amendments to FRS 23 *Borrowing Costs*	1 January 2019
– Amendments to FRS 111 *Joint Arrangements*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

Except for SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the Directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 are described below.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting SFRS(I) 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 9 in 2018.

Impairment

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

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

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group is currently assessing the impact of adopting SFRS(I) 15 and this assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 15 in 2018.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

The Group also plans to apply the following practical expedients:

- For completed contracts, the Group plans not to restate completed contracts that begin and end within the same year or are completed contracts at 1 January 2017; and
- For completed contracts that have variable consideration, the Group plans to use the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of SFRS(I) 16 and expects that the adoption of SFRS(I) 16 will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying SFRS(I) 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to SFRS(I) 16 and assessing the possible impact of adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units ("CGU") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The CGUs to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting judgments and estimates (cont'd)

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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of vessels

The Group determines the recoverable amount of vessels based on the higher of its fair value less costs of disposal and its value in use. When value in use calculation is undertaken, management estimates the expected future cash flows from the asset or CGU by applying suitable discount rates to calculate the present value of those cash flows. When fair value less costs of disposal is used, management engages the services of professional valuers to determine the fair values using valuation techniques which involve the use of estimates and assumptions reflective of current market conditions. The carrying amount of the Group's vessels is disclosed in Note 5.

(b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 11 and Note 33.

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose suitable discount rates in order to calculate the present value of those cash flows. The key assumptions applied in the determination of the value in use including sensitivity analysis, are disclosed and further explained in Note 4. The carrying amount of the Group's goodwill as at 31 December 2017 is disclosed in Note 4.

(d) Impairment of investments and amounts due from subsidiaries

The Company assesses at the end of each reporting period whether there is any objective evidence that the investments and amounts due from subsidiaries are impaired. Management considers factors such as the historical and current performances, estimated value and probability of future cash flows.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the subsidiary and choose suitable discount rates in order to calculate the present value of those cash flows. The investments and amounts due from subsidiaries and their related impairments as at 31 December 2017 are disclosed in Note 27 and Note 12 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign currency

The financial statements are presented in USD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of joint ventures that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.8 Fixed assets

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the fixed assets. The cost of an item of fixed assets is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of fixed assets are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other costs for repairs and maintenance and replacement of equipment are recognised in profit or loss as incurred.

Vessels under construction included in fixed assets are not depreciated as these assets are not yet available for use.

Cost includes the cost of any major enhancement which increases the future benefits from the vessels beyond their previously assessed standard of performance and is written off over the vessels' remaining useful lives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Fixed assets (cont'd)

Depreciation of new vessels is calculated utilising the straight-line method to write off the cost, less estimated scrap value over their estimated useful lives of 20 to 30 years, whilst for vessels purchased second-hand, depreciation is calculated utilising the straight-line method to write off the cost, less estimated scrap value over their remaining useful lives.

Drydocking costs, which enhance the useful lives of vessels, are capitalised in the month in which they are incurred and amortised over periods between 2 to 3 years until the next drydocking.

For acquisitions and disposals of vessels and drydocking costs during the financial year, depreciation and amortisation are provided from the day of acquisition and to the day before disposal. Fully depreciated assets are retained in the books until they are no longer in use.

Depreciation is computed on a straight-line basis over the estimated useful lives of the other assets from the month of acquisition to the month before disposal as follows:

Office equipment	–	5 years
Computer hardware	–	3 years
Furniture and fittings	–	10 years
Motor vehicles	–	5 years
Renovation	–	3 years
Plant and machinery	–	3 – 5 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of fixed assets is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over the useful life of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Joint arrangements (cont'd)

The Group account for its investments in joint ventures using the equity method from the date on which it becomes a joint venture. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of a joint venture company's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of the results of operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interests in the joint ventures.

Where the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 Prepayments

Prepayments comprise primarily advances paid for charter hire of vessels. The costs incurred are amortised over the period of the charter hire contract.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.16 Consumables

Consumables include consumable stores such as lubricant oil stocks, bunkers and ship provisions, are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. In arriving at the net realisable value, due allowance is made for all obsolete and slow-moving items.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and deposits with financial institutions which are subject to insignificant risk of changes in value.

2.18 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted, which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options which will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of the period and is recognised in employee benefits expense.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. Accrual is made for the estimated liability for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

(d) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management personnel are considered key management personnel.

2.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss over the lease term on a straight-line basis.

The Group's operating leases primarily relate to the rental of its office premises.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as charter hire income. The accounting policy for charter hire income is set out in Note 2.23. Contingent charter hire income is recognised as revenue in the period in which it is earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Non-current assets held-for-sale

Non-current assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Fixed assets once classified as held-for-sale are not depreciated.

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The following specific recognition criteria must also be met before revenue is recognised:

Charter hire income

Revenue from charter hire is recognised on a time-apportioned basis. Charter hire relates to the provision of marine related services such as transportation, towing, mooring, installation and salvage.

Interest income

Interest income is recognised using the effective interest method.

2.24 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

2.28 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently carried at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedge items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Derivative financial instruments and hedging activities (cont'd)

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedge reserve and reclassified to profit and loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit and loss.

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their service which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 Related parties

A related party is defined as follows:

(a) a person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) an entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is controlled or jointly controlled by a person identified in (a); or

(vi) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3 REVENUE

Revenue represents income derived from the deployment of vessels and related marine services such as transportation, towing, mooring, installation and salvage.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 GOODWILL

The carrying amounts of goodwill are allocated as follows:

	Group	
	2017	2016
	US$'000	US$'000
Transportation and installation	**–**	57,125

Impairment testing on goodwill

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	2017	2016
	%	**%**
Pre-tax discount rates	**8.0**	8.0
Growth rates	**2.0**	2.0

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(a) Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

(b) Growth rates – The forecasted growth rates are based on management's estimation derived from past experience and external sources of information available.

(c) Both charter and utilisation rates are based on reference to current trend and historical performance.

Impairment recognised

During the financial year ended 31 December 2017, impairment of US$57,125,000 was recognised to write-down in full the carrying amount of the transportation and installation CGU. In the prior financial year, impairment of US$111,178,000 was recognised to write-down the offshore supply vessels CGU. Impairment of goodwill amounting to US$57,125,000 (2016: US$111,178,000) was recognised in "Other expense, net" line of the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 FIXED ASSETS

Group	Vessels US$'000	Office equipment US$'000	Computer hardware US$'000
Cost			
At 1 January 2016	1,203,903	138	951
Additions	7,227	–	287
Transfers from vessels under construction	305,999	–	–
Disposals/write-offs	(1,998)	–	(399)
Transfer to assets held-for-sale (Note 14)	(17,221)	–	–
Impairment	–	–	–
At 31 December 2016 and 1 January 2017	1,497,910	138	839
Additions	18,618	11	64
Transfers from vessels under construction	165,684	–	–
Disposals/write-offs	(33,792)	–	(236)
Impairment	–	–	–
At 31 December 2017	**1,648,420**	**149**	**667**
Accumulated depreciation and impairment			
At 1 January 2016	189,160	69	461
Depreciation for the year	65,484	25	247
Impairment	194,213	–	–
Disposals/write-offs	(1,214)	–	(382)
Transfer to assets held-for-sale (Note 14)	(16,465)	–	–
At 31 December 2016 and 1 January 2017	431,178	94	326
Depreciation for the year	59,545	24	119
Impairment	103,893	–	–
Disposals/write-offs	(22,672)	–	(8)
At 31 December 2017	**571,944**	**118**	**437**
Net book value			
At 31 December 2017	**1,076,476**	**31**	**230**
At 31 December 2016	1,066,732	44	513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Furniture and fittings US$'000	Motor vehicles US$'000	Renovation US$'000	Vessels under construction US$'000	Drydocking cost US$'000	Plant and machinery US$'000	Total US$'000
274	200	742	256,221	9,471	835	1,472,735
34	144	444	167,637	1,520	257	177,550
–	–	–	(305,999)	–	–	–
(52)	–	(521)	–	(1,103)	(230)	(4,303)
–	–	–	–	–	–	(17,221)
–	–	–	(4,737)	–	–	(4,737)
256	344	665	113,122	9,888	862	1,624,024
9	–	242	88,107	3,297	20	110,368
–	–	–	(165,684)	–	–	–
–	–	–	–	(1,022)	(204)	(35,254)
–	–	–	(4,362)	–	–	(4,362)
265	**344**	**907**	**31,183**	**12,163**	**678**	**1,694,776**
168	115	360	–	3,926	329	194,588
27	56	168	–	3,419	200	69,626
–	–	–	–	–	–	194,213
–	–	(162)	–	(1,024)	(83)	(2,865)
–	–	–	–	–	–	(16,465)
195	171	366	–	6,321	446	439,097
25	76	187	–	3,547	102	63,625
–	–	–	–	–	–	103,893
–	–	–	–	(1,022)	(112)	(23,814)
220	**247**	**553**	**–**	**8,846**	**436**	**582,801**
45	**97**	**354**	**31,183**	**3,317**	**242**	**1,111,975**
61	173	299	113,122	3,567	416	1,184,927

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 FIXED ASSETS (CONT'D)

Company	Office equipment US$'000	Computer hardware US$'000	Furniture and fittings US$'000	Motor vehicles US$'000	Renovation US$'000	Vessels under construction US$'000	Total US$'000
Cost							
At 1 January 2016	128	129	273	199	501	46,206	47,436
Additions	–	202	13	–	399	92,367	92,981
Transfer to subsidiaries	–	–	–	–	–	(38,476)	(38,476)
Disposals/write-offs	–	(15)	(52)	–	(501)	–	(568)
Impairment	–	–	–	–	–	(4,056)	(4,056)
At 31 December 2016 and 1 January 2017	128	316	234	199	399	96,041	97,317
Additions	–	3	–	–	38	66,570	66,611
Transfer to subsidiaries	–	–	–	–	–	(166,667)	(166,667)
Impairment	–	–	–	–	–	4,056	4,056
At 31 December 2017	**128**	**319**	**234**	**199**	**437**	**–**	**1,317**
Accumulated depreciation							
At 1 January 2016	60	77	168	112	158	–	575
Depreciation for the year	24	42	24	41	130	–	261
Disposals/write-offs	–	–	–	–	(157)	–	(157)
At 31 December 2016 and 1 January 2017	84	119	192	153	131	–	679
Depreciation for the year	24	64	22	40	142	–	292
At 31 December 2017	**108**	**183**	**214**	**193**	**273**	**–**	**971**
Net book value							
At 31 December 2017	**20**	**136**	**20**	**6**	**164**	**–**	**346**
At 31 December 2016	44	197	42	46	268	96,041	96,638

During the year, the Group's vessels with an aggregate carrying value of US$495,952,000 (2016: US$398,859,000) were mortgaged to secure the Group's term loans (Note 17).

Impairment of fixed assets

During the financial year, the Group carried out a review of the recoverable amount of its vessels and vessels under construction in view of the depressed conditions in the offshore marine sector. An impairment of US$103,893,000 (2016: US$194,213,000) and US$4,362,000 (2016: US$4,737,000), representing the write-down of these vessels and vessels under construction respectively to their recoverable amounts was recognised. The recoverable amount of these vessels and vessels under construction was based on the higher of fair value less cost of disposal or value in use. The fair value less cost of disposal was determined by an independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6 INTANGIBLE ASSETS

The intangible assets comprise separately acquired software.

	Group US$'000	Company US$'000
Cost		
At 1 January 2016	895	649
Addition	16	–
At 31 December 2016 and 1 January 2017	**911**	**649**
Addition	211	–
At 31 December 2017	**1,122**	**649**
Accumulated amortisation		
At 1 January 2016	866	648
Amortisation	33	1
At 31 December 2016 and 1 January 2017	899	649
Amortisation	128	–
At 31 December 2017	**1,027**	**649**
Net carrying amount		
At 31 December 2017	**95**	**–**
At 31 December 2016	12	–

7 INTEREST IN JOINT VENTURES

	Group		Company	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
Unquoted equity investments, at cost	**57,644**	57,624	**39,338**	39,338
Impairment	**–**	–	**(28,696)**	(20,178)
	57,644	57,624	**10,642**	19,160
Share of post-acquisition reserves	**11,943**	(646)	**–**	–
Deferred income	**(14,266)**	(19,136)	**–**	–
Receivables from a joint venture	**25,347**	25,347	**25,347**	25,347
	80,668	63,189	**35,989**	44,507

During the current financial year, management performed impairment testing for the Company's investment in certain joint ventures. Based on assessment of the joint ventures' historical and current performance, estimated value and probability of future cash flows, the Company has made an allowance for impairment against the respective investments amounting to US$8,518,000 (2016: US$3,810,000).

Deferred income relates to unrealised gains on disposal of vessels to joint ventures. Receivables from a joint venture arose from the disposal of vessels to a joint venture for which repayment is neither planned nor likely to occur in the foreseeable future.

In the prior financial year, the Company received dividends of US$2,155,000 from POSH Terasea Pte. Ltd., from which there were no such receipts in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INTEREST IN JOINT VENTURES (CONT'D)

The joint ventures are as follows:

Name of Joint Venture	Country of Incorporation	Proportion of Ownership Interest		Principal Activities
		2017 %	2016 %	
Pacific Workboats Pte. Ltd.[1]	Singapore	**50.0**	50.0	Owner and operator of vessels
POSH Havila Pte. Ltd.[1]	Singapore	**50.0**	50.0	Owner and operator of vessels
Nimitrans Pte. Ltd.[1]	Singapore	**50.0**	50.0	Owner and operator of vessels
POSH Terasea Pte. Ltd. and its subsidiaries[1]	Singapore	**50.0**	50.0	Owner and operator of vessels
PT Win Offshore[2]	Indonesia	**49.0**	49.0	Owner and operator of vessels
PT Mandiri Abadi Maritim[2]	Indonesia	**49.0**	49.0	Owner and operator of vessels
Servicios Maritimos Gosh, S.A.P.I. de C.V.[3]	Mexico	**73.5**	73.5	Offshore business
PACC Offshore Mexico S.A. de C.V.[3]	Mexico	**49.0**	49.0	Offshore business
Servicios Maritimos POSH, S.A.P.I. de C.V. and its subsidiaries[3]	Mexico	**49.0**	49.0	Offshore business
POSH Middle East Marine Services LLC[3]	Abu Dhabi	**49.0**	–	Offshore business (incorporated on 8 May 2017)

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by RSM Indonesia

(3) Not required to be audited in accordance with the laws of the country of incorporation

Aggregate information about the Group's interest in joint ventures that are not individually material is as follows:

	Group	
	2017 US$'000	2016 US$'000
Loss after taxation – representing total comprehensive loss	**(26,828)**	(13,549)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INTEREST IN JOINT VENTURES (CONT'D)

The activities of the joint ventures are strategic to the Group's activities. The summarised financial information in respect of Pacific Workboats Pte. Ltd. and POSH Terasea Pte. Ltd. and its subsidiaries ("POSH Terasea Group") and a reconciliation with the carrying amounts of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

Group	Pacific Workboats Pte. Ltd. US$'000	POSH Terasea Group US$'000
At 31 December 2017		
Cash and cash equivalents	**935**	**34,510**
Current assets	**10,375**	**26,805**
Non-current assets	**79,038**	**183,843**
Total assets	**90,348**	**245,158**
Current liabilities	**5,296**	**74,450**
Non-current liabilities	**6,582**	**115,041**
Total liabilities	**11,878**	**189,491**
Net assets	**78,470**	**55,667**
Group's effective interest	**50%**	**50%**
Group's share of net assets	**39,235**	**27,834**
Other adjustment	**–**	**11,080**
Carrying amount of investment	**39,235**	**38,914**
At 31 December 2016		
Cash and cash equivalents	904	11,195
Current assets	10,211	11,167
Non-current assets	90,955	205,832
Total assets	102,070	228,194
Current liabilities	11,161	43,542
Non-current liabilities	7,124	161,573
Total liabilities	18,285	205,115
Net assets	83,785	23,079
Group's effective interest	50%	50%
Group's share of net assets	41,893	11,540
Other adjustment	–	6,964
Carrying amount of investment	41,893	18,504

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INTEREST IN JOINT VENTURES (CONT'D)

Summarised statement of comprehensive income

Group	Pacific Workboats Pte. Ltd. US$'000	POSH Terasea Group US$'000
2017		
Revenue	**12,448**	**144,120**
Depreciation and amortisation	**(6,211)**	**(19,022)**
Other operating expenses	**(11,655)**	**(88,303)**
Interest expense, net	**(167)**	**(4,172)**
Taxation	**270**	**(35)**
(Loss)/profit after taxation	**(5,315)**	**32,588**
Other comprehensive income	**–**	**–**
Total comprehensive (loss)/income	**(5,315)**	**32,588**
2016		
Revenue	16,242	75,260
Depreciation and amortisation	(6,322)	(18,080)
Other operating expenses	(14,573)	(60,550)
Interest expense, net	(157)	(4,383)
Taxation	(90)	–
Loss after taxation	(4,900)	(7,753)
Other comprehensive income	–	–
Total comprehensive loss	(4,900)	(7,753)

8 RECEIVABLES AND OTHER NON-CURRENT ASSETS

	Group	
	2017 US$'000	2016 US$'000
Prepayments	**1,616**	1,982

Prepayments relate to advances paid for charter hire of vessels.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9 DERIVATIVES

	Group			Company		
	Contract/ Notional Amount	Fair value		Contract/ Notional Amount	Fair value	
		Asset	Liability		Asset	Liability
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2017						
Derivatives held for hedging						
Cash-flow hedges						
– Interest rate swaps	**439,225**	**7,295**	**–**	**200,000**	**1,261**	**–**
2016						
Derivatives held for hedging						
Cash-flow hedges						
– Interest rate swaps	199,535	5,600	–	–	–	–

Interest rate swaps are used to hedge the fluctuating interest rates on the Group's borrowings. The interest rate swaps receive floating interest equal to one month or three months LIBOR, pay fixed rates of interest ranging from 1.280% to 1.940% (2016: 1.280% to 1.525%) per annum and mature between 11 July 2020 to 11 April 2023 (2016: 18 January 2023 to 11 April 2023).

10 CONSUMABLES

Consumables mainly comprise bunkers onboard vessels.

11 RECEIVABLES AND OTHER CURRENT ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**65,041**	55,245	**–**	–
Retention sums	**1,925**	–	**–**	–
Other receivables	**7,934**	17,611	**2,150**	273
Deposits	**3,316**	4,015	**2,770**	3,104
	78,216	76,871	**4,920**	3,377
Prepayments	**4,987**	2,755	**957**	66
	83,203	79,626	**5,877**	3,443

Trade receivables

With the exception of a trade debtor whose credit terms is 365 days, trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11 RECEIVABLES AND OTHER CURRENT ASSETS (CONT'D)

Receivables that are past due but not impaired

As at 31 December 2017 and 2016, the Group has trade receivables amounting to US$13,883,000 and US$14,953,000 respectively that are past due at the end of the reporting periods but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting periods is as follows:

	Group	
	2017 US$'000	2016 US$'000
Less than 3 months	**10,169**	9,337
3 to 6 months	**1,846**	706
More than 6 months	**1,868**	4,910
	13,883	14,953

Receivables that are impaired

The Group has trade receivables that are impaired at the end of the reporting periods and the movements of allowance account used to record the impairment are as follows:

	2017 US$'000	2016 US$'000
Trade receivables – nominal amounts	**36,320**	34,473
Allowance for impairment	**(32,509)**	(29,288)
	3,811	5,185

Movements in allowance account:

	2017 US$'000	2016 US$'000
At 1 January	**29,288**	16,336
Allowance during the year	**3,221**	13,768
Provision written-off	**–**	(816)
At 31 December	**32,509**	29,288

Trade receivables that are individually determined to be impaired at the end of the reporting periods relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other receivables

Other receivables comprise the following amounts:

	Group		Company	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
Claim receivables	**1,055**	5,886	**2**	–
Capitalised charter cost	**2,093**	3,909	**–**	–
Advances	**1,886**	6,426	**–**	–
Others	**2,900**	1,390	**2,148**	273
	7,934	17,611	**2,150**	273

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11 RECEIVABLES AND OTHER CURRENT ASSETS (CONT'D)

Deposits

An allowance of US$399,000 (2016: US$Nil) has been recognised in the "other expenses, net" line of the consolidated statement of comprehensive income for deposits made by the Group in relation to the sale and purchase agreement to acquire a property as disclosed in Note 37.

Receivables and other current assets are denominated in the following currencies:

	Group		Company	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
United States Dollar	**52,830**	62,311	**2,129**	209
Singapore Dollar	**9,195**	10,951	**2,906**	3,234
Australian Dollar	**16,076**	–	**–**	–
Saudi Riyal	**2,995**	–	**–**	–
Others	**2,107**	6,364	**842**	–
	83,203	79,626	**5,877**	3,443

12 DUE FROM SUBSIDIARIES, JOINT VENTURES AND RELATED COMPANIES

	Group		Company	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
Current				
Due from subsidiaries (non-trade)	**–**	–	**771,682**	810,150
Due from joint ventures				
– Trade	**35,210**	16,858	**–**	–
– Non-trade	**39,851**	54,632	**34,896**	50,435
	75,061	71,490	**806,578**	860,585
Due from related companies (non-trade)	**1,337**	523	**3**	–
	76,398	72,013	**806,581**	860,585
Non–current				
Due from joint ventures (non-trade)	**31,877**	21,834	**27,050**	21,834
	108,275	93,847	**833,631**	882,419

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and receivable on demand.

The current amounts due from joint ventures are unsecured and interest-free, except for amounts of US$961,000 (2016: US$6,950,000) which are unsecured, subordinated to the borrowings under loan facilities undertaken by the joint ventures and bear interest at a range of 2.24% to 5.99% (2016: 1.62% to 5.00%) per annum.

Non-current amounts of US$18,146,000 (2016: US$20,217,000) owing from joint ventures are unsecured, subordinated to the borrowings under loan facilities undertaken by the joint ventures and bear interest at a range of 2.24% to 5.99% (2016: 1.62% to 5.00%) per annum. The settlements of these amounts are based on expected cash flows to be derived over a period of three to eight (2016: two to nine) years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12 DUE FROM SUBSIDIARIES, JOINT VENTURES AND RELATED COMPANIES (CONT'D)

Due from subsidiaries and joint ventures that are impaired

Based on assessments of the subsidiaries' and joint ventures' historical and current performances, estimated value and probability of future cash flows, the Company has provided the following allowances:

	Subsidiaries		Joint Ventures	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Due from – nominal amounts	**923,124**	826,423	**36,083**	13,878
Allowance for impairment	**(289,258)**	(185,111)	**(15,275)**	(2,934)
	633,866	641,312	**20,808**	10,944

Movements in allowance account:

	Subsidiaries		Joint Ventures	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
At 1 January	**185,111**	32,634	**2,934**	–
Allowance during the year	**104,769**	153,551	**12,341**	2,934
Write-back during the year	**(622)**	(1,074)	**–**	–
At 31 December	**289,258**	185,111	**15,275**	2,934

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Cash at banks and on hand	**5,792**	14,178	**1,215**	2,970
Short-term deposits	**11,296**	880	**11,296**	880
	17,088	15,058	**12,511**	3,850

Cash at banks and on hand relate to cash and bank balances which earn interest at daily bank rates.

Short-term deposits are placed for varying periods of between one and seventeen days (2016: one and nineteen days), depending on the immediate cash requirements of the Group and the Company, and earn interest at rates between 0.1% to 1.5% (2016: 0.1% to 0.6%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
United States Dollar	**10,505**	12,456	**8,809**	1,994
Singapore Dollar	**2,040**	1,864	**2,023**	1,848
Australian Dollar	**1,702**	–	**1,674**	–
Saudi Riyal	**2,694**	–	**–**	–
Others	**147**	738	**5**	8
	17,088	15,058	**12,511**	3,850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

14 FIXED ASSETS CLASSIFIED AS HELD-FOR-SALE

	Note	Group	
		2017 US$'000	2016 US$'000
At 1 January		**2,547**	1,791
Transfer from fixed assets	5	**–**	756
Disposal		**(2,547)**	–
At 31 December		**–**	2,547

In the prior financial year, the Group entered into agreements with various third parties for the sale of vessels. Accordingly, these vessels were classified as held-for-sale as at the end of prior financial year. The Group completed the disposal of these vessels in the current financial year. Prior to the reclassification of these vessels from fixed assets, the Group had recognised an impairment of US$8,029,000 to write down these vessels to the lower of its carrying amount and fair value less costs to sell.

15 (a) SHARE CAPITAL

	Group and Company			
	2017		2016	
	No. of ordinary shares '000	**US$'000**	No. of ordinary shares '000	US$'000
Issued and fully paid:				
At 1 January and 31 December	**1,820,000**	**827,201**	1,820,000	827,201

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets. The ordinary shares have no par value.

(b) TREASURY SHARES

	Group and Company			
	2017		2016	
	No. of ordinary shares '000	**US$'000**	No. of ordinary shares '000	US$'000
At 1 January	**8,053**	**1,828**	7,295	1,669
Acquired during the financial year	**180**	**38**	758	159
Reissuance to employees pursuant to employee share options plans	**(1,873)**	**(419)**	–	–
At 31 December	**6,360**	**1,447**	8,053	1,828

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 180,000 (2016: 758,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was US$38,000 (2016: US$159,000) and this has been presented as a component within shareholders' equity.

The Company reissued 1,873,000 (2016: Nil) treasury shares persuant to the Performance Share Plans during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16 OTHER RESERVES

Exchange reserve

This represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Hedging reserve

This represents the fair value changes on the effective portion of interest rate swaps designated as cash flow hedges.

Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 26). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

17 BANK BORROWINGS

	Group		Company	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
Current				
– Uncommitted revolving loans	**161,400**	248,487	**161,400**	248,487
– Term loans	**23,064**	20,620	**–**	–
	184,464	269,107	**161,400**	248,487
Non-current				
– Committed revolving loans	**295,000**	200,000	**295,000**	200,000
– Term loans	**289,461**	239,225	**–**	–
	584,461	439,225	**295,000**	200,000
Total	**768,925**	708,332	**456,400**	448,487

Revolving loans (unsecured)

In August 2017, the Company entered into a facility agreement that provided for revolving loans amounting to US$45,000,000 (2016: US$550,000,000). With these revolving loans, the Company has total revolving loan facilities amounting to US$595,000,000 (2016: US$550,000,000). These revolving loan facilities are scheduled to expire between August 2020 to July 2021.

The committed revolving loans of US$295,000,000 (2016: US$200,000,000) are repayable within 12 months after reporting date but have been classified as non-current as the Company expects and has the discretion to exercise the rights under the facility agreements to refinance these loans. Such immediate replacement funding is available till August 2020 to July 2021.

The uncommitted revolving loans of US$161,400,000 outstanding as at 31 December 2017 (2016: US$248,487,000) has been classified as current liability as this funding is subject to the banks' approval for refinancing under the respective agreements. These agreements expire on July 2021.

The unsecured revolving loans bear interest at a weighted average rate of 2.77% (2016: 2.17%) per annum for the year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17 BANK BORROWINGS (CONT'D)

Term loans (secured)

The term loans bear interest at a weighted average rate of 3.06% (2016: 2.42%) per annum for the year ended 31 December 2017. The term loans are secured on certain vessels of the Group (Note 5), assignment of insurances and corporate guarantee from the Company. The assignment of charter and earnings to secure certain term loans are only effected upon the occurrence of an event of default.

The terms of the loans are as follow:

- US$239,225,000 (2016: US$259,845,000) repayable in 25 equal quarterly instalments over a period of seven years commencing six months from the date of draw down, with a final bullet instalment;
- US$44,200,000 (2016: US$Nil) repayable in eight semi-annual instalments over a period of five years commencing 18 months from the date of draw down, with a final bullet instalment; and
- US$29,100,000 (2016: US$Nil) repayable in 25 equal quarterly instalments over a period of seven years commencing six months from the date of draw down, with a final bullet instalment.

18 PAYABLES AND ACCRUALS

	Group		Company	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
Trade payables	**18,726**	11,799	**–**	–
Vessel related accruals	**49,946**	23,907	**–**	–
Other accruals	**36,918**	33,446	**18,942**	19,450
Other payables	**4,705**	4,409	**312**	809
	110,295	73,561	**19,254**	20,259

Trade and other payables are non-interest bearing. Trade payables are normally settled on 30 days term.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
United States Dollar	**81,822**	61,884	**16,707**	14,711
Singapore Dollar	**8,578**	8,796	**2,362**	5,548
Australian Dollar	**12,399**	22	**–**	–
Mexican Peso	**2,815**	1,136	**–**	–
Saudi Riyal	**1,401**	–	**–**	–
Others	**3,280**	1,723	**185**	–
	110,295	73,561	**19,254**	20,259

19 ADVANCES RECEIVED FROM CUSTOMERS

Advances received from customers relate to deposits received from various charterers in connection with the charter hire and/or sale of vessels.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

20 DUE TO SUBSIDIARIES, JOINT VENTURES AND RELATED COMPANIES

	Group		Company	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
Due to subsidiaries	**–**	–	**28,821**	44,901
Due to joint ventures	**60,093**	29,301	**4,047**	4,126
	60,093	29,301	**32,868**	49,027
Due to related companies	**5,602**	2,505	**4,407**	2,402
	65,695	31,806	**37,275**	51,429

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand. These amounts are denominated in United States Dollars.

The amounts due to joint ventures and related companies are trade in nature, unsecured, interest-free, payable on demand, and are to be settled in cash. These amounts are denominated in United States Dollars.

21 DUE TO HOLDING COMPANY

The amounts are non-trade, unsecured, interest-free, payable on demand, and are to be settled in cash. These amounts are denominated in United States Dollars.

22 OTHER EXPENSES, NET

		Group	
	Note	**2017 US$'000**	2016 US$'000
Interest income			
– Joint ventures		**1,436**	1,741
– Others		**544**	518
(Loss)/gain on disposal of fixed assets		**(3,133)**	352
Foreign exchange (loss)/gain		**(180)**	226
Sundry income		**4,887**	4,498
Allowance for deposit	11	**(399)**	–
Impairment of fixed assets	5	**(108,255)**	(198,950)
Impairment of goodwill	4	**(57,125)**	(111,178)
		(162,225)	(302,793)

23 FINANCE COSTS

	Group	
	2017 US$'000	2016 US$'000
Interest expense on borrowings	**22,847**	14,412

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24 LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

		Group	
	Note	**2017 US$'000**	2016 US$'000
Amortisation of intangible assets	6	**(128)**	(33)
Depreciation of fixed assets	5	**(63,625)**	(69,626)
Consumables recognised as an expense in cost of sales		**(12,976)**	(9,322)
Bad debts written off		**–**	(1,882)
Allowance for doubtful debts – trade	11	**(3,221)**	(13,768)
Allowance for deposit	22	**(399)**	–
Fixed assets written off		**–**	(505)
Staff costs			
– Salaries and related costs		**(40,857)**	(40,305)
– CPF contributions or equivalents		**(1,318)**	(1,177)
– Share-based payment	26	**(452)**	(591)

The amounts of staff costs shown above does not include staff costs recognised in vessels under construction of approximately US$318,000 (2016: US$380,000).

25 TAXATION

	Group	
	2017 US$'000	2016 US$'000
Current taxation		
– Singapore tax	**590**	469
– Foreign tax	**3,787**	202
– Underprovision in respect of prior years	**247**	100
	4,624	771
Deferred taxation		
– Current year	**211**	284
– Overprovision in respect of prior years	**(151)**	(8)
	60	276
Withholding tax	**144**	224
	4,828	1,271

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 TAXATION (CONT'D)

The tax expense on the results of the financial years varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's loss as a result of the following:

	Group	
	2017 US$'000	2016 US$'000
Loss before taxation	**(225,433)**	(370,313)
Tax at statutory rate of 17% (2016: 17%)	**(38,324)**	(62,953)
Tax effect on non-deductible expenses	**37,897**	56,909
Net tax exempt loss under Section 13A or 13F of the Singapore Income Tax Act	**1,567**	2,282
Income not subjected to tax	**(105)**	(252)
Underprovision in respect of prior years	**96**	92
Withholding tax	**144**	224
Effect of different tax rate in other countries	**3,272**	2,085
Effect of partial tax exemption and tax relief	**(205)**	(332)
Benefits from previously unrecognised deferred tax assets	**(1,237)**	(1,572)
Deferred tax assets not recognised	**2,124**	2,440
Share of results of joint ventures	**(401)**	2,348
	4,828	1,271

The Group did not recognise deferred tax assets arising from tax losses amounting to US$6,023,000 (2016: US$4,479,000), in accordance with the accounting policy stated in Note 2.24(b). The use and availability of these tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Income derived from the charter hire of vessels stationed in waters outside of Singapore during the financial year is exempt from income tax under Section 13A and Section 13F of the Singapore Income Tax Act, Chapter 134. At the end of the respective reporting periods, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries and joint ventures as:

– The Group is in a position to control the timing of the reversal of the temporary differences of its subsidiaries and it is probable that such differences will not reverse in the foreseeable future; and

– The joint ventures of the Group require the consent of both partners to distribute its earnings. At the end of the reporting period, the Group does not foresee giving such consent.

In the previous financial year, there were no tax consequences attached to the dividends proposed by the Company but not recognised as a liability in the financial statements (Note 35).

NOTES TO THE FINANCIAL STATEMENTS

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26 EMPLOYEE BENEFITS

Share Plans

The Company has in place two share-based incentive plans namely the POSH Share Option Plan (the "SOP") and the POSH Performance Share Plan (the "PSP"), (collectively, the "Share Plans") to reward, retain and motivate employees and Non-Executive Directors of the Group, as well as to align the interests of employees with the interests of the Group and its shareholders, thereby enhancing the long-term growth of the Company and the Group.

Share Option Plan

Under the POSH Share Option Plan ("SOP"), share options are awarded to key employees of the Group with direct contributions to POSH, who are holding critical positions, and are high potentials and key talents for future roles. The share options shall be exercised in accordance with the vesting schedule below:

Year 1	25 January 2018 to 24 January 2019	50%
Year 2	25 January 2019 to 24 January 2020	30%
Year 3	On or after 25 January 2020	20%

All options are to be settled by physical delivery of shares. The options granted expire after 10 years or upon cessation of employment. The Company reserves the right to enforce clawback of any share award, in the event of one or more of the following, such as material risks, financial misstatements, gross misconduct, malfeasance or fraud.

The fair value of the share options are estimated at grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted.

The movements in the number of awards and the weighted average exercise prices ("WAEP") granted under the SOP during the financial year are as follows:

	Group 2017	
	Number of awards	**WAEP (S$)**
Date of grant: 25 January 2017		
Granted	**1,549,000**	**0.34**
Forfeited	**(189,000)**	**0.34**
At 31 December	**1,360,000**	**0.34**

The inputs to the option pricing model for the year ended 31 December 2017 are as follows:

	2017
Dividend yield (%)	**Nil**
Expected volatility (%)	**37.91**
Risk-free rate (%)	**2.3**
Share price at grant date (S$)	**0.355**

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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26 EMPLOYEE BENEFITS (CONT'D)

Share Plans (cont'd)

Performance Share Plan

Performance Share Plan ("PSP") awards are granted to the top management team (i.e. CEO, Deputy CEO, CFO and Divisional Directors) to motivate and drive long-term performance, align interests of key executives with the interests of the Group and its stakeholders, and to recognise and retain key executives whose contributions are essential to long-term growth and profitability of the Group.

PSP awards granted in 2017 will vest on the third anniversary of the award date (i.e. 25 January 2020), subject to the achievement of performance and/or service conditions as determined by the Remuneration Committee.

Upon cessation of employment, unvested shares will be forfeited in accordance to POSH PSP plan rules. The Company reserves the right to enforce clawback of any share award, in the event of one or more of the following, such as material risks, financial misstatements, gross misconduct, malfeasance or fraud.

The movement in the number of shares granted under the PSP are as follows:

	2017		2016	
	2017 Award (Batch 3)	**2016 Award (Batch 1)**	2016 Award (Batch 2)	2016 Award (Batch 1)
At 1 January	**–**	**1,839,000**	–	–
Granted	**1,962,000**	**–**	1,837,000	1,839,000
Forfeited/cancelled	**–**	**(120,000)**	–	–
Vested	**–**	**–**	(1,837,000)	–
At 31 December	**1,962,000**	**1,719,000**	–	1,839,000

27 INVESTMENT IN SUBSIDIARIES

	Company	
	2017 US$'000	2016 US$'000
Unquoted equity investments, at cost	**483,056**	482,856
Incorporation of a subsidiary	**100**	200
Impairment	**(370,663)**	(151,440)
	112,493	331,616

During the current financial year, management performed impairment testing for the Company's investment in subsidiaries. Based on assessments of the subsidiaries' historical and current performance and estimated value, the Company has made an allowance for impairment against the respective investments amounting to US$219,223,000 (2016: US$25,246,000).

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27 INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries as at 31 December 2017 and 2016 are as follows:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest		Principal Activities
		2017 %	2016 %	
Held by the Company				
POSH Semco Pte Ltd[1]	Singapore	**100**	100	Operator of vessels for offshore marine support services
POSH Maritime Pte Ltd[1]	Singapore	**100**	100	Dormant
Singapore Oil Spill Response Centre Pte Ltd[1]	Singapore	**100**	100	Provision of services to control pollution from oil & chemical spillage & to protect the marine environment
Semco Salvage and Towage Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (I) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (II) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (III) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (IV) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (V) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Ibis Shipping Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Maritime Alpha Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Maritime Bravo Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Maritime Charlie Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Maritime Delta Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Raven Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Swallow Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Condor Shipping Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Jacana Shipping Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Starling Shipping Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Labrador Shipping Corporation[3]	Malaysia	**100**	100	Dormant

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27 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest		Principal Activities
		2017 %	2016 %	
Held by the Company (cont'd)				
Larkspur Pte Ltd[1]	Singapore	**100**	100	Dormant
Newfoundland Shipping Corporation[3]	Malaysia	**100**	100	Dormant
POSH Fleet Services Pte Ltd[1]	Singapore	**100**	100	Provision of ship management services
POSH Australia Pty Ltd[7]	Australia	**100**	100	Dormant
Crescent Marine Pte Ltd[1]	Singapore	**100**	100	Chartering of ships, barges and boats with crew (freight)
Crescent Marine (Alpha) Pte Ltd[1]	Singapore	**100**	–	Owner and operator of vessels (incorporated on 12 July 2017)
Crescent Marine (Bravo) Pte Ltd[1]	Singapore	**100**	–	Owner and operator of vessels (incorporated on 23 October 2017)
POSH (USA) Inc.[7]	United States	**100**	100	Dormant
PACC Offshore (UK) Limited[4]	United Kingdom	**100**	100	Dormant
Maritime Vanguard Pte Ltd[1]	Singapore	**100**	100	Operator of vessels for offshore marine support services
Adara Limited[7]	British Virgin Islands	**100**	100	Owner and operator of vessels
Mayan Investments Pte Ltd[1]	Singapore	**100**	100	Investment holding
Eide Marine Offshore B.V.[6]	The Netherlands	**100**	100	Renting and leasing of ships, support activities for water transport
Valley Ocean Limited[7]	British Virgin Islands	**100**	100	Owner and operator of vessels
Pacific Cosmo Ventures Limited[7]	British Virgin Islands	**100**	100	Owner and operator of vessels
POSH Saudi Co. Ltd[5]	Kingdom of Saudi Arabia	**75**	75	Operator of vessels for offshore marine support services
POSH Investment Holdings Pte Ltd[1]	Singapore	**100**	100	Investment holding

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27 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest		Principal Activities
		2017 %	2016 %	
Held through subsidiaries				
POSH Semco (B) Sdn Bhd[2]	Brunei	**100**	100	Dormant
Operadora De Servicios Costa Afuera S.A. de C.V.[7]	Mexico	**99**	99	Service company
POSH Fleet Services Mexico S.A. de C.V.[7]	Mexico	**99**	99	Dormant
POSH Gannet S.A. de C.V.[7]	Mexico	**100**	100	Owner and operator of vessels
POSH Skua S.A. de C.V.[7]	Mexico	**100**	100	Owner and operator of vessels

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Ernst & Young, Brunei

(3) Audited by Mazars, Malaysia

(4) Audited by Littlestone Golding Chartered Accountants, United Kingdom

(5) Audited by Ernst & Young, Kingdom of Saudi Arabia

(6) BDO Audit & Assurance B.V., Netherlands

(7) Not required to be audited in accordance with the laws of the country of incorporation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28 RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties at mutually agreed terms and amounts:

	Group	
	2017 US$'000	2016 US$'000
Immediate holding company		
– Corporate support expenses	**2,008**	2,157
Fellow subsidiaries and associates of the holding company		
– Office rental expenses	**1,183**	1,594
– Ship management fees income	**–**	103
– Management support fees income	**572**	–
– Charter hire expenses	**–**	1,205
– Ship repair, maintenance and modification costs	**2,810**	3,127
– Shipbuilding costs	**65,262**	148,135
– Wharfage and rent of berthing space	**342**	817
– Charter hire income	**1,497**	340
Joint ventures of the Group		
– Charter hire expenses	**10,625**	18,721
– Charter hire income	**14,940**	16,191
– Ship management fees	**1,175**	1,033
– Ship management fees income	**2,408**	2,882
– Management support fees income	**–**	1,851
– Office rental expenses	**29**	–
– Procurement agency fees	**84**	336
Compensation of Directors and key management personnel		
– Salaries and related costs	**1,989**	1,945
– CPF contribution or equivalents	**49**	47
– Directors fees	**475**	482
– Share-based payment	**235**	446
	2,748	2,920
Comprise amounts paid to:		
– Directors of the Company	**1,276**	1,279
– Other key management personnel	**1,472**	1,641
	2,748	2,920

Commitments with related parties

As at end of the financial year ended 31 December 2017, the Group has outstanding commitments with related parties as follows:

(a) shipbuilding contracts for the construction of new vessels and conversion of existing vessels with fellow subsidiaries and associates of the holding company;

(b) office rental lease agreement with associates of the holding company; and

(c) operating lease agreements with joint ventures and associates of the holding company to charter-in vessels.

The amounts of outstanding commitments are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has four reportable segments as follows:

Offshore Supply Vessels

The Offshore Supply Vessels segment supports mid to deepwater operations of rig and oilfield operators. This segment also operates Platform Supply Vessels that transport drilling materials and supplies to drilling rigs, offshore production platforms as well as pipes and other materials for construction of marine structures or pipelines.

Transportation and Installation

The Transportation and Installation segment supports marine contractors in construction and maintenance of oilfield infrastructure and pipelines. This segment includes a joint venture company which operates Anchor Handling Tugs specialising in cross-ocean towing, transporting large marine structures from the builder's yard and installing them in the oilfields. It also includes float-over of launching operations of large marine structures and ballastable tank barges and tugs for transportation of construction materials and subsea pipes.

Offshore Accommodation

The Offshore Accommodation segment owns and operates vessels that are capable of meeting a range of accommodation, transportation and hospitality needs in offshore oilfields for workers carrying out offshore construction and/or maintenance operations.

Harbour Services and Emergency Response

The Harbour Services segment supports the harbour or coastal tugging operations and heavy lifting operations of shipyards, ports and oil and gas terminals. Through a joint venture company, it also operates a modern fleet of Azimuth Stern Drive harbour tugs. In addition, the Group operates a fleet of heavy lift crane barges.

The Emergency Response segment offers a comprehensive range of services, equipment and personnel capable of handling firefighting, rescue and salvage and oil spill events in the Asia Pacific and Indian Ocean regions.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 SEGMENT INFORMATION (CONT'D)

	2017				
Group	**Offshore Supply Vessels US$'000**	**Offshore Accommodation US$'000**	**Transportation and Installation US$'000**	**Harbour Services and Emergency Response US$'000**	**Total US$'000**
Revenue	**74,975**	**81,755**	**14,123**	**21,384**	**192,237**
Segment results	**(19,178)**	**(15,026)**	**(6,796)**	**2,530**	**(38,470)**
Share of results of joint ventures	**(10,656)**	**–**	**15,672**	**(2,657)**	**2,359**
Impairment of fixed assets	**(78,717)**	**(21,533)**	**(7,149)**	**(856)**	**(108,255)**
Impairment of goodwill	**–**	**–**	**(57,125)**	**–**	**(57,125)**
Interest income					**1,980**
Interest expense					**(22,847)**
Taxation					**(4,828)**
Unallocated other (expenses)/income, net					**(481)**
Unallocated general and administrative expenses					**(2,594)**
Loss for the year					**(230,261)**
Assets					
Segment assets	**526,380**	**647,657**	**131,665**	**73,830**	**1,379,532**
Unallocated assets					**34,292**
Total assets					**1,413,824**
Liabilities					
Segment liabilities	**102,460**	**40,767**	**6,039**	**7,293**	**156,559**
Unallocated liabilities					**797,054**
Total liabilities					**953,613**
Other information					
Depreciation	**30,736**	**24,149**	**6,356**	**1,829**	**63,070**
Additions to non-current assets	**62,396**	**481**	**42,345**	**4,618**	**109,840**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 SEGMENT INFORMATION (CONT'D)

	2016				
Group	**Offshore Supply Vessels US$'000**	**Offshore Accommodation US$'000**	**Transportation and Installation US$'000**	**Harbour Services and Emergency Response US$'000**	**Total US$'000**
Revenue	74,230	72,027	15,992	20,851	183,100
Segment results	(25,018)	(921)	(7,905)	2,293	(31,551)
Share of results of joint ventures	(8,775)	–	(2,588)	(2,451)	(13,814)
Impairment of fixed assets	(163,061)	(18,577)	(17,312)	–	(198,950)
Impairment of goodwill	(111,178)	–	–	–	(111,178)
Interest income					2,259
Interest expense					(14,412)
Taxation					(1,271)
Unallocated other (expenses)/income, net					695
Unallocated general and administrative expenses					(3,362)
Loss for the year					(371,584)
Assets					
Segment assets	553,492	650,524	198,623	74,583	1,477,222
Unallocated assets					28,368
Total assets					1,505,590
Liabilities					
Segment liabilities	64,284	12,381	8,491	8,932	94,088
Unallocated liabilities					723,239
Total liabilities					817,327
Other information					
Depreciation	38,699	21,395	7,423	1,576	69,093
Additions to non-current assets	89,064	59,465	23,398	4,685	176,612

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 SEGMENT INFORMATION (CONT'D)

Geographical information

Revenues

The Group provides a diverse range of offshore support vessels to service the offshore oil and gas exploration and production activities. The Group's operations are international and in particular where the major offshore oil and gas activities are located. The Group has no specific geographical objective and will deploy its vessels based on the demand and supply of the various international offshore oil and gas activities. The decision in allocating resources and assessing performance is driven by the optimal economic returns a vessel is able to achieve, taking into account demand, vessel specifications, rates, timing and availability of vessels in different geographical regions. The vessels may be deployed to other geographical regions at the end of the contract for the aforesaid criteria. Hence, it is not meaningful to present revenues by countries or geographical locations.

Information about major customers

There are two major customers that each contributed more than 10% of the Group's revenue:

(a) Revenue from one major customer amounting to US$48,509,000 (2016: US$49,352,000) was recorded in the Offshore Accommodation segment; and

(b) Revenue from one major customer amounting to US$20,409,000 (2016: US$Nil) was recorded in the Offshore Supply Vessels segment.

Non-current assets

Non-current assets are based on geographical location of the entities:

	Group	
	2017	2016
	US$'000	US$'000
Singapore	**763,835**	812,172
British Virgin Islands	**448,387**	473,416
Americas	**20,932**	48,890
Middle East	**372**	191
	1,233,526	1,334,669

30 COMMITMENTS

(a) Capital commitments

	Group and Company	
	2017	2016
	US$'000	US$'000
Capital expenditure in respect of fixed assets contracted with related parties but not provided for in the financial statements	**18,395**	85,594

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

30 COMMITMENTS (CONT'D)

(b) Rental commitments

The Group has entered into commercial leases primarily in relation to its office premises. For the financial years ended 31 December 2017 and 2016, these leases have an average tenure of between one to five years (2016: one to five years) with renewal option but no contingent rent provision included in the contracts. The Group is restricted from subleasing its leased office premises and office equipment to third parties.

Minimum lease payments recognised as an expense in consolidated statement of comprehensive income for the financial years ended 31 December 2017 and 2016 amounted to US$1,818,000 and US$1,574,000 respectively. Future minimum rental payable under non-cancellable operating leases at the end of the reporting periods are as follows:

	Group		Company	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
Due not later than one year	**1,416**	889	**925**	415
Due later than one year and not later than five years	**2,365**	320	**2,340**	–
	3,781	1,209	**3,265**	415

Included in the above office rental lease commitments are commitments with a fellow subsidiary of the holding company. These outstanding operating lease commitments falling due within one year and in the second to fifth year are US$925,000 (2016: US$415,000) and US$2,340,000 (2016: US$Nil) respectively.

(c) Operating lease commitments – as lessee

The Group has entered into bareboat leases of vessels from related parties. Future minimum bareboat leases payable under non-cancellable operating leases at the end of the respective reporting periods are as follows:

	Group	
	2017 US$'000	2016 US$'000
Not later than one year	**19,839**	22,667
Later than one year and not later than five years	**33,352**	54,566
Later than five years	**11,888**	17,691
	65,079	94,924

(d) Operating lease commitments – as lessor

The Group has entered into time-charter and bareboat leases on its vessels. Certain leases include a clause to enable upward revision of the leasing charge on an annual basis based on prevailing market conditions. Future minimum time-charter and bareboat receivable under operating leases at the end of the respective reporting periods are as follows:

	Group	
	2017 US$'000	2016 US$'000
Not later than one year	**108,445**	96,705
Later than one year and not later than five years	**203,334**	215,125
Later than five years	**3,356**	25,279
	315,135	337,109

30 COMMITMENTS (CONT'D)

(d) Operating lease commitments – as lessor (cont'd)

Non-cancellable leases included in operating lease commitments are as follows:

	Group	
	2017 US$'000	2016 US$'000
Not later than one year	**52,126**	72,136
Later than one year and not later than five years	**47,579**	66,605
Later than five years	**–**	3,716
	99,705	142,457

(e) Financial support

The Company has committed to provide continuing financial support to certain of its subsidiaries.

31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes will be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group operates internationally and its assets and revenues are essentially United States Dollar based. Foreign currency denominated assets and liabilities give rise to foreign exchange exposures. The Group is exposed to foreign currency risk mainly arising from its operations.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the Singapore Dollar ("SGD") exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

		2017 US$'000	2016 US$'000
		(Decrease)/Increase	
SGD	– strengthened 5%	**(105)**	(31)
	– weakened 5%	**105**	31

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to its interest-bearing debts. The Group manages its interest rate exposure by using floating-to-fixed interest rate swaps over the duration of its borrowings. Interest rate swaps entail the Group agreeing to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. This strategy allows the Group to fix the interest rates at current low interest rate environment and achieves a certain level of protection against future rate hikes.

As at 31 December 2017, the Group has interest rate swap agreements with notional amounts totalling US$439,225,000 (2016: US$199,535,000) whereby it receives variable rates equal to LIBOR and pays fixed rates of between 1.280% to 1.940% (2016: 1.280% to 1.525%) per annum on the notional amounts.

Sensitivity analysis for interest rate risk

At the end of the respective reporting periods, if USD interest rates had been 25 basis points lower/higher with all other variables held constant, the Group's results net of tax would have been US$1,596,000 (2016: US$1,470,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. Other comprehensive income would have been higher/lower by US$3,234,000 (2016: US$1,712,000) mainly as a result of higher fair value of interest rate swaps designated as cash flow hedges on variable rate borrowings.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit monitoring procedures. Credit risk is minimised and monitored via strictly limiting business dealings by the Group with business partners of high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

Advances are made to subsidiaries in support of their respective principal activities. Surplus cash is placed in a number of reputable banks.

Approximately 71% (2016: 71%) of the Group's trade receivables were due from 5 major debtors as at 31 December 2017. 34% (2016: 23%) of the Group's trade receivables were due from related parties while almost all of the Company's receivables were balances with related parties in 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(c) Credit risk (cont'd)

The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

Credit risk concentration profile

	2017		2016	
	US$'000	**% of total**	US$'000	% of total
By region				
Asia Pacific	**41,917**	**62.6**	11,257	20.4
Europe	**9,736**	**14.5**	32,610	59.0
Middle East	**8,751**	**13.1**	6,246	11.3
Africa	**5,865**	**8.8**	5,073	9.2
Americas	**697**	**1.0**	59	0.1
	66,966	**100.0**	55,245	100.0

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- Corporate guarantees provided by the Company as disclosed in Note 37.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's exposure to liquidity risk is minimal. The Group and the Company have available bank facilities at variable interest rates. It is the Group's policy for the placing of surplus funds to be managed centrally.

Due to the nature of the Group's and the Company's underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	1 year or less US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total US$'000
At 31 December 2017				
Financial assets				
Derivatives	**–**	**1,527**	**5,768**	**7,295**
Receivables and other assets	**74,237**	**–**	**–**	**74,237**
Due from subsidiaries and joint ventures	**75,663**	**20,838**	**13,716**	**110,217**
Due from related companies	**1,337**	**–**	**–**	**1,337**
Receivables from a joint venture	**–**	**25,347**	**–**	**25,347**
Cash and cash equivalents	**17,088**	**–**	**–**	**17,088**
Total undiscounted financial assets	**168,325**	**47,712**	**19,484**	**235,521**
Financial liabilities				
Payables and accruals	**105,825**	**–**	**–**	**105,825**
Due to subsidiaries and joint ventures	**60,093**	**–**	**–**	**60,093**
Due to related companies	**5,602**	**–**	**–**	**5,602**
Due to holding company	**196**	**–**	**–**	**196**
Bank borrowings	**205,708**	**525,724**	**153,751**	**885,183**
Total undiscounted financial liabilities	**377,424**	**525,724**	**153,751**	**1,056,899**
Total net undiscounted financial liabilities	**(209,099)**	**(478,012)**	**(134,267)**	**(821,378)**
At 31 December 2016				
Financial assets				
Derivatives	–	–	5,600	5,600
Receivables and other assets	66,536	–	–	66,536
Due from subsidiaries and joint ventures	73,263	4,868	20,160	98,291
Due from related companies	523	–	–	523
Receivables from a joint venture	–	25,347	–	25,347
Cash and cash equivalents	15,058	–	–	15,058
Total undiscounted financial assets	155,380	30,215	25,760	211,355
Financial liabilities				
Payables and accruals	67,179	–	–	67,179
Due to subsidiaries and joint ventures	29,301	–	–	29,301
Due to related companies	2,505	–	–	2,505
Due to holding company	195	–	–	195
Bank borrowings	284,947	340,840	161,638	787,425
Total undiscounted financial liabilities	384,127	340,840	161,638	886,605
Total net undiscounted financial liabilities	(228,747)	(310,625)	(135,878)	(675,250)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(d) Liquidity risk (cont'd)

Company	1 year or less US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total US$'000
At 31 December 2017				
Financial assets				
Derivatives	**–**	**1,261**	**–**	**1,261**
Receivables and other current assets	**4,920**	**–**	**–**	**4,920**
Due from subsidiaries and joint ventures	**807,180**	**16,011**	**13,716**	**836,907**
Due from related companies	**3**	**–**	**–**	**3**
Receivables from a joint venture	**–**	**25,347**	**–**	**25,347**
Cash and cash equivalents	**12,511**	**–**	**–**	**12,511**
Total undiscounted financial assets	**824,614**	**42,619**	**13,716**	**880,949**
Financial liabilities				
Payables and accruals	**11,442**	**–**	**–**	**11,442**
Due to subsidiaries and joint ventures	**32,868**	**–**	**–**	**32,868**
Due to related companies	**4,407**	**–**	**–**	**4,407**
Due to holding company	**196**	**–**	**–**	**196**
Bank borrowings	**174,024**	**345,496**	**–**	**519,520**
Total undiscounted financial liabilities	**222,937**	**345,496**	**–**	**568,433**
Total net undiscounted financial assets/(liabilities)	**601,677**	**(302,877)**	**13,716**	**312,516**
At 31 December 2016				
Financial assets				
Receivables and other current assets	3,377	–	–	3,377
Due from subsidiaries and joint ventures	862,358	4,868	20,160	887,386
Receivables from a joint venture	–	25,347	–	25,347
Cash and cash equivalents	3,850	–	–	3,850
Total undiscounted financial assets	869,585	30,215	20,160	919,960
Financial liabilities				
Payables and accruals	12,447	–	–	12,447
Due to subsidiaries and joint ventures	49,027	–	–	49,027
Due to related companies	2,402	–	–	2,402
Due to holding company	195	–	–	195
Bank borrowings	258,214	238,907	–	497,121
Total undiscounted financial liabilities	322,285	238,907	–	561,192
Total net undiscounted financial assets/(liabilities)	547,300	(208,692)	20,160	358,768

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments, and ensuring a prudent debt equity ratio. The Group monitors capital using a net gearing ratio, which is borrowings less cash and cash equivalents divided by total equity.

The net debt to equity ratio of the Group is 1.63 : 1 (2016: 1.01 : 1) for the financial year ended 31 December 2017. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 2016.

The Group has complied with externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

33 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Fair value through profit or loss				
Derivatives	**7,295**	5,600	**1,261**	–
Loans and receivables				
Receivables and other assets	**74,237**	66,536	**4,920**	3,377
Due from subsidiaries and joint ventures	**106,938**	93,324	**833,628**	882,419
Due from related companies	**1,337**	523	**3**	–
Receivables from a joint venture	**25,347**	25,347	**25,347**	25,347
Cash and cash equivalents	**17,088**	15,058	**12,511**	3,850
Total loans and receivables	**224,947**	200,788	**876,409**	914,993
Financial liabilities carried at amortised cost				
Payables and accruals	**105,825**	67,179	**11,442**	12,447
Due to subsidiaries and joint ventures	**60,093**	29,301	**32,868**	49,027
Due to related companies	**5,602**	2,505	**4,407**	2,402
Due to holding company	**196**	195	**196**	195
Bank borrowings	**768,925**	708,332	**456,400**	448,487
Total financial liabilities carried at amortised cost	**940,641**	807,512	**505,313**	512,558

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

34 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Level 2 fair value measurements

The derivative financial instruments of US$7,295,000 held by the Group for the financial year ended 31 December 2017 (2016: US$5,600,000) are classified under Level 2. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Level 3 fair value measurements

In the prior financial year, fixed assets classified as held for sale with a carrying amount of US$2,547,000 were written down to the fair value less cost to sell, resulting in an impairment loss of US$8,029,000 which was included as part of "other expenses, net" in the consolidated statement of comprehensive income. The fair value was determined based on memorandum of agreements.

Valuation policies and procedures

The Group's Chief Financial Officer ("CFO") who is assisted by the Financial Controller and Finance Manager (collectively referred to as the "Finance Team"), oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Finance Team reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of inputs (including those developed internally by the Group) used in the valuations.

Fair values of financial instruments by classes that are not carried at fair values and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of receivables and other current assets except prepayments, capitalised charter cost and advances, amounts owing from/to subsidiaries, joint ventures and related companies, loans to joint ventures, cash and cash equivalents, payables and accruals, amount owing to holding company and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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35 DIVIDENDS

	Group and Company	
	2017 US$'000	2016 US$'000
Declared and paid in prior financial year:		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend of $Nil per share (2016: S$0.005 per share)	**–**	6,704

36 LOSS PER SHARE

The basic and diluted loss per ordinary share ("EPS") are calculated by dividing the Group's net loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The weighted average number of ordinary shares for the financial years ended 31 December 2017 and 2016, takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2017 US$'000	2016 US$'000
Net loss for the year, representing total comprehensive loss attributable to shareholders	**(230,266)**	(371,448)

	No. of shares ('000)	No. of shares ('000)
Weighted average number of ordinary shares for basic and diluted loss per share computation	**1,813,720**	1,812,001

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

37 CONTINGENT LIABILITIES

(a) The Company provided the following guarantees at the end of the reporting periods:

	Company	
	2017 US$'000	2016 US$'000
Refund and performance guarantees		
– Subsidiaries	**4,431**	5,059
– Joint ventures[1]	**3,734**	8,334
Corporate guarantees		
– Subsidiaries[2]	**312,525**	262,000
– Joint venture[3]	**8,688**	14,525

1 A joint venture partner has provided an indemnity to the Company for its proportionate share in the refund and performance guarantees of US$1,330,000 (2016: US$5,930,000).

2 Corporate guarantees for its subsidiaries' term loans drawn down under various loan facilities with maturities between August 2022 to December 2024.

3 Corporate guarantees for its proportionate share for a joint venture's banking facilities which the Company is severally liable for in the event of a default by the joint venture.

(b) On 2 September 2015, a writ of summons and statement of claim (the "Claim") was served on the Company. The Company had in January 2015 entered into a sale and purchase agreement ("SPA") to acquire a property from its owner (the "Claimant"). The acquisition was subject to the Claimant obtaining approval from Jurong Town Corporation ("JTC"). The application by the Claimant for such approval was rejected by JTC and the Company had sought a refund of the deposit paid under the SPA from the Claimant.

In the Claim, the Claimant claimed for, amongst others, a declaration that it is entitled to forfeit the deposit (including goods and services tax). The Claimant initially also claimed for damages of approximately S$3,300,000 (US$2,334,000) which it alleged it suffered as a result of the sale of the property not having been completed. The Claimant subsequently reduced its claim for damages of approximately S$3,300,000 (US$2,334,000) to S$2,219,000 (US$1,597,000). The Claimant thereafter obtained leave of court to amend its Claim to include the difference in price between the original price under the SPA, and the price at which the Claimant agreed to sell the property to a third party ("Third Party") pursuant to an option to purchase issued by the Claimant and accepted by the Third Party. In this regard, the additional amount claimed by the Claimant under the amended Claim is S$24,500,000 (US$17,632,000), which the Claimant is claiming further or alternatively to its forfeiture of the deposit. Further, the Claimant has maintained its claim for damages of S$2,219,000 (US$1,597,000) as an alternative claim to its claim for S$24,500,000 (US$17,632,000).

The Company is defending the amended Claim as well as counterclaiming for the return of the deposit by the Claimant as well as interest and costs. As at the date of these financial statements, the Directors are of the view that no material losses will arise in respect of the legal claim.

38 FEES PAID TO AUDITORS

	Group	
	2017 US$'000	2016 US$'000
Audit fees paid to auditors	**265**	225
Non-audit fees paid to auditors	**235**	231

INFORMATION ON SHAREHOLDINGS

AS AT 15 MARCH 2018

Number of Issued Shares	:	1,813,640,400 shares (excluding treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per share
Number of shares held in treasury	:	6,359,600 shares
Percentage of treasury shares held	:	0.35%

DISTRIBUTION OF SHAREHOLDINGS

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%
1 – 99	7	0.11	117	0.00
100 -1,000	428	6.81	413,300	0.02
1,001 – 10,000	3,447	54.84	17,426,152	0.96
10,001 – 1,000,000	2,365	37.62	127,476,900	7.03
1,000,001 and above	39	0.62	1,668,323,931	91.99
Total	**6,286**	**100.00**	**1,813,640,400**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares held	%
1	Kuok (Singapore) Limited	1,084,184,065	59.78
2	Lightwell Shipping Inc.	386,385,645	21.30
3	DBS Nominees (Private) Limited	24,803,800	1.37
4	Raffles Nominees (Pte) Limited	21,154,950	1.17
5	UOB Kay Hian Private Limited	14,356,100	0.79
6	Camsward Pte Ltd	13,240,000	0.73
7	Citibank Nominees Singapore Pte Ltd	12,031,300	0.66
8	DB Nominees (Singapore) Pte Ltd	10,263,700	0.57
9	HL Bank Nominees (Singapore) Pte Ltd	8,686,100	0.48
10	DBS Vickers Securities (Singapore) Pte Ltd	8,197,700	0.45
11	Seow Kang Hoe, Gerald	8,078,043	0.45
12	RHB Securities Singapore Pte. Ltd.	7,530,500	0.42
13	OCBC Securities Private Limited	7,272,600	0.40
14	Teo Joo Kim	6,064,043	0.33
15	Wu Long Peng	5,626,542	0.31
16	Maybank Kim Eng Securities Pte. Ltd.	4,900,653	0.27
17	Kuok Khoon Kuan @ Kuo Khoon Kwong	4,591,542	0.25
18	CGS-CIMB Securities (Singapore) Pte. Ltd.	4,488,128	0.25
19	Fong Soon Yong	2,707,900	0.15
20	OCBC Nominees Singapore Private Limited	2,683,400	0.15
Total		**1,637,246,711**	**90.28**

INFORMATION ON SHAREHOLDINGS

AS AT 15 MARCH 2018

SUBSTANTIAL SHAREHOLDERS

As at 15 March 2018, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

Name of substantial shareholder	Direct Interest	Deemed Interest	Total Interest	%
Kuok (Singapore) Limited	1,084,184,065	399,625,645	1,483,809,710	81.81
Pacific Carriers Limited	-	386,385,645	386,385,645	21.30
Malaysian Bulk Carriers Berhad	-	386,385,645	386,385,645	21.30
Lightwell Shipping Inc.	386,385,645	-	386,385,645	21.30

Note:

(1) Kuok (Singapore) Limited ("**KSL**") holds the entire issued share capital of Pacific Carriers Limited ("**PCL**") and Camsward Pte Ltd ("**Camsward**"). Accordingly, KSL is deemed to have an interest in:

(i) the 13,240,000 Shares held by Camsward directly; and

(ii) the 386,385,645 Shares that PCL is deemed interested in.

(2) PCL holds more than 20% of the entire issued share capital of Malaysian Bulk Carriers Berhad ("**MBC**"). Accordingly, PCL is deemed to have an interest in the 386,385,645 Shares held by MBC's subsidiary, Lightwell Shipping Inc.

(3) MBC owns the entire issued share capital of Lightwell Shipping Inc. Accordingly, MBC is deemed to have an interest in the 386,385,645 Shares held by Lightwell Shipping Inc.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 15 March 2018, approximately 16.71% of the issued ordinary shares of the Company are held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX**")). Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of the Company will be held at Hotel Jen Tanglin Singapore, The Gallery, 1A Cuscaden Road, Singapore 249716 on Friday, 27 April 2018 at 10.00 a.m. to transact the following business:

AGENDA

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the year ended 31 December 2017 and the Auditor's Report thereon. — Ordinary Resolution 1

2. To re-elect the following Directors, each of whom will be retiring by rotation pursuant to provisions of the Constitution of the Company and who, being eligible, offers himself for re-election:

    (i) Dato Ahmad Sufian @ Qurnain bin Abdul Rashid — Ordinary Resolution 2
    (ii) Mr. Seow Kang Hoe, Gerald — Ordinary Resolution 3
    (iii) Dato Jude Philomen Benny — Ordinary Resolution 4

3. To re-elect Mr. Ivan Replumaz, who will be retiring pursuant to Article 100 of the Constitution of the Company and who, being eligible, offers himself for re-election. — Ordinary Resolution 5

4. To approve the sum of S$660,000 as Directors' Fees for the year ended 31 December 2017. — Ordinary Resolution 6

5. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and authorise the Directors to fix their remuneration. — Ordinary Resolution 7

As Special Business

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

6. **Authority to issue shares** — Ordinary Resolution 8

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such person(s) as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including new shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including new shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) may not exceed 20 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7. **Authority to Directors to grant options and/or awards and issue shares under the POSH Share Option Plan and/or POSH Performance Share Plan** Ordinary Resolution 9

That the Directors of the Company be and are hereby authorised to:

(a) grant options and awards in accordance with the provisions of the POSH Share Option Plan and/or the POSH Performance Share Plan (collectively, the "**Share Plans**"); and

(b) allot and issue from time to time such number of new shares as may be required to be issued pursuant to the exercise of options and the vesting of awards granted under the Share Plans,

provided that the total number of shares over which options and awards (as the case may be) may be granted on any date, when added to the total number of shares issued and/or issuable and transferred and/or to be transferred in respect of all options already granted and the total number of shares issued and/or issuable and transferred and/or to be transferred in respect of all awards already granted, shall not exceed 15 per cent. of the total number of issued shares (excluding treasury shares) on the date preceding the date of the relevant option or award (as the case may be).

NOTICE OF ANNUAL GENERAL MEETING

8. **Proposed Renewal of the Share Purchase Mandate** Ordinary Resolution 10

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company 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 and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company 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 earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the rules of the listing manual of the SGX-ST for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

NOTICE OF ANNUAL GENERAL MEETING

"**Maximum Limit**" means that number of issued Shares representing 10 per cent. of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of a Market Purchase of a Share, 105 per cent. of the Average Closing Price of the Shares, and in the case of an Off-Market Purchase of a Share pursuant to an equal access scheme, 110 per cent. of the Average Closing Price of the Shares; and

(d) 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 expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

9. **Proposed Renewal of the General Mandate for Interested Person Transactions** Ordinary Resolution 11

That:

(a) approval be and is hereby given for the purposes of Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Transactions described in the letter to shareholders of the Company dated 11 April 2018 (the "**Letter**") with any party who is of the class of interested persons described in the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in sub-paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are and/or is 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 expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

10. To transact any other business that may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

MR. SOH YAN LEE, ANDY
MS. LIM KA BEE
COMPANY SECRETARIES

Date: 11 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

1. (a) In relation to Ordinary Resolution No. 2, Dato Ahmad Sufian @ Qurnain bin Abdul Rashid will be retiring from office at the Annual General Meeting pursuant to Articles 94 and 95 of the Company's Constitution, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance Report" in the Annual Report for FY2017 for more information relating to Dato Sufian. Dato Sufian is a member of the Audit Committee, the Nominating Committee and the Remuneration Committee and will, upon re-election, continue to serve as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee. Dato Sufian will be considered independent for the purposes of Rule 704(8) of the listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

   (b) In relation to Ordinary Resolution No. 3, Mr. Seow Kang Hoe, Gerald will be retiring from office at the Annual General Meeting pursuant to Articles 94 and 95 of the Company's Constitution, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance Report" in the Annual Report for FY2017 for more information relating to Mr. Seow.

   (c) In relation to Ordinary Resolution No. 4, Dato Jude Philomen Benny will be retiring from office at the Annual General Meeting pursuant to Articles 94 and 95 of the Company's Constitution, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance Report" in the Annual Report for FY2017 for more information relating to Dato Benny. Dato Benny is the Lead Independent Director of the Company. He is also the Chairman of Nominating Committee and a member of the Audit Committee and the Board Risk Committee and will, upon re-election, continue to serve as Lead Independent Director, Chairman of Nominating Committee and a member of the Audit Committee and the Board Risk Committee. Dato Benny will be considered independent for the purposes of Rule 704(8) of the listing manual of the SGX-ST.

   (d) In relation to Ordinary Resolution No. 5, Mr. Ivan Replumaz will be retiring from office at the Annual General Meeting pursuant to Article 100 of the Company's Constitution, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance Report" in the Annual Report for FY2017 for more information relating to Mr. Replumaz. Mr. Replumaz is the Chairman of the Board Risk Committee and a member of the Audit Committee and will, upon re-election, continue to serve as the Chairman of the Board Risk Committee and a member of the Audit Committee. Mr. Replumaz will be considered independent for the purposes of Rule 704(8) of the listing manual of the SGX-ST.

2. Ordinary Resolution No. 8, if passed, will authorise the Directors of the Company from the date of the forthcoming Annual General Meeting until the next Annual General Meeting to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments up to an amount not exceeding 50 per cent. of the total number of issued shares (excluding treasury shares) of the Company, of which up to 20 per cent. may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be based on the total number of issued shares (excluding treasury shares) at the time that Ordinary Resolution No. 8 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution No. 8 is passed, and any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

3. Ordinary Resolution No. 9, if passed, will empower the Directors to grant options and awards under the POSH Share Option Plan and/or the POSH Performance Share Plan (collectively, the "**Share Plans**"), and to allot and issue from time to time such number of new shares as may be required to be issued pursuant to the exercise of options and the vesting of awards granted under the Share Plans, provided that the total number of shares over which options and awards (as the case may be) may be granted on any date, when added to the total number of shares issued and/or issuable and transferred and/or to be transferred in respect of all options already granted and the total number of shares issued and/or issuable and transferred and/or to be transferred in respect of all awards already granted, shall not exceed 15 per cent. of the total number of issued shares (excluding treasury shares) on the date preceding the date of the relevant option or award (as the case may be).

NOTICE OF ANNUAL GENERAL MEETING

4. Ordinary Resolution No. 10 is to renew the mandate to allow the Company to purchase or otherwise acquire its issued shares, on the terms and subject to the conditions set out in Ordinary Resolution No. 10.

   The Company may use internal resources and/or external borrowings to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of shares purchased or acquired and the price at which such shares were purchased or acquired and whether the shares purchased or acquired are held in treasury or cancelled.

   Based on the number of issued and paid-up shares as at 23 March 2018 (the "**Latest Practicable Date**") and disregarding the shares held in treasury, the purchase or acquisition by the Company of 10 per cent. of its issued shares will result in the purchase or acquisition of 181,364,040 shares.

   Assuming that the Company purchases or acquires 181,364,040 shares at the Maximum Price, in the case of Market Purchases of S$0.400 for one share (being the price equivalent to 105% of the Average Closing Price of the shares), the maximum amount of funds required is approximately S$72.5 million and in the case of Off-Market Purchases of S$0.419 for one share (being the price equivalent to 110% of the Average Closing Price of the shares), the maximum amount of funds required is approximately S$76.0 million.

   The financial effects of the purchase or acquisition of such shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company, and the Company and its subsidiaries, for the financial year ended 31 December 2017, based on certain assumptions, are set out in paragraph 2.7 of the letter to shareholders of the Company dated 11 April 2018 (the "**Letter**").

   Please refer to the Letter for further details.

5. Ordinary Resolution No. 11, if passed, will renew, effective until the conclusion of the next Annual General Meeting, the mandate to enable the Company, its subsidiaries and associated companies which are considered "entities at risk", or any of them to enter in the ordinary course of business into certain types of interested person transactions with specific classes of the Company's interested persons.

   Please refer to the Letter for further details.

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for the holding of the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PACC OFFSHORE SERVICES HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200603185Z)

PROXY FORM
ANNUAL GENERAL MEETING

Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy PACC Offshore Services Holdings Ltd. shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2018.

*I/We, _____ (Name) _____ (*NRIC/ Passport/Co. Reg No.)

of _____ (Address)

being a *member/members of PACC Offshore Services Holdings Ltd. (the "**Company**") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

or failing him/her, the Chairman of the Meeting, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company (the "**Meeting**") to be held at Hotel Jen Tanglin Singapore, The Gallery, 1A Cuscaden Road, Singapore 249716 on Friday, 27 April 2018 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Ordinary Resolutions	**For	**Against
1	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the year ended 31 December 2017 and the Auditor's Report thereon		
2	To re-elect Dato Ahmad Sufian @ Qurnain bin Abdul Rashid as a Director		
3	To re-elect Mr. Seow Kang Hoe, Gerald as a Director		
4	To re-elect Dato Jude Philomen Benny as a Director		
5	To re-elect Mr. Ivan Replumaz as a Director		
6	To approve the sum of Directors' Fees for the year ended 31 December 2017		
7	To re-appoint Messrs Ernst & Young LLP as auditor and to authorise the Directors to fix their remuneration		
8	To grant authority to the Directors to issue shares and make or grant instruments convertible into shares pursuant to Section 161 of the Companies Act		
9	To authorise Directors to grant options and/or awards and issue shares under the POSH Share Option Plan and/or POSH Performance Share Plan		
10	To renew the Share Purchase Mandate		
11	To renew the General Mandate for Interested Person Transactions		

* Delete accordingly

** Indicate your vote "For" or "Against" with a (√) within the relevant box provided.

Note: Voting will be conducted by poll.

Dated this _____ day of _____ 2018.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) or Common Seal of member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes

1. A member of the Company ("**Member**") should insert the total number of ordinary shares in the Company (the "**Shares**") held by him. If the Member has Shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of Shares. If the Member has Shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that 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, 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.

2. (a) A Member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

3. A proxy need not be a Member.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for the holding of the Meeting.

5. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its officer or attorney duly authorised. Where the original instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the original letter or power of attorney under which the instrument of proxy is signed or a duly certified copy of that letter or power of attorney (failing previous registration with the Company) shall be attached to the original instrument of proxy and must be left at the registered office, not less than 72 hours before the time appointed for the holding of the Meeting or the adjourned Meeting at which it is to be used failing which the instrument may be treated as invalid.

6. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act. The Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative.

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 (including any related attachment) appointing a proxy or proxies. In addition, in the case of Members whose Shares are entered against their names in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if the Member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for the holding of the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kuok Khoon Ean
Chairman and Non-Executive Director

Seow Kang Hoe, Gerald
Chief Executive Officer and Executive Director

Wu Long Peng
Non-Executive Director

Dato' Jude Philomen Benny
Lead Independent Director

Ma Kah Woh
Independent Director

Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid
Independent Director

Wee Joo Yeow
Independent Director

Ivan Replumaz
Independent Director

BOARD COMMITTEES

Audit Committee

Ma Kah Woh
Chairman

Dato' Jude Philomen Benny

Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid

Wee Joo Yeow

Ivan Replumaz

Nominating Committee

Dato' Jude Philomen Benny
Chairman

Ma Kah Woh

Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid

Wu Long Peng

Remuneration Committee

Wee Joo Yeow
Chairman

Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid

Kuok Khoon Ean

Board Risk Committee

Ivan Replumaz
Chairman

Kuok Khoon Ean

Dato' Jude Philomen Benny

Ma Kah Woh

Wee Joo Yeow

COMPANY SECRETARIES

Soh Yan Lee, Andy

Lim Ka Bee

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

AUDITORS

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

AUDIT PARTNER

Yee Woon Yim
(since the financial year ended 31 December 2013)

REGISTERED OFFICE

1 Kim Seng Promenade
#07-02 Great World City
Singapore 237994
Tel: +65 6839 6500
Fax: +65 6839 6508
Website: www.posh.com.sg
Company Registration No.: 200603185Z



PACC OFFSHORE SERVICES HOLDINGS LTD.
1 Kim Seng Promenade
#07-02 Great World City
Singapore 237994

Tel: +65 6839 6500
Fax: +65 6839 6508