MOVING AHEAD

Vallianz

Annual Report 2019

CONTENTS

MISSION

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

VISION

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

CORPORATE PROFILE

VALLIANZ HOLDINGS LIMITED

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

Headquartered in Singapore, Vallianz serves oil majors and national oil companies worldwide, and focuses on supporting customers' offshore oil and gas exploration and production operations. Today, the Group owns and operates a young fleet of 62 OSVs while its associate owns and operates another 14 OSVs. Vallianz covers markets in the Middle East, North Africa, Central Asia and Southeast Asia.

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

Offshore marine services include:

- Vessel ownership
- Chartering
- Brokering
- Vessel management services

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

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

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

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

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

CORE BUSINESS

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

Vessel Ownership

The Group currently owns and operates a young fleet of 62 offshore support vessels available for charter, which has an average age of approximately 4.9 years. Our associate owns and operates another 14 offshore support vessels. The Group's vessels are deployed in offshore oil and gas projects in the Middle East, North Africa, Central Asia and Southeast Asia regions. To enhance its market competitiveness, the Group will continue to assess appropriate plans to expand its range of vessels and modernise the fleet.

Chartering

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

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

Complementary Services – Vessel Management

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

Brokering

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

GEOGRAPHICAL PRESENCE

EXISTING AND TARGET MARKETS:

Middle East
Central Asia
Southeast Asia
Egypt

LOCAL PRESENCE:

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

GLOBAL OPERATIONS

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

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

VALLIANZ FLEET

Fleet Operated By The Group

Offshore Floating Storage & Supply Vessel

Name	DWT	No. of Pax	Deck Cargo Capacity	Year
Rawabi Integrity	32,174T	110 men	4,500T	2015

Pipelay/Crane/Accommodation Work Barge

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

Submersible Launch Barge

Name	DWT	Topside	Jacket Launch	Year
Holmen Arctic	19,000T	N/A	8,500T	2006
Holmen Atlantic	16,000T	15,000T	10,000 - 13,000T	2012
Holmen Pacific	34,400T	20,000T	15,000 - 20,000T	2012

Maintenance Accommodation Vessel

Name	BHP	No. of Pax	Clear Deck Area	Year
Rawabi 501	5,900	166 men	1,100 sqm	2016
Rawabi 502	5,900	166 men	1,100 sqm	2019

Platform Supply Vessel (DP2)

Name	BHP	DWT	Year
Rawabi 18	5,150	3,000	2011
Rawabi 23	6,000	3,300	2012
Rawabi 26	6,000	3,300	2013

Towing Tug

Name	BHP	Bollard Pull	Year
USP15	1,200	12T	2014
Vallianz Raven	3,200	33T	2009

Anchor Handling Tug Supply (DP2)

Name	BHP	Bollard Pull	Year
HHL Steadfast	9,000	120T	2012
Rawabi 9	6,000	67T	2013
Rawabi 10	6,000	67T	2013
Rawabi 12	6,000	82T	2013
Rawabi 17	6,000	82T	2013
Rawabi 31	8,200	100T	2010
Rawabi 32	8,200	100T	2011
Rawabi 201	5,300	60T	2016
Rawabi 202	5,300	60T	2016
Rawabi 320	5,150	65T	2015
Rawabi 321	5,150	65T	2015
Rawabi 322	5,150	65T	2015
Rawabi 323	5,150	65T	2015
Vallianz Champion	6,400	89T	2011
Vallianz Commander	9,000	120T	2012
Vallianz Supreme	7,300	101T	2012
Vallianz Swift	7,000	104T	2011

Anchor Handling Tug Supply (DP1)

Name	BHP	Bollard Pull	Year
Rawabi 1	5,150	63T	2011
Rawabi 2	5,150	66T	2012
Rawabi 3	5,150	60T	2012
Rawabi 4	5,150	61T	2012

Anchor Handling Tug Supply (DP1) (cont.d)			
Name	BHP	Bollard Pull	Year
Rawabi 5	5,150	60T	2012
Rawabi 6	5,150	64T	2012
Rawabi 7	5,150	62T	2012
Rawabi 8	5,150	62T	2012
Rawabi 11	6,400	80T	2013
Rawabi 11R	6,000	71T	2014
Rawabi 13	6,000	68T	2014
Rawabi 14	6,000	70T	2013
Rawabi 15	6,000	72T	2013
Rawabi 28	6,000	66T	2014
Equitoria Kingfisher	6,000	75T	2014
Swiber Ruby	5,150	69T	2013
Swiber Sapphire	5,150	68T	2013

Anchor Handling Tug Supply			
Name	BHP	Bollard Pull	Year
Swiber Challenger	5,150	64T	2007
Swiber Venturer	5,150	60T	2007

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

Utility Support Vessel			
Name	BHP	Clear Deck Area	Year
Rawabi 401	3,200	160 sqm	2015
Rawabi 402	3,200	160 sqm	2016
Rawabi 403	2,400	170 sqm	2016
Rawabi 404	2,400	170 sqm	2016
Rawabi 405	3,200	140 sqm	2012
Rawabi 406	2,400	140 sqm	2017
Rawabi 407	2,400	140 sqm	2017
Rawabi 408	2,400	140 sqm	2017
Rawabi 409	2,400	140 sqm	2018
Rawabi 410	2,400	140 sqm	2018
Rawabi 411	2,400	140 sqm	2018
Rawabi 412	2,400	140 sqm	2018
Rawabi 413	2,400	140 sqm	2018

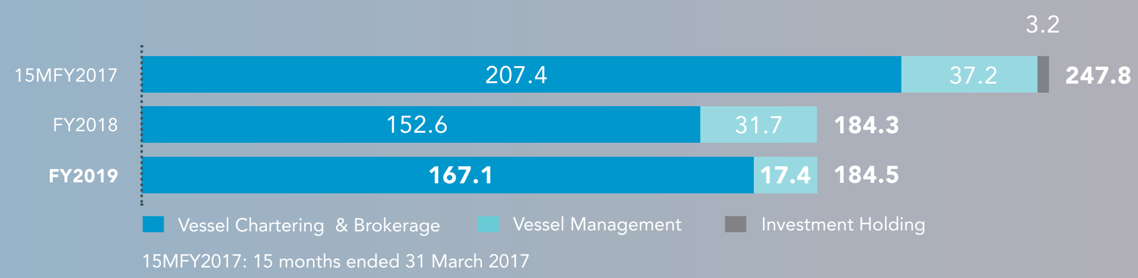
Utility Vessel			
Name	BHP	Bollard Pull	Year
Vallianz 99	2,500	30T	1998

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

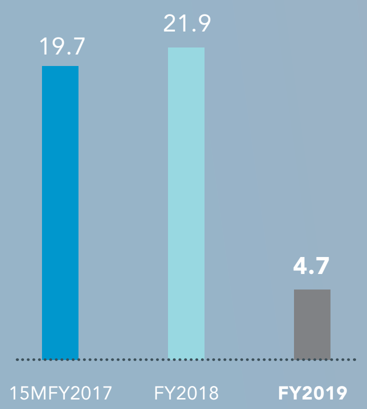
Flat Top Cargo Barge		
Name	Dimensions (ft)	Year
Vallianz 281	282 x 90 x 18	2014
Vallianz 282	282 x 90 x 18	2014
Vallianz 331	330 x 100 x 20	2014
USP10	180 x 56 x 12	2008
Kreuz 281	282 x 90 x 18	2008
Kreuz 282	282 x 90 x 18	2008
Kreuz 283	282 x 90 x 18	2008
Newcruz 331	330 x 100 x 20	2011
Newcruz 332	330 x 100 x 20	2011
Swiber 282	280 x 80 x 16	2007

FINANCIAL HIGHLIGHTS

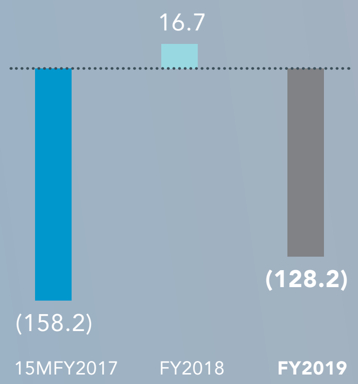
REVENUE
(US$ Million)



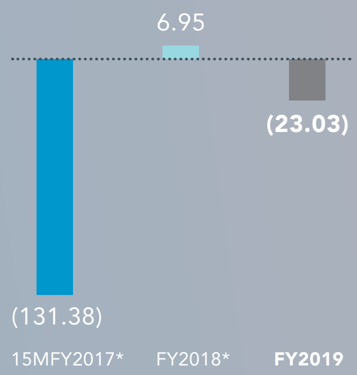
OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL EXPENSES
(US$ Million)



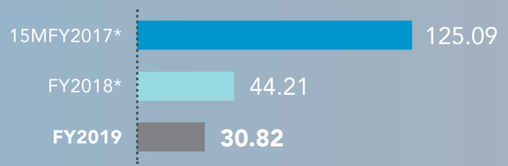
NET PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY
(US$ Million)



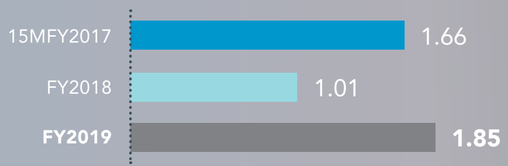
EARNINGS (LOSS) PER SHARE
(US Cents)



NET ASSET VALUE PER SHARE
(US Cents)



NET GEARING RATIO
(Times)



* On 24 January 2019, the Company completed a share consolidation exercise to consolidate every thirty (30) existing ordinary shares into one (1) ordinary share. The weighted average number of ordinary shares and total number of shares issued for 15MFY2017 and FY2018 have been restated for the purpose of the calculation of earnings per share and net asset value per share.

CHAIRMAN'S MESSAGE

> Notwithstanding the challenging operating environment, the Company still delivered stable revenue of US$184.5 million in FY2019, as compared to US$184.3 million in FY2018.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Vallianz Holdings Limited (the "Company", and together with its subsidiaries, the "Group") for the 12 months ended 31 March 2019 ("FY2019").

During FY2019, business conditions in the global offshore support vessel industry remained difficult as a consequence of the prolonged market recovery, slow demand growth and increasingly intense competitive pressures within the sector. Business sentiment was further dampened by continuing economic and geopolitical uncertainties worldwide.

Notwithstanding the challenging operating environment, the Company still delivered stable revenue of US$184.5 million in FY2019, as compared to US$184.3 million in FY2018. This can be attributed to the steady growth of our core chartering and brokerage services business which offset a lower contribution from our vessel management services business.

In light of the prevailing challenges and prolonged slow recovery of the offshore and marine market, the Group conducted an in-depth evaluation of our various vessels and recoverability of investment in our associate company. As a result of this evaluation, the Group recorded a substantial amount of US$133.3 million for exceptional items ("Exceptional Items") in FY2019, mainly related to impairments of an associate, and the Group's property, plant and equipment.

An impairment of US$67.4 million was made on our associate company as a result of the assessment by the Group of its recoverability in the foreseeable future. While we assessed that an impairment of US$67.4 million on our associate company is prudent and appropriate, our legal rights to recover the full amount remain intact.

Following the impairment of US$126.4 million that we made on our vessels in FY2017, worldwide vessel values have remained weak and have shown no signs of improving. This was due to a large extent to the bankruptcy and judicial managers' vessel sales that have been flooding the market. As a result of the global oversupply and depressed market values for vessels, the Group recorded an impairment of US$53.5 million on our vessels in FY2019.

After accounting for these Exceptional Items, the Group slipped into the red in FY2019 with a net loss attributable to shareholders of the Company of US$128.2 million. However, excluding the Exceptional Items, the Group maintained a positive performance in FY2019 with an operating profit of US$4.7 million despite the difficult market conditions faced by companies in the offshore support vessel sector.

CHAIRMAN'S MESSAGE

Group Continues To Expand Vessel Fleet In The Middle East

As one of the world's largest offshore oil and gas producing regions with a high level of offshore Exploration & Production ("E&P") activities, the Middle East continues to be an important market for the Company. However, the buoyant market there has also attracted more players into the region which led to an intensely competitive environment within the offshore support vessel market. In spite of this, the Group has continued to expand our fleet of vessels in operation there. During FY2019, we commenced new charter contracts for another three vessels to a national oil company in the Middle East ("NOC"), which is the world's largest NOC.

The additional vessels were chartered to the NOC customer under long term contracts that were awarded to the Group between 2016 and 2017. The contracts stretch over a duration of five years, with the NOC having the option to extend the charter for another two years. Including these new vessels, the Group currently has 46 vessels with the NOC which cements the Group's position as one of the largest providers of offshore support vessels in the Middle East.

Indeed, the Group's focus on securing long term vessel charter contracts is the key reason for the stability in our revenue performance. This strategy has enabled the Group to weather the turbulent market conditions since 2015 when the offshore and marine sector was hit by the sudden plunge in oil prices.

While the Group has built an established market position in the Middle East, we recognise that it is critical for us to continue differentiating our services and vessel fleet in order to stay ahead of the competition. As such, we have been working on broadening the Group's service offering beyond the traditional offshore support vessel business to address other aspects of our customers' support requirements.

Opportunities Still Exist Amid Challenging Market Conditions

Looking ahead, we expect the business environment for companies operating in the offshore support vessel sector to stay challenging. The escalation in global trade tensions and continuing geopolitical uncertainties in the Middle East may hinder a recovery in the oil and gas industry. As the oversupply situation for offshore support vessels has yet to show signs of improvement, charter rates will remain depressed due to the intense competitive pressures. Accordingly, the Group is adopting

OUR FLEET AND EXPERTISE

World Oil is also predicting that the pace of oil and gas well drilling activity will continue to show a moderate increase in 2019 following a recovery in activity during 2018.

a cautious view of our prospects for the current financial year ending 31 March 2020.

Despite the challenging environment, we will continue our marketing efforts to develop business opportunities with our existing and new customers in the Group's target markets in Asia and the Middle East. In particular, we are starting to see encouraging signs of improvement in oil and gas field development activities in the Asia Pacific region which should bode well for the Group in the foreseeable future.

To be sure, E&P spending in the Middle East region is anticipated to grow 8% to about US$43 billion in 2019, up from only 2% in 2018 according to a Barclays Research report released in January 2019. This will be driven by the Middle East national oil companies which are expected to raise their expenditure by between 5% and 10% in 2019. Saudi Aramco is expected to lead with estimated spending of US$18.4 billion, more than twice that of Abu Dhabi National Oil Company which is the second highest spender. On a worldwide basis, Barclays is forecasting global E&P spending to rise 8% in 2019 to an estimated US$414.5 billion.

World Oil is also predicting that the pace of oil and gas well drilling activity will continue to show a moderate increase in 2019 following a recovery in activity during 2018. Within the Middle East, World Oil expects drilling activity in Saudi Arabia to increase by 5.4% in 2019.

Recently in April 2019, Bahrain announced the discovery of a new oilfield off its coast that is estimated to contain at least 80 billion barrels of oil and gas reserves of about 10 to 20 trillion cubic feet. This is the kingdom's biggest find and is expected to provide offshore development work in the forseeable future.

As such, we expect the high level of activity in the offshore oil and gas market in the Middle East region to continue and this should create potential opportunities for the Group to participate in upcoming project tenders there.

With the support of the Group's controlling shareholder and strategic partner, Rawabi Holding Company Limited, and our local expertise and commitment towards the NOC customer's In-Kingdom Total Value Add

CHAIRMAN'S MESSAGE

We will continue our strategy to actively seek ways to enhance the Group's value to customers by widening our range of offshore support services.

program requirements, the Group is well placed to bid for the customer's offshore projects.

Besides looking to build further on our long-standing relationship with the NOC customer in the Middle East, we are also working on expanding the Group's presence in the region by entering new markets that show promising prospects. In this regard, we have been continually assessing opportunities to provide our vessels for the offshore projects of oil majors and other national oil companies in markets such as Egypt, Abu Dhabi and Kuwait.

We will continue our strategy to actively seek ways to enhance the Group's value to customers by widening our range of offshore support services. On the operations front, we intend to further strengthen our capabilities and service quality, as well as improve cost and operational efficiencies.

Appreciation

On behalf of the Board, I wish to express our sincere appreciation to our shareholders, customers, vendors, business partners, bankers, and associates for their steadfast support of the Company and the Group.

I especially wish to acknowledge the contributions and hard work of our management team and staff who have shown their dedication and commitment to the Company and the Group during these difficult times in the offshore and marine industry.

Sheikh Abdulaziz Ali AlTurki
Non-executive Chairman

FINANCIAL REVIEW

9.4%

US$167.1mil
FY2019

Core Vessel Chartering And Brokerage Services

Consolidated Statement Of Profit Or Loss

For the 12 months ended 31 March 2019 ("FY2019"), the Group recorded stable revenue of around US$184.5 million as compared to US$184.3 million in FY2018.

The Group's core vessel chartering and brokerage services business registered higher revenue of US$167.1 million in FY2019, up 9.4% from US$152.7 million in FY2018. This was attributed mainly to the full-year contribution from new vessel charter contracts that commenced in FY2018 and the start of new vessel charters during FY2019 with the Group's key customer in the Middle East. However, this increase was offset by a lower contribution from the Group's vessel management services business which registered revenue of US$17.4 million in FY2019, down 45.1% from US$31.7 million in FY2018 due to lower volume of vessel management projects.

As a result, the charter and brokerage services business accounted for 91% of the Group's revenue in FY2019 compared to 83% in FY2018. The remaining 9% of revenue was derived from the provision of vessel management services.

Gross profit in FY2019 decreased 25.6% to US$33.0 million from US$44.3 million in FY2018. Correspondingly, gross profit margin in FY2019 narrowed to 17.9% compared to 24% in FY2018, due to a shift in revenue mix and lower charter rates for certain contracts that were extended with a key customer during 1QFY2019. The Group also experienced higher personnel costs as it expanded the team for onshore support in tandem with the growth of the Group's vessel operations in the Middle East, and to pursue new business opportunities with prospective customers and an existing NOC customer in the Middle East.

Other income in FY2019 declined to US$1.7 million from US$7.9 million in FY2018, due mainly to absence of gain on disposal of fixed assets. On the other hand, other operating expenses increased to US$1.9 million from US$1.0 million in FY2018, due mainly to the reinstatement cost for a shipyard. As a result, the Group recorded net other expenses of US$0.2 million in FY2019 compared to net other income of US$6.9 million in FY2018.

Administrative expenses in FY2019 decreased 17.2% to US$11.7 million from US$14.1 million in FY2018, attributed mainly to lower rental costs, share-based payment expense and professional fees.

Finance costs increased 17.9% to US$16.5 million in FY2019 from US$14.0 million previously as a result of increased bank borrowings for additional vessels and working capital, as well as a higher interest rate environment. In FY2019, the Group recorded a profit of US$0.1 million from its share of results of associate and joint ventures. This was attributable to

FINANCIAL REVIEW

Investment in joint ventures increased slightly to US$65.4 million as at 31 March 2019 from US$65.3 million as at 31 March 2018, due mainly to the share of results from RVIC.

Rawabi Vallianz International Company Limited ("RVIC"), which is the Group's 50%-owned joint venture company in the Middle East.

In light of the prevailing challenges and prolonged slow recovery of the offshore and marine industry, the Group conducted an in-depth evaluation of its vessels and the recoverability of its investment in an associate company. As a consequence, the Group recorded impairments to property, plant and equipment of US$53.5 million, and impairment on its investment in the associate company amounting to US$67.4 million in FY2019. There was also a one-off compensation for late delivery of vessels and project cancellation of US$12.4 million.

These exceptional items totaling US$133.3 million dragged the Group into the red in FY2019, with a net loss attributable to owners of the Company of US$128.2 million, compared to a profit of US$16.7 million in FY2018.

Excluding the exceptional items, the Group recorded operating profit of US$4.7 million in FY2019. The operating profit in FY2019 was lower than US$21.9 million in FY2018 due mainly to lower gross profit and other income, as well as the increase in finance costs.

Statement Of Financial Position

Trade receivables increased to US$42.4 million as at 31 March 2019 from US$34.0 million as at 31 March 2018. Other receivables decreased to US$161.7 million as at 31 March 2019 from US$174.9 million as at 31 March 2018. The decline was attributable mainly to (a) a reclassification of amount due from associate company of US$82.2 million to investment in associates in the third quarter of FY2019 to better reflect the non-current nature of this asset; and (b) offset by an increase in amount due from joint venture.

Property, plant and equipment decreased to US$237.4 million as at 31 March 2019 from US$272.2 million as at 31 March 2018, due mainly to depreciation expenses and impairment of vessels. This was partially offset by expansion of vessel fleet and vessel drydocking cost.

Investment in joint ventures increased slightly to US$65.4 million as at 31 March 2019 from US$65.3 million as at 31 March 2018, due mainly to the share of results from RVIC. During FY2019, an amount due from associate company of US$82.2 million was reclassified to investment in associate during the third quarter of FY2019 to better reflect the non-current nature of this asset. This amount decreased to US$14.8 million as at 31 March 2019 as a result of a provision for impairment of US$67.4 million. The impairment arose as a result of the assessment of the Group's recoverability of its investment in the associate company in the foreseeable future against the prevailing challenges and prolonged slow recovery in the offshore and marine market. Our legal rights to recover the full amount remains intact.

The Group's total current and non-current borrowings include term loans, working capital lines and finance leases. As at 31 March 2019, the total current and non-current term borrowings, which comprised largely of bank borrowings for vessels, increased to US$304.3 million from US$246.2 million as at 31 March 2018. This was due mainly to drawdown of a term loan facility and working capital facilities.

As at the end of the reporting period, certain subsidiaries of the Group breached the covenants imposed by banks for credit lines provided to the subsidiaries. The breaches are the failure to maintain the minimum sum in the Debt Servicing Reserve Account and a certain financial ratio. Vallianz has secured a waiver for the breaches from the largest lender and as at the date of this report, the Company has not been served with any notices of any event of default for any of its loans.

The Group's trade and other payables as at 31 March 2019 decreased to US$90.3 million from US$98.2 million as at 31 March 2018. This was due mainly to lower trade accruals, and the settlement of outstanding payables of approximately US$2.3 million via the issue of new shares in the Company.

Equity attributable to owners of the Company decreased to US$172.4 million as at 31 March 2019 from US$243.4 million as at 31 March 2018, due mainly to the exceptional items incurred in FY2019. On a per share basis, the Group's net asset value as at 31 March 2019 stood at 30.82 US cents based on issued capital of 559,351,901 shares.

Consolidated Statement Of Cash Flows

The Group generated net cash of US$30.6 million from operating activities during FY2019. Net cash used in investing activities of US$121.2 million was attributed mainly to the expansion of vessel fleet and vessel drydocking costs and increased in advances to a joint venture. Net cash generated from financing activities in FY2019 amounted to US$91.4 million. This was derived mainly from the drawdown of term loan and working capital facilities and advance from shareholder, offset partially by repayment of term loans and payment of interest. As a result, the Group's cash and cash equivalents increased to US$8.4 million as at 31 March 2019 from US$7.6 million as at 31 March 2018.

The Group generated net cash of US$30.6 million from operating activities during FY2019.

BOARD OF DIRECTORS

1

SHEIKH ABDULAZIZ ALI ALTURKI
Non-Executive Chairman

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

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

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

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

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

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MR DARREN YEO
Executive Vice Chairman

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

3

MR LING YONG WAH
Executive Director and CEO

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

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MR BOTE DE VRIES
Non-Executive
Lead Independent Director

Mr Bote de Vries was appointed to the Board of Directors on 6 September 2010 and brings to Vallianz more than 20 years of international asset finance experience in the shipping transport industry. Apart from Mr de Vries' appointment on Vallianz's Board, he is also an Independent Advisor to Finamar B.V., a financial consultancy firm, and he holds several Non-Executive board positions with Golden Close Ltd, a Dutch Investment Fund for seagoing vessels (NBZ), Groenwest and Quawonen. Mr de Vries participated in various international conferences on shipping related issues like Mareforum. Mr de Vries graduated from the University of Leiden with a Bachelor of Biology degree and a Masters in Law.

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MR YEO JEU NAM
Non-Executive Independent Director

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

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MR CHONG CHEE KEONG CHRIS
Non-Executive Independent Director

Mr Chong Chee Keong Chris has been in private practice for 24 years since graduating from the National University of Singapore in 1994 with Honours. He is the founding partner of boutique corporate finance & commercial law practice CHRISCHONG & CT HO LLP (established since 1999) and is instrumental in developing the firm's good standing in Singapore. He advises clients in asset financing, trade, securitisations and has in-depth knowledge of the Singapore real estate market.

CORPORATE SOCIAL RESPONSIBILITY

Celebrating Festivities With A Meaningful Purpose

2019 marks the 8th year of Vallianz partnering with Care Corner Senior Services Ltd ("CCSS"). CCSS operates a total of six Senior Activity Centres ("SAC") – five in Toa Payoh and one in Woodlands. In 2019, a total of 310 seniors and 20 staff from the various SACs were invited to join the Vallianz family in the Lunar New Year Charity Dinner.

The partnership between Vallianz and CCSS dates back to 2011. Over the years, the annual Lunar New Year dinner has became a much-anticipated event for the seniors of CCSS and Vallianz staff. The organizing committee of Vallianz worked whole-heartedly with staff of CCSS to put together a fun-filled night lined up with programs catering to seniors from various ethnicities.

Vallianz continues to sponsor the Hot Meals program for the seniors at Toa Payoh Block 5 SAC. Daily nutritious and sumptuous meals are prepared by a dedicated cook.

Through the activities, Vallianz wishes to honour the seniors for their contribution to the society.

> Charity is the root of all good works
>
> Saint Augustine

> It is indeed heartening to see the dedication of Care Corner Senior Services' staff and volunteers towards bettering the welfare of our senior friends throughout all these years. It is your devotion that has motivated us to organize this annual CNY celebration dinner for the seniors.
>
> Mr Darren Yeo
> Executive Vice Chairman, VHL
> Vice Chairman address 2019

CORPORATE STRUCTURE

- **VALLIANZ HOLDINGS LIMITED**
  - Vallianz International Pte Ltd — 100%
    - Newcruz International Pte Ltd — 100%
      - Newcruz Shipbuilding & Engineering Pte Ltd — 100%
    - PTSB Holdings Pte Ltd — 100%
      - PT Vallianz Offshore Maritim — 49%
    - Vallianz Offshore Capital Mexico, A. De C.V. SOFOM, E.N.R. — 100%
    - RI Capital Holdings Pte Ltd — 100%
    - Hamilton Offshore Services Pte Ltd — 100%
    - OER Holdings Pte Ltd — 100%
      - Jubilee Travel Pte Ltd — 100%
      - OER Services Pte Ltd — 100%
      - Offshore Engineering Resources Pte Ltd — 100%
        - Offshore Supply Resources Mexico S.A. de C.V — 99%
        - Offshore Engineering Resources Mexico S.A. de C.V — 99%
      - OER Services Ltd — 100%
    - Holmen Heavylift Offshore Pte Ltd — 75%
      - Holmen Arctic Pte Ltd — 100%
      - Holmen Atlantic Pte Ltd — 100%
      - Holmen Pacific LLC — 100%
    - Samson Engineering Limited — 100%
    - Vallianz Marine Pte Ltd — 100%
    - Samson Marine Pte Ltd — 100%
    - Vallianz Offshore Marine Pte Ltd — 100%
    - Vallianz Shipbuilding & Engineering Pte Ltd — 100%
      - Jetlee Shipbuilding & Engineering Pte Ltd — 100%
        - PT United Sindo Perkasa — 99%
    - Deepsea Leader Venture (L) Inc — 49%
      - MDSV 1 (L) Inc — 100%
      - OLV offshore services (M) sdn bhd — 100%
  - Vallianz Capital Ltd — 100%
  - Vallianz Corporate Services Pte Ltd — 100%
  - Resolute Pte Ltd — 51%
  - Vallianz Marine Mexico, S.A. De C.V — 49%
  - Vallianz Investment Capital Pte Ltd — 100%
    - Rawabi Vallianz International Company Limited — 50%
    - Rawabi Vallianz Offshore Services Company Limited — 50%

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sheikh Abdulaziz Ali AlTurki
Non-Executive Chairman

Mr Darren Yeo
Executive Vice Chairman

Mr Ling Yong Wah
Executive Director and CEO

Mr Bote de Vries
Non-Executive Lead Independent Director

Mr Yeo Jeu Nam
Non-Executive Independent Director

Mr Chong Chee Keong Chris
Non-Executive Independent Director

COMPANY SECRETARY

Ms Chong Pei Wen

AUDIT COMMITTEE

Mr Bote de Vries (Chairman)

Mr Yeo Jeu Nam

Mr Chong Chee Keong Chris

REMUNERATION COMMITTEE

Mr Yeo Jeu Nam (Chairman)

Mr Bote de Vries

Mr Chong Chee Keong Chris

NOMINATING COMMITTEE

Mr Chong Chee Keong Chris (Chairman)

Mr Bote de Vries

Mr Yeo Jeu Nam

SHARE REGISTRAR

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

CONTINUING SPONSOR

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

AUDITORS

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

INVESTOR RELATIONS CONSULTANT

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

VALLIANZ HOLDINGS LIMITED (REGISTERED OFFICE)

Company Registration No. 199206945E
3A International Business Park
#01-13 Icon@IBP
Singapore 609935
Tel: (65) 6911 6200
Fax: (65) 6659 1292
www.vallianzholdings.com

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

The Board is also responsible for the following corporate matters:

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

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

(c) convening of shareholders' meetings;

(d) major investments and funding;

(e) interested person transactions;

(f) material acquisitions and disposal of assets;

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

Notes:

(1) Sheikh Abdulaziz Ali AlTurki was appointed as a Non-Executive Chairmam with effect from 28 June 2018.

(2) Mr Bote de Vries was appointed as the Non-Executive Lead Independent Director with effect from 14 November 2018.

* Attended by invitation

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

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

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

CORPORATE GOVERNANCE STATEMENT

Principle 2: Board Composition and Guidance

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

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

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

With the Non-Executive Independent Directors making up half of the Board, it provides an independent element on the Board capable of exercising objective judgment and no individual or group is able to dominate the Board's decision making process. The NC has reviewed the size and composition of the Board and Board Committees and is of the view that the current Board composition provides diversity and has the appropriate mix of expertise and experience. Notwithstanding that, the NC may consider appointing new director(s) in the future to enhance the core competencies and governance review of the Board. Additionally, during the financial year, the Group undertook a review of the roles and responsibilities of the Board Committee. Accordingly, a re-constitution of the NC was effected on 27 May 2019.

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

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

As at the date of this Annual Report, Mr. Yeo Jeu Nam ("**Mr. Yeo**") has served the Board beyond nine (9) years from the date of his first appointment. The Board has conducted a rigorous review of the performance of Mr. Yeo based on a set of criteria and agreed that Mr. Yeo had participated, deliberated and expressed his views independently at all times, presenting objective and constructive challenges to the assumptions and viewpoints by Management. The Board considers that Mr. Yeo brings invaluable expertise, experience and knowledge to the Board. The Board trust that Mr. Yeo who is familiar with the business, will continue to contribute positively to the deliberation of the Board and Board Committees and his independence of character and judgement was not in any way affected or impaired by the length of service. The Board is satisfied with Mr. Yeo's continued independence of character and judgement and determined that Mr. Yeo is remained independent to discharge their duties objectively.

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

In accordance with Guideline 3.3 of the Code, the Company has appointed Mr. Bote de Vries ("Mr. de Vries") as the Non-Executive Lead Independent Director. Led by the Non-Executive Lead Independent Director, the independent directors will meet periodically without the presence of the other directors, and the Non-Executive Lead Independent Director will provide feedback to the Chairman after such meetings.

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

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

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

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

The NC comprises Mr. Yeo, Mr. de Vries and Mr. Chong Chee Keong Chris ("**Mr. Chong**"). The three (3) members of the NC are Non- Executive Independent Directors. Mr. Chong is the Chairman of the NC with effect from 27 May 2019.

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

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

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

Annual Review of Director's Independence in FY2019

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

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

Directors' Time Commitments & Multiple Board Representations

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

Recommendation of Nomination and Re-nomination of Directors

The NC is responsible for reviewing and recommending all nominations and re-nominations of Directors. All directors other than the managing director (or any Director holding an equivalent appointment) are subject to retirement in accordance with the provisions of the Company's Constitution whereby one third of the directors are required to retire (or if their number is not a multiple of three (3), the number nearest to but not greater than one third) and subject themselves for re-election by shareholders at every AGM. Pursuant to Rule 720(4) of the Catalist Rules, all directors must submit themselves for re-nomination and re-appointment at least once every three years.

A new director who is appointed by the Board is subject to re-election by shareholders at the next AGM following his appointment and, thereafter, shall be taken into account in determining the number of directors who are to retire by rotation at the AGM.

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

At the forthcoming AGM, the following directors will be subject to retirement pursuant to Article 105 of the Company's Constitution and all Directors, being eligible have offered themselves for re-election as director:

1. Mr Yeo Chee Neng

2. Mr Bote de Vries

The NC had also nominated and recommended the re-appointment of Mr. Ling Yong Wah as a Director of the Company pursuant to Rule 720(4) of the Catalist Rules.

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

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

Succession Planning for the Board and Senior Management

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

CORPORATE GOVERNANCE STATEMENT

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

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

Date of appointment	28 June 2018
Date of last re-election	26 July 2018
Board Committee(s) served on	None
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None

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

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

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

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

Mr. Bote de Vries – Non-Executive Lead Independent Director

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

Mr. Yeo Jeu Nam – Non-Executive Independent Director

Date of appointment	21 August 2008
Date of last re-election	26 July 2018
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	Independent Director of Frencken Group Limited
Past Directorship in other listed companies held over the preceding three years	Lead Independent Director of Swiber Holdings Limited

CORPORATE GOVERNANCE STATEMENT

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

Date of appointment	28 February 2018
Date of last re-election	26 July 2018
Board Committee(s) served on	Audit, Nominating and Remuneration Committees
Present Directorships in other listed companies	None
Past Directorship in other listed companies held over the preceding three years	None

Principle 5: Board Performance

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

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

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

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

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

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

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

Principle 6: Access to Information

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

The RC is responsible for:

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

Remuneration Band and Name of Directors	Salary(1)	Performance Incentives(2)/ Bonus(3)	Directors' Fees	Others Benefits	Total
	%	%	%	%	%
S$500,001 to S$750,000					
Yeo Chee Neng	82	7	5	6	100
S$250,001 to S$500,000					
Ling Yong Wah	79	12	8	1	100
S$250,000 and below					
Sheikh Abdulaziz Ali AlTurki			100		100
Bote de Vries	–	12	88	–	100
Yeo Jeu Nam	–	12	88	–	100
Chong Chee Keong Chris	–	–	100	–	100

Notes:
(1) Salary is inclusive of allowances, CPF and other emoluments.
(2) Performance incentives refer to long term cash incentive plan and long term performance driven award.
(3) Bonus is short term cash incentive plan and is a sum of money given in addition to the usual compensation, normally for outstanding performance and service for certain year.

CORPORATE GOVERNANCE STATEMENT

To maintain confidentiality of staff remuneration matters and for competitive reason, the names of the key executives of the Group, the aggregate total remuneration paid and the upper limit of the remuneration band of top 8 key management personnel are not disclosed in this Annual Report. The following shows the annual remuneration of the 8 key executives of the Company (who are not directors or the CEO) for the financial year under review:

Key Management Personnel

Remuneration Band	No. of Executives	Base/ Fixed Salary %	Variables or Bonuses %	Share-Based %	Total %
S$150,001 to S$250,000	5	88	2	10	100
S$150,000 and below	3	90	2	8	100

The Company has no employee who is an immediate family member of a Director or CEO and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2019.

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

Information on the Scheme and the Plan are disclosed in the Directors' Statement on pages 44 to 47.

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

Principle 11: Risk Management and Internal Controls

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

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

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

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

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

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

Based on the internal controls established by and maintained by the Company, and the reviews performed by the Management, AC and the Board, the Board, with the concurrence with the AC, is of the opinion that the risk management and internal controls that the Group has put in place to address financial, operational, compliance and information technology risks, are adequate as at 31 March 2019.

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

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

2. assess and evaluate the efficiency of business process;

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

The AC is responsible for:

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

In April 2018, the Group conducted a request for proposal exercise for the provision of external audit services. With the satisfactory results from the evaluation of relevant competence, the AC recommended the re-appointment of Deloitte & Touche LLP at the forthcoming AGM. The aggregate amount of fees paid to the external auditors of the Company for the audit services amounted to S$250,000 provided by the external auditors of the Company for the financial year ended 31 March 2019. There is no material non-audit service provided by the external auditors for the financial year. As such, in the AC's opinion, the external auditors remain independent.

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

No dividend was declared and paid for the financial year end 31 March 2019 as the Group was loss-making.

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

INTERESTED PERSON TRANSACTIONS

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

In compliance with Rule 907 of the SGX-ST Catalist Rules, there were no transactions with interested persons for the financial year ended 31 March 2019 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Chartering services provided to the Group		
Rawabi Vallianz International Company	Nil	US$51,844,462
Ship management services provided by the Group		
Swiber and its subsidiaries	US$3,321,092	Nil
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group		
Swiber and its subsidiaries	US$249,090	Nil
Corporate services provided to the Group		
Rawabi Holding Company Limited and its subsidiaries	Nil	US$547,466

In addition to the above, the Group has extended advances and corporate guarantees to subsidiaries and joint venture companies which may be deemed as Interested Persons Transactions (IPT) and which the Company has not disclosed or complied with under Chapter 9 of the Catalist Rules. The Company is in the process of reviewing these transactions and will update shareholders in due course. The Company targets to provide the necessary information on the IPTs by 24 July 2019, 7 days before the upcoming Annual General Meeting scheduled for 31 July 2019.

CORPORATE GOVERNANCE STATEMENT

As at 31 March 2019, the outstanding advances and corporate guarantees to the entities that the Company has identified so far are as follows:

US$'million	Advances	Corporate Guarantee
RVIC	92.7[1]	222.9[2]
RVOS	-	36.5[2]

Notes:

(1) RVIC is jointly owned by the Company and Rawabi. The advances to RVIC were made by RVOS which is in turn jointly owned by the Company and Rawabi. Hence, the advances are deemed to be made in proportion to the Company's shareholding interest in RVIC.

(2) These corporate guarantees were provided to bankers for banking facilities, and they were provided in proportion to the Company's shareholding interests in these entities.

MATERIAL CONTRACTS

Save for the service agreement and employment contract entered into between the Executive Directors and the Company, there was no material contract between the Company and its subsidiaries involving the interests of any director or controlling shareholders which are either still subsisting at the end of the financial year ended 31 March 2019 or, if not then subsisting, entered into since the end of previous financial year.

DEALINGS IN SECURITIES

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

NON-SPONSORSHIP FEES

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that the Company's sponsor, Provenance Capital Pte. Ltd. ("Provenance Capital") did not provide any non-sponsor services to the Company and no non-sponsor fees were paid by the Company to Provenance Capital during FY2019.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2019.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 58 to 161 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

AlTurki, Abdulaziz Ali A
Yeo Chee Neng
Ling Yong Wah
Bote de Vries
Yeo Jeu Nam
Chong Chee Keong Chris

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraphs 3, 4 and 5 of the Directors' statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

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

Name of directors and company in which interests are held	Shareholdings registered in name of director At beginning of year	At end of year (Note A)
The Company		
(Ordinary shares)		
Yeo Chee Neng	50,000,000	2,297,493
Ling Yong Wah	35,784,400	1,526,146
Bote de Vries	2,433,334	136,666
Yeo Jeu Nam	8,433,334	336,666
(Share options)		
Bote de Vries	1,000,000	–
Yeo Jeu Nam	3,000,000	–
(Share awards)		
Yeo Chee Neng	10,000,000	–
Ling Yong Wah	10,000,000	–
Bote de Vries	1,666,666	–
Yeo Jeu Nam	1,666,666	–
(Warrants)		
Ling Yong Wah	2,000,000	66,666
Yeo Jeu Nam	6,600,000	220,000

The director's interests in the shares, warrants and options of the Company as at 21 April 2019 are the same as those as at 31 March 2019.

Note A

On 4 July 2018, the Company announced the proposed share consolidation exercise pursuant to which the Company will consolidate every thirty existing ordinary shares registered in the name of each shareholder into one ordinary share ("Proposed Share Consolidation"). Accordingly, the outstanding number of warrants and new shares to be issued pursuant to the exercise of Warrants and Awards granted under the Vallianz Performance Share Plan ("PSP") will also be adjusted.

The Proposed Share Consolidation was approved by Shareholders at the annual general meeting of the Company held on 26 July 2018.

The Proposed Share Consolidation was completed and became effective from 24 January 2019 ("Share Consolidation Effective Date" and "Warrant Adjustment Effective Date").

DIRECTORS' STATEMENT

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

Prior to the Share Consolidation Effective Date, the issued share capital of the Company comprised 16,780,595,243 Existing Shares, and with effect from the Share Consolidation Effective Date, the issued share capital of the Company now comprises 559,351,901 Consolidated Shares, after taking into consideration of any fractions of Consolidated Shares arising from the Share Consolidation.

Prior to the Warrant Adjustment Effective Date, the Company had 1,501,801,298 unexercised Warrants, and with effect from the Warrant Adjustment Effective Date, the Company now has 50,059,928 unexercised Adjusted Warrants, after taking into consideration of any fractions of Adjusted Warrants arising from the Warrant Adjustment.

4 SHARE OPTIONS

The Vallianz Employee Share Option Scheme ("ESOS")

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

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

(i) Yeo Jeu Nam (Chairman)
(ii) Bote de Vries
(iii) Chong Chee Keong Chris

a) Terms of ESOS

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

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

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

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

DIRECTORS' STATEMENT

4 SHARE OPTIONS

b) Unissued shares under option and options exercised

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

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

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

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

5 VALLIANZ PERFORMANCE SHARE PLAN ("PSP")

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

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

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

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

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

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

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

Date of grant	Balance at 1 April 2018	Granted	Vested	Cancelled	Balance at 31 March 2019
25 August 2017	67,999,992	–	(64,833,326)	(3,166,666)	–

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

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

Share awards participants	Share awards granted during the financial year	Aggregate share awards granted since commencement of plan to the end of the financial year	Aggregate share awards vested since commencement of plan to the end of the financial year	Aggregate share awards outstanding as at the end of the financial year
Yeo Chee Neng	–	27,000,000	(27,000,000)	–
Ling Yong Wah	–	25,000,000	(25,000,000)	–
Yeo Jeu Nam	–	3,500,000	(3,500,000)	–
Bote de Vries	–	3,500,000	(3,500,000)	–
	–	59,000,000	(59,000,000)	–

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

(i) Yeo Jeu Nam (Chairman)
(ii) Bote de Vries
(iii) Chong Chee Keong Chris

6 AUDIT COMMITTEE

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

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

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

The functions of the Audit Committee include the following:

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

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

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

DIRECTORS' STATEMENT

6 AUDIT COMMITTEE (CONT'D)

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

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

f) review the interested person transactions.

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Ling Yong Wah

Yeo Chee Neng

10 July 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Vallianz Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 161.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon

Financial statements have been prepared on a going concern basis

Key Audit Matters

During the financial year ended 31 March 2019, the Group recorded a net loss for the year of US$132,663,000. As at 31 March 2019, the Group is in net current assets position of US$2,404,000.

Included in the net current assets balance of US$2,404,000 is an amount due from joint venture of US$126,807,000. Management has assessed that the amount is expected to be settled within the next 12 months through i) the offsetting of future charter hire expenses payable to the joint venture; ii) exploring financing alternatives of the joint venture; and iii) acquisition of vessels from the joint venture, if any. Accordingly, the amount has been presented as current as disclosed in Note 9 to the financial statements.

Additionally, during the financial year ended 31 March 2019, the Group has breached the financial covenants under the Framework Agreement of i) minimum EBITDA/ Finance Charges (Singapore Operation) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2019. The non-current portion of the term loan owed to the other financial institution has been classified as current liabilities accordingly as further disclosed in Note 21.

During the year, the Group has been receiving advances from its immediate holding company to support its loan repayments and operations. As at 31 March 2019, the Group has obtained from its immediate holding company a Letter of Undertaking to treat these shareholder advances amounting to US$54,660,000 as equity.

These conditions may cast significant doubt on the Group's and Company's ability to continue as a going concern.

Our audit performed and responses thereon

Our audit approach included the following procedures:

- We reviewed management's assessment on going concern through obtaining management's forecast of the cash flow projections of the Group over the next 12 months;
- For the amount due from joint venture, we have performed the following audit procedures:
  - reviewed available financing alternatives of the joint venture;
  - reviewed the ongoing settlement of the amount due through the offsetting of charter hire payable to the joint venture;
- We made inquiries on the progress of the Group's restructuring of its existing Framework Agreement;
- We challenged the appropriateness of the key assumptions used by management in the cash flow projections, including timing of cash inflow, expected loan repayments and cash required for operations, and performed sensitivity tests;
- We reviewed management's evaluation of its compliance with financial covenants and its assessment on the wavier obtained from the financial institution;
- We reviewed the financial capability of its immediate holding company in providing financial support to the Group; and
- We have also reviewed the adequacy and appropriateness of the disclosures made in Note 3 and 4 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon

Financial statements have been prepared on a going concern basis (cont'd)

Management is of the view that the Group and Company will be able to meet its obligations in the foreseeable future as a result of the following:

- there is positive cash inflows from management's forecast of the cash flow projections of the Group over the next 12 months, prepared on the assumption that revenue is based on current order book and successful restructuring of the Framework Agreement;
- the Group restructuring the existing Framework Agreement with the two financial institutions to renegotiate on the repayment terms and loan covenants, of which management is confident of obtaining the agreement of the two financial institutions; and
- the Group obtaining the financial support from its immediate holding company to meet its repayment obligations.

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
Concentration of revenue with a customer	
The Group is principally engaged in three operating segments, namely (1) Vessel chartering and brokerage, (2) Vessel management and services, and (3) Investment holding. We have identified revenue from vessel chartering to be of significance (i.e. contributed 91% to the Group's total revenue) due to the concentration of the chartering contracts with a national oil company ("NOC") in the Middle East, which contributed to the majority of the Group's total vessel chartering income. Management has assessed the background of the abovementioned customer and has no concern over the financial ability of the customer. The Group typically enters into time and bareboat charter hiring contracts, which are generally for a period of three to six months; except for the contracts entered with the NOC, which are contracted for a period of up to six years. The Group recognises revenue from charter hire contracts on a straight-line basis over the period of the relevant contracts as set out in Note 2 to the financial statements and the different revenue streams for the Group have been disclosed in Note 31 to the financial statements.	We reviewed the work performed by component auditors of the Group which included the following procedures: • Evaluated the design and implementation of relevant controls over revenue streams; • Reviewed the charter hire agreements for any unusual terms or conditions or side arrangements; • Performed substantive procedures and assessed the occurrence and cutoff of revenue by sample testing and agreeing to the related customer order, shipping documentation and the charter hire agreements; and • Assessed compliance with revenue recognition under SFRS(I) 15. We have also reviewed management's assessment of the background of the customer. We reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
Valuation of trade and other receivables	
Under SFRS(I) 9 *Financial Instruments: Recognition and Measurement*, the Group is required to assess for expected credit loss allowance for trade and other receivables. As at 31 March 2019, the Group's trade and other receivables (excluding prepayments and deposits) amounted to US$174,245,000. The aged trade and other receivables in excess of 120 days amounted to US$47,229,000. An expected credit loss allowance for doubtful trade and other receivables of US$6,490,000 was recorded as at 31 March 2019. Included in the Group's trade and other receivables is an amount due from joint venture of US$126,807,000. Management has assessed the collectability and no credit loss allowance was recorded for the amount due from joint venture for the financial year ended 31 March 2019 as the amount is expected to be settled within the next 12 months as discussed under the *Key Audit Matter - Financial statements have been prepared on a going concern basis*. These assessments require the exercise of significant judgement by management. The key assumptions used and estimates made by management for expected credit loss allowance for trade and other receivables have been disclosed in Notes 3, 8 and 9 to the financial statements.	Our audit procedures included: • We evaluated the design and implementation of controls over the Group's credit and collection processes; • We evaluated management's assessment of the collectability of significant overdue receivables; • We performed procedures which comprise specific analysis of the individual customers with long overdue balance and analysis of past bad debts trend analysis by comparing the loss allowance to the actual bad debts written off; • We evaluated the expected credit loss estimated using a provision matrix which includes historical and forward-looking information; • We performed substantive procedures which includes reviewing the subsequent collections from customers; • For the amount due from joint venture, we have performed the following audit procedures: – reviewed management assessment on collectability of the amount due from joint venture; – reviewed available financing alternatives of the joint venture; – reviewed the ongoing settlement of the amount due through the offsetting of charter hire payable to the joint venture; and • We reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
Impairment of assets	
The Group's and Company's key assets, apart from cash and cash equivalents, trade and other receivables, comprise the following: • property, plant and equipment (in particular, vessels); • investment in joint venture; and • investment in associate. Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to annually assess for indicators of impairment of the assets; and significant management's estimates and judgment are involved in the determination of the recoverable amounts of the assets as set out in Notes 2 and 3 to the financial statements. Management has assessed the recoverable amounts of the vessels based on market value evaluated by independent professional valuers. The market value is underpinned by a number of key assumptions used in the market comparable approach that reflects recent transaction prices for similar vessels, taking into consideration the age and condition of the vessels. An impairment charge of US$53,510,000 on the property, plant and equipment was recorded as disclosed in Note 15 to the financial statements. For investment in joint venture, management has assessed the recoverable amount and qualitative factors such as economic outlook relating to those assets. Based on management's assessment, no additional impairment charge has been recorded as disclosed in Note 17 to the financial statements.	Our audit approach included the following procedures: • We evaluated the appropriateness of management's controls over the impairment assessment process, including indicators of impairment and determination of CGUs for the purpose of assessing the recoverable amounts; • We held discussions with management's experts to obtain an understanding on the approach adopted in the valuation of vessels, key assumptions made, and objectivity and independence of the valuers; • We engaged our internal specialists to assess the appropriateness of the key assumptions adopted by management and the valuers (with respect to the valuation of vessels); • We reviewed management's assessment of the recoverable amount of the investment in joint venture and deemed investment in associate taking into consideration the financial performance, net tangible assets and qualitative factors such as economic outlook relating to those assets; and • We reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Key Audit Matters	Our audit performed and responses thereon
Impairment of assets (cont'd) During the year, the Group has reclassified the receivables due from PT Vallianz Offshore Maritim ("associate" or "PTVOM") of US$82,235,000 to deemed investment in associate as the Group does not expect the repayment of the debts by the associate in cash or other financial assets. Management has assessed the recoverability of the investment in associate and qualitative factors such as economic outlook relating to those assets and recognised an impairment loss of US$67,392,000 for the financial year ended 31 March 2019 as disclosed Note 18 to the financial statements.	

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

10 July 2019

STATEMENTS OF FINANCIAL POSITION

31 MARCH 2019

	Note	Group 31 March 2019 US$'000	Group 31 March 2018 US$'000	Group 1 April 2017 US$'000	Company 31 March 2019 US$'000	Company 31 March 2018 US$'000	Company 1 April 2017 US$'000
ASSETS							
Current assets							
Cash and cash equivalents	7	**8,374**	7,569	45,568	**118**	162	455
Trade receivables	8	**42,420**	33,959	91,890	**2**	2	–
Other receivables	9	**161,743**	174,862	124,915	**207,347**	142,832	122,225
Inventories	10	**4,935**	2,936	1,669	**–**	–	–
Contract assets	11	**492**	252	1,506	**–**	–	–
Financial assets at fair value through other comprehensive income	12	**31,729**	–	–	**–**	–	–
Available-for-sale investments	13	**–**	31,729	31,729	**–**	–	–
Total current assets		**249,693**	251,307	297,277	**207,467**	142,996	122,680
Non-current assets							
Monies pledged with banks	7	**699**	699	699	**–**	–	–
Intangible assets	14	**–**	–	–	**–**	–	–
Property, plant and equipment	15	**237,367**	272,218	372,233	**69**	84	107
Subsidiaries	16	**–**	–	–	**154**	154	105
Joint ventures	17	**65,435**	65,330	54,026	**68,530**	68,530	55,991
Associate	18	**14,843**	–	–	**–**	–	–
Goodwill	19	**–**	–	–	**–**	–	–
Derivative financial instruments	20	**1,713**	1,340	1,295	**–**	–	–
Total non-current assets		**320,057**	339,587	428,253	**68,753**	68,768	56,203
Total assets		**569,750**	590,894	725,530	**276,220**	211,764	178,883
LIABILITIES AND EQUITY							
Current liabilities							
Term loans	21	**152,050**	91,056	64,903	**–**	–	4,823
Trade payables	22	**65,784**	33,037	62,487	**–**	25	–
Other payables	23	**24,503**	65,156	136,922	**153,238**	143,408	139,497
Finance lease payables	24	**5**	5	186	**–**	–	–
Income tax payable		**4,947**	4,435	2,613	**–**	–	–
Total current liabilities		**247,289**	193,689	267,111	**153,238**	143,433	144,320
Non-current liabilities							
Term loans	21	**152,258**	155,142	275,726	**–**	–	–
Retirement benefit obligation		**2,014**	1,717	1,077	**–**	–	–
Finance lease payables	24	**1**	6	–	**–**	–	–
Deferred tax liabilities	25	**8,045**	4,652	4,010	**–**	–	–
Total non-current liabilities		**162,318**	161,517	280,813	**–**	–	–
Capital and reserves							
Share capital	26	**347,746**	344,866	203,918	**347,746**	344,866	203,918
Perpetual capital securities	27	**22,500**	22,500	22,500	**22,500**	22,500	22,500
Foreign currency translation reserve	28	**(114)**	(26)	(1,045)	**–**	–	–
Share options reserve	29	**–**	405	447	**–**	405	447
Shareholder's advances	30	**61,448**	6,788	102,087	**54,660**	–	102,087
Other reserve		**(41)**	(112)	(27)	**28**	28	28
Accumulated losses		**(259,154)**	(130,973)	(147,638)	**(301,952)**	(299,468)	(294,417)
Equity attributable to owners of the Company and capital securities holders		**172,385**	243,448	180,242	**122,982**	68,331	34,563
Non-controlling interests		**(12,242)**	(7,760)	(2,636)	**–**	–	–
Total equity		**160,143**	235,688	177,606	**122,982**	68,331	34,563
Total liabilities and equity		**569,750**	590,894	725,530	**276,220**	211,764	178,883

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2019

	Note	2019 US$'000	2018 US$'000
Revenue	31	**184,518**	184,337
Cost of sales		**(151,547)**	(140,020)
Gross profit		**32,971**	44,317
Other (expense) and income, net	32	**(227)**	6,884
Administrative expenses		**(11,703)**	(14,134)
Exceptional items	33	**(133,318)**	(7,134)
Finance costs	34	**(16,473)**	(13,974)
Share of results of associate and joint ventures	17,18	**105**	(1,235)
(Loss) Profit before tax		**(128,645)**	14,724
Income tax expense	35	**(4,018)**	(3,183)
(Loss) Profit for the year	36	**(132,663)**	11,541
Other comprehensive (loss) income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(88)**	1,019
Actuarial gain (loss) on post-employment benefit obligation		**71**	(85)
Other comprehensive (loss) income for the year, net of tax		**(17)**	934
Total comprehensive (loss) income for the year		**(132,680)**	12,475
(Loss) Profit for the year attributable to:			
Owners of the Company		**(128,181)**	16,665
Non-controlling interests		**(4,482)**	(5,124)
		(132,663)	11,541
Total comprehensive (loss) income attributable to:			
Owners of the Company		**(128,198)**	17,599
Non-controlling interests		**(4,482)**	(5,124)
		(132,680)	12,475
(Loss) Earnings per share (US cents)			
Basic	37	**(23.03)**	6.95
Diluted	37	**(23.03)**	5.72

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Share capital US$'000	Perpetual capital securities US$'000	Foreign currency translation reserve US$'000
Group			
At 1 April 2018	344,866	22,500	(26)
Total comprehensive loss for the year			
Loss for the year	–	–	–
Other comprehensive loss for the year	–	–	(88)
Total	–	–	(88)
Transactions with owners, recognised directly in equity			
Deemed investment by a shareholder (Note 30)	–	–	–
Issue of vendor settlement shares (Note 26)	2,307	–	–
Performance shares awarded (Note 26 and 29)	573	–	–
Recognition of shares-based compensation (Note 29)	–	–	–
Forfeiture of performance shares awarded (Note 29)	–	–	–
Total	2,880	–	–
At 31 March 2019	**347,746**	**22,500**	**(114)**
At 1 April 2017	203,918	22,500	(1,045)
Total comprehensive income for the year			
Profit for the year	–	–	–
Other comprehensive income for the year	–	–	1,019
Total	–	–	1,019
Transactions with owners, recognised directly in equity			
Deemed investment by a shareholder (Note 30)	–	–	–
Issue of vendor settlement shares (Note 26)	2,258	–	–
Issue of rights shares (Note 26)	51,468	–	–
Issue of warrant shares (Note 26)	85,964	–	–
Performance shares awarded (Note 29)	1,258	–	–
Recognition of shares-based compensation (Note 29)	–	–	–
Forfeiture of performance shares awarded (Note 29)	–	–	–
Total	140,948	–	–
At 31 March 2018	**344,866**	**22,500**	**(26)**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

Share options reserve US$'000	Shareholder's advance US$'000	Other reserve US$'000	Accumulated losses US$'000	Equity attributable to owners of the company and capital issued to securities holders US$'000	Non-controlling interests US$'000	Total US$'000
405	6,788	(112)	(130,973)	243,448	(7,760)	235,688
–	–	–	(128,181)	(128,181)	(4,482)	(132,663)
–	–	71	–	(17)	–	(17)
–	–	71	(128,181)	(128,198)	(4,482)	(132,680)
–	54,660	–	–	54,660	–	54,660
–	–	–	–	2,307	–	2,307
(573)	–	–	–	–	–	–
250	–	–	–	250	–	250
(82)	–	–	–	(82)	–	(82)
(405)	54,660	–	–	57,135	–	57,135
–	**61,448**	**(41)**	**(259,154)**	**172,385**	**(12,242)**	**160,143**
447	102,087	(27)	(147,638)	180,242	(2,636)	177,606
–	–	–	16,665	16,665	(5,124)	11,541
–	–	(85)	–	934	–	934
–	–	(85)	16,665	17,599	(5,124)	12,475
–	6,788	–	–	6,788	–	6,788
–	–	–	–	2,258	–	2,258
–	(35,100)	–	–	16,368	–	16,368
–	(66,987)	–	–	18,977	–	18,977
(1,258)	–	–	–	–	–	–
1,300	–	–	–	1,300	–	1,300
(84)	–	–	–	(84)	–	(84)
(42)	(95,299)	–	–	45,607	–	45,607
405	**6,788**	**(112)**	**(130,973)**	**243,448**	**(7,760)**	**235,688**

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Share capital US$'000	Perpetual capital securities US$'000	Share options reserve US$'000	Shareholder's advance US$'000	Other reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company							
At 1 April 2018	344,866	22,500	405	–	28	(299,468)	68,331
Total comprehensive loss for the year							
Loss for the year	–	–	–	–	–	(2,484)	(2,484)
Total	–	–	–	–	–	(2,484)	(2,484)
Transactions with owners, recognised directly in equity							
Deemed investment by a shareholder (Note 30)	–	–	–	54,660	–	–	54,660
Issue of vendor settlement shares (Note 26)	2,307	–	–	–	–	–	2,307
Performance shares awarded (Note 26 and 29)	573	–	(573)	–	–	–	–
Recognition of shares-based compensation (Note 29)	–	–	250	–	–	–	250
Forfeiture of performance shares awarded (Note 29)	–	–	(82)	–	–	–	(82)
Total	2,880	–	(405)	54,660	–	–	57,135
At 31 March 2019	**347,746**	**22,500**	**–**	**54,660**	**28**	**(301,952)**	**122,982**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Share capital US$'000	Perpetual capital securities US$'000	Share options reserve US$'000	Shareholder's advance US$'000	Other reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company (cont'd)							
At 1 April 2017	203,918	22,500	447	102,087	28	(294,417)	34,563
Total comprehensive loss for the year							
Loss for the year	–	–	–	–	–	(5,051)	(5,051)
Total	–	–	–	–	–	(5,051)	(5,051)
Transactions with owners, recognised directly in equity							
Issue of vendor settlement shares (Note 26)	2,258	–	–	–	–	–	2,258
Issue of rights share (Note 26)	51,468	–	–	(35,100)	–	–	16,368
Issue of warrant share (Note 26)	85,964	–	–	(66,987)	–	–	18,977
Performance shares awarded (Note 29)	1,258	–	(1,258)	–	–	–	–
Recognition of shares-based compensation (Note 29)	–	–	1,300	–	–	–	1,300
Forfeiture of performance shares awarded (Note 29)	–	–	(84)	–	–	–	(84)
Total	140,948	–	(42)	(102,087)	–	–	38,819
At 31 March 2018	**344,866**	**22,500**	**405**	**–**	**28**	**(299,468)**	**68,331**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019

	2019 US$'000	2018 US$'000
Operating activities		
(Loss) Profit before tax	**(128,645)**	14,724
Adjustments for:		
Loss allowance for trade and other receivables (Note 32)	**1,015**	977
Bad debts written off (Note 32)	**398**	5,939
Depreciation of property, plant and equipment (Note 15)	**11,879**	14,243
Provision for retirement benefit obligation	**136**	555
Finance costs	**16,473**	13,974
Loss (Gain) on disposal of property, plant and equipment (Note 32)	**284**	(5,773)
Assets written off (Note 32)	**–**	5
Unrealised foreign exchange loss	**(88)**	1,026
Share-based payment expense (Note 29)	**250**	1,300
Share of results of associate and joint venture	**(105)**	1,235
Fair value gain of derivative financial instrument (Note 32)	**(373)**	(45)
Forfeiture of performance shares awarded (Note 32)	**(82)**	(84)
Reinstatement cost of shipyard	**520**	–
Impairment of property, plant and equipment (Note 33)	**53,510**	1,200
Impairment of investment in associate (Note 33)	**67,392**	–
Compensation for late delivery of vessels and cancellation of project (Note 33)	**12,416**	–
Operating cash flows before working capital changes	**34,980**	49,276
Trade and other receivables [(i)]	**1,040**	(30,738)
Trade and other payables [(i)]	**(3,043)**	(18,774)
Inventories	**(1,999)**	(1,267)
Contract assets	**(240)**	1,254
Cash generated from (used in) operations	**30,738**	(249)
Income tax paid	**(113)**	(719)
Net cash from (used in) operating activities	**30,625**	(968)
Investing activities		
Purchase of property, plant and equipment	**(29,356)**	(5,567)
Deemed investment in joint venture [(i)]	**–**	(4,000)
Advances to joint venture	**(92,681)**	(6,291)
Proceeds on disposal of property, plant and equipment [(ii)]	**800**	78,832
Net cash (used in) from investing activities	**(121,237)**	62,974

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019

	2019 US$'000	2018 US$'000
Financing activities		
Interest paid	**(11,073)**	(11,341)
Proceeds from new term loans raised	**70,323**	28,000
Proceeds from rights issue and warrants, net of expenses [(i)]	**–**	5,951
Proceeds from shareholder's advances (Note 30)	**44,390**	–
Repayment of term loans	**(12,213)**	(122,431)
Repayment of obligations under finance leases	**(5)**	(175)
Net cash from (used in) financing activities	**91,422**	(99,996)
Net increase (decrease) in cash and cash equivalents	**810**	(37,990)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(5)**	(9)
Cash and cash equivalents at beginning of the year	**7,569**	45,568
Cash and cash equivalents at end of the year (Note 7)	**8,374**	7,569

Material non-cash items

(i) In 2019, other material non-cash transactions include:

- the issuance of settlement shares to certain trade creditors (Note 26);
- deemed investment in associate of US$82,235,000 was classified from other receivables (Note 18);
- addition of plant and equipment of US$2,500,000 adjusted against changes in other receivables (Note 15);
- classification of other payables to corporate shareholder as shareholder advances (Note 30).

In 2018, other material non-cash transactions include:

- the issuance of settlement shares to certain trade creditors (Note 26);
- additional deemed investment in joint venture (Note 17);
- the novation of other payables due to a corporate shareholder who is placed under judicial management from the associate pursuant to the Set-Off and Settlement Agreement ("SOSA") entered into with a corporate shareholder (Note 30);
- the set-off of trade receivables, other receivables, trade payables and other payables pursuant to the SOSA agreement with a corporate shareholder (Note 30); and
- the issuance of shares from new rights issue and exercise of warrants (Note 30).

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019

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

	2019 US$'000	2018 US$'000
Net carrying amount of property, plant and equipment disposed during the year (Note 15)	**(1,198)**	(90,137)
Receipts by way of:		
Non-cash settlement offset against payables owing to ultimate holding company	**–**	8,539
Addition in deemed investment in a joint venture (Note 17)	**–**	8,539
Increase in other receivables	**114**	–
Cash receipts	**800**	78,832
Net (loss) gain on disposal of property, plant and equipment (Note 32)	**(284)**	5,773

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

1 GENERAL

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries, joint ventures and associate are detailed in Notes 16, 17 and 18 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2019 were authorised for issue by the Board of Directors on 10 July 2019.

For all periods up to and including the year ended 31 March 2018, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 March 2019 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 44.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

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

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets (before 1 April 2018)

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

<u>Cash and cash equivalents in the statement of cash flows</u>

Cash and cash equivalents in the statement of cash flows comprise cash on hand and other short-term highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Loans and receivables

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

Available-for-sale financial assets

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

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

Impairment of financial assets

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

<u>Derecognition of financial assets</u>

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

Financial assets (from 1 April 2018)

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under "other income" line item.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the line items. Fair value is determined in the manner described in Note 4.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in external market indicators of credit risk;

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- An actual or expected significant deterioration in the operating results of the debtor; and

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as significant financial difficulty of the debtor or a breach of contract, such as default or past due event.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped based on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in equity instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 20.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Offsetting arrangements

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

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

The Group as lessor

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

The Group as lessee

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

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

The results and assets and liabilities of associate or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

REVENUE RECOGNITION – Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Charter hire income

Charter hire revenue comprise time charter and bareboat charter. Time and bareboat charter revenue is recognised on a straight-line basis at the agreed charter rate over the period of the relevant leases.

Brokerage income

For brokerage income, the Group acts as the broker for the customer by sourcing for a vessel that meet the specification requirements of the customer. The performance obligation of brokerage income include facilitating brokerage arrangement between the customer and the vessel owner. Brokerage income is recognised as a performance obligation satisfied over time based on the time lapse and the service provided stated in the contract at an agreed percentage of lump sum charter hire fee of the vessel.

Vessel management income

The performance obligation of vessel management income includes technical management service, crew management service and commercial management service which are all highly interrelated. Vessel management income is recognised as a performance obligation satisfied over time in the period in which the services are rendered at an agreed fixed price.

Construction income

The Group constructs and sells vessels under long-term contracts with customer. Such contracts are entered into before construction of the vessels begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the vessels to another customer and has an enforceable right to payment for work done. Revenue is recognised over time using the input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Dividend income

Dividend income from investments is recognised in profit or loss when the Group's rights to receive the dividends have been established.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interest income

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents comprise cash on hand, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents is stated at cash and bank deposits less restricted cash.

SEGMENT REPORTING – For management purposes, the Group is organised into operating segments based on their services which are managed by respective segment managers responsible for the performance of the respective segment under their charge. The segment or department managers report directly to the chief operating decision maker of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

<u>Financial statements have been prepared on a going concern basis</u>

During the financial year ended 31 March 2019, the Group recorded a net loss for the year (after exceptional expenses) of US$132,663,000. At the operational level, the Group continues to be profitable.

Additionally, during the financial year ended 31 March 2019, the Group has breached the financial covenant under the Framework Agreement of i) minimum EBITDA/Finance Charges (Singapore Operation) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2019. The non-current portion of the term loan owed to the other financial institution for which a waiver letter was not obtained has been classified as current liabilities as further disclosed in Note 21.

During the year, the Group has been receiving advances from its immediate holding company to support its loan repayments and operations. As at 31 March 2019, the Group has obtained from its immediate holding company a Letter of Undertaking to treat these shareholder advances amounting to US$54,660,000 as equity.

These conditions may cast significant doubt on the Group's ability to continue as a going concern.

Management is of the view that the Group will be able to meet its obligations in the foreseeable future as a result of the following:

- there is positive cash inflows from management's forecast of the cash flow projections of the Group over the next 12 months, prepared on the assumption that revenue is based on current order book and successful restructuring of the Framework Agreement;

- the Group restructuring the existing Framework Agreement with the two financial institutions to renegotiate on the repayment terms and loan covenants, of which management is confident of obtaining the agreement of the two financial institutions; and

- the Group obtaining the financial support from its immediate holding company to meet its repayment obligations.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

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

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

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

Rawabi Vallianz Offshore Services Company Limited ("RVOS")

On 1 October 2013, the Group acquired 50% of the issued share capital of RVOS, an entity incorporated in the Kingdom of Saudi Arabia. Therefore, as at 31 December 2013 and since then, the directors of the Company assessed that the Group has the practical ability to direct the relevant activities of RVOS and RVOS has been classified as a subsidiary of the Group even though the Group has 50% ownership interest and voting rights (Note 16).

Rawabi Vallianz International Company Limited ("RVIC")

On 11 December 2015, the Group set up a joint venture entity, RVIC, incorporated in the Kingdom of Saudi Arabia. Management has assessed that the Group exercised joint control over RVIC as the strategic financial and operating policy decisions relating to RVIC's activities required the unanimous consent of both of RVIC's shareholders. Accordingly, since the year ended 31 December 2015, RVIC has been accounted for as a joint venture as disclosed in Note 17.

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

Amount due from joint venture

Included in the Group's trade and other receivables is an amount due from joint venture of US$126,807,000. Management has assessed the collectability and no credit loss allowance was recorded for the amount due from joint venture for the financial year ended 31 March 2019 as the amount is expected to be settled within the next financial year through i) the offsetting of future charter hire expenses payable to the joint venture; ii) funds obtained from exploring financing alternatives of the joint venture; and iii) acquisition of vessels from the joint venture, if any. Accordingly, the amount has been presented as current as disclosed in Note 9 to the financial statements.

(ii) Key sources of estimation uncertainty

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

Vessel useful life and impairment

The cost of vessels and vessel improvements of the Group and the Company is depreciated on a straight-line basis over the useful life of the vessels. Management estimates the useful life of these vessels and vessel improvements to be within 12 to 25 years and 5 years respectively. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. Management reviews the estimated useful lives and residual values of these assets at the end of each reporting period and determined that these estimates remain reasonable.

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

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

Management also reviews the vessels annually for any indication that the carrying amount of the vessel may not be recoverable in accordance with the accounting policy. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. In view of the challenging operating conditions which has adversely impacted the charter rates and utilisation of vessels, management has estimated the recoverable amount of the vessels based on external market valuations obtained to determine whether there is any impairment loss. The external market valuations were based on comparison value of similar assets. If the vessel is considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

The carrying amounts and details of the Group's and Company's vessels, drydocking and impairment at the end of the reporting period are disclosed in Note 15.

Impairment allowance for trade and other receivables (before 1 April 2018)

Trade and other receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Management regularly reviews trade and other receivables and estimates the ultimate realisable amounts for each receivable. In making the estimation, management considered the procedures that have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the creditworthiness and the past collection history of each customer. Specific allowance is only made for receivables that are unlikely to be collected. In this regard, management is satisfied that adequate allowance for doubtful debts has been made in the financial statements in light of the historical records of the Group. The carrying amounts of trade and other receivables at the end of the reporting period are disclosed in Notes 8 and 9 to the financial statements respectively.

Estimation of loss allowance (after 1 April 2018)

When measuring ECL, the Group and Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade and other receivables and contract assets are disclosed in Notes 8, 9 and 11 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

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

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

Impairment of investments in subsidiaries, joint venture and associate

Management exercises their judgement in estimating recoverable amounts of its investment in subsidiaries, associate and joint venture within the Group.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). In assessing recoverable amount, the Group and Company consider the recoverable amount of these investments in the foreseeable future by comparing to the carrying amount of net assets in each subsidiary which approximated the market value less cost to sell.

The carrying amounts of the investments in subsidiaries, joint venture and associate are disclosed in Notes 16, 17 and 18 respectively.

Impairment of financial assets at FVTOCI (unquoted equity instrument)

Management assesses whether there is any objective evidence that equity instrument at FVTOCI are impaired, as evidenced by the occurrence of one or more loss events.

The carrying amount of the financial asset at FVTOCI is disclosed in Note 12 to the financial statements.

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 31 March 2019 was US$4,947,000 (31 March 2018 : US$4,435,000, 1 April 2017 : US$2,613,000). The carrying amount of the Group's deferred tax liabilities are disclosed in Note 25 to the financial statements.

Fair value measurements and valuation processes

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

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

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

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

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group			Company		
	31 March 2019 US$'000	**31 March 2018 US$'000**	**1 April 2017 US$'000**	**31 March 2019 US$'000**	**31 March 2018 US$'000**	**1 April 2017 US$'000**
Financial assets						
Financial assets at amortised cost	**188,539**	185,733	232,790	**207,440**	142,962	122,658
Derivative financial instrument in a non-designated hedge accounting relationship	**1,713**	1,340	1,295	**–**	–	–
Available-for-sale investments	**–**	31,729	31,729	**–**	–	–
Financial assets at fair value through OCI	**31,729**	–	–	**–**	–	–
Financial liabilities						
Financial liabilities at amortised cost	**394,601**	344,402	540,224	**153,238**	143,433	144,320

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

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

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall financial risk management programme seeks to minimise potential adverse effects of the financial performance of the Group. Management reviews the overall financial risk management on specific areas, such as market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash.

The Group engages in natural hedges to manage its exposure to foreign exchange risks. The Group engaged in interest rate swap to manage its exposure to fluctuation of interest rates on borrowings.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group assesses and monitors its current and projected foreign currency cash flows and insofar as possible, reduces the exposure of the net position in each currency by borrowing in those foreign currencies to manage the volatility of future cash flows caused by fluctuation in foreign currency exchange rates.

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

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

	Liabilities			Assets		
	31 March 2019 US$	31 March 2018 US$	1 April 2017 US$	31 March 2019 US$	31 March 2018 US$	1 April 2017 US$
Group						
SGD	**2,453**	4,630	3,511	**17,197**	3,338	1,948
Company						
SGD	**727**	1,574	1,267	**152**	713	513

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

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

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

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

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

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

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
SGD	**737**	(65)	**(29)**	(43)

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

(ii) Interest rate risk management

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to interest rate risk.

Information relating to the Group's and the Company's financial instrument balances which are interest bearing at variable rates are disclosed in Notes 21 to the financial statements.

Interest rate sensitivity

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

If interest rates had been 50 basis points higher or lower during the year and all other variables were held constant, the Group's loss before tax (31 March 2018 : profit before tax) would increase or decrease by approximately US$1,512,000 (31 March 2018 : decrease or increase by approximately US$1,218,000).

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

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

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2019, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

* the carrying amount of the respective recognised financial assets as stated in the statement of financial position; and

* the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in Note 4(b)(iv). The related loss allowance is disclosed in the respective notes to the financial statements.

In order to minimise credit risk, the Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group's current credit risk grading framework comprises of the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 180 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is > 365 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery.	Amount is written off

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

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

(iii) Overview of the Group's exposure to credit risk (cont'd)

The tables below detail the credit quality of the Group's and Company's financial assets and other items, as well as maximum exposure to credit risk:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Group						
31 March 2019						
Trade receivables	8	(i)	Lifetime ECL	42,420	–	42,420
Trade receivables	8	Doubtful	Lifetime ECL	980	(980)	–
Due from associate	9	Performing	12-month ECL	127	–	127
Due from joint ventures	9	Performing	12-month ECL	126,807	–	126,807
Due from related parties	9	Performing	12-month ECL	931	–	931
Due from related parties	9	Doubtful	Lifetime ECL	5,510	(5,510)	–
Due from outside parties	9	Performing	12-month ECL	3,960	–	3,960
Deposits	9	Performing	12-month ECL	5,221	–	5,221
Contract assets	11	Performing	Lifetime ECL	492	–	492
				186,448	(6,490)	179,958

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Company						
31 March 2019						
Trade receivables	8	(i)	Lifetime ECL	2	–	2
Due from ultimate holding company	9	Performing	12-month ECL	234	–	234
Due from associate	9	Performing	12-month ECL	125	–	125
Due from subsidiaries	9	Performing	12-month ECL	201,558	–	201,558
Due from subsidiaries	9	Doubtful	Lifetime ECL	214,131	(214,131)	–
Due from joint ventures	9	Performing	12-month ECL	5,210	–	5,210
Due from related parties	9	Performing	12-month ECL	28	–	28
Due from outside parties	9	Performing	12-month ECL	104	–	104
Deposits	9	Performing	12-month ECL	61	–	61
				421,453	(214,131)	207,322

(i) For trade and other receivables, the Group and Company has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and Company determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 8 and 9 and 11 include further details on the loss allowance for these receivables and contract assets.

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

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

(iv) Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

At the end of the reporting period, approximately 65% (31 March 2018 : 67%, 1 April 2017 : 67%) of the Group's trade and other receivables are due from ultimate holding company, related companies, related parties, associate and joint venture. As at 31 March 2019, 84% (31 March 2018 : 86%, 1 April 2017 : 24%) of trade receivables are due from a single customer in Kingdom of Saudi Arabia.

At the end of the reporting period, approximately 97% (31 March 2018: 76%, 1 April 2017: 70%) of the Company's trade and other receivables are due from subsidiaries.

Further details of credit risks on trade and other receivables and contract assets are disclosed in Notes 8, 9 and 11 respectively.

The credit risk on cash and cash equivalents and derivative financial instruments are limited because the counterparties are reputable banks.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. The maximum amount the Group could be forced to settle under financial guarantee contracts, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$227,702,000 (31 March 2018 : US$301,609,000) for guarantees provided to subsidiaries and US$260,106,000 (31 March 2018 : US$294,725,000) for guarantees provided to associate and joint venture (Note 42). Based on expectations at the end of the reporting period, the Group considers that it is remote that any amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty suffer credit losses.

(v) Liquidity risk management

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 mismatches of the maturities of financial assets and financial liabilities.

As disclosed in Note 3(i), management has exercised significant judgement in assessing the Group's ability to operate as a going concern.

During the financial year ended 31 March 2019, the Group recorded a net loss for the year (after exceptional expenses) of US$132,663,000. As at 31 March 2019, the Group is in net current assets position of US$2,404,000.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

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

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

(v) Liquidity risk management (cont'd)

Included in the net current assets balance of US$2,404,000 is an amount due from joint venture of US$126,807,000. Management has assessed that the amount is expected to be settled within the next 12 months through i) the offsetting of future charter hire expenses payable to the joint venture; ii) funds obtained from exploring financing alternatives of the joint venture; and iii) acquisition of vessels from the joint venture, if any. Accordingly, the amount has been presented as current as disclosed in Note 9 to the financial statements.

Additionally, during the financial year ended 31 March 2019, the Group has breached the financial covenants under the Framework Agreement of i) minimum EBITDA/Finance Charges (Singapore Operation) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2019. The non-current portion of the term loan owed to the other financial institution for which a waiver letter was not obtained has been classified as current liabilities as further disclosed in Note 21.

During the year, the Group has been receiving advances from its immediate holding company to support its loan repayments and operations. As at 31 March 2019, the Group has obtained from its immediate holding company a Letter of Undertaking to treat these shareholder advances amounting to US$54,660,000 as equity.

These conditions may cast significant doubt on the Group's ability to continue as a going concern.

Management is of the view that the Group will be able to meet its obligations in the foreseeable future as a result of the following:

- there is positive cash inflows from management's forecast of the cash flow projections of the Group over the next 12 months, prepared on the assumption that revenue is based on current order book and successful restructuring of the Framework Agreement;

- the Group restructuring the existing Framework Agreement with the two financial institutions to renegotiate on the repayment terms and loan covenants, of which management is confident of obtaining the agreement of the two financial institutions; and

- the Group obtaining the financial support from its immediate holding company to meets its repayment obligations.

Accordingly, management does not believe there is a material uncertainty over the ability of the Group to operate as a going concern.

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 and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operation and mitigate the effects of fluctuation of cash flows.

NOTES TO FINANCIAL STATEMENTS

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

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

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

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

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Group						
31 March 2019						
Non-interest bearing	**–**	**90,289**	**–**	**–**	**–**	**90,289**
Finance lease liabilities (fixed rate)	**7.24**	**5**	**1**	**–**	**–**	**6**
Variable interest rate instruments	**4.56**	**167,387***	**165,144**	**–**	**(30,128)**	**302,403**
Fixed interest rate instruments	**5.00**	**1,999**	**–**	**–**	**(96)**	**1,903**
		259,680	**165,145**	**–**	**(30,224)**	**394,601**
31 March 2018						
Non-interest bearing	–	96,260	–	–	–	96,260
Finance lease liabilities (fixed rate)	7.24	5	7	–	(1)	11
Variable interest rate instruments	4.24	92,140*	181,385	3,352	(33,345)	243,532
Fixed interest rate Instruments	6.25	4,887	–	–	(288)	4,599
		193,292	181,392	3,352	(33,634)	344,402
1 April 2017						
Non-interest bearing	–	199,409	–	–	–	199,409
Finance lease liabilities (fixed rate)	1.40	189	–	–	(3)	186
Variable interest rate instruments	3.67	59,437*	162,993	164,453	(54,297)	332,586
Fixed interest rate instruments	3.37	7,817	508	–	(282)	8,043
		266,852	163,501	164,453	(54,582)	540,224

NOTES TO FINANCIAL STATEMENTS

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

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

(v) Liquidity risk management (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustment US$'000	Total US$'000
Company						
31 March 2019						
Non-interest bearing	**–**	**153,238**	**–**	**–**	**–**	**153,238**
31 March 2018						
Non-interest bearing	–	141,500	–	–	–	141,500
Fixed interest rate instrument	7.98	2,090	–	–	(157)	1,933
		143,590	–	–	(157)	143,433
1 April 2017						
Non-interest bearing	–	139,497	–	–	–	139,497
Fixed interest rate instrument	2.28	4,985	–	–	(162)	4,823
		144,482	–	–	(162)	144,320

* Included under the variable interest rate instruments category is the undiscounted cash flows of bank borrowings from financial institutions with carrying amount of US$51,344,000 as at 31 March 2019 (31 March 2018 : US$31,729,000, 1 April 2017 : US$31,729,000). The timing of the cash flow payments have been categorised above based on the remaining contractual maturity. These bank borrowings have been classified as current liabilities on the statement of financial position (Note 21) following the breach of the respective loan agreements in the respective financial years/period.

Non-derivative financial assets

All financial assets are due within one year from the end of the reporting period and are non-interest bearing, except for the Group's monies pledged with banks amounting to US$699,000 (31 March 2018 : US$699,000, 1 April 2017 : US$699,000).

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

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

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

(v) Liquidity risk management (cont'd)

Derivative financial instruments

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

	On demand or within 1 year US$'000	**Within 2 to 5 years US$'000**	**Total US$'000**
Group			
As at 31 March 2019			
Gross settled:			
Interest rate swaps	**–**	**1,713**	**1,713**
As at 31 March 2018			
Gross settled:			
Interest rate swaps	–	1,340	1,340
As at 1 April 2017			
Gross settled:			
Interest rate swaps	–	1,295	1,295

(vi) Fair values of financial assets and financial liabilities

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – Inputs for the asset and liability that are not based on observable market data (unobservable inputs)

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

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

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

(vi) Fair values of financial assets and financial liabilities (cont'd)

Assets and liabilities measured at fair value

The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31 March 2019	31 March 2018	1 April 2017	Fair value hierarchy	Valuation technique (s) and key input(s)	Significant unobservable input	Relationship of unobservable inputs to fair value
Group							
Interest rate swaps	1,713	1,340	1,295	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Financial assets at fair value through other comprehensive income – unquoted equity shares	31,729	–	–	Level 3	Adjusted net asset method (i)	Fair value of vessel held by the issuer (ii)	Lower market value of the vessel results in lower fair value
Available-for-sale investment – unquoted equity shares	–	31,729	31,729	Level 3	Adjusted net asset method (i)	Fair value of vessel held by the issuer (ii)	Lower market value of the vessel results in lower fair value

(i) Unquoted equity shares do not have a quoted market price in active market and management is of the view that the net assets of the entity is a reasonable approximation of its fair value due to the nature of the assets and liabilities of the entity.

(ii) The fair value of the vessel is determined by reference to transacted prices for similar vessels, adjusted for comparability. The adjustments take into account management's experience and knowledge of the market for such vessels. As the adjustments constitute significant unobservable input, accordingly the entire measurement of the vessel is categorised as an unobservable Level 3 input.

The fair value of derivative financial instrument (non-current) approximates the carrying amount due to the insignificant amount. There were no transfer between the different levels of the fair value hierarchy during the financial years ended 31 March 2018 and 31 March 2019.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

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

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

(vi) Fair values of financial assets and financial liabilities (cont'd)

Fair value of the Group and Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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

As at 1 April 2017, 31 March 2018 and 31 March 2019, other than certain financial asset at FVTOCI, available-for-sale instrument and derivative financial instruments, as disclosed in Notes 12, 13 and 20 to the financial statements respectively, the Group has no financial assets and financial liabilities that are measured at fair value on a recurring basis.

(c) Capital management policies and objectives

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2019, 31 March 2018 and 1 April 2017. The Group's overall strategy remains unchanged from the prior period.

The Group monitors the financial ratios of its debt covenants stated in the agreements on the financial institutions providing the facilities to the Group. The Group is in compliance with externally imposed capital and debt covenants requirements except as disclosed in Note 21 to the financial statements.

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

NOTES TO FINANCIAL STATEMENTS

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5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

Pursuant to the issue of rights and warrants by the Company, Rawabi Holding Company Limited ("RHCL"), incorporated in the Kingdom of Saudi Arabia, became the holding company and the ultimate holding company of the Company on 11 January 2018. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

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

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

	Group	
	2019	**2018**
	US$'000	**US$'000**
Ultimate holding company		
Settlement of shareholder's advances via issuance of ordinary shares (Note 30)	**–**	102,087
Management fee expenses	**540**	540
Shareholder's advances	**54,660**	–
Related companies		
Corporate services	**8**	70

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

6 RELATED PARTY TRANSACTIONS

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

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

	Group	
	2019	**2018**
	US$'000	**US$'000**
Related companies of a corporate shareholder		
Charter hire and brokerage income	–	(8,008)
Vessel management income	**(3,321)**	(4,515)
Management fee expense	–	609
Rental expense	**646**	645
Loss allowance for trade and other receivables (Note 32)	**392**	618
Settlement of debts via issuance of ordinary shares (Note 30)	–	29,394
Shipyard services	**(249)**	(456)
Joint venture		
Sale of vessels	–	(85,267)
Shipyard services	**(4,185)**	(5,044)
Charter hire expense	**51,844**	46,028
Advances to joint venture	**92,681**	6,291
Associate		
Vessel management income	**(434)**	(432)
Charter hire expense	**483**	218

Compensation of directors and key management personnel

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

	Group	
	2019	**2018**
	US$'000	**US$'000**
Short-term benefits	**1,724**	1,635
Post-employment benefits	**78**	86
Share-based payments	**184**	965
	1,986	2,686

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

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7 CASH AND CASH EQUIVALENTS

	Group			Company		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Cash at banks	**9,047**	8,243	46,242	**118**	162	455
Cash on hand	**26**	25	25	**–**	–	–
	9,073	8,268	46,267	**118**	162	455
Less: Monies pledged with banks – non-current (Note 21)	**(699)**	(699)	(699)	**–**	–	–
Cash and cash equivalents	**8,374**	7,569	45,568	**118**	162	455

8 TRADE RECEIVABLES

	Group			Company		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Associate (Note 6)	**–**	–	150	**–**	–	–
Outside parties	**43,297**	34,321	38,199	**–**	2	–
Related parties (Note 6)	**103**	–	56,024	**2**	–	–
	43,400	34,321	94,373	**2**	2	–
Loss allowance	**(980)**	(362)	(2,483)	**–**	–	–
Total	**42,420**	33,959	91,890	**2**	2	–

The credit period on services rendered is 30 days (31 March 2018 : 30 days, 1 April 2017 : 30 days). No interest is charged on overdue receivables.

Expected credit losses

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

NOTES TO FINANCIAL STATEMENTS

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8 TRADE RECEIVABLES (CONT'D)

The following table details the aging profile of the Group's trade receivables from contracts with customers.

	Trade receivables – aging profile					
	1 – 30 days US$'000	31 – 60 days US$'000	61 – 90 days US$'000	91 – 120 days US$'000	> 120 days US$'000	Total US$'000
31 March 2019						
Gross trade receivables	**38,590**	**928**	**184**	**79**	**3,619**	**43,400**
Loss allowance	**–**	**–**	**–**	**–**	**(980)**	**(980)**
Total	**38,590**	**928**	**184**	**79**	**2,639**	**42,420**
31 March 2018						
Gross trade receivables	30,322	471	246	299	2,983	34,321
Loss allowance	–	–	–	–	(362)	(362)
Total	30,322	471	246	299	2,621	33,959
1 April 2017						
Gross trade receivables	29,482	1,012	284	19,893	43,702	94,373
Loss allowance	–	–	–	–	(2,483)	(2,483)
Total	29,482	1,012	284	19,893	41,219	91,890

The movements in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:-

	Lifetime ECL-not credit impaired US$'000	Lifetime ECL-credit impaired US$'000	Total US$'000
Group			
Balance as at 31 March 2018	–	362	362
Additional loss allowance during the year	–	623	623
Foreign exchange gains or losses	–	(5)	(5)
Balance as at 31 March 2019	–	980	980

Management is of the opinion that the fair value of the trade receivables approximates the carrying amount.

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8 TRADE RECEIVABLES (CONT'D)

Previous accounting policy for impairment of trade receivables under FRS 39 (before 1 April 2018)

In financial year ended 31 March 2018, allowance made for irrecoverable amounts of trade receivables are recognised in profit or loss when there is objective evidence that the asset is impaired. Specific allowance is made for trade receivables that are unlikely to be collected.

The table below shows the movements in the allowances for doubtful trade receivables previously recorded under FRS 39 before 1 April 2018:

	Group 2018 US$'000	Company 2018 US$'000
Balance as at 1 April 2017	2,483	–
Written off during the year	(1,483)	–
Credit for the year	(641)	–
Effects of exchange differences	3	–
Balance as at 31 March 2018	362	–

9 OTHER RECEIVABLES

	Group			Company		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Ultimate holding company (Note 5)	**–**	4,512	–	**234**	234	–
Associate (Note 6) [1]	**127**	82,522	35,920	**125**	28,569	27,022
Subsidiaries (Note 5)	**–**	–	–	**415,689**	322,657	300,195
Joint venture (Note 6)	**126,807**	34,126	31,062	**5,210**	5,210	8,749
Related parties (Note 6)	**6,441**	5,144	22,475	**28**	28	191
Related companies (Note 5)	**–**	13,919	–	**–**	–	–
Outside parties	**3,960**	7,039	5,205	**104**	90	111
Prepayments	**24,697**	31,356	30,282	**27**	34	22
Deposits	**5,221**	1,362	5,114	**61**	141	66
	167,253	179,980	130,058	**421,478**	356,963	336,356
Loss allowance	**(5,510)**	(5,118)	(5,143)	**(214,131)**	(214,131)	(214,131)
	161,743	174,862	124,915	**207,347**	142,832	122,225

(i) During the financial year ended 31 March 2019, the Group classified other receivables due from the associate to deemed investment in associate to better reflect the non-current nature of the asset.

The credit period on these receivables is 30 days (31 March 2018 : 30 days, 1 April 2017 : 30 days).

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9 OTHER RECEIVABLES (CONT'D)

Expected credit losses

Due from ultimate holding company, associate, joint venture and related companies

These amounts are unsecured, interest-free, repayable on demand and expected to be settled in cash.

For purpose of impairment assessment, the amounts due from ultimate holding company, associate, joint venture and related companies are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amounts due from related parties and subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for these amounts, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Group and Company has taken into account the financial performance of the ultimate holding company, associate, joint venture and related companies, adjusted for factors that are specific to the related parties and subsidiaries and general economic conditions of the industry in which the related parties and subsidiaries operate, in estimating the probability of default of the amounts due from related parties and subsidiaries as well as the loss upon default. The Group and Company determines the amounts due from ultimate holding company, associate, joint venture and related companies are subject to immaterial credit loss.

Due from related parties and subsidiaries

For purpose of impairment assessment of performing receivables due from related parties and subsidiaries, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL). Accordingly, for the purpose of impairment assessment for these amounts, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Group and Company has taken into account the financial performance of related parties and subsidiaries, adjusted for factors that are specific to the related parties and subsidiaries and general economic conditions of the industry in which the related parties and subsidiaries operate, in estimating the probability of default of the amounts due from related parties and subsidiaries as well as the loss upon default. The Group and Company determines the amounts due from related parties and subsidiaries are subject to immaterial credit loss.

For the purpose of impairment assessment of doubtful receivables due from related parties and subsidiaries, the loss allowance is measured at an amount equal to life-time expected credit losses (ECL), as there has been significant increase in risk of default on the balances since initial recognition.

In determining the ECL, management has taken into account the financial performance of the related parties and subsidiaries, adjusted for factors that are specific to the related parties and subsidiaries as well as general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default as well as the loss upon default.

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9 OTHER RECEIVABLES (CONT'D)

Due from outside parties and deposits

For purpose of impairment assessment, other receivables from outside parties and deposits are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the deposits since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The Group and Company determines the amounts due from outside parties and deposits are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the aging profile of the Group's other receivables excluding deposits and prepayments.

	Other receivables (excluding deposits and prepayments) – aging profile					
	1 – 30 days US$'000	31 – 60 days US$'000	61 – 90 days US$'000	91 – 120 days US$'000	> 120 days US$'000	Total US$'000
31 March 2019						
Gross other receivables	**87,109**	**1**	**125**	**–**	**50,100**	**137,335**
Loss allowance	**–**	**–**	**–**	**–**	**(5,510)**	**(5,510)**
Total	**87,109**	**1**	**125**	**–**	**44,590**	**131,825**
31 March 2018						
Gross other receivables	7,197	952	4	–	139,109	147,262
Loss allowance	–	–	–	–	(5,118)	(5,118)
Total	7,197	952	4	–	133,991	142,144
1 April 2017						
Gross other receivables	86,532	144	–	4	7,982	94,662
Loss allowance	–	–	–	–	(5,143)	(5,143)
Total	86,532	144	–	4	2,839	89,519

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9 OTHER RECEIVABLES (CONT'D)

The table below shows the movement in lifetime ECL that has been recognised for other receivables in accordance to SFRS(I) 9:

	Lifetime ECL-credit impaired US$'000
Group	
Balance as at 31 March 2018	5,118
Additional loss allowance during the year	392
Balance as at 31 March 2019	5,510

	Lifetime ECL-credit impaired US$'000
Company	
Balance as at 31 March 2018 and 31 March 2019	214,131

Previous accounting policy for impairment of other receivables under FRS 39 (before 1 April 2018)

Allowances made for irrecoverable amounts of other receivables are recognised in profit or loss when there is objective evidence that the asset is impaired.

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

The table below shows the movements in the allowances for doubtful trade receivables previously recorded under FRS 39 before 1 April 2018:

	Group 2018 US$'000	**Company 2018 US$'000**
At the beginning of year	5,143	214,131
Written off during the year	(1,643)	–
Charge for the year	1,618	–
At end of year	5,118	214,131

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10 INVENTORIES

	Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Consumables and spares	**4,935**	2,936	1,669

11 CONTRACT ASSETS

	Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Accrued income from construction contracts	**492**	252	1,506

Amounts relating to construction contracts are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance-related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. There were no significant changes in the contract asset balances during the reporting period.

There are no retention monies held by customers for contract work as at 1 April 2017, 31 March 2018 and 31 March 2019.

The Group measures the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due. Management has assessed that the amount of loss allowance is immaterial as at 31 March 2019.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

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12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Investment in equity instruments designated at fair value through other comprehensive income:			
Unquoted preference shares	**31,729**	–	–

These investments in equity instruments are not held for trading. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The Group has applied the requirements of SFRS(I) 9 as at 1 April 2018 and has classified the unquoted equity investments as financial assets at fair value through other comprehensive income ("FVTOCI") accordingly. The unquoted equity investments was previously classified as available-for-sale investment in accordance with FRS 39, as disclosed in Note 13.

No investment in unquoted preference shares measured at FVTOCI has been disposed of during the current reporting period.

13 AVAILABLE-FOR-SALE INVESTMENTS

	Group			Company		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Available-for-sale investments, at cost						
Unquoted equity shares [(a)]	**–**	88	88	**86**	86	86
Less: Impairment of unquoted equity shares	**–**	(88)	(88)	**(86)**	(86)	(86)
Presented as current asset	**–**	–	–	**–**	–	–
Available-for-sale investments, at fair value (Level 3)						
Unquoted preference shares [(b)], presented as:						
– Current asset	**–**	31,729	31,729	**–**	–	–

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

(a) Unquoted equity shares

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

(b) Unquoted preference shares

The investments in unquoted preference shares represent preference shares issued by related party, Resolute Offshore Pte Ltd ("ROPL") for the conversion of convertible bonds.

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

During the financial period ended 31 March 2017, ROPL redeemed a total of US$13,000,000 of cumulative preference shares from the Group by cash, resulting in a net balance of US$77,200,000. No redemption was made during the financial years ended 31 March 2019 and 31 March 2018.

The terms and conditions of the unquoted cumulative preference shares are set out below:

(i) Non-convertible;

(ii) Non-voting;

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

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

As disclosed in Note 21, the Group triggered a technical default for a loan with a carrying amount of US$31,729,000. The principal and interest remained outstanding as at 31 March 2019, including the additional interests and penalty payable of US$6,531,000 (31 March 2018 : US$3,594,000, 1 April 2017 : US$1,250,000) arising from the default; and is secured over the vessel held by the issuer of the preference shares.

During the financial period ended 31 March 2017, the Group recognised an impairment loss of US$45,471,000 on its unquoted preference shares subsequent to the completion of a review of fair value of its carrying amount of the asset consequent to the ultimate holding company of the issuer entering into judicial management in July 2016. No further impairment loss is recognised for the financial years ended 31 March 2019 and 31 March 2018.

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

(b) Unquoted preference shares (cont'd)

In view of the above developments, it is the intention of management to dispose the preference shares when appropriate. Accordingly, the preference shares have been presented as current assets. The Group is of the view that the adjusted net assets of the entity is a reasonable approximation of its fair value due to the nature of the assets and liabilities of the entity. This involves deriving the fair value of the preference shares by reference to the fair value of its issuer's assets and liabilities.

Reconciliation of fair value measurement of the unquoted preference shares:

	Group	
	31 March 2018 US$'000	**1 April 2017 US$'000**
Cost of available-for-sale investments	**77,200**	90,200
Redemptions during the year	**–**	(13,000)
Accumulated impairment recognised	**(45,471)**	(45,471)
Carrying amount	**31,729**	31,729

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

The Group has adopted SFRS(I) 9 *Financial Instruments* on 1 April 2018 and has classified the investment in unquoted preference shares as financial assets at fair value through other comprehensive income ("FVTOCI") accordingly, as disclosed in Note 12.

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14 INTANGIBLE ASSETS

	Group US$'000
Cost:	
At 1 April 2017 and 31 March 2018	3,232
Written off during the year	(3,232)
At 31 March 2019	–
Accumulated amortisation:	
At 1 April 2017 and 31 March 2018	1,615
Written off during the year	(1,615)
At 31 March 2019	–
Accumulated impairment:	
At 1 April 2017 and 31 March 2018	1,617
Written off during the year	(1,617)
At 31 March 2019	–
At 1 April 2017, 31 March 2018 and 31 March 2019	–

The intangible assets included above have finite useful life over which the assets are amortised. The amortisation period was three years and has been included in "administrative expenses" in profit or loss. The intangible assets was fully amortised and impaired in the financial period ended 31 March 2017 and 31 March 2018.

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15 PROPERTY, PLANT AND EQUIPMENT

	Computers US$'000	Office furniture and equipment US$'000	Renovation US$'000
Group			
Cost:			
At 1 April 2017	975	507	237
Additions	464	621	–
Disposals	(19)	(121)	–
Written off	–	–	(62)
Transfers	–	–	–
Exchange differences	20	12	–
At 31 March 2018	1,440	1,019	175
Additions	8	–	–
Disposals	–	–	–
Transfers	–	–	–
Exchange differences	(13)	–	–
At 31 March 2019	1,435	1,019	175
Accumulated depreciation:			
At 1 April 2017	444	217	205
Depreciation for the year	133	141	2
Disposals	(3)	(9)	–
Written off	–	–	(58)
Exchange differences	20	–	–
At 31 March 2018	594	349	149
Depreciation for the year	147	184	–
Disposals	–	–	–
Exchange differences	(13)	–	–
At 31 March 2019	728	533	149
Accumulated impairment:			
At 1 April 2017	–	3	23
Impairment charge for the year	–	–	–
Disposals	–	–	–
Reversal	–	–	–
At 31 March 2018	–	3	23
Impairment charge for the year	–	–	–
Disposal	–	–	–
At 31 March 2019	–	3	23
Carrying amount:			
At 31 March 2019	707	483	3
At 31 March 2018	846	667	3
At 1 April 2017	531	287	9

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Motor vehicles US$'000	Vessels US$'000	Dry-docking US$'000	Plant and machineries US$'000	Leasehold building US$'000	Construction-in-progress US$'000	Total US$'000
469	502,329	7,504	7,898	17,260	6,546	543,725
85	139	527	–	120	3,611	5,567
–	(112,644)	(301)	–	–	–	(113,085)
–	–	–	–	–	–	(62)
–	–	–	–	245	(245)	–
–	–	36	399	–	–	467
554	389,824	7,766	8,297	17,625	9,912	436,612
45	27,739	90	2,849	519	606	31,856
–	(2,840)	(246)	(2,500)	–	–	(5,586)
–	8,623	–	–	–	(8,623)	–
–	–	–	(300)	(54)	–	(367)
599	423,346	7,610	8,346	18,090	1,895	462,515
141	31,461	1,870	3,880	1,940	–	40,158
110	11,663	1,001	442	751	–	14,243
–	(9,672)	(117)	–	–	–	(9,801)
–	–	–	–	–	–	(58)
–	–	34	411	13	–	478
251	33,452	2,788	4,733	2,704	–	45,020
53	9,239	939	362	955	–	11,879
–	(426)	(138)	–	–	–	(564)
–	–	–	(219)	(15)	–	(247)
304	42,265	3,589	4,876	3,644	–	56,088
–	126,422	–	3,478	121	1,287	131,334
–	1,200	–	–	–	–	1,200
–	(13,147)	–	–	–	–	(13,147)
–	–	–	(13)	–	–	(13)
–	114,475	–	3,465	121	1,287	119,374
–	53,510	–	–	–	–	53,510
–	(3,824)	–	–	–	–	(3,824)
–	164,161	–	3,465	121	1,287	169,060
295	216,920	4,021	5	14,325	608	237,367
303	241,897	4,978	99	14,800	8,625	272,218
328	344,446	5,634	540	15,199	5,259	372,233

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31 MARCH 2019

15 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain of the Group's property, plant and equipment with a total carrying amount of US$214,155,000 (31 March 2018 : US$261,774,000, 1 April 2017 : US$364,531,000) were mortgaged to financial institutions for facilities granted. The carrying amount of the Group's property, plant and equipment includes an amount of US$6,000 (31 March 2018 : US$11,000, 1 April 2017 : US$186,000) secured in respect of assets held under finance leases (Note 24). The leasehold building is located in Batam, Indonesia.

During the year ended 31 March 2019, the Group recorded an impairment loss of US$53,510,000 (31 March 2018 : US$1,200,000) on the carrying amount of its property, plant and equipment (Note 33). This resulted from external market valuations that management obtained in 2019 and 2018. The external market valuations were based on comparison value of similar assets.

	Computers US$'000	Office furniture and equipment US$'000	Motor vehicle US$'000	Renovation US$'000	Total US$'000
Company					
Cost:					
At 1 April 2017 and 31 March 2018	9	25	111	130	275
Additions	1	–	–	–	1
At 31 March 2019	10	25	111	130	276
Accumulated depreciation:					
At 1 April 2017	8	19	12	129	168
Depreciation for the year	1	5	16	1	23
At 31 March 2018	9	24	28	130	191
Depreciation for the year	1	–	15	–	16
At 31 March 2019	10	24	43	130	207
Carrying amount:					
At 31 March 2019	–	1	68	–	69
At 31 March 2018	–	1	83	–	84
At 1 April 2017	1	6	99	1	107

16 SUBSIDIARIES

	Company		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Unquoted equity shares, at cost	**29,566**	29,566	29,517
Accumulated impairment loss	**(29,412)**	(29,412)	(29,412)
Carrying amount	**154**	154	105

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16 SUBSIDIARIES (CONT'D)

Details of the key subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held			Principal activity
		31 March 2019 %	31 March 2018 %	1 April 2017 %	
Resolute Pte. Ltd. [(1)]	Singapore	**51**	51	51	Investment holding
Vallianz International Pte. Ltd. [(1)]	Singapore	**100**	100	100	Investment holding
Vallianz Corporate Services Pte. Ltd. [(1)]	Singapore	**100**	100	100	Provision of corporate services
Vallianz Investment Capital Pte. Ltd. [(1)] [(6)]	Singapore	**100**	100	–	Investment holding
Vallianz Marine Mexico S.A. De C.V [(7)]	Mexico	**49**	49	49	Vessel ownership and chartering
Held by Vallianz International Pte. Ltd.					
Samson Marine Pte. Ltd. [(1)]	Singapore	**100**	100	100	Vessel ownership and chartering
Vallianz Marine Pte. Ltd. [(1)]	Singapore	**100**	100	100	Vessel ownership and chartering
Vallianz Offshore Marine Pte. Ltd. [(1)]	Singapore	**100**	100	100	Vessel management and chartering
Vallianz Shipbuilding & Engineering Pte. Ltd. [(1)]	Singapore	**100**	100	100	Provision of shipyard and engineering services
Newcruz International Pte. Ltd. [(2)]	Singapore	**100**	100	100	Investment holding
OER Holdings Pte. Ltd. [(2)]	Singapore	**100**	100	100	Investment holding
Samson Engineering Limited [(4)]	Labuan, Malaysia	**100**	100	100	Provision of shipbuilding and engineering services

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16 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 31 March 2019 %	31 March 2018 %	1 April 2017 %	Principal activity
RI Capital Holdings Pte. Ltd. (2)	Singapore	**100**	100	100	Investment holding
Holmen Heavylift Offshore Pte. Ltd. (2)	Singapore	**75**	75	75	Investment holding
Held by Vallianz Shipbuilding and Engineering Pte. Ltd.					
Jetlee Shipbuilding & Engineering Pte Ltd (2)	Singapore	**100**	100	100	Provision of shipyard and engineering services
Held by Vallianz Investment Capital Pte. Ltd.					
Rawabi Vallianz Offshore Services Company Limited (3)(5)	Kingdom of Saudi Arabia	**50**	50	50	Provision of offshore marine support services
Held by Holmen Heavylift Offshore Pte. Ltd.					
Holmen Arctic Pte Ltd (2)	Singapore	**75**	75	75	Vessel ownership and chartering
Holmen Atlantic Pte Ltd (2)	Singapore	**75**	75	75	Vessel ownership and chartering
Holmen Pacific LLC (2)	Marshall Island	**75**	75	75	Vessel ownership and chartering
Held by OER Holdings Pte. Ltd.					
Offshore Engineering Resources Pte. Ltd. (2)	Singapore	**100**	100	100	Crewing management
OER Services Pte. Ltd. (2)	Singapore	**100**	100	100	Crewing management
Held by Newcruz International Pte. Ltd.					
Newcruz Shipbuilding & Engineering Pte. Ltd. (2)	Singapore	**100**	100	100	Manufacture, assembly and repair of ships and vessels

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16 SUBSIDIARIES (CONT'D)

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by Nexia TS Public Accounting Corporation, Singapore.
(3) Audited by PricewaterhouseCoopers, Kingdom of Saudi Arabia.
(4) Reviewed by Deloitte & Touche LLP, Singapore for purposes of consolidation.
(5) The Group has acquired all of the economic benefits of Rawabi Vallianz Offshore Services Company Limited ("RVOS") with effect from 1 January 2014. Accordingly, the Group has consolidated the results of RVOS and there is no profit or loss allocated to non-controlling shareholders. The non-controlling interest remains at the same amount as the date of acquisition.
(6) Incorporated on 28 November 2017 in Singapore.
(7) Exempted from preparing audited financial statements.

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

Principal activity	Place of incorporation	Number of material wholly-owned subsidiaries		
		31 March 2019	**31 March 2018**	**1 April 2017**
Vessel ownership and chartering	Singapore	**2**	2	2
Vessel management and chartering	Singapore	**1**	1	1
Provision of offshore marine support services	Kingdom of Saudi Arabia	**1**	1	1
Investment holding	Singapore	**5**	5	4
Provision of corporate services	Singapore	**1**	1	1
Provision of shipbuilding/ shipyard and engineering services	Singapore	**2**	2	2
Manufacture, assembly and repair of ships and vessels	Singapore	**1**	1	1
Crewing management	Singapore	**2**	2	2
		15	15	14

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16 SUBSIDIARIES (CONT'D)

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

Name of subsidiary	Place of Incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests (%)			Loss allocated to non-controlling interests (US$'000)		Accumulated non-controlling interests (US$'000)		
		31 March 2019	31 March 2018	1 April 2017	2019	2018	31 March 2019	31 March 2018	1 April 2017
Resolute Pte Ltd	Singapore	**49**	49	49	**(1,925)**	(780)	**1,113**	3,038	3,818
Vallianz Marine Mexico, S.A De C.V	Mexico	**51**	51	51	**–**	(4,337)	**(3,373)**	(3,373)	964
Holmen Group	Singapore	**25**	25	25	**(2,557)**	(7)	**(13,700)**	(11,143)	(11,136)
Rawabi Vallianz Offshore Services Company Limited (1)	Kingdom of Saudi Arabia	**50**	50	50	**–**	–	**3,718**	3,718	3,718
					(4,482)	(5,124)	**(12,242)**	(7,760)	(2,636)

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

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16 SUBSIDIARIES (CONT'D)

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

	Vallianz Marine Mexico, S.A De C.V			Holmen Group			Resolute Pte Ltd		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Current assets	**3,500**	3,463	12,129	**47,148**	47,720	45,259	**34,960**	34,960	34,960
Non-current assets	**–**	–	20,688	**56,422**	58,366	59,951	**–**	–	–
Current liabilities	**(10,114)**	(10,077)	(8,163)	**(74,201)**	(61,120)	(59,082)	**(31,732)**	(28,760)	(27,168)
Non-current liabilities	**–**	–	(22,764)	**(82,737)**	(89,537)	(90,672)	**–**	–	–
Equity attributable to owners of the Group	**(3,241)**	(3,241)	926	**(40,026)**	(33,428)	(33,408)	**1,646**	3,162	3,974
Non-controlling interests	**(3,373)**	(3,373)	964	**(13,342)**	(11,143)	(11,136)	**1,582**	3,038	3,818

	Vallianz Marine Mexico, S.A De C.V		Holmen Group		Resolute Pte Ltd	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Revenue	**–**	442	**21**	8,187	**–**	–
Expenses	**–**	(8,946)	**(8,818)**	(8,214)	**(2,972)**	(1,591)
(Loss) Profit for the year	**–**	(8,504)	**(8,797)**	(27)	**(2,972)**	(1,591)
(Loss) Profit attributable to owners of the Group	**–**	(4,167)	**(6,598)**	(20)	**(1,516)**	(811)
(Loss) Profit attributable to the non-controlling interests	**–**	(4,337)	**(2,199)**	(7)	**(1,456)**	(780)
(Loss) Profit for the year	**–**	(8,504)	**(8,797)**	(27)	**(2,972)**	(1,591)
Net cash inflow (outflow) from operating activities	**(21)**	1,959	**1,806**	2,559	**(50)**	(50)
Net cash (outflow) inflow from investing activities	**–**	–	**–**	–	**–**	–
Net cash (outflow) inflow from financing activities	**–**	(1,926)	**(2,828)**	(2,535)	**–**	–
Net cash inflow (outflow)	**(21)**	33	**(1,022)**	24	**(50)**	(50)

As at 31 March 2019, the Company provided financial support of US$242,808,000 (31 March 2018 : US$212,874,000, 1 April 2017 : US$129,013,000) to certain subsidiaries who were in a net current liability position.

NOTES TO FINANCIAL STATEMENTS

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17 JOINT VENTURES

	Group			Company		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Unquoted shares, at cost	**4,390**	4,390	4,390	**67**	67	67
Deemed investment [1]	**68,541**	68,541	56,002	**68,463**	68,463	55,924
	72,931	72,931	60,392	**68,530**	68,530	55,991
Share of post-acquisition results, net of dividend received	**(1,616)**	(1,721)	(486)	**–**	–	–
Accumulated impairment loss	**(5,880)**	(5,880)	(5,880)	**–**	–	–
Carrying amount	**65,435**	65,330	54,026	**68,530**	68,530	55,991

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

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

Details of the material joint venture is as follows:

Name of material joint venture	Country of incorporation and operation	Proportion of ownership interest and voting power held			Principal activity
		31 March 2019 %	31 March 2018 %	1 April 2017 %	
Rawabi Vallianz International Company Limited [1]	Kingdom of Saudi Arabia	**50**	50	50	Provision of offshore marine services

(1) The above joint venture is accounted for using the equity method in these consolidated financial statements and is audited by Pricewaterhouse Coopers, Saudi Arabia.

NOTES TO FINANCIAL STATEMENTS

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17 JOINT VENTURES (CONT'D)

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

	Rawabi Vallianz International Company Limited		
	31 March 2019 US$'000	**31 March 2018 US$'000**	**1 April 2017 US$'000**
Current assets	**13,676**	12,830	32,138
Non-current assets	**644,163**	680,657	529,201
Current liabilities	**(120,871)**	(83,959)	(80,135)
Non-current liabilities	**(406,098)**	(478,867)	(373,152)
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	**11,265**	12,766	12,447
Current financial liabilities (excluding trade and other payables and provisions)	**46,572**	41,969	35,261

	2019 US$'000	**2018 US$'000**
Revenue	**51,844**	44,512
Profit (Loss) for the year	**210**	(2,470)
The above loss for the year include the following:		
Interest expense	**22,124**	16,778
Income tax expense	**2,198**	3,436

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17 JOINT VENTURES (CONT'D)

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

	Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Net assets of the joint venture	**130,870**	130,661	108,052
Proportion of the Group's ownership interest in the joint venture	**50%**	50%	50%
Carrying amount of the Group's interest	**65,435**	65,330	54,026

18 ASSOCIATE

	Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Unquoted equity shares, at cost	**15,623**	15,623	15,623
Deemed investment during the year (i)	**82,235**	–	–
Accumulated impairment loss (i)	**(80,781)**	(13,389)	(13,389)
Share of post-acquisition results and reserves	**(2,234)**	(2,234)	(2,234)
Carrying amount	**14,843**	–	–

(i) During the financial year ended 31 March 2019, the Group classified other receivables due from the associate of US$82,235,000 to deemed investment in associate to better reflect the non-current nature of the asset. An additional impairment loss of US$67,392,000 (31 March 2018 : US$Nil) was recognised during the financial year ended 31 March 2019 as a result of the Group assessment of the recoverability of the investment by comparing the carrying amount of the investment to the carrying amount of the adjusted net asset of the associate which approximated the market value less cost to sell.

Name of associate	Country of incorporation and operation	Proportion of ownership interest and voting power held			Principal activity
		31 March 2019 %	31 March 2018 %	1 April 2017 %	
PT Vallianz Offshore Maritim (1)	Indonesia	**49**	49	49	Provision of offshore marine support services

Notes:

(1) Audited by Pricewaterhouse Coopers, Indonesia, for financial year ended 31 December 2018 and 31 December 2017, and Ernst & Young, Indonesia for the financial year ended 31 December 2016.

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

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18 ASSOCIATE (CONT'D)

	Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Current assets	**7,090**	6,487	37,254
Non-current assets	**51,266**	130,784	128,409
Current liabilities	**(43,988)**	(111,288)	(59,805)
Non-current liabilities	**(7,407)**	(21,370)	(94,718)

	2019 US$'000	2018 US$'000
Revenue	**11,342**	12,892
Loss for the year	**(3,795)**	(7,484)
Other comprehensive (loss) income for the year	**–**	(2)
Total comprehensive loss for the year	**(3,795)**	(7,486)

19 GOODWILL

	Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Balance at beginning of the year	**9,171**	9,171	9,171
Accumulated impairment loss	**–**	(9,171)	(9,171)
Written off during the year	**(9,171)**	–	–
Balance at end of the year	**–**	–	–

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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19 GOODWILL (CONT'D)

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

20 DERIVATIVE FINANCIAL INSTRUMENTS

The Group engaged in interest rate swaps to manage its exposure to varying interest rates. A gain on derivative instrument of US$373,000 (31 March 2018 : US$45,000, 1 April 2017 : US$1,295,000) was recognised in the profit or loss for the year. However, as the fair values of these swaps are not material to these financial statements, no further disclosures are made.

21 TERM LOANS

	Group			Company		
	31 March 2019 US$'000	**31 March 2018 US$'000**	**1 April 2017 US$'000**	**31 March 2019 US$'000**	**31 March 2018 US$'000**	**1 April 2017 US$'000**
Loans	**304,308**	246,198	340,629	**–**	–	4,823
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(152,050)**	(91,056)	(64,903)	**–**	–	(4,823)
Amount due for settlement after 12 months	**152,258**	155,142	275,726	**–**	–	–
– Within 2 to 5 years	**152,258**	152,529	143,152	**–**	–	–
– After 5 years	**–**	2,613	132,574	**–**	–	–
Amount due for settlement after 12 months	**152,258**	155,142	275,726	**–**	–	–

As at 1 April 2017, 31 March 2018 and 31 March 2019, the Group has various bank loans with repayment terms of up to August 2025.

The carrying amount of floating rate loans amounting to US$302,403,000 (31 March 2018 : US$243,532,000, 1 April 2017 : US$332,586,000) approximates the fair value as the interest rates approximate the prevailing market rates. Management estimates the fair value of the Group's fixed rate borrowings with carrying amount of US$1,903,000 (31 March 2018 : US$2,666,000, 1 April 2017 : US$8,043,000), by discounting their future cash flows at the market rate, to be US$1,821,000 (31 March 2018 : US$2,558,000, 1 April 2017 : US$7,997,000). This fair value measurement is categorised as Level 3 within the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

21 TERM LOANS (CONT'D)

The bank loans are secured by:

(i) mortgage over the property, vessels and equipment of the Group (Note 15) and a vessel held by a related company of a corporate shareholder;

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

(iii) monies pledged (Note 7);

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

(v) corporate guarantees from the Company (Note 42) and a corporate shareholder of the Group;

(vi) the unquoted preference shares held by the Group (Note 12 and 13); and

(vii) shares in subsidiaries incorporated in Singapore.

On 10 March 2017, the Group entered into a framework agreement (the "Agreement") with certain lenders, (the "Lenders") to refinance some of its existing borrowings of approximately US$163,200,000. Pursuant to the Agreement, the profile of the borrowings with the lenders was restructured to a repayment term of approximately 6.2 years (31 March 2018 : 7.2 years, 1 April 2017 : 8.2 years) and the maturity of these borrowings were extended to December 2022.

During the financial year ended 31 March 2019, the Group has breached the financial covenants under the Framework Agreement of i) minimum EBITDA over Finance Charges (Singapore Operations) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2019. The non-current portion of the term loan owed to the other financial institution amounting to US$18,055,000 has been classified as current liabilities as at 31 March 2019 as the Group does not have the unconditional right to defer settlement of the non-current term loan.

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

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

NOTES TO FINANCIAL STATEMENTS

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21 TERM LOANS (CONT'D)

	1 April 2018 US$'000	Financing cash flow [(i)] US$'000	31 March 2019 US$'000
Term loans (Note 21)	246,198	58,110	304,308
Finance lease payables (Note 24)	11	(5)	6
	246,209	58,105	304,314

	1 April 2017 US$'000	Financing cash flow [(i)] US$'000	31 March 2018 US$'000
Term loans (Note 21)	340,629	(94,431)	246,198
Finance lease payables (Note 24)	186	(175)	11
	340,815	(94,606)	246,209

(i) The cash flows make up the gross amount of proceeds from borrowings net of repayments of borrowings in the consolidated statement of cash flows.

22 TRADE PAYABLES

	Group			Company		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Associate (Note 6)	**–**	–	10,759	**–**	–	–
Related parties (Note 6)	**–**	–	3,653	**–**	–	–
Outside parties	**65,784**	33,037	40,067	**–**	25	–
Deferred income	**–**	–	8,008	**–**	–	–
	65,784	33,037	62,487	**–**	25	–

The average credit period on trade payables was 30 days (31 March 2018 : 30 days, 1 April 2017 : 30 days) and no interest is charged on the balances.

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23 OTHER PAYABLES

	Group			Company		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Ultimate holding company (Note 5)	**–**	–	–	**–**	70	–
Subsidiaries (Note 5)	**–**	–	–	**148,459**	136,762	106,461
Related parties (Note 6)	**166**	1,138	50,036	**1,704**	2,079	30,561
Accruals	**16,872**	37,951	77,191	**1,632**	1,299	933
Associate (Note 6)	**–**	–	–	**800**	250	250
Outside parties	**7,465**	26,067	9,695	**643**	2,948	1,292
	24,503	65,156	136,922	**153,238**	143,408	139,497

The average credit period on other payables is 30 days (31 March 2018 : 30 days, 1 April 2017 : 30 days) and no interest is charged on the balances. As at 31 March 2018, an amount due to a financial institution of US$1,933,000 bore an effective interest rate of 7.98% per annum.

24 FINANCE LEASE PAYABLES

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Amounts payable under finance leases:						
Within one year	**5**	5	189	**5**	5	186
In the second to fifth years inclusive	**1**	7	–	**1**	6	–
	6	12	189	**6**	11	186
Less: Future finance charges	**–**	(1)	(3)	**–**	–	–
Present value of lease obligations	**6**	11	186	**6**	11	186
Less: Amount due for settlement within 12 months (shown under current liabilities)				**(5)**	(5)	(186)
Amount due for settlement after 12 months				**1**	6	–

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of lease terms.

The lease term for both the Group approximates 3 years (31 March 2018 : 3 years, 1 April 2017 : 1 year). The average effective borrowing rate is 7.24% (31 March 2018 : 7.24%, 1 April 2017 : 1.40%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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24 FINANCE LEASE PAYABLES (CONT'D)

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

The fair values of the Group's lease obligations approximates their carrying amounts.

25 DEFERRED TAX

	Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Deferred tax liabilities	8,045	4,652	4,010

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

	Group Accelerated tax depreciation US$'000
At 1 April 2017	4,010
Charge to profit or loss (Note 35)	631
Effects of currency translation difference	11
At 31 March 2018	4,652
Charge to profit or loss (Note 35)	3,396
Effects of currency translation difference	(3)
At 31 March 2019	8,045

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

At the end of the reporting period, the aggregate amount of temporary differences associated with unremitted earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$60,182,000 (31 March 2018: US$51,561,000, 1 April 2017 : US$33,918,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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26 SHARE CAPITAL

	Group and Company					
	2019	2018	2017	2019	2018	2017
	'000	'000	'000	US$'000	US$'000	US$'000
	Number of ordinary shares					
Issued and paid up:						
At the beginning of the year	**16,519,111**	4,322,800	3,345,012	**344,866**	203,918	185,338
Issuance of settlement shares to certain trade creditors (i)	**196,651**	156,261	451,122	**2,307**	2,258	7,549
Issuance of new shares	**–**	–	350,000	**–**	–	4,929
Issuance of rights share (Note 30) (ii)	**–**	4,479,061	–	**–**	51,468	–
Issuance of warrant share (Note 30) (iii)	**–**	7,456,322	–	**–**	85,964	–
Performance shares awarded (Note 29)	**64,833**	104,667	51,666	**573**	1,258	1,847
Share consolidation (iv)	**(16,221,243)**	–	125,000	**–**	–	4,255
At the end of year	**559,352**	16,519,111	4,322,800	**347,746**	344,866	203,918

(i) During the year, 196,651,000 (2018 : 156,261,000, 2017 : 451,122,000) ordinary shares are issued to certain trade creditors of the Company for the settlement of debts and acquisition of property, plant and equipment.

(ii) The issuance of rights share includes 3,044,505,000 rights, 903,535,000 rights and 531,021,000 rights subscribed by Rawabi Holding Company Limited ("RHCL"), a corporate shareholder placed under judicial management and other shareholders of the Company respectively.

(iii) The issuance of warrant share includes 5,810,307,000 warrants, 1,646,001,000 warrants and 14,000 warrants exercised by RHCL, a corporate shareholder placed under judicial management and other shareholders of the Company.

(iv) On 4 July 2018, the Company announced the proposed share consolidation exercise pursuant to which the Company will consolidate every thirty existing ordinary shares registered in the name of each shareholder into one ordinary share ("Proposed Share Consolidation"). Accordingly, the outstanding number of Warrants, new shares to be issued pursuant to the exercise of Warrants and Awards granted under the Vallianz Performance Share Plan ("PSP") will also be adjusted.

The Proposed Share Consolidation was approved by shareholders at the annual general meeting of the Company held on 26 July 2018. The Proposed Share Consolidation was completed and became effective from 24 January 2019 ("Share Consolidation Effective Date" and "Warrant Adjustment Effective Date").

Prior to the Share Consolidation Effective Date, the issued share capital of the Company comprised 16,780,595,243 Existing Shares, and with effect from the Share Consolidation Effective Date, the issued share capital of the Company now comprises 559,351,901 Consolidated Shares, after taking into consideration of fractions of Consolidated Shares arising from the Share Consolidation.

Prior to the Warrant Adjustment Effective Date, the Company had 1,501,801,298 unexercised Warrants, and with effect from the Warrant Adjustment Effective Date, the Company now has 50,059,928 unexercised Adjusted Warrants, after taking into consideration of fractions of Adjusted Warrants arising from the Warrant Adjustment.

The SGX-ST has, in accordance with its practice, retired the Company's existing stock codes – 545 and 1H1W and issued new, randomly generated stock codes to the Company – WPC in respect of the shares, and PFYW in respect of the warrants.

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

The new shares issue during the year are ranked pari passu with the existing ordinary shares of the Company.

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27 PERPETUAL CAPITAL SECURITIES

In 2014, the Company issued Perpetual Capital Securities amounting to US$22,500,000 as partial settlement for consideration of certain acquisitions to a corporate shareholder.

Holders of the US$22,500,000 of perpetual capital securities are conferred a right to receive distribution, which are declared at the Company's discretion, on a semi-annual basis from their issue date at the rate of 4.0% per annum, subject to a step-up rate of 7% from 30 December 2017.

The perpetual capital securities have no fixed maturity and are redeemable in whole, or in part, at the Company's option on or after 30 December 2017 at their principal amount together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company, will not declare, pay dividends or make similar periodic payments in respects of, or repurchase, redeem or otherwise acquire any securities of lower rank.

The Company has not redeemed in whole, or in part, the Perpetual Capital Securities after 30 December 2017, and has exercised its rights under the terms and conditions of the Perpetual Capital Securities to defer the payment of distribution for the Perpetual Capital Securities until further notice by the Company.

28 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's subsidiaries into United States dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them is a separate component of equity under the header of foreign currency translation reserve.

Movement in translation reserve is as follows:

	Group	
	2019	**2018**
	US$'000	**US$'000**
At beginning of the year	**26**	1,045
Net currency translation differences of financial statements of foreign subsidiaries	**88**	(1,019)
At end of the year	**114**	26

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29 SHARE OPTIONS RESERVE

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

Equity-settled share option scheme

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

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

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

	Group and Company			
	Number of share options		Weighted average exercise price	
	2019	2018	2019 S$	2018 S$
Outstanding at the beginning of the year	**4,000,000**	4,000,000	**0.053**	0.053
Expired during the year	**(4,000,000)**	–	**–**	–
Outstanding at the end of the year	**–**	4,000,000	**–**	0.053
Exercisable at the end of the year	**–**	4,000,000	**–**	0.053

On 14 May 2013, options to subscribe for 9,000,000 ordinary shares of the Company at an exercise price of S$0.053 per ordinary share were granted pursuant to the scheme. The options had a one year vesting period and were exercisable from 14 May 2014 and expired on 13 May 2018.

The estimated fair value of the option granted on 14 May 2013 and 7 May 2014, determined using the Black-Scholes pricing model, was US$0.015 and US$0.089 respectively per option. The significant inputs in the model were as follows:

	2014	2013
Weighted average share price	S$0.144	S$0.052
Weighted average exercise price	S$0.145	S$0.053
Expected volatility	59.56%	69.67%
Expected life	9 years	2 years
Risk-free rate	0.25%	0.25%

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29 SHARE OPTIONS RESERVE (CONT'D)

The forfeiture of share options of US$82,000 (31 March 2018 : US$84,000, 1 April 2017 : US$1,496,000) was recognised in the profit or loss in the current year (Note 32).

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

The options outstanding at the end of the financial period have a remaining contractual life of Nil year (31 March 2018 : 0.13 year, 1 April 2017 : 1.13 years) and have exercise price of US$Nil (31 March 2018 : US$0.053, 1 April 2017 : US$0.053).

No options were granted or exercised in 2018 and 2019.

Share awards

Share awards may be granted to directors and employees of the Group under the Vallianz Performance Share Plan.

The movement of the share awards is as follows:

Date of grant	Balance at 1 April 2018	Granted	Vested	Cancelled	Balance at 31 March 2019
25 August 2017	67,999,992	–	(64,833,326)	(3,166,666)	–

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

On 14 November 2016, 75,000,000 ordinary shares of the Company were granted pursuant to the plan. These share awards vested on 13 November 2017. On 25 August 2017, 110,000,000 ordinary shares of the Company were granted pursuant to the plan. One third of the share awards shall be vested on 1 January 2018, 30 June 2018 and 31 December 2018 respectively.

The fair value of these share awards was determined based on the share price at the grant date of S$0.012 in 2018 and S$0.019 in 2017.

The Group and Company recognised share-based payment expenses of US$250,000 (31 March 2018 : US$1,300,000) related to the equity-settled share plan in the profit or loss during the year.

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30 SHAREHOLDER'S ADVANCES

Pursuant to the loan agreement entered into with Rawabi Holding Company Limited ("RHCL") in 2016, the Company was entitled to elect repayment of the loan amounted to US$102,087,000 million outstanding as at 31 March 2017 via issuance of equity shares in the Company.

On 24 May 2017, the Group entered into a set-off and settlement agreement ("RHCL SOSA") with RHCL (Note 5) which stipulated the key terms and the loan agreement was superseded. Concurrently, the Group entered into a separate set-off and settlement agreement ("SHL SOSA") with another corporate shareholder (who is placed under judicial management) for the repayment of net owing via issuance of equity shares in the Company.

Pursuant to RHCL SOSA's Irrevocable Undertaking, RHCL subscribed for its pro rata entitlement of 672,000,000 Rights Shares with 1,344,000,000 Warrants, as well as 2,372,505,000 Excess Rights Shares with 4,745,010,000 Warrants. RHCL had exercised 5,810,307,000 Warrants out of 6,089,010,000 Warrants allotted to it into New Shares, for a total subscription amount of US$66,987,000. This, together with the subscription of the Rights cum Warrants Issue of US$35,100,000, had been used to fully set-off against all the Shareholder's Advances totalling US$102,087,000 pursuant to the RHCL SOSA. As a result of the RHCL SOSA, RHCL gained controlling interest in the Company in 2018.

Pursuant to SHL SOSA, the corporate shareholder (who is placed under judicial management) has subscribed for its pro rata entitlement of 903,535,000 Rights Shares with 1,807,070,000 Warrants. The shareholder had exercised 1,646,001,000 out of 1,807,070,000 Warrants allotted to it into New Shares, for a total subscription amount of US$18,977,000. This, together with the subscription of the Rights cum Warrants Issue of US$10,417,000, had been used to set-off against payables amounted to US$29,394,000 pursuant to the SHL SOSA. As at 31 March 2018, the Group has off-set trade and other receivables for balances as at 31 December 2016 amounted to US$72,480,000 and US$21,238,000 against trade and other payables amounted to US$8,258,000 and US$92,248,000, with net owing of US$6,788,000 being reclassified from "Current Liabilities" to "Equity" as the settlement of the net balance is expected to be via the issuance of a fixed number of shares in the Company under the SHL SOSA.

For the financial year ended 31 March 2019, the Group received cash advances from its corporate shareholder, RHCL, amounting to US$44,390,000 and incurred a payable of US$10,270,000 for payment on behalf made by RHCL. As at 31 March 2019, the Group has trade and other payables of US$54,660,000 owing to RHCL. The directors of RHCL has provided a Letter of Undertaking to treat these amounts owed by the Group as shareholder advances under equity. The amount was classified as equity as management is of the view that the Group does not have the contractual obligation to deliver cash or other financial assets or exchange financial assets or financial liabilities under conditions potentially unfavourable to the Group to settle these amounts owed to RHCL.

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31 REVENUE

The Group derives its revenue from the chartering and brokerage services and vessel management services over time. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 40).

A disaggregation of the Group's revenue for the year, is as follows:

	Group	
	2019 US$'000	2018 US$'000
Charter hire (time and bareboat charter)	**167,086**	152,640
Brokerage income	**16**	22
Vessel management income	**17,416**	31,315
Construction income	**–**	360
	184,518	184,337

Timing of revenue recognition

	Group	
	2019 US$'000	2018 US$'000
Overtime:		
Charter hire (time and bareboat charter)	**167,086**	152,640
Brokerage income	**16**	22
Vessel management income	**17,416**	31,315
Construction income	**–**	360
	184,518	184,337

As of 31 March 2019, there was no performance obligation that was unsatisfied or partially satisfied, other than performance obligations to be rendered during the remaining contract period of charter hire and service agreements. As the Group has the right to invoice the customers based on the respective performance obligations, the Group has applied the practical expedient of SFRS(I) 15 to not disclose the related unsatisfied performance obligations.

NOTES TO FINANCIAL STATEMENTS

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32 OTHER EXPENSE AND (INCOME), NET

	Group	
	2019	**2018**
	US$'000	**US$'000**
Net foreign exchange gain	**(122)**	(682)
Loss (Gain) on disposal of property, plant and equipment	**284**	(5,773)
Assets written off	**–**	5
Loss allowance for trade and other receivables (Notes 8 and 9)	**1,015**	977
Bad debt written off	**398**	5
Fair value gain of derivative financial instruments (Note 20)	**(373)**	(45)
Forfeiture of performance shares award and share option	**(82)**	(84)
Reinstatement cost of shipyard	**520**	–
Insurance claim income	**(1,143)**	(782)
Others	**(270)**	(505)
	227	(6,884)

33 EXCEPTIONAL ITEMS

	Group	
	2019	**2018**
	US$'000	**US$'000**
Bad debt written off	**–**	5,934
Compensation for late delivery of vessels and cancellation of project	**12,416**	–
Impairment of property, plant and equipment (Note 15)	**53,510**	1,200
Impairment of investment in associate (Note 18)	**67,392**	–
	133,318	7,134

34 FINANCE COSTS

These comprise interest on loans, amortised facility fees and interest on obligations under finance leases paid to outside parties.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

35 INCOME TAX EXPENSE

	Group	
	2019	**2018**
	US$'000	**US$'000**
Current income tax		
– charge to profit or loss	**622**	662
– underprovision in prior year	**–**	1,890
Deferred income tax		
– charge to profit or loss (Note 25)	**952**	763
– under (over) provision in prior year (Note 25)	**2,444**	(132)
Total	**4,018**	3,183

Domestic income tax is calculated at 17% (31 March 2018 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Six of its Singapore subsidiaries (31 March 2018 : six of its Singapore subsidiaries) earned shipping income from the charter of ships and are exempted from tax under Section 13A of the Singapore Income Tax Act.

The total charge (credit) for the year can be reconciled to the accounting profit (loss) as follows:

	Group	
	2019	**2018**
	US$'000	**US$'000**
(Loss) Profit before tax	**(128,645)**	14,724
Income tax (credit) expense calculated at 17%	**(21,870)**	2,503
Effect of expenses that are not deductible	**30,355**	9,421
Effect of income that are not subjected to tax	**(6,519)**	(9,607)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,161)**	(2,835)
Tax losses not carried forward	**5**	5
Underprovision of income tax in prior year	**–**	1,890
Under (over) provision of deferred tax in prior year	**2,444**	(132)
Utilisation of deferred tax asset previously not recognised	**(129)**	–
Deferred tax benefit not recognised	**560**	1,078
Others	**333**	860
Total	**4,018**	3,183

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

35 INCOME TAX EXPENSE (CONT'D)

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

	Group	
	2019 US$'000	2018 US$'000
Amount at beginning of year	**15,387**	9,046
Arising during current year	**3,294**	6,341
Utilised during the year	**(759)**	–
Amount at end of year	**17,922**	15,387
Deferred tax benefit on above not recorded	**3,047**	2,616

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

36 (LOSS) PROFIT FOR THE YEAR

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

	Group	
	2019 US$'000	2018 US$'000
Fees to auditors of the Company		
– Audit fees	**180**	163
– Non-audit fees	**3**	–
Audit fees to other auditors of the Group	**150**	114
Depreciation of property, plant and equipment (Note 15)	**11,879**	14,243
Directors' remuneration (including directors' fees)	**1,035**	1,267
Employee benefits expense (including directors' remuneration)	**9,101**	9,121
Defined contribution benefits included in employee benefits expense	**161**	190
Share-based payment expense included in employee benefits expense (Note 29)	**250**	1,300
Net foreign exchange gain	**122**	682

NOTES TO FINANCIAL STATEMENTS

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37 (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the company is based on the following data:

	Group	
	2019 **US$'000**	**2018** **US$'000**
(Loss) Earnings		
(Loss) Profit for the year attributable to owners of the Company	**(128,181)**	16,665
Number of shares ('000)		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**556,479**	239,931
Effect of dilutive potential ordinary shares: Share options, warrants and awards	**–**	51,552
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**556,479**	291,483

	2019 **US cents**	**2018** **US cents**
Basic (loss) earnings per share	**(23.03)**	6.95
Diluted (loss) earnings per share	**(23.03)**[1]	5.72

(1) The diluted loss per share for 2019 is the same as the basic loss per share because the effect of the potential conversion of warrants to equity is anti-dilutive.

NOTES TO FINANCIAL STATEMENTS

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38 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2019 US$'000	2018 US$'000
Minimum lease payments under operating leases recognised as an expense during the year	**23,900**	39,093

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

	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Within 1 year	**54,439**	39,401	37,989
After 1 year but within 5 years	**114**	55,478	139,401
	54,553	94,879	177,390

Operating lease payments represent rentals payable by the Group for vessels and properties. Leases are negotiated for an average term of five years (31 March 2018 : five years) and charter rates are fixed throughout the duration of the lease.

The Group as lessor

The Group hires out its vessels under operating leases. Charter hire income of US$167,086,000 (31 March 2018 : US$152,640,000) was earned.

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

	Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Future minimum lease receivable:			
Within 1 year	**115,963**	145,735	172,903
After 1 year but within 5 years	**121,875**	209,402	206,511
	237,838	355,137	379,414

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

39 COMMITMENTS

As at 31 March 2019, the Group has capital commitments amounting to US$170,020,000 (2018 : US$198,219,000) for the acquisition of property, plant and equipment.

Details of the Company's commitments for guarantees provided for the subsidiaries and associate has been included in Note 4(b) (iv) under credit risk management.

40 SEGMENT INFORMATION

The executive directors of the Group, who reviews the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group:

(i) Vessel chartering and brokerage : chartering of owned vessels and brokering of vessels;

(ii) Vessel management services : provision of crew, consultancy and logistics, marine yard services and construction services; and

(iii) Investment holding: holding investments for long-term purposes.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment based on the types of revenue it generates. All assets and liabilities are allocated to reportable segments, except for deferred tax assets and deferred tax liabilities.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

40 SEGMENT INFORMATION (CONT'D)

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

	Vessel chartering and brokerage		Vessel management services		Investment holding		Total	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Revenue								
External sales	**167,102**	152,662	**17,416**	31,675	**–**	–	**184,518**	184,337
Results								
Segment results	**18,465**	30,014	**6,052**	14,702	**(3,476)**	(7,649)	**21,041**	37,067
Finance costs	**(13,410)**	(11,044)	**(55)**	(147)	**(3,008)**	(2,783)	**(16,473)**	(13,974)
Operating profit from ordinary activities and before share of results of associate and joint ventures	**5,055**	18,970	**5,997**	14,555	**(6,484)**	(10,432)	**4,568**	23,093
Exceptional expenses	**(51,408)**	(7,134)	**(14,518)**	–	**(67,392)**	–	**(133,318)**	(7,134)
Share of results of associate and joint ventures	**105**	(1,235)	**–**	–	**–**	–	**105**	(1,235)
(Loss) Profit before tax							**(128,645)**	14,724
Income tax expense							**(4,018)**	(3,183)
(Loss) Profit for the year							**(132,663)**	11,541

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

40 SEGMENT INFORMATION (CONT'D)

	Vessel chartering and brokerage		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
Segment assets and segment liabilities			
Segment assets	**357,769**	364,540	496,096
Segment liabilities	**306,716**	253,698	354,127
Deferred tax liabilities			
Total liabilities			

	Vessel chartering and brokerage	
	2019 US$'000	2018 US$'000
Other information		
Loss allowance for trade and other receivables (Note 32)	**314**	977
Depreciation of property, plant and equipment (Note 15)	**10,403**	12,704
Bad debts written off (Notes 32 and 33)	**–**	5,934
Net foreign exchange (gain) loss (Note 32)	**(235)**	159
Loss (Gain) on disposal of property, plant and equipment (Note 32)	**–**	1,471
Joint ventures (Note 17)	**65,435**	65,330
Associate (Note 18)	**–**	–
Additions to property, plant and equipment (Note 15)	**28,955**	4,986
Impairment of property, plant and equipment (Note 33)	**51,408**	1,200
Impairment of investment in associate (Note 33)	**–**	–

Geographical information

The directors of the Company consider that the nature of the Group's business where it operates across international waters precludes a meaningful allocation of revenue and non-current assets as defined under SFRS(I) 8 *Operating Segments*. The revenue is derived from and non-current assets are primarily used in geographical markets for vessel chartering and brokerage and management services throughout the world.

Major customer information

During the financial year, the Group derived charter hire and brokerage and vessel management income amounting to approximately US$158,040,000 (2018 : US$139,972,000) from a third party.

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	Vessel management services			Investment holding			Group		
	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000	31 March 2019 US$'000	31 March 2018 US$'000	1 April 2017 US$'000
	62,173	66,119	103,861	**149,808**	160,235	125,573	**569,750**	590,894	725,530
	53,419	65,520	119,407	**41,427**	31,336	70,380	**401,562**	350,554	543,914
							8,045	4,652	4,010
							409,607	355,206	547,924

	Vessel management services		Investment holding		Group	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
	701	–	**–**	–	**1,015**	977
	1,229	1,402	**247**	137	**11,879**	14,243
	398	5	**–**	–	**398**	5,939
	676	(792)	**(563)**	(49)	**(122)**	(682)
	284	(7,244)	**–**	–	**284**	(5,773)
	–	–	**–**	–	**65,435**	65,330
	–	–	**14,843**	–	**14,843**	–
	2,863	–	**38**	581	**31,856**	5,567
	2,102	–	**–**	–	**53,510**	1,200
	–	–	**67,392**	–	**67,392**	–

NOTES TO FINANCIAL STATEMENTS

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41 LEGAL PROCEEDINGS AND ARBITRATION

(i) Litigation in Mumbai, India

In 2017, 2 wholly-owned subsidiaries of the Company, have been notified by Indian solicitors appointed by one Kishore Khanna and 2 other individuals (collectively, the "Plaintiffs") of a suit commenced against Swiber Offshore (India) Pte Ltd ("SOI"), Oil and Natural Gas Corporation ("ONGC") as well as two of the Company's wholly-owned subsidiaries, Offshore Engineering Resources Pte Ltd ("OER") and Vallianz Offshore Marine Pte Ltd ("VOM") in the Bombay High Court. The Company was notified of the suit by way of emails containing what appears to be draft court papers which were unsigned and unsealed by the Indian courts. The suit appears to be in relation to a project between SOI and ONGC, and to which SOI had engaged VOM and OER for the provision of certain services.

Based on the filed court papers, the Plaintiffs appeared to be partners of a claimant, Ocean Marine International ("OMI"), who was also a service provider used for the supply of certain provisions in relation to the project between SOI and ONGC.

The Plaintiffs have brought the suit on behalf of OMI for the following claims, amongst others:

(a) payment of unpaid invoices from SOI, VOM and OER, totalling a sum of approximately US$1.6 million;

(b) an injunction against SOI, VOM and OER to prevent the repatriation of their respective income and monies out of India pending resolution of the suit;

(c) an anti-suit injunction against SOI, VOM and OER to prevent them from filing a claim against the Plaintiffs in any other jurisdiction pending resolution of the suit; and

(d) for ONGC to pay into the Bombay High Court monies that it is contractually obliged to pay to SOI.

VOM and OER have since taken steps to appoint Indian lawyers to represent them in the suit, and to ensure that VOM and OER are properly served with the filed court papers. VOM and OER are of the view that these claims should be made against SOI and not against VOM and OER as none of the unpaid invoices upon which the claims arise are addressed to VOM or OER.

VOM and OER have also been notified by their Indian lawyers that this suit is collectively being heard with several other suits in the Bombay Court, in which SOI is a named defendant. This has been done as all the plaintiffs in these suits are seeking for a common relief i.e., for ONGC to pay into the Bombay High Court monies it is contractually obliged to pay SOI.

For the financial year ended 31 March 2018, no contingent liabilities have been recorded as management is of the opinion that the unfavourable outcome of the claims by the claimants against the Group is not probable. During the year, the legal suit against OER and VOM has been dismissed by the Bombay High Court.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

41 LEGAL PROCEEDINGS AND ARBITRATION (CONT'D)

(ii) Litigation in Batam, Indonesia

In 2017, the Company had been notified that VOM and Holmen Arctic Pte Ltd ("HAR"), an indirect subsidiary of the Company, have been named as defendants alongside Swiber Offshore Construction Pte. Ltd. ("SOC") and Newcruz Offshore Marine Pte Ltd ("NOM") to a suit commenced by one PT. ASL Shipyard Indonesia (the "Claimant").

The claims appear to be in relation to the maintenance and repair works provided to the vessel "Holmen Arctic", which HAR (as the registered owner of the vessel) had chartered to SOC. On 8 December 2017, the vessel was arrested by the District Court of Batam.

On 17 January 2018, a judgement was passed by the District Court of Batam, where VOM, HAR along with 2 other parties are jointly and severely liable for the principal claim of S$1.9 million (approximately US$1.4 million) and interest of 1% on the aforesaid claim. As at 31 March 2019, the Group has accrued the sum of the principal claim of US$1.4 million (31 March 2018 : full sum of principal claim of US$1.4 million).

(iii) Arrest of vessel in United Arab Emirates

On 12 January 2017, World Fuel Services (Singapore) Pte Ltd ("WFS") has obtained a court judgment for claim amounted to AED 1,604,334 and accrued interest at a daily rate of US$93.80 in United Arab Emirates against a vessel, Rawabi 18 owned by a wholly-owned subsidiary, Samson Marine Pte Ltd ("SMPL") under the UAE Federal Maritime Law. The judgement debt arose from non-payment of bunkers supplied to Rawabi 18 while the vessel was under the charter of Swiber Offshore Construction Pte Ltd ("SOC"), a related party placed under judicial management.

As at 31 March 2019, the Group has accrued for the full sum of principal claim of US$421,000 which remains unpaid (2018 and 2017 : full sum of principal claim) and interest payable of US$81,000 (31 March 2018 and 31 March 2017 : US$Nil).

42 CONTINGENT LIABILITIES

The maximum amount the Group could be forced to settle under financial guarantee contracts, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$227,702,000 (31 March 2018 : US$301,609,000) for guarantees provided to subsidiaries and US$260,106,000 (31 March 2018 : US$294,725,000) for guarantees provided to associate and joint venture.

Management has considered and evaluated the fair value of the above financial guarantee contracts to be insignificant as at 31 March 2019 and 31 March 2018.

NOTES TO FINANCIAL STATEMENTS

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43 RECLASSIFICATIONS AND COMPARATIVE FIGURES

During the year, management has re-assessed classification of impairment of property, plant and equipment following the review of operations in current year and determined that classification of impairment of property, plant and equipment should be classified under "exceptional items" instead of "other income and expense". The reclassification has been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

The effects of the reclassification and comparative figures on the prior year's financial statements are as follows:

Group	As previously reported US$'000	Adjustments US$'000	As restated US$'000
2018			
Statement of profit or loss and other comprehensive income			
Other (expense) and income, net	5,684	1,200	6,884
Exceptional items	(5,934)	(1,200)	(7,134)

44 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended March 31, 2019 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

44 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the election of certain transition options available under SFRS(I) 1.

Management has elected the following transition exemption:

- SFRS(I) 3 Business Combinations has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before 1 April 2018. The FRS carrying amounts of assets and liabilities determined in that business combination, that are required to be recognised under SFRS(I), are the deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SFRS(I). Assets and liabilities that do not qualify for recognition under SFRS(I) are excluded from the opening SFRS(I) statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of SFRS(I) recognition requirements.

  SFRS(I) 1 also requires that the FRS carrying amount of goodwill must be used in the opening SFRS(I) statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SFRS(I) 1, the Group has tested goodwill for impairment at the date of transition to SFRS(I). No goodwill impairment was deemed necessary at 1 April 2018.

- As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of 31 March 2018 is not disclosed using the transition provisions of SFRS(I) 15.

- The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 April 2018. Accordingly, the requirements of FRS39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 March 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosu*re to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

NOTES TO FINANCIAL STATEMENTS

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44 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 are presented and explained below.

Group

(A) Impact on the Statement of Financial Position as at 1 April 2017 (date of transition to SFRS(I))

	31 March 2017	1 April 2017		
	As previously reported under FRS US$'000	Initial application of SFRS(I) 15 US$'000	(Note)	As adjusted under SFRS (I) US$'000
ASSETS				
Current assets				
Cash and cash equivalents	45,568	–		45,568
Trade receivables	91,890	–		91,890
Other receivables	124,915	–		124,915
Inventories	1,669	–		1,669
Construction in progress	1,506	(1,506)	(i)	–
Contract assets	–	1,506	(i)	1,506
Available-for-sale investments	31,729	–		31,729
Total current assets	297,277	–		297,277
Non-current assets				
Monies pledged with banks	699	–		699
Intangible assets	–	–		–
Property, plant and equipment	372,233	–		372,233
Subsidiaries	–	–		–
Joint ventures	54,026	–		54,026
Goodwill	–	–		–
Derivative financial instruments	1,295	–		1,295
Total non-current assets	428,253	–		428,253
Total assets	725,530	–		725,530

NOTES TO FINANCIAL STATEMENTS

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44 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

	31 March 2017	1 April 2017		
	As previously reported under FRS US$'000	Initial application of SFRS(I) 15 US$'000	(Note)	As adjusted under SFRS (I) US$'000
LIABILITIES AND EQUITY				
Current liabilities				
Term loans	64,903	–		64,903
Trade payables	62,487	–		62,487
Other payables	136,922	–		136,922
Finance lease payables	186	–		186
Income tax payable	2,613	–		2,613
Total current liabilities	267,111	–		267,111
Non-current liabilities				
Term loans	275,726	–		275,726
Retirement benefit obligation	1,077	–		1,077
Finance lease payables	–	–		–
Deferred tax liabilities	4,010	–		4,010
Total non-current liabilities	280,813	–		280,813
Capital and reserves				
Share capital	203,918	–		203,918
Perpetual capital securities	22,500	–		22,500
Foreign currency translation reserve	(1,045)	–		(1,045)
Share options reserve	447	–		447
Shareholder's advances	102,087	–		102,087
Other reserve	(27)	–		(27)
Accumulated losses	(147,638)	–		(147,638)
Equity attributable to owners of the Company and capital securities holders	180,242	–		180,242
Non-controlling interests	(2,636)	–		(2,636)
Total equity	177,606	–		177,606
Total liabilities and equity	725,530	–		725,530

The transition to SFRS(I) does not have a material impact on the Statement of Financial Position as at 1 April 2017.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

44 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

(B) Impact on the Statement of Financial Position as at 31 March 2018 (end of last period reported under FRS) and 1 April 2018

	31 March 2018				1 April 2018		
	As previously reported under FRS US$'000	Initial application of SFRS(I) 15 US$'000	(Note)	As adjusted under SFRS(I) 15 US$'000	Initial application of SFRS(I) 9 US$'000	(Note)	As adjusted under SFRS (I) US$'000
ASSETS							
Current assets							
Cash and cash equivalents	7,569	–		7,569	–		7,569
Trade receivables	33,959	–		33,959	–		33,959
Other receivables	174,862	–		174,862	–		174,862
Inventories	2,936	–		2,936	–		2,936
Construction in progress	252	(252)	(i)	–	–		–
Contract assets	–	252	(i)	252	–		252
Available-for-sale investments	31,729	–		31,729	(31,729)	(ii)	–
Financial assets at fair value through other comprehensive income	–	–		–	31,729	(ii)	31,729
Total current assets	251,307	–		251,307	–		251,307
Non-current assets							
Monies pledged with banks	699	–		699	–		699
Intangible assets	–	–		–	–		–
Property, plant and equipment	272,218	–		272,218	–		272,218
Subsidiaries	–	–		–	–		–
Joint ventures	65,330	–		65,330	–		65,330
Goodwill	–	–		–	–		–
Derivative financial instruments	1,340	–		1,340	–		1,340
Total non-current assets	339,587	–		339,587	–		339,587
Total assets	590,894	–		590,894	–		590,894

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

44 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

(B) Impact on the Statement of Financial Position as at 31 March 2018 (end of last period reported under FRS) and 1 April 2018 (cont'd)

	31 March 2018				1 April 2018		
	As previously reported under FRS US$'000	Initial application of SFRS(I) 15 US$'000	(Note)	As adjusted under SFRS(I) 15 US$'000	Initial application of SFRS(I) 9 US$'000	(Note)	As adjusted under SFRS (I) US$'000
LIABILITIES AND EQUITY							
Current liabilities							
Term loans	91,056	–		91,056	–		91,056
Trade payables	33,037	–		33,037	–		33,037
Other payables	65,156	–		65,156	–		65,156
Finance lease payables	5	–		5	–		5
Income tax payable	4,435	–		4,435	–		4,435
Total current liabilities	193,689	–		193,689	–		193,689
Non-current liabilities							
Term loans	155,142	–		155,142	–		155,142
Retirement benefit obligation	1,717	–		1,717	–		1,717
Finance lease payables	6	–		6	–		6
Deferred tax liabilities	4,652	–		4,652	–		4,652
Total non-current liabilities	161,517	–		161,517	–		161,517
Capital and reserves							
Share capital	344,866	–		344,866	–		344,866
Perpetual capital securities	22,500	–		22,500	–		22,500
Foreign currency translation reserve	(26)	–		(26)	–		(26)
Share options reserve	405	–		405	–		405
Shareholder's advances	6,788	–		6,788	–		6,788
Other reserve	(112)	–		(112)	–		(112)
Accumulated losses	(130,973)	–		(130,973)	–		(130,973)
Equity attributable to owners of the Company and capital securities holders	243,448	–		243,448	–		243,448
Non-controlling interests	(7,760)	–		(7,760)	–		(7,760)
Total equity	235,688	–		235,688	–		235,688
Total liabilities and equity	590,894	–		590,894	–		590,894

The transition to SFRS(I) does not have a material impact on the Statement of Financial Position as at 1 April 2018.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

44 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

(B) Impact on the Statement of Financial Position as at 31 March 2018 (end of last period reported under FRS) and 1 April 2018 (cont'd)

Notes to the reconciliations:

SFRS(I) 15

(i) Under SFRS(I) 15, construction work-in-progress is presented as contract assets in the Statement of the Consolidated Financial Position.

SFRS(I) 9

(ii) The application of the SFRS(I) 9 classification requirements has resulted in changes in classification of the investment in unquoted preference share.

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2018 (last financial year reported under FRS)

The transition to SFRS(I) does not have a material impact on the consolidated statement of profit or loss and other comprehensive income.

(D) Impact on the Statement of Cash Flows for the year ended 31 March 2018 (last financial year reported under FRS)

The transition to SFRS(I) and the initial application of SFRS(I) 9 have not had a material impact on the consolidated statement of cash flows.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2019

45 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after 1 April 2019

- SFRS(I) 16 Leases

SFRS(I) 16 Leases

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

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

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases that the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right of-use asset and a corresponding liability in respect of all leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

Management expects the adoption of the above SFRS(I) to have a material impact on the financial statements of the Group in the period of their initial adoption, in particular on certain operating lease arrangements to be recorded in the statements of financial position. The Group's operating lease arrangements are disclosed in Note 38.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases under SFRS(I) 16.

Management is currently assessing and has yet to complete the work on the possible impact of implementing SFRS(I) 16. It is therefore impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application. Management does not plan to early adopt the above new SFRS(I) 16.

SHAREHOLDINGS STATISTICS

AS AT 20 JUNE 2019

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	151	4.84	5,483	0.00
100 – 1,000	611	19.58	352,666	0.06
1,001 – 10,000	1,599	51.25	6,709,365	1.20
10,001 – 1,000,000	738	23.66	44,727,049	8.00
1,000,001 AND ABOVE	21	0.67	507,557,338	90.74
TOTAL	**3,120**	**100.00**	**559,351,901**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NO. OF SHARES HELD	%
1	DBS NOMINEES PTE LTD	339,090,898	60.62
2	PHILLIP SECURITIES PTE LTD	117,137,688	20.94
3	GU JIAN LIN	5,423,633	0.97
4	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,672,351	0.84
5	RAFFLES NOMINEES (PTE) LIMITED	4,671,920	0.84
6	TOH BOON KENG	4,347,799	0.78
7	OCBC SECURITIES PRIVATE LTD	3,780,762	0.68
8	UOB KAY HIAN PTE LTD	3,375,340	0.60
9	CHAN KWAN BIAN	3,033,338	0.54
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,887,862	0.52
11	LIM OON HOCK	2,639,566	0.47
12	CROWN SHIP LIMITED	2,569,800	0.46
13	NG CHEE KEONG	2,163,201	0.39
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,111,203	0.38
15	CHERAYATH AJAY ANDREWS	1,800,000	0.32
16	TAN DAH CHING (CHEN DAQING)	1,520,000	0.27
17	CITIBANK NOMINEES SINGAPORE PTE LTD	1,510,846	0.27
18	LING YONG WAH	1,459,480	0.26
19	LOH GEOK CHENG	1,290,266	0.23
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,038,052	0.19
	TOTAL	**506,524,005**	**90.57**

SHAREHOLDINGS STATISTICS

AS AT 20 JUNE 2019

CLASS OF SHARES	NO. OF SHARES	%
ORDINARY	559,351,901	100.00
TREASURY	NIL	0.00
TOTAL ISSUED SHARES	559,351,901	100.00

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

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
RAWABI HOLDING COMPANY LIMITED	317,560,389	56.77	NIL	0.00
SWIBER HOLDINGS LIMITED	115,102,345	20.58	NIL	0.00
ALTURKI ABDULAZIZ ALI A	NIL	0.00	317,560,389(1)	56.77

(1) By Virtue of Section 4 of the Securities and Futures Act, Cap. 289, Sheikh AlTurki, Abdulaziz Ali is deemed to be interested in 317,560,389 shares held by Rawabi Holding Company Limited.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on information available to the Company as at 20 June 2019, 18.72% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, the Company has compiled with the Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST.

WARRANTHOLDINGS STATISTICS

AS AT 20 JUNE 2019

DISTRIBUTION OF WARRANTHOLDERS BY SIZE OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	2	0.71	5	0.00
100 – 1,000	14	4.95	8,580	0.02
1,001 – 10,000	120	42.40	542,283	1.08
10,001 – 1,000,000	135	47.70	11,639,938	23.25
1,000,001 AND ABOVE	12	4.24	37,869,122	75.65
TOTAL	**283**	**100.00**	**50,059,928**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	WARRANTHOLDER'S NAME	NO. OF WARRANTS HELD	%
1	DBS NOMINEES PTE LTD	9,847,051	19.67
2	PHILLIP SECURITIES PTE LTD	6,464,982	12.91
3	TOH BOON KENG	4,200,000	8.39
4	GU JIAN LIN	3,750,000	7.49
5	CHAN KWAN BIAN	2,666,666	5.33
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,940,665	3.88
7	CHERAYATH AJAY ANDREWS	1,933,333	3.86
8	RAFFLES NOMINEES (PTE) LIMITED	1,699,395	3.39
9	ANG KIAN KOK	1,483,066	2.96
10	NG CHEE KEONG	1,457,500	2.91
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,393,131	2.78
12	RHB SECURITIES SINGAPORE PTE LTD	1,033,333	2.06
13	ANG KIM CHUAN	933,333	1.86
14	UOB KAY HIAN PTE LTD	666,666	1.33
15	LIM YI TUNG (LIN YITONG)	661,996	1.32
16	TAN HAI TONG	516,733	1.03
17	TAN CHIN WAH	433,333	0.87
18	CITIBANK NOMINEES SINGAPORE PTE LTD	399,999	0.80
19	FOO JEE JONG	340,000	0.68
20	WONG HAN MENG	333,333	0.67
	TOTAL	**42,154,515**	**84.19**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the Company will be held at 52 Jurong Gateway Road, Auditorium, #06-00 JEM Office Tower, Singapore 608550 on Wednesday, 31 July 2019 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr. Yeo Chee Neng, a director who is retiring pursuant to Article 105 of the Company's Constitution.

   Mr. Yeo Chee Neng, upon re-election as Director of the Company, remain as the Executive Director of the Company.

   The information relating to Mr. Yeo Chee Neng as required under Rule 720(5) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), Listing Manual Section B: Rules of Catalist ("**Rules of Catalist**") is set out on page 172 to 180 of the Annual Report.

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

3. To re-elect Mr. Bote de Vries, a director who is retiring pursuant to Article 105 of the Company's Constitution.

   Mr. Bote de Vries, upon re-election as Director of the Company, remain as the Lead Independent Director, the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company, and shall be considered independent for the purpose of Rule 704(7) of the Rules of Catalist.

   The information relating to Mr. Bote de Vries as required under Rule 720(5) of the Rules of Catalist is set out on page 172 to 180 of the Annual Report.

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

4. To re-appoint Mr. Ling Yong Wah pursuant to Rule 720(4) of the Rules of Catalist.

   Mr. Ling Yong Wah, upon re-appointment as Director of the Company, remain as the Executive Director of the Company.

   The information relating to Mr. Ling Yong Wah as required under Rule 720(5) of the Rules of Catalist is set out on page 172 to 180 of the Annual Report.

   [See Explanatory Note (c)] **(Resolution 4)**

5. To approve Directors' fees of US$202,000 for the financial year ending 31 March 2020. **(Resolution 5)**

6. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company to hold office until the conclusion of the next AGM of the Company, and to authorise the Directors to fix the remuneration of Messrs Deloitte & Touche LLP. **(Resolution 6)**

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

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

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

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

(i) shares in the capital of the Company whether by way of bonus, rights or otherwise; or

(ii) convertible securities; or

(iii) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or otherwise; or

(iv) shares arising from the conversion of convertible securities in (ii) and (iii) above, provided always that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed one hundred percent (100%) of the total number of issued shares excluding treasury shares and subsidiary holdings or such other limit as may be prescribed by the SGX-ST as at the date of this Resolution, of which the aggregate number of shares and convertible securities in the Company to be issued other than on a pro rata basis to the then existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings or such other limit as may be prescribed by the SGX-ST as at the date of this Resolution, and unless revoked or varied by the Company in a general meeting, such authority shall continue in full force until the conclusion of the next AGM or such date by which the next AGM is required by law to be held, whichever is earlier. For the purposes of this Resolution and Rule 806(3) of the Rules of Catalist, the percentage of the total number of issued shares and excluding treasury shares and subsidiary holdings at the date of this Resolution after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from the exercising share options outstanding or subsisting at the time of passing this Resolution, provided the options were granted in compliance with the Rules of Catalist; and

(c) any subsequent bonus issue, consolidation or subdivision of shares."

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

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

"That:

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

NOTICE OF ANNUAL GENERAL MEETING

(a) market purchase(s) (each a **"Market Purchase"**) on the SGX-ST; and/or

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

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

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

(a) the date on which the next AGM is held or required by law to be held;

(b) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked.

(3) in this Resolution:

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

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

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

(a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price; and

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

NOTICE OF ANNUAL GENERAL MEETING

where:

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

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

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

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

10. **Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions with the Rawabi Group**

"That:

(1) approval be and is hereby given for the purposes of Chapter 9 of the Rules of Catalist, for the Company, its subsidiaries and associated companies (the "**Group**") or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Appendix A of the Letter to Shareholders dated 16 July 2019 (the "**Letter to Shareholders**") appended to the Annual Report, with the Rawabi Group who is of the class of Interested Persons described in the Letter to Shareholders, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for Interested Person Transactions as set out in the Letter to Shareholders (the "**Rawabi IPT Mandate**");

(2) the Rawabi IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company; and

(3) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the Rawabi IPT Mandate and/or this Resolution."

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

[See Explanatory Note (h)] **(Resolution 11)**

BY ORDER OF THE BOARD

Chong Pei Wen (Ms)
Company Secretary
16 July 2019

Singapore

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:-

(a) In relation to Resolution 2 proposed above, there is no relationship (including immediate family relationships) between Mr. Yeo Chee Neng and the other directors, the Company or its 10% shareholders and the detailed information on Mr. Yeo Chee Neng is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2019 Annual Report.

(b) In relation to Resolution 3 proposed above, there is no relationship (including immediate family relationships) between Mr. Bote de Vries and the other directors, the Company or its 10% shareholders and the detailed information on Mr. Bote de Vries is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2019 Annual Report.

(c) In relation to Resolution 4 proposed above, there is no relationship (including immediate family relationships) between Mr. Ling Yong Wah and the other directors, the Company or its 10% shareholders and the detailed information on Mr. Ling Yong Wah is set out in the section entitled "Board Membership" in the Corporate Governance Statement in the Company's 2019 Annual Report.

(d) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next AGM, or the date by which the next AGM is required by law to held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total, one hundred per cent. (100%) of the issued shares excluding treasury shares and subsidiary holdings at the time of passing of this resolution, of which up to fifty per cent. (50%) may be issued other than on a pro-rata basis to shareholders.

(e) The Ordinary Resolution 8 above, if passed, renews the Share Buyback Mandate and will authorise the Directors of the Company from the date of the above Meeting until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to purchase up to ten per cent. (10%) of the total number of issued shares in the capital of the Company. Please refer to the Letter to Shareholders dated 16 July 2019 appended to the Annual Report for details.

(f) The Ordinary Resolution 9 above, if passed, allows the Company, and its subsidiaries and to enter into transactions with interested persons with the Rawabi Group as defined in Chapter 9 of the Rules of Catalist.

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

(h) The Ordinary Resolution 11 above, if passed, will empower the Directors to vest awards and to allot and issue shares pursuant to the vesting of such awards in accordance with the Plan provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all awards granted under the Plan and all options granted or to be granted under the Scheme and any shares, options or awards granted or to be granted under any other share schemes of the Company, shall not, in aggregate, exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" means: (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Share Registrar office of the Company at 80 Robinson Road, #11-02, Singapore 068898 not later than 48 hours before the time set for the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND RE-APPOINTMENT

Mr. Yeo Chee Neng, Mr. Bote de Vries and Mr. Ling Yong Wah are the Directors seeking re-election and re-appointment at the forthcoming Annual General Meeting of the Company to be convened on 31 July 2019 ("**AGM**") (collectively, the "**Directors**" and each a "**Director**").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Directors as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

	Mr. Yeo Chee Neng	Mr. Bote de Vries	Mr. Ling Yong Wah
Date of appointment	1 December 2012	6 September 2010	17 March 2014
Date of last re-appointment	15 April 2016	15 April 2016	28 April 2014
Age	51	60	53
Country of principal residence	Singapore	Netherlands	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Yeo Chee Neng as the Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experiences and overall contribution since he was appointed as the Executive Vice Chairman of the Company.	The re-election of Mr. de Vries as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-appointment of Mr. Ling Yong Wah as the Executive Director of the Company was recommended by the NC and the board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as the Executive Director and CEO of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Vice Chairman	Lead Independent Director, Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee	Executive Director and CEO
Professional qualifications	Bachelor of Engineering, University of Singapore	1. Bachelor of Biology, University of Leiden 2. Masters in Law, University of Leiden	Member of the Institute of Singapore Chartered Accountants of England and Wales.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND RE-APPOINTMENT

	Mr. Yeo Chee Neng	Mr. Bote de Vries	Mr. Ling Yong Wah
Working experience and occupation(s) during the past 10 years	2007 to 30 November 2012 – Executive Director (re-designated as Non-Executive Director with effect from 1 December 2012) of Swiber Holdings Limited 1 December 2012 to 12 January 2015 – Chief Executive Officer and Executive Director of Vallianz Holdings Limited – Non-Executive Director of Swiber Holdings Limited 13 January 2015 to 19 June 2016 – Executive Director and Deputy Chief Executive Officer of Swiber Holdings Limited 20 June 2016 to 2 September 2016 – Chief Executive Officer, Group President and Executive Director of Swiber Holdings Limited 13 January 2015 to present – Executive Vice Chairman of Vallianz Holdings Limited	2009 to Present – Independent Adviser of Finamar B.V.	EDMI Limited – Chairman of Audit Committee and member of Remuneration Committee from September 2003 to November 2011. Frencken Group Limited – Chairman of Audit Committee and member of Nominating Committee since May 2005 to current. Kreuz Holdings Limited – Chairman of Audit Committee since June 2010 to March 2014. China Sunsine Chemical Holdings Ltd – Non-Executive Director from March 2007 to September 2010. Shengli Oil & Gas Pipe Holdings Ltd (HKEx) – Non-Executive Director from July 2009 to June 2011. Vallianz Holdings Limited – Executive Director from 17 March 2014 to present.
Shareholding interest in the listed issuer and its subsidiaries	2,000,000 (direct interest) 297,493 (deemed interest)	136,666	1,526,146
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND RE-APPOINTMENT

	Mr. Yeo Chee Neng	Mr. Bote de Vries	Mr. Ling Yong Wah
Other Principal Commitments (Including Directorships)			
Past (for the last 5 years)	Aster Marine Pte Ltd Bitachon Limited (fka Kreuz Engineering Limited) Carizon Pte Ltd Deepsea Venture (L) Inc Deltatek Offshore Limited Deltatek Offshore Ltd. Equatoriale Services Pte Ltd. Equatoriale International Pte Ltd. Maxwell Offshore Resources Pte Ltd Oceanic Crusader Pte Ltd OER Offshore Pte Ltd PAPE Engineering Pte Ltd Quetzal Offshore Pte Ltd Southsea Marine Pte Ltd Southsea Offshore Pte Ltd Swiber Assets Pte Ltd Swiber Atlantis Pte Ltd Swiber Capital Pte Ltd Swiber Holdings Limited Swiber Engineering Ltd Swiber Offshore Marine Pte Ltd Swiber Marine Pte Ltd Swiber Offshore Mexico S.A. De C.V. Swiwar Offshore Pte Limited Swiber PJW 3000 Pte Ltd Tuscan Offshore Pte Ltd Vallianz Capital Holdings Pte Ltd Whitmer Offshore Pte Ltd	Artilium NV Londen (Non Executive Board Member) Lloydsfonds GMBH Hanburg (Non Executive Board Member) North Atlantic Drilling Ltd (Non Executive Board Member)	Deepsea Leader Venture (L) Inc Four Fugus Pte Ltd MDSV 1 (L) Inc OLV Offshore Services (M) Sdn Bhd

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND RE-APPOINTMENT

	Mr. Yeo Chee Neng	Mr. Bote de Vries	Mr. Ling Yong Wah
Present	Deepsea Leader Venture (L) Inc Hamilton Offshore Services Pte Ltd Holmen Arctic Pte Ltd Holmen Atlantic Pte Ltd (fka SLB3 Pte Ltd) Equatoriale Offshore Pte Ltd Holmen Heavylift Offshore Pte Ltd Jago Offshore Services Pte Ltd Jetlee Shipbuilding & Engineering Pte Ltd Jubilee Travel Pte Ltd Ideal Dynamic Management Pte Ltd MDSV 1 (L) Inc Meadow Offshore OY Newcruz International Pte Ltd Newcruz Shipbuilding & Engineering Pte Ltd Oceanic Crusader Pte Ltd OER Holdings Pte Ltd OER Services Ltd OER Services Pte Ltd Offshore Engineering Resources Pte Ltd OLV Offshore Services (M) Sdn Bhd Oxfam Properties Pte Ltd PTSB Holdings Pte Ltd Rawabi Vallianz Offshore Services Co. Ltd Resolute Pte Ltd RI Capital Holdings Pte Ltd Samson Marine Pte Ltd Samson Engineering Limited Vallianz Capital Ltd Vallianz Corporate Services Pte Ltd	Vallianz Holdings Limited Dutch Investment Fund for seagoing Vessel INBZ) Building Society Humanitas (Supervisory Board Member) Building Society Groenwest (Member of Supervisory) Rabobank Krimpenerwaard (Participants member of the Advisory Committee) NNPC P&I Club (Chairman of the Supervisory Board) Golden Close (Non Executive Board Member) Qua Wonen Buikding Society Keimpenerwaard (Non Executive Director)	Frencken Group Limited Hamilton Offshore Services Pte Ltd Holmen Arctic Pte Ltd Holmen Atlantic Pte Ltd (fka SLB3 Pte Ltd) Holmen Heavylift Offshore Pte Ltd Holmen Pacific LLC Jetlee Shipbuilding & Engineering Pte Ltd Jubilee Travel Pte Ltd MN Investment Holdings (Pte) Ltd Newcruz International Pte Ltd Newcruz Shipbuilding & Engineering Pte Ltd OER Holdings Pte Ltd OER Services Ltd OER Services Pte Ltd OER Offshore Pte Ltd Offshore Engineering Resources Pte Ltd PTSB Holdings Pte Ltd Rawabi Vallianz Offshore Services Co. Ltd Resolute Pte Ltd RI Capital Holdings Pte Ltd Samson Marine Pte Ltd Samson Engineering Limited Vallianz Capital Ltd Vallianz Corporate Services Pte Ltd Vallianz Holdings Limited Vallianz International Pte Ltd Vallianz Marine Pte Ltd Vallianz Offshore Capital Mexico S.A. De C.V. Vallianz Offshore Marine Pte Ltd

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND RE-APPOINTMENT

	Mr. Yeo Chee Neng	Mr. Bote de Vries	Mr. Ling Yong Wah
Present	Vallianz Holdings Limited Vallianz International Pte Ltd Vallianz Marine Mexico S.A. De C.V. Vallianz Marine Pte Ltd Vallianz Offshore Capital Mexico S.A. De C.V. Vallianz Offshore Marine Pte Ltd Vallianz Shipbuilding & Engineering Pte Ltd Vallianz Investment Capital Pte Ltd		Vallianz Shipbuilding & Engineering Pte Ltd Vallianz Investment Capital Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND RE-APPOINTMENT

	Mr. Yeo Chee Neng	Mr. Bote de Vries	Mr. Ling Yong Wah
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes. There was a petition filed for the winding up of Swiber Holdings Limited of which Mr. Yeo Chee Neng is a director in 2016. The Petition was withdrawn and Swiber Holdings Limited was placed under judicial management instead shortly after the filing of the Petition.	No	No
c) Whether there is any unsatisfied judgment against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND RE-APPOINTMENT

	Mr. Yeo Chee Neng	Mr. Bote de Vries	Mr. Ling Yong Wah
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND RE-APPOINTMENT

	Mr. Yeo Chee Neng	Mr. Bote de Vries	Mr. Ling Yong Wah
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	There was an investigation by the Commercial Affairs Department on Messrs. Yeo Jeu Nam and Yeo Chee Neng in relation to Swiber Holdings Limited in 2016 in relation to alleged infringements under Section 199 of the Securities and Futures Act. Investigations are still ongoing.	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND RE-APPOINTMENT

	Mr. Yeo Chee Neng	Mr. Bote de Vries	Mr. Ling Yong Wah
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, as this relates to the re-appointment of Mr. Yeo Chee Neng as a director of the Company.	Not applicable, as this relates to the re-appointment of Mr. Bote de Vries as a director of the Company.	Not applicable, as this relates to the re-appointment of Mr. Ling Yong Wah as a director of the Company.

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

IMPORTANT
1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy VALLIANZ HOLDINGS LIMITED shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 July 2019.

PROXY FORM

*I/We ______________________________ (Name) *NRIC/Passport No. ______________________________

of ____

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

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

*and/or (delete as appropriate)

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

or failing which, the Chairman of the Annual General Meeting of the Company (the "**AGM**"), as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, at the AGM to be held at 52 Jurong Gateway Road, Auditorium, #06-00 JEM Office Tower, Singapore 608550 on 31 July 2019 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as he/she/they will on any other matter arising at the AGM.

☐ Please tick here if more than two proxies will be appointed (Please refer to note 2). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

NOTE: Each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Resolutions	For**	Against**
1.	Adoption of Audited Financial Statements for the financial year ended 31 March 2019 together with the Directors' Statement and Independent Auditor's Report thereon.		
2.	Re-election of Director pursuant to Article 105. – Mr. Yeo Chee Neng		
3.	Re-election of Director pursuant to Article 105. – Mr. Bote de Vries		
4.	Re-appointment of Director pursuant to Rule 720(4) of the Rules of Catalist – Mr. Ling Yong Wah		
5.	Approval of the Directors' fees of US$202,000 for the financial year ending 31 March 2020.		
6.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Authority to allot and issue shares pursuant to the Share Issue Mandate.		
8.	Renewal of Share Buyback Mandate.		
9.	Renewal of Shareholders' Mandate for Interested Person Transactions with Rawabi Group.		
10.	Authority to grant options and to issue shares under Vallianz Employee Share Option Scheme.		
11.	Authority to grant awards and to issue shares under Vallianz Performance Share Plan.		

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

Dated this ____________ day of ____________ 2019

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

____
*Signature(s) of Member(s)/ Common Seal of Corporate shareholder
IMPORTANT: Please read notes overleaf

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy nor proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

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AFFIX
STAMP

The Company Secretary

VALLIANZ HOLDINGS LIMITED

C/O Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#11-02
Singapore 068898

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5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Share Registrar office of the Company at 80 Robinson Road, #11-02 Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.
6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
7. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 July 2019.

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VALLIANZ HOLDINGS LIMITED
Company Registration No. 199206945E

3A International Business Park
#01-13 Icon@IBP
Singapore 609935
Tel: (65) 6911 6200
Fax: (65) 6659 1292
www.vallianzholdings.com