All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Modified Prospectus unless stated otherwise.

THIS MODIFIED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your shares in MBC, you should immediately hand this Modified Prospectus, together with the NPO and the Acceptance Form (collectively the ***"Documents"***) and the Applicable Forms (as applicable) to the agent/stockbroker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Restricted Offer For Sale, which is the subject of this Modified Prospectus, should be addressed to the Malaysia Share Registrar for the Restricted Offer For Sale, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

This Modified Prospectus has been registered by the SC. The registration of this Modified Prospectus should not be taken to indicate that the SC recommends the Restricted Offer For Sale or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Modified Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of each of the Documents and the Applicable Forms have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these Documents and the Applicable Forms.

The Board has seen and approved all the documentation relating to this Restricted Offer For Sale. They collectively and individually accept full responsibility for the accuracy of the information given in the Documents, the accurate extraction and reproduction of information concerning POSH Group and joint ventures from publicly available sources such as (i) the certificate confirming incorporation of company and certificate of conversion (private company to public company) of POSH; (ii) the POSH 2014 Prospectus; (iii) results of the electronic instant information business profile searches on each of POSH's Singapore incorporated entities extracted from the records of ACRA; (iv) results of public searches conducted on POSH's non-Singapore incorporated entities (to the extent reasonably obtainable); (v) POSH's announcements made on SGX; (vi) annual reports of POSH including the accompanying consolidated audited financial statements of POSH; and (vii) the latest unaudited financial statement and dividend announcement of POSH, and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or inaccurate extraction and reproduction of information concerning POSH Group and joint ventures or other facts which, if omitted, would make the statements in these Documents false or misleading.

The Documents and the Applicable Forms are only despatched to the Entitled Shareholders who have a registered address in Malaysia as stated in the Record of Depositors on the Entitlement Date. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Restricted Offer For Sale complies with the laws of any country or jurisdiction other than the laws of Malaysia. The Documents and the Applicable Forms do not constitute an offer, solicitation or invitation to subscribe for the Restricted Offer For Sale in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia, the Documents and the Applicable Forms have not been and will not be despatched to Entitled Shareholders with a registered address outside Malaysia unless they have provided an address in Malaysia for the service of the Documents and the Applicable Forms by the Entitlement Date. Entitled Shareholders and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of all or any part of the Restricted Offer For Sale, their application for the Excess Offer Shares, or the offer, sale, resale, pledge or other transfer of the Provisional Offer Shares would result in the contravention of any laws of such countries or jurisdictions. Neither MBC, RHBIB, nor any other professional advisers shall accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or renunciation (as the case may be) of the Restricted Offer For Sale, any application for the Excess Offer Shares, or the offer, sale, resale, pledge or other transfer of the Provisional Offer Shares made by any Entitled Shareholder and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholder and/or their renouncee(s) (if applicable) is a resident.

RHBIB, being the Principal Adviser for the Restricted Offer For Sale, acknowledges that, based on all available information and to the best of its knowledge and belief, this Modified Prospectus constitutes a full and true disclosure of all material facts concerning the Restricted Offer For Sale.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 5 OF THIS MODIFIED PROSPECTUS.

MALAYSIAN BULK CARRIERS BERHAD

(Company No. 175953-W)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RESTRICTED OFFER FOR SALE OF UP TO 386,385,645 ORDINARY SHARES IN PACC OFFSHORE SERVICES HOLDINGS LTD. ("OFFER SHARES") WHICH ARE CURRENTLY HELD BY A WHOLLY-OWNED SUBSIDIARY OF MALAYSIAN BULK CARRIERS BERHAD ("MBC") KNOWN AS LIGHTWELL SHIPPING INC. TO THE ENTITLED SHAREHOLDERS AT AN OFFER PRICE OF RM0.65 FOR EACH OFFER SHARE PAYABLE IN FULL UPON ACCEPTANCE, ON A PRO RATA BASIS OF 386 OFFER SHARES FOR EVERY 1,000 EXISTING ORDINARY SHARES OF MBC HELD AS AT 5.00 P.M. ON TUESDAY, 28 AUGUST 2018

Principal Adviser

RHB Investment Bank Berhad

(Company No.19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES:-

Entitlement Date	:	Tuesday, 28 August 2018 at 5.00 p.m.
Last date and time for sale of the entitlements to the Provisional Offer Shares	:	Wednesday, 5 September 2018 at 5.00 p.m.
Last date and time for transfer of the entitlements to the Provisional Offer Shares	:	Thursday, 13 September 2018 at 4.00 p.m.
Last date and time for acceptance of and payment for the Provisional Offer Shares	:	Tuesday, 18 September 2018 at 5.00 p.m.
Last date and time for application and payment for the Excess Offer Shares	:	Tuesday, 18 September 2018 at 5.00 p.m.

This Modified Prospectus is dated 28 August 2018

Unless otherwise stated, all abbreviations used herein are as defined in the "Definitions" section of this Modified Prospectus.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THE MODIFIED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE MODIFIED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RESTRICTED OFFER FOR SALE AND ANY INVESTMENT IN POSH. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN (AND WILL NOT TAKE) ANY ACTION TO PERMIT AN OFFERING OF THE OFFER SHARES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE OFFER SHARES IN ANY OTHER COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE DOCUMENT ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

THESE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RESTRICTED OFFER FOR SALE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

NEITHER OUR PRINCIPAL ADVISER NOR OTHER PROFESSIONAL ADVISERS MAKES ANY REPRESENTATION, WARRANTY OR RECOMMENDATION WHATSOEVER AS TO THE MERITS OF THE RESTRICTED OFFER FOR SALE, OUR COMPANY, POSH OR ANY OTHER MATTER RELATED THERETO OR IN CONNECTION THEREWITH.

DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Modified Prospectus, the NPO and the Acceptance Form:

ACRA	:	Accounting and Corporate Regulatory Authority of Singapore
Acceptance Form	:	Acceptance Form for the Restricted Offer For Sale
Act	:	Companies Act, 2016 of Malaysia, as amended from time to time, including any re-enactment thereof
AP Guidelines	:	Prospectus Guidelines (Division 5 – Abridged Prospectus) issued by the SC
Applicable Forms	:	i. The CDP customer due diligence questionnaire (applicable to individuals, companies and entities); and ii. (a) the CDP entity know-your-client ("**KYC**") questionnaire (applicable to companies, partnerships or other non-natural persons) or (b) the CDP entity declaration form (applicable only if the CDP entity KYC questionaire was submitted to CDP within the last 12 months and the information therein continue to be true and complete)
Auditors and Reporting Accountants	:	Messrs. Ernst & Young (Firm No: AF0039)
BNM	:	Bank Negara Malaysia
Board	:	The Board of Directors of MBC
Board Lot	:	In respect of shares listed on SGX, the standard board lot size of 100 shares
Broker's Omnibus Account	:	CDP Accounts of the nominated Malaysian brokers (through which the Entitled Shareholders and MBC hold their shares)
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CBT	:	Cross border transfer
CDP	:	The Central Depository (Pte) Limited
CDP Account	:	A securities account maintained with CDP (but does not include a securities sub-account)
CDS	:	Central Depository System
CDS Account	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
CMSA	:	Capital Markets and Services Act, 2007 of Malaysia, as amended from time to time, including any re-enactment thereof
Depository Agent	:	The depository agent of the respective Nominated Broker(s)
Director(s)	:	The director(s) of MBC and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA

DEFINITIONS *(CONT'D)*

Documents	:	i. Modified Prospectus; ii. NPO; and iii. Acceptance Form
EGM	:	Extraordinary General Meeting
Entitled Shareholders	:	The shareholders of MBC who are registered as members and whose names appear in the Record of Depositors of MBC as at the Entitlement Date
Entitlement Date	:	At 5.00 p.m. on 28 August 2018 on which the Entitled Shareholders must be registered as members and whose names appear in the Record of Depositors of MBC in order to participate in the Restricted Offer For Sale
EPS	:	Earnings per share
Excess Offer Shares	:	The Offer Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) (if applicable) prior to excess application pursuant to the Restricted Offer For Sale
Excess Offer Shares Application	:	Application for the Excess Offer Shares pursuant to the Restricted Offer For Sale
FEA Rules	:	Foreign Exchange Administration Rules issued by BNM
Foreign Addressed Shareholders	:	Entitled Shareholders who fall into the following categories: i. persons whose addresses in the Record of Depositors on the Entitlement Date are not Malaysian addresses; or ii. persons who failed to notify the share registrar of mailing addresses in Malaysia, on or before the Entitlement Date
FPE	:	Financial period ending/ended
FYE	:	Financial year ending/ended
LPD	:	10 August 2018, being the latest practicable date for this Modified Prospectus
LPS	:	Loss per share
LSI	:	Lightwell Shipping Inc. (288280)
Malaysia Share Registrar for the Restricted Offer For Sale	:	Symphony Share Registrars Sdn Bhd (378993-D)
Market Day(s)	:	Any day from Monday to Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MBC or Company	:	Malaysian Bulk Carriers Berhad (175953-W)
MBC Group	:	MBC and its Subsidiaries
Modified Prospectus	:	This prospectus for the Restricted Offer For Sale dated 28 August 2018 prepared in accordance with the AP Guidelines and Prospectus Guidelines, to the extent possible, and subject to the decisions granted by the SC as set out in Section 1.2 of this Modified Prospectus
NA	:	Net assets

DEFINITIONS *(CONT'D)*

NPO	:	Notice of Provisional Offer pursuant to the Restricted Offer For Sale
Nominated Broker	:	A stockbroker/bank that provides CBT facilities as more particularly described in Section 10 of this Modified Prospectus
Offer Price	:	Offer price of RM0.65 for each Offer Share
Offer Shares	:	Up to 386,385,645 POSH Shares held by LSI to be offered by MBC pursuant to the Restricted Offer For Sale
OPEC	:	Organization of the Petroleum Exporting Countries
PAT	:	Profit after taxation
PBT	:	Profit before taxation
POSH	:	PACC Offshore Services Holdings Ltd. (200603185Z)
POSH 2014 Prospectus	:	The prospectus relating to the initial public offering of POSH Shares issued by POSH on 17 April 2014
POSH Group	:	POSH and its subsidiaries
POSH Shares	:	Ordinary shares in the capital of POSH
Prospectus Guidelines	:	Prospectus Guidelines (Division 1 – Equity) issued by the SC
Provisional Offer Shares	:	Offer Shares provisionally offered to the Entitled Shareholders pursuant to the Restricted Offer For Sale
Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository
Restricted Offer For Sale	:	Renounceable restricted offer for sale of up to 386,385,645 ordinary shares in POSH which are currently held by LSI to the Entitled Shareholders on a pro rata basis of 386 Offer Shares for every 1,000 existing ordinary shares of MBC on the Entitlement Date at the Offer Price
RHBIB or Principal Adviser	:	RHB Investment Bank Berhad (19663-P)
SC	:	Securities Commission Malaysia
SGX	:	Singapore Exchange Securities Trading Limited
Singapore Share Registrar for the Restricted Offer For Sale	:	Boardroom Corporate & Advisory Services Pte Ltd (196800531W)
Subsidiary(ies)	:	Has the meaning set forth in Section 4 of the Act
Unit Share Market	:	Also known as the "odd lot market" of the SGX, that allows for trading of odd lots in quantities less than the Board Lot and where the minimum trade quantity is 1 share
U.S.	:	United States of America
VWAP	:	Volume weighted average price

DEFINITIONS *(CONT'D)*

CURRENCIES

AED	:	United Arab Emirates Dirham
AUD	:	Australian Dollar
BND	:	Brunei Dollar
EUR	:	Euro
GBP	:	Great British Pound
IDR	:	Indonesian Rupiah
MXN	:	Mexican Peso
R	:	South African Rand
RM and sen	:	Ringgit Malaysia and sen, respectively
SAR	:	Saudi Riyal
SGD	:	Singapore Dollar
TWD	:	New Taiwan Dollar
USD	:	United States Dollar

TECHNICAL TERMS

AG	:	Arabian Gulf
AHTS	:	Anchor Handling Tug and Supply vessel. Used to tow offshore drilling and production units to location and deploy their anchors, and also perform a range of other support roles
ASEAN-5	:	The five core member countries of the Association of Southeast Asian Nations: Indonesia, Malaysia, the Philippines, Singapore and Thailand
Bbl	:	Barrel
BHP	:	Brake horse power. The maximum power generated by an engine at a given RPM as determined by the engine manufacturer
Bpd	:	Barrels per day
Brent	:	A benchmark light sweet crude from the North Sea
CAPEX	:	Capital Expenditure
Cfd	:	Cubic feet per day
Dayrate / Rate	:	The price for a day's service for a particular vessel, typically reported in United States Dollars per day
Deepwater	:	Water depths of between 500 and 1,499 metres
DP	:	Dynamic Positioning. A computer-controlled system that maintains a vessel's position and heading through the use of its propellers and thrusters

DEFINITIONS *(CONT'D)*

DWT	:	Deadweight tonne. A unit of a vessel's carrying capacity, including cargo, fuel, oil, water, stores and crew; measured in metric tons of 1,000 kilograms
E&P	:	Exploration and Production
EOR	:	Enhanced Oil Recovery. The process of obtaining stranded hydrocarbons not recovered from an existing oil and gas field through certain extraction processes, such as thermal recovery or gas injection
FID	:	Final Investment Decision
FLNG	:	Floating Liquified Natural Gas. A specialised FPSO that produces, liquefied, stores and transfers LNG at sea
Floater	:	"Floating" mobile offshore drilling units, specifically drillships and semi-submersible drilling units that comprise a platform deck mounted on up to twelve columns supported by two pontoons
FPSO	:	Floating Production, Storage and Offloading unit. Equipped for the production and processing of hydrocarbons in remote, deepwater areas, where it would be impractical to install a fixed, production platform or a pipeline to shore. Many of these structures are converted oil tankers, although some are purpose-built
FSO	:	Floating Storage and Offloading. A vessel used for the storage and offloading of crude oil or gas, typically on an offshore field, but occasionally also at a port or terminal. They are normally moored to the seabed adjacent to a MOPU and are generally converted from merchant tankers that have been retired
FSRU	:	Floating Storage & Regasification Unit. A specialised FSO used for LNG transfer which is capable of transporting, storing, and regasifying LNG onboard
GDP	:	Gross Domestic Product
GoM	:	Gulf of Mexico
IMO	:	International Maritime Organisation. A specialised United Nations agency responsible for the regulation of shipping
IMR	:	Inspection, Maintenance and Repair, specifically relating to subsea facilities and installations
Intermediate Water	:	Water depths of between 200 and 499 metres
IOC	:	International Oil Company. An oil and gas company that is privately owned, such as Exxon Mobil Corporation or Royal Dutch Shell plc
ISC	:	The Indian Subcontinent. The constituent countries of this geographical region, according to Clarkson Research Services Limited, are Bangladesh, India and Sri Lanka
Jack-ups	:	A drilling rig fitted with supporting legs that can raised and lowered as necessary

DEFINITIONS *(CONT'D)*

JCPOA	:	Joint Comprehensive Plan of Action. An agreement signed in 2015 between Iran, the EU and the P5+1 (United States, Britain, China, Russia, France and Germany) to remove international sanctions on Iran in exchange for severely restricting its nuclear capabilities
Large AHTS	:	An AHTS with more than 12,000 BHP
Large PSV/Supply	:	A PSV/Supply vessel between 2,000 and 4,000 deadweight tonnes
LNG	:	Liquified Natural Gas
Medium PSV/Supply	:	A PSV/Supply vessel between 2,000 and 4,000 deadweight tonnes
MODU	:	Mobile Offshore Drilling Unit. Units which engage in drilling and exploration activities relating to the offshore oil and gas market. The three main types of units are Jack-ups, Semi-Submersibles and ship-shaped units referred to as Drillships. There are two more types of MODUs: mobile drilling tenders and mobile drill barges
MOPU	:	Mobile Offshore Production Unit. Units which engage in the production and processing of oil in remote, Deepwater areas, such FPSOs
MSV	:	Multipurpose Support Vessel. Includes a wide range of vessels, from vessels equipped with cranes aimed primarily at the IMR market, to large construction assets with more powerful cranes
NGL	:	Natural gas liquids. They are light hydrocarbons that are dissolved in associated or non-associated natural gas in a hydrocarbon reservoir, and are produced within a gas stream. They comprise ethane, propane, butane and isobutene (collectively LPG), pentane-plus and gas condensate
NOC	:	National Oil Company. An oil and gas company fully or in the majority owned by a national government
O&G	:	Oil and Gas
Operating Day	:	Refers to the daily operation of a vessel when ship operating expenses will continue to be incurred regardless of whether the vessel is gainfully employed or unemployed
OSV	:	Offshore Support Vessels, primarily AHTSs and PSVs. Vessels engaged in providing support to offshore rigs and oil platforms
PSV	:	Platform Supply Vessel. Vessels used in supporting offshore rigs and platforms by delivering materials to them from onshore
Shallow Water	:	Water depths of less than 200 metres
Small AHTS	:	An AHTS with less than 12,000 break horse power
Small PSV/Supply	:	A PSV/Supply vessel smaller than 2,000 deadweight tonnes
SURF	:	Subsea, Umbilicals, Risers and Flowlines. A term for the type of contract often agreed between an offshore construction services company and a field operator for construction work on a field which will need subsea production infrastructure
TLP	:	Tension Leg Platform. A Floating production unit vertically moored to the seafloor by tendons which keep the unit in place

Ultra-Deep Water	:	Water depths of 1,500 metres or greater

In this Modified Prospectus, the conversion from SGD to RM and from USD to RM has been made based on the exchange rates of SGD1:RM2.9799 and USD1:RM4.0865 respectively as quoted by BNM as at the LPD unless otherwise stated.

All references to **"our Company"** or **"MBC"** in this Modified Prospectus are to Malaysian Bulk Carriers Berhad. References to **"we", "us", "our"** and **"ourselves"** are to our Company.

All references to **"you"** and **"your"** in this Modified Prospectus are to our Entitled Shareholders and/or where the context otherwise requires, their renouncee(s).

Unless otherwise specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Modified Prospectus to any provisions of the statutes, rules, regulations or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statutes, rules, regulations or rules of stock exchange for the time being in force.

Any discrepancies in the tables included in this Modified Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to dates and times in this Modified Prospectus are references to dates and times in Malaysia, unless otherwise stated.

Information on the POSH Group and joint ventures has been extracted and reproduced solely from publicly available sources such as:

i. the certificate confirming incorporation of company and certificate of conversion (private company to public company) of POSH;
ii. the POSH 2014 Prospectus;
iii. results of the electronic instant information business profile searches on each of POSH's Singapore incorporated entities extracted from the records of ACRA;
iv. results of public searches conducted on POSH's non-Singapore incorporated entities (to the extent reasonably obtainable);
v. POSH's announcements made on SGX;
vi. annual reports of POSH including the accompanying consolidated audited financial statements of POSH; and
vii. the latest unaudited financial statement and dividend announcement of POSH.

References to announcements in respect of POSH in this Modified Prospectus are to POSH's announcements on the SGX website and references to source documents are to documents issued by POSH, unless otherwise stated. Our sole responsibility on the information on POSH Group and joint ventures that is included in this Modified Prospectus is to ensure that it is accurately extracted from publicly available sources and accurately reproduced in this Modified Prospectus.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS OF MBC

Name / Designation	Nationality	Address	Profession
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid *(Independent Non-Executive Chairman)*	Malaysian	B-3A-1 Hampshire Residences, Persiaran Hampshire, Off Jalan Ampang, 50450 Kuala Lumpur	Company Director
Hor Weng Yew *(Chief Executive Officer)*	Malaysian	208 Depot Road, #15-55, Singapore 109698	Company Director / Chief Operating Officer
Thai Kum Foon *(Executive Director)*	Singaporean	3 Farrer Road, #08-03, Singapore 268818	Company Director / Group Chief Financial Officer
Wu Long Peng *(Non-Independent Non-Executive Director)*	Singaporean	26 Almond Street, Singapore 677866	Company Director
Afidah Binti Mohd Ghazali *(Non-Independent Non-Executive Director)*	Malaysian	22A Jalan Residensi 1, Taman Residensi, Kipark Sri Utara, Off Jalan Ipoh, 68100 Kuala Lumpur	Company Director / Chief Financial Officer
Lim Soon Huat *(Non-Independent Non-Executive Director)*	Malaysian	No. 43, Jalan Molek 1, 81100 Johor Bahru, Johor Darul Takzim	Company Director
Dato' Mohd Zafer Bin Mohd Hashim *(Independent Non-Executive Director)*	Malaysian	41, Jalan PJU 1A/29A, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan	Company Director
Tay Beng Chai *(Independent Non-Executive Director)*	Malaysian	The Residence, Unit 3-16-7, No. 3 Jalan Wan Kadir 5, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	Company Director / Advocate & Solicitor

AUDIT COMMITTEE

Name	Designation
Dato' Mohd Zafer Bin Mohd Hashim *(Independent Non-Executive Director)*	Chairman
Tay Beng Chai *(Independent Non-Executive Director)*	Member
Afidah Binti Mohd Ghazali *(Non-Independent Non-Executive Director)*	Member

CORPORATE DIRECTORY *(CONT'D)*

COMPANY SECRETARY	:	Ooi Pooi Teng (MAICSA 7055594) Level 17 & 18, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan Tel no. : +603-7966 1688 Fax no. : +603-7966 1628 / 1788
HEAD / MANAGEMENT / BUSINESS OFFICE	:	Level 17 & 18, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan Tel no. : +603-7966 1688 Fax no. : +603-7966 1628 / 1788 Email: enquiries@maybulk.com.my Website: http://www.maybulk.com.my/ *(Information on this website does not constitute part of this Modified Prospectus)*
REGISTERED OFFICE	:	Level 17 & 18, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan Tel no. : +603-7966 1688 Fax no. : +603-7966 1628 / 1788
MALAYSIA SHARE REGISTRAR FOR THE RESTRICTED OFFER FOR SALE	:	Symphony Share Registrars Sdn Bhd (378993-D) Level 6 Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan Tel no. : +603-7849 0777 (Helpdesk) Fax no. : +603-7841 8151 / 8152
SINGAPORE SHARE REGISTRAR FOR THE RESTRICTED OFFER FOR SALE	:	Boardroom Corporate & Advisory Services Pte Ltd (196800531W) 50 Raffles Place, #32-01 Singapore Land Tower, Singapore, 048623 Tel no. : +65-6536 5355 Fax no. : +65-6438 8710
INDUSTRY EXPERT	:	Clarkson Research Services Limited (1944749) Commodity Quay, St Katharine Docks, London E1W 1BF, United Kingdom Tel no. : +44(0) 20 7334 3134 Fax no. : +44(0) 20 7522 0330
AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young (Firm No: AF0039) Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur Tel no. : +603-7495 8000 Fax no. : +603-2095 9076

CORPORATE DIRECTORY *(CONT'D)*

PRINCIPAL BANKERS	:	RHB Bank Berhad (6171-M) Level 7, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur Tel no. : +603-9280 6465 Fax no. : +603-9280 6167 Standard Chartered Bank (S16FC0027L) 8 Marina Boulevard, Level 26, Marina Bay Financial Centre, Tower 1, Singapore 018981 Tel no. : +65-6876 0888 Fax no. : +65-6634 9563 The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #09-01, HSBC Building, Singapore 049320 Tel no. : +65-6658 6134 Fax no. : +65-6424 4768
DUE DILIGENCE SOLICITORS	:	Zaid Ibrahim & Co. Level 19, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur Tel no. : +603-2087 9999 Fax no. : +603-2094 4888 / 4666
SINGAPORE DUE DILIGENCE SOLICITORS	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542 Tel no. : +65 6535 1944 Fax no. : +65 6535 8577
BRITISH VIRGIN ISLANDS SOLICITORS	:	Conyers Dill & Pearman Pte. Ltd. 9 Battery Road #20-01 MYP Centre Singapore 049910 Tel no. : +65 6223 6006 Fax no. : +65 6223 7887
PRINCIPAL ADVISER	:	RHB Investment Bank Berhad (19663-P) Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur Tel no. : +603-9287 3888 Fax no. : +603-9287 4770
STOCK EXCHANGE LISTING	:	Main Market of Bursa Securities

MALAYSIAN BULK CARRIERS BERHAD

(Company No. 175953-W)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office

Level 17 & 18, PJ Tower
No. 18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan

28 August 2018

Board of Directors

Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid (*Independent Non-Executive Chairman)*
Hor Weng Yew (*Chief Executive Officer)*
Thai Kum Foon (*Executive Director)*
Wu Long Peng (*Non-Independent Non-Executive Director)*
Afidah Binti Mohd Ghazali (*Non-Independent Non-Executive Director)*
Lim Soon Huat (*Non-Independent Non-Executive Director)*
Dato' Mohd Zafer Bin Mohd Hashim (*Independent Non-Executive Director)*
Tay Beng Chai (*Independent Non-Executive Director)*

To: The Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RESTRICTED OFFER FOR SALE OF UP TO 386,385,645 POSH SHARES WHICH ARE CURRENTLY HELD BY LSI, A WHOLLY-OWNED SUBSIDIARY OF MBC, TO THE ENTITLED SHAREHOLDERS AT AN OFFER PRICE OF RM0.65 FOR EACH OFFER SHARE PAYABLE IN FULL UPON ACCEPTANCE, ON THE BASIS OF 386 OFFER SHARES FOR EVERY 1,000 EXISTING ORDINARY SHARES OF MBC HELD AS AT 5.00 P.M. ON TUESDAY, 28 AUGUST 2018

1. INTRODUCTION

1.1. On 2 April 2018, on behalf of the Board, RHBIB announced that MBC proposed to dispose of its deemed interest in 386,385,645 POSH Shares representing approximately 21.23%[(1)] of the total issued shares in POSH, which is directly held by LSI, by way of the Restricted Offer For Sale, to all Entitled Shareholders.

As at the LPD, the total number of POSH Shares that are made available under the Restricted Offer For Sale is 386,385,645 POSH Shares representing MBC's entire deemed interest of approximately 21.23% of the total issued share capital of POSH, which is directly held by MBC's wholly-owned subsidiary, namely LSI, a business company incorporated in the British Virgin Islands.

1.2 On 20 December 2017, on behalf of the Board, RHBIB had submitted an application to the SC to seek a variation from registering a prospectus based on the format and contents of prospectus under the Prospectus Guidelines, and instead to register a modified prospectus for the Restricted Offer For Sale based on the format and contents of the AP Guidelines. In the same application, on behalf of the Board, RHBIB had sought the following:

(a) concurrence to disclose information on POSH based on publicly available sources; and

(b) waiver from certain requirements of the Prospectus Guidelines and AP Guidelines.

Following the correspondences between the SC and RHBIB on 20 December 2017, 29 January 2018, 9 February 2018 and 12 February 2018, the SC had, via its letter dated 7 March 2018, granted us an approval for a variation from registering a prospectus in respect of the Restricted Offer For Sale based on the format and content of a prospectus under the Prospectus Guidelines and instead to register a modified prospectus for the Restricted Offer For Sale, based on the format and contents of a prospectus under the AP Guidelines. In the same letter, the SC had also granted us relief from having to comply with certain disclosure requirements under the AP Guidelines subject to complying with the disclosure requirements on a best efforts basis (i.e. based on publicly available information). We had sought the above requests in view of the fact that the Restricted Offer For Sale is in respect of shares in POSH and not shares in MBC and that the disclosure of information on POSH would be based on publicly available sources.

1.3 On 22 February 2018, on behalf of the Board, RHBIB had submitted an application to BNM for its approval for MBC to receive proceeds pursuant to the Restricted Offer For Sale from resident and non-resident Entitled Shareholders and/or their renouncee(s) in RM on the settlement of foreign currency-denominated Offer Shares between the Entitled Shareholders and/or their renouncee(s) and LSI. BNM had vide its letter dated 26 March 2018 given its approval for the settlement of Offer Shares between the Entitled Shareholders and/or their renouncee(s) and LSI, subject to, amongst others, the following conditions:

No.	Condition	Status
(a)	The use of the RM revenue for overseas investments including lending to non-resident subsidiaries of MBC shall be subject to the FEA Rules relating to investments in foreign currency assets;	To be complied.
(b)	The use of RM revenue for import payments or repayments of foreign currency loans through the exchange of RM is subject to the FEA Rules relating to the sale of RM for foreign currency requirement for the period of six (6) months; and	To be complied.
(c)	MBC shall comply with all the FEA Rules and other related regulations.	To be complied.

1.4 The shareholders of MBC had at an EGM held on 11 May 2018 approved the disposal of MBC's deemed interest in 386,385,645 POSH Shares by way of the Restricted Offer For Sale. A certified true copy of the extract of the resolution pertaining to the disposal of MBC's deemed interest in 386,385,645 POSH Shares by way of the Restricted Offer For Sale passed at the aforesaid EGM is attached as **Appendix I** of this Modified Prospectus.

1.5 On 23 May 2018, on behalf of the Board, RHBIB announced that MBC had on even date submitted an application to Bursa Securities for an extension of time in respect of Paragraph 6.28 of the Main Market Listing Requirements of Bursa Securities pursuant to the Restricted Offer For Sale.

On 4 June 2018, on behalf of the Board, RHBIB announced that Bursa Securities had vide its letter dated 4 June 2018, resolved to grant MBC an extension of time of more than 8 Market Days for CDP to effect the crediting of the Offer Shares pursuant to the Restricted Offer For Sale to the respective depository accounts of the Entitled Shareholders until the successful transfer of the Offer Shares by CDP and for MBC to despatch the notices of crediting of the Offer Shares to the Entitled Shareholders within 2 Market Days upon the successful transfer of the Offer Shares by CDP.

1.6 On 13 August 2018, RHBIB had, on behalf of the Board, announced that the Offer Price has been fixed at RM0.65 per Offer Share. On the same date, RHBIB had also, on behalf of the Board, announced the Entitlement Date and other relevant dates pertaining to the Restricted Offer For Sale.

1.7 No person is authorised to give any information or to make any representation not contained in the Documents, and if given or made, such information or representation must not be relied upon as having been authorised by MBC or RHBIB in connection to the Restricted Offer For Sale.

Note:

(1) Unless otherwise specified, all references to percentage shareholding in the issued shares in POSH in this Modified Prospectus are rounded to two (2) decimal places and are based on the total number of 1,820,000,000 issued POSH Shares (including 6,359,600 POSH Shares held in treasury) as at 9 March 2018.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RESTRICTED OFFER FOR SALE

2.1 Particulars of the Restricted Offer For Sale

Subject to the terms and conditions of the Documents, the Restricted Offer For Sale, to be undertaken on a renounceable basis, entails a restricted offer for sale of the Offer Shares, by MBC to the Entitled Shareholders on a pro-rata basis of 386 Offer Shares for every 1,000 existing ordinary shares in MBC held by the Entitled Shareholders as at the Entitlement Date, at the Offer Price of RM0.65 per Offer Share, payable in full upon acceptance.

The actual number of Offer Shares to be offered will be all POSH Shares held by LSI. As at the LPD, LSI holds 386,385,645 POSH Shares, representing approximately 21.23% of the total issued shares in POSH.

Any fractional entitlements arising from the Restricted Offer For Sale, if any, will be disregarded and dealt with in such manner as the Board shall at its absolute discretion deem fit and expedient, and to be in the best interest of MBC.

The Offer Shares are provisionally offered to the Entitled Shareholders. Accordingly, the Entitled Shareholders can accept the Provisional Offer Shares or renounce their entitlements to the Provisional Offer Shares in full or in part. For clarity, the Entitled Shareholders who have fully renounced their entitlements to the Provisional Offer Shares will not be able to apply for the Excess Offer Shares.

The Offer Shares will be offered to the Entitled Shareholders free from all liens, pledges, charges, mortgages and other encumbrances and will rank pari passu in all respects with the other existing POSH Shares, save and except that the Offer Shares will not be entitled to dividends, rights, allotments and/or any other forms of distribution made by POSH prior to the date of crediting of the Offer Shares into the respective Entitled Shareholders' and/or their renouncee(s)' (if applicable) CDP Accounts or Broker's Omnibus Accounts. Entitled Shareholders and/or their renouncee(s) (if applicable) whose acceptances of Provisional Offer Shares are valid and/or whose Excess Offer Shares Applications are successful will be entitled to dividends, rights, allotments and/or any other forms of distribution relating to the Offer Shares on or after the date of crediting of the Offer Shares into their respective CDP Accounts or Broker's Omnibus Accounts. There are no liabilities to be assumed by the Entitled Shareholders and/or their renouncee(s) (if applicable) under the Restricted Offer For Sale.

The Restricted Offer For Sale will not be underwritten and does not entail an undertaking from the major shareholders of MBC to accept any Offer Shares which are not taken up by the Entitled Shareholders and/or their renouncee(s) (if applicable). The Entitled Shareholders (which includes the major shareholders of MBC) and/or their renouncee(s) (if applicable) are entitled to apply for the Excess Offer Shares. In the event the Offer Shares are not fully taken up by the Entitled Shareholders and/or their renouncee(s) (if applicable) (after taking into account the Excess Offer Shares Applications), the Offer Shares not taken up shall be dealt with by the Board in the best interests of our Company. The Board also reserves the right at its absolute discretion to accept, in full or in part, any acceptance of the Offer Shares and any Excess Offer Shares Applications. It is the intention of the Board to allocate the Excess Offer Shares, if any, in a fair and equitable manner, and on the basis as set out in **Section 10.5** of this Modified Prospectus.

There will be no minimum acceptance level for the Restricted Offer For Sale that will result in the Restricted Offer For Sale not being carried out.

As you are an Entitled Shareholder, your CDS Account has been credited with your entitlement to the Provisional Offer Shares pursuant to the terms of the Restricted Offer For Sale. You will find enclosed with this Modified Prospectus, the NPO notifying you of the crediting of such entitlement into your CDS Account whilst the Acceptance Form and the Applicable Forms (as applicable) are for you to complete should you wish to accept the Provisional Offer Shares and, if applicable, to apply for Excess Offer Shares. If you wish to accept the Provisional Offer Shares (in full or in part) specified in your NPO or apply for Excess Offer Shares, you will have to do so by following the procedures set out in **Section 10** of this Modified Prospectus.

Any dealings in the Offer Shares will be subject to, amongst others, the provisions of the Securities and Futures Act (Cap. 289) of Singapore, the rules of the SGX and any other relevant legislation.

In at least 65 Market Days (or such other number of days as CDP may require to process the crediting of the Offer Shares) from the last date and time for acceptance of and payment for the Provisional Offer Shares fixed at 5.00 p.m. on 18 September 2018:-

(a) the Offer Shares will be credited into the respective CDP Accounts or the Broker's Omnibus Accounts of the Entitled Shareholders and/or their renouncee(s) (if applicable) whose acceptances of the Provisional Offer Shares are valid and/or whose Excess Offer Shares Applications are successful; and

(b) no physical share certificates will be issued but notices of crediting will be despatched to the Entitled Shareholders and/or their renouncee(s) (if applicable) whose acceptances of the Provisional Offer Shares are valid and/or whose Excess Offer Shares Applications are successful.

2.2 Basis and justification of determining the Offer Price

On 13 August 2018, RHBIB had, on behalf of the Board, announced that the Board has fixed the Offer Price at RM0.65 per Offer Share, which represents a discount of approximately 28% to the 5-day VWAP of POSH Shares up to and including the LPD of RM0.9062 (converted from SGD0.3041).

The Offer Price was determined and fixed by the Board after taking into consideration the following:

(a) a discount of approximately 28% to the 5-day VWAP of POSH Shares up to and including the LPD of RM0.9062 (equivalent to SGD0.3041);

(b) the prevailing market conditions; and

(c) financial impact of the Restricted Offer For Sale on MBC Group as illustrated in **Section 7** of this Modified Prospectus.

The discount is within the range of premiums/discounts offered in the pricing of precedent restricted offer for sale of shares implemented by public listed companies on Bursa Securities since 31 July 2007 as shown below:

Date of announcement	Offeror	Offer price as a premium/ (discount) to market price of shares %
6 July 2011	Boustead Holdings Berhad	(1)(2.54)
21 January 2011	Time Engineering Berhad (now known as Dagang NeXchange Berhad)	(2)(33.75)
15 February 2008	UEM World Berhad	(3)15.00
28 December 2007	Resorts World Bhd (now known as Genting Malaysia Berhad)	(2)(37.96)
9 October 2007	Tradewinds Corporation Berhad	(2)10.79
14 September 2007	Pan Malaysian Industries Berhad	(2)3.45
31 July 2007	Bolton Berhad (now known as Symphony Life Berhad)	(2)(6.34)
	High	15.00
	Low	(37.96)

Notes:

(1) Offer price was set at Boustead Holdings Berhad's cost of investment in Pharmaniaga Berhad of RM5.75 per offer share. The last price at which Pharmaniaga Berhad shares were traded prior to suspension was RM5.90 on 9 June 2011.

(2) Being premium/ (discount) to the 5-day VWAP of the shares up to the last Market Day prior to the price-fixing date or announcement date of the restricted offer for sale.

(3) Being premium to the 1-month VWAP of the shares up to the last Market Day prior to the announcement date of the restricted offer for sale.

The discount is intended as a reward to the Entitled Shareholders and for the Offer Price to be set at an attractive entry level cost into POSH.

2.3 Ranking of the Offer Shares

The Offer Shares, which are existing issued and fully paid-up shares in POSH, will be transferred to the Entitled Shareholders and/or their renouncee(s) (whose acceptances of the Provisional Offer Shares are valid and/or Excess Offer Shares Applications are successful) free from all encumbrances.

The Offer Shares rank equally in all respects with the POSH Shares then in issue, with all rights and entitlements attached thereto (including the rights to vote and to receive and retain dividends and distributions if any, which may be announced, declared, paid or made thereon by POSH in respect of the POSH Shares on or after the date on which the Offer Shares are credited into the respective CDP Accounts or the Broker's Omnibus Accounts of the Entitled Shareholders and/or their renouncee(s) (whose acceptances of the Provisional Offer Shares are valid and/or Excess Offer Shares Applications are successful).

2.4 Details of other corporate exercises approved but pending completion

Save for the Restricted Offer For Sale, the Board confirms that there is no other outstanding corporate proposal which has been announced and is not completed by MBC as at the LPD.

3. RATIONALE FOR THE RESTRICTED OFFER FOR SALE

(a) Given the weakness in the dry bulk and offshore services sectors in recent years arising from the decline in oil prices and the pressure on charter rates due to oversupply of vessels, there has been a strain on the cash flow of MBC Group.

In light of the above and given its current circumstances, MBC Group has decided to undertake the Restricted Offer For Sale to monetise its investments in POSH and raise the cash required to finance the working capital of MBC Group, part finance the construction costs of new vessels and repay part of its borrowings. This will enable MBC Group to focus on its core business activity in the dry bulk sector.

(b) The Restricted Offer For Sale offers the Entitled Shareholders an opportunity to participate directly in the equity of POSH at a discount to the prevailing market price. Entitled Shareholders who accept the offer under the Restricted Offer For Sale may choose to hold the allocated Offer Shares for potential future gains or sell them at prevailing market price for any immediate gain that may arise from the benefit of the discount.

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4. UTILISATION OF PROCEEDS

On the assumption that all the Offer Shares are taken up by the Entitled Shareholders and based on the Offer Price of RM0.65 per Offer Share, which represents a discount of approximately 28% to the 5-day VWAP of POSH Shares up to and including the LPD of RM0.9062 (converted from SGD0.3041), the expected gross proceeds of approximately RM251.2 million[(1)] from the Restricted Offer For Sale will be utilised by MBC in the following manner:

Utilisation of proceeds		RM'million	%	Expected timeframe for utilisation from the completion of the Restricted Offer for Sale
(a)	Working capital	107.8	42.9	15 months
(b)	Repayment of borrowings	68.3	27.2	12 months
(c)	Part finance the construction costs of new vessels	64.0	25.5	12 months
(d)	Estimated expenses	11.1	4.4	6 months
		251.2	**100.0**	

Note:

(1) Calculated based on 386,385,645 POSH Shares x RM0.65.

(a) The intended utilisation of RM107.8 million of the proceeds is for working capital for MBC Group's day-to-day operation as follows:

		RM'million
(i)	Vessel operating expenses	17.8
(ii)	Charter hire payments	90.0
Total		**107.8**

Notes:

(i) The vessel operating expenses for a total number of 9 vessels comprising 7 existing owned vessels, 1 chartered vessel and 1 new vessel to be constructed as follows:

Item		*RM'million*
a.	*Crewing costs, inclusive of wages, allowance, bonus and crew change expenses (estimated based on an average cost of USD2,430 per Operating Day for a period of 3.5 months)*	*9.2*
b.	*Technical expenses inclusive of stores, spares, lubricants, surveyors/consultants, repairs and maintenance (estimated based on an average cost of USD1,360 per Operating Day for a period of 3.5 months)*	*5.2*
c.	*Insurance premium of Hull and Machinery, Protection and Indemnity, etc (estimated based on an average cost of USD310 per Operating Day for a period of 3.5 months)*	*1.2*
d.	*Management fee for procurement, technical and crewing services (estimated based on an average cost of USD300 per Operating Day for a period of 3.5 months)*	*1.1*
e.	*Docking costs inclusive of cargo hold blasting and paints to enhance the useful lives of the vessels*	*1.1*
		17.8

(ii) *Being charter hire payments to ship owners for the six (6) long term chartered vessels of MBC Group. The charter hire payments for each vessel ranges from RM10 million to RM24 million which is based on the average charter hire payables of between USD7,000 per day to USD16,000 per day for a period of 12 months. The charter periods for these six (6) vessels will expire between October 2019 and June 2023.*

	Vessel name	***Category***	***Year Built***	***Deadweight tonnage ("DWT") (MT)***
a.	*Alam Mutiara*	*Supramax*	*April 2012*	*61,498*
b.	*Alam Sayang*	*Supramax*	*July 2013*	*61,410*
c.	*Alam Seri*	*Handysize*	*March 2011*	*29,562*
d.	*Alam Suria*	*Handysize*	*January 2012*	*29,077*
e.	*Alam Setia*	*Handysize*	*October 2013*	*36,320*
f.	*Alam Sinar*	*Handysize*	*January 2014*	*36,320*

(b) MBC Group has total outstanding loans with financial institutions of RM343.31 million as at the LPD. MBC intends to utilise up to RM68.3 million to repay these loans, which are due within the next 12 months.

Financier	**Type of facility**	**Purpose of the facility**	**Outstanding amount as at LPD**	**Repayment amount**
			RM'million	**RM'million**
RHB Bank Berhad	Term loan*	General investment and working capital	199.13	43.00
The Hong Kong and Shanghai Banking Corporation Limited, Singapore	Revolving credit	Working capital	18.74	18.74
Standard Chartered Bank, Singapore	Term loan*	Refinancing of vessels	125.44	6.56
		Total	**343.31**	**68.30**

Note:

* *Based on a fixed repayment schedule in accordance with the letter of offer for the term loan.*

As the proceeds are intended to be utilised to repay the loans when they fall due, there shall not be any savings in interest payment arising from the repayment by MBC Group.

(c) In 2015, MBC Group contracted to build three (3) 81,800 DWT bulk carriers with Oshima Shipbuilding Co., Ltd. (a shipbuilding company that specialises in building bulk carriers) at a total construction cost ranging from RM340 million to RM380 million. These new vessels will be more fuel efficient and comply with the latest regulations (Nitrogen Oxides (NOX) Tier 2, Energy Efficiency Design Index and Ballast Water Treatment System). They are of the popular Kamsarmax design and are currently under construction with expected deliveries in 2018/2019. MBC intends to utilise up to RM64 million to pay the scheduled instalments of the construction costs of these new vessels. The balance of the construction costs will be funded via bank borrowings and/or internally generated funds.

The investments in the three (3) new vessels were part of MBC Group's strategy to continuously renew its fleet with modern second hand vessels as well as new vessels which are eco-friendly whenever the market prices of vessels are attractive. The three (3) new vessels will be more fuel efficient compared to the majority of the existing fleet of MBC Group. This is expected to provide MBC Group with a competitive advantage as lower fuel consumption would translate into higher earnings for MBC Group.

(d) The expenses in relation to the Restricted Offer For Sale will be borne by MBC. The expenses are estimated as follows:

	RM'million
Estimated professional fees (i.e. Principal Adviser, Reporting Accountants, Due Diligence Solicitors, Singapore Due Diligence Solicitors, British Virgin Islands Solicitors, Industry Expert and Share Registrars for the Restricted Offer For Sale)	2.7
Share transfer fees in connection with the Restricted Offer For Sale	7.5
Regulatory fees, printing, advertising and other expenses incurred	0.4
Miscellaneous expense and contingencies	0.5
Total	**11.1**

Any variation (surplus/deficit) to the actual amount of the expenses for the Restricted Offer For Sale will be adjusted against the amount allocated for the working capital of MBC Group.

The actual amount of proceeds to be raised from the Restricted Offer For Sale cannot be determined at this juncture as it will depend on the actual acceptance level of the Offer Shares. In the event that the actual amount of proceeds is lower than the expected gross proceeds of approximately RM251.2 million, the proceeds will be allocated in the following priority:

(a) Estimated expenses;
(b) Part finance the construction costs of new vessels;
(c) Repayment of borrowings; and
(d) Working capital.

In the event the actual amount of proceeds is not sufficient to be utilised for any of the purposes above, our Company shall seek other source of financing such as internally generated funds.

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5. RISK FACTORS

In addition to other information contained elsewhere in this Modified Prospectus, you should carefully consider the following risk factors before investing in POSH via the Restricted Offer For Sale. You should note that the following is not an exhaustive list of all the risks that POSH faces, and that other risks may arise in the future. There may be additional risks, whether known or unknown, which may have a material adverse effect on POSH's business, operations, financial condition and/or prospects.

Our Board, in making the statements in respect of the risk factors contained in **Sections 5.1 (a) to (y), 5.2** and **5.3 (a), (g) to (m)**, has taken guidance from the risk factors highlighted in the POSH 2014 Prospectus and, to the extent possible, our Board has taken the necessary steps to modify and supplement such risk factors based on information obtained from the Annual Report of POSH for the FYE 31 December 2017.

5.1 Risks relating to the operations and business of POSH

(a) POSH's continuing maintenance for its fleet will require significant capital expenditure

POSH operates in a capital intensive industry, which requires substantial levels of funding in the event that there is further acquisition of vessels. In addition, continuing preventive maintenance and repairs for its fleet will require significant funding as well. Both of these require significant funding, which may require it to raise more capital or incur additional indebtedness. Any increase in its indebtedness may also result in increased interest costs.

In addition, significant expenditure is required to maintain the quality of POSH's vessels in the long term. POSH's maintenance-related expenditure includes the cost of repairs, surveys, dry-docking and modifying existing vessels to the extent that such expenditure is incurred to maintain or upgrade the operating capacity or capability of its fleet. POSH's vessels are docked periodically for repairs and renewals of class certifications. Vessels may also need to be docked in the event of accidents or other unforeseen damages.

POSH's maintenance-related expenditure may increase as a result of a variety of factors, including:

- increases in the cost of labour, materials and spare parts;
- changes in customer requirements;
- increases in the size of its fleet;
- technical developments for equipment;
- defects and deficiencies of the vessels;
- changes in governmental regulations and maritime self-regulatory organisation standards relating to safety, security or the environment; and
- changes in competitive standards.

No assurance can be given that POSH will have sufficient capital resources, including, among others, cash on hand, cash flow from operations and available borrowings under its credit facilities, to build, acquire, modify and repair its vessels and equipment required to expand or to maintain its current fleet size and configuration.

Further, there is no guarantee that market conditions and/or other factors will allow POSH to obtain future financing on terms acceptable to it, or at all. POSH's ability to arrange financing and the costs of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, the continued success of its operations and other laws that impact its ability to raise capital. If POSH is unable to raise adequate capital in a timely manner and on acceptable terms, or at all, its business prospects, financial condition and results of operations could be adversely affected. Further, if POSH decides to raise additional funds through the issuance of equity or equity-linked instruments, the interests of POSH's shareholder will be diluted. If POSH decides to meet its capital requirements through debt financing, POSH's interest obligations will increase and it may be subject to additional restrictive covenants.

(b) POSH had and will continue to have a significant amount of borrowings

As of 31 December 2017, based on the Annual Report of POSH for the FYE 31 December 2017, POSH Group's total bank borrowings were USD768.93 million. POSH may incur additional indebtedness in connection with future acquisitions, subject to limitations, under its existing loan facilities or any future facilities it may enter into.

A substantial level of debt could, among other things:

- impair POSH's ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes on favourable terms, if at all;
- require POSH to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends;
- make POSH more vulnerable, as compared to competitors with less debt, to changing interest rates, competitive pressures or a downturn in the marine offshore services market, in particular, or the economy, in general; and
- limit POSH's flexibility in responding to changing business and economic conditions.

POSH operates in a capital-intensive industry. It has historically required capital to acquire or carry out improvement or upgrade work on its vessels and may require additional capital in the future to fund the acquisition or construction of its vessels. In addition, unanticipated changes in governmental regulations and safety or other equipment standards may require unanticipated expenditures for modifications or the addition of new equipment.

POSH's ability to service its indebtedness will depend upon, among other things, its future business, financial condition, cash flows and results of operations, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond POSH's control. If POSH's operating cash flows are not sufficient to service its future indebtedness, POSH will be forced to take action such as seeking additional equity capital, reducing or not declaring dividends or other distributions, reducing or delaying acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing POSH's debt, or seeking bankruptcy protection.

(c) POSH's charter rates and vessel utilisation ratios, as well as its ability to charter-out its vessels, are dependent on the supply and demand for various marine offshore services in the markets in which POSH operate. Any oversupply of vessels in these markets would likely have a negative effect on the charter rates and vessel utilisation ratios for its vessels, POSH's ability to charter out its vessels as well as its operating margins

Charter rates for offshore support vessels in the markets in which POSH operates is a function of the supply of and demand for vessels in such markets. Excess vessel supply in the marine offshore services industry may be caused by, among other factors, an increased order book for new vessels, the completion and delivery of newly built vessels, the mobilisation of existing vessels from one offshore market to other markets and the use of vessels specialised for one activity in another activity.

POSH may be subject to increased competition from new vessels mobilising into regions in which it operates. Any increase in the availability or the supply of offshore support vessels in the markets where POSH presently operates would increase competition for charters and result in lower charter rates and vessel utilisation ratios, and may also affect POSH's ability to charter out its vessels, which would adversely affect its operating margins and, in turn, results of operations. Based on the Annual Report of POSH for the FYE 31 December 2017, POSH disclosed that vessel utilisation and charter rates continued to experience downward pressure as a result of oversupply and lackluster demand in the markets.

In addition to an industry-wide decrease in charter rates due to excess supply of new vessels, competitors may also engage in aggressive pricing which will necessitate a corresponding lowering of POSH's charter rates (whether significantly or otherwise) in order for POSH to remain price competitive and secure contracts. This in turn would lower POSH's gross profit margins and cash flow and would adversely affect POSH's operations and financial position.

(d) POSH's results of operations and profitability may be adversely affected by its inability to select or negotiate favourable charter contract terms and the failure to utilise its fleet at profitable levels

POSH's charter contracts with its customers are non-exclusive and cease upon the expiry dates of the initial charter term, although in some instances, charterers may have sole discretion as to whether they wish to extend the charter contracts following expiration of the initial charter term on the same rates and conditions. POSH's customers may not renew their charter contracts with it or continue to engage its services. In addition, POSH's customers may terminate its services prematurely by giving POSH notice in accordance with the terms of the contract or upon the occurrence or non-occurrence of certain events. There is no assurance that POSH will be successful in entering into new charter contracts for vessels which it acquires in the future. POSH's ability to charter-out vessels and re-charter vessels, and the charter rate under any renewal or replacement charter, depend upon, among other things, the prevailing availability of charters and economic conditions in the market at that time.

The demand and market conditions at the time of negotiating contracts for use of POSH vessels may result in POSH having to accept less favourable terms. In addition, most of POSH's contracts are awarded through a competitive bidding process, which limits its ability to negotiate contract terms with its customers. In some instances, POSH may also be required to use customer specific standard forms of charter which may further affect its ability to negotiate such contract terms.

(e) POSH, as well as its joint ventures, are exposed to the credit risks of its customers and certain other third parties, and the non-performance or insolvency of these parties could adversely affect POSH's financial condition and results of operations

POSH grants credit terms to certain of its customers and are therefore exposed to potential payment delays and default by such customers. There is no guarantee that POSH's customers will make timely payments to it or that they will be able to fulfil their payment obligations to it. Any delay or default, non-payment or non-performance by POSH's customers and certain other third parties or the failure by the shipyard to build or deliver vessels under construction in a timely manner, or at all, could adversely affect POSH's financial condition and results of operations.

POSH's joint ventures are similarly exposed to the credit risks of their customers and certain other third parties, and the non-performance of or insolvency of these customers and third parties could adversely affect the results of its joint ventures and, in turn, its financial condition and results of operations.

(f) Changes in technology may render POSH's current vessel technology and equipment obsolete or may require POSH to make substantial capital investment

POSH operates in an industry that is highly technical and technology-based. The technological standards of POSH's vessels, equipment and machinery may change depending on the requirements of the industry. POSH may also need to improve its technical knowledge and technological capabilities as its customers undertake larger and more complex projects. The vessels, equipment and processes that POSH currently uses may become obsolete or less efficient compared to more advanced technology vessels, equipment and processes that may be developed in the future. If POSH is unable to meet its customers' requirements, this may affect their confidence in POSH and POSH may not be able to bid for charters on attractive terms. The cost of upgrading POSH's vessels or equipment or implementation of such advanced technology processes could be significant and could adversely affect its results of operations and financial position. In addition, any such new technology or vessel or equipment that POSH acquires may not function as expected which in turn may have an adverse impact on POSH's business, financial condition, results of operations and prospects.

(g) POSH's operations are international, and POSH is exposed to risks associated with operations in various jurisdictions

POSH is incorporated in Singapore and that POSH's vessels are flagged in Singapore and other jurisdictions and its vessels are deployed and operate globally. As such, POSH is subject to international law and to governmental regulations and safety and licensing standards in various jurisdictions. This may cause POSH to incur additional expenditures and also requires management time and effort to address.

POSH's customers, ship builders and suppliers are also located in different jurisdictions across the world, particularly in Asia, Africa and Latin America, including without limitation Mexico, Brazil, Angola, China and Indonesia. In case of any default or delay in payment or any other dispute with any of these parties, POSH may need to initiate legal proceedings or take other appropriate actions. Enforcement of arbitral awards or court judgments in POSH's favour or of POSH's legal rights may be difficult, time consuming or not possible at all in some of the jurisdictions in which are involved or by virtue of the difficulties associated with enforcement across jurisdictions. An inability to successfully enforce POSH's legal rights in these jurisdictions could have a material adverse effect on its financial condition and results of operations.

POSH's operations are also influenced by economic and market conditions in various countries, particularly in Asia, Africa and Latin America, including without limitation Mexico, Brazil, Angola, China and Indonesia. These countries from time to time experience political, economic and social instability, adversely affecting offshore exploration and production activity and the companies that operate in and service that sector. Adverse developments in these markets may have a material adverse effect on POSH's business and revenues.

(h) POSH may become dependent on a few significant customers for a large proportion of its revenue

POSH may become dependent on a small number of key customers for a significant portion of its revenues. If one or more of its key customers is unable to honour their contracts or charters with POSH, terminates such contracts or charters or decides not to contract for or charter POSH's vessels in the future, POSH may be unable to obtain contracts or charters on comparable terms or may become subject to the volatile spot market, which is highly competitive and subject to significant price fluctuations and POSH could suffer a loss of revenues that could adversely affect its business, financial condition and results of operations. POSH's business is dependent on the decisions and actions of its customers, and there are factors outside POSH's control, which might result in the termination of a project or the loss of a customer. A significant portion of POSH's revenue may become attributable to a few significant customers in the near future. The loss or financial difficulties of any of POSH's significant customers, or significant decreases in the volumes of work from these significant customers, would have an adverse effect on POSH's financial condition and profitability.

(i) Termination of POSH's contracts or inability to obtain contracts for its vessels for any significant period may adversely affect POSH's financial condition and results of operations

POSH's vessel charters are subject to early termination by its customers under certain conditions, such as defaults by the parties, *force majeure* events, POSH's failure to commence its services on schedule, the loss or destruction of the vessel and breach of any material provision by POSH of the charter contract. While some of these contracts have early termination penalties or other provisions designed to discourage POSH's customers from exercising such termination rights, there is no assurance that POSH's customers would not choose to exercise their termination rights in spite of such penalties. Further, with the recent weakness in the offshore sector, some of the recent contracts with POSH's customers have no early termination penalties that results from POSH's customers exercising their termination rights. Additionally, customers without contractual termination rights may nevertheless choose to terminate their contracts despite the possibility of litigation.

The rates payable under the charters may also be reduced or suspended for various reasons, including non-performance by POSH, the lay-up of the vessel at the charterer's option, request for suspension by the charterer, loss or seizure of a vessel, events of *force majeure* or any other reasons which render the vessel unavailable for duties for specified periods of time.

Upon the termination of any of POSH's contracts, there is no assurance that POSH will be able to obtain other contracts for such vessels on better or comparable terms, or at all. In addition, termination arising in the context of a breach by the other party may require that POSH initiates legal proceedings to obtain redress. As POSH's operations are global, POSH may be required to take such action in foreign jurisdictions. If POSH is unable to obtain contracts for any of its vessels for a significant period, or if POSH is only able to do so at rates lower than previously obtained, POSH's financial condition and results of operations would be adversely affected.

(j) **POSH is subject to fixed costs regardless of POSH's level of business activity. Downtime or reduced demand, weather interruptions or other causes can have a significant negative effect on POSH's results of operations and financial condition as a consequence**

POSH is subject to fixed costs such as administrative overheads, personnel costs, interest costs and maintenance costs which will not necessarily fluctuate in proportion to changes in operating revenues. Costs for operating POSH's vessels such as crew costs and fuel costs while POSH's vessels wait for commercial deployment and/or are between contracts are generally fixed or only semi-variable regardless of the charter rates being earned. These fixed costs can have a significant negative effect on POSH's financial condition and results of operations in the event of lower revenue arising from lower charter rates, downtime, reduced demand, weather interruptions or other causes.

(k) **Unanticipated delays in the completion and delivery of vessels either under construction or in shipyards for scheduled dry-docking may have an adverse effect on POSH's results of operations**

To the extent that POSH purchases vessels directly from shipyards, POSH would be required to expend substantial sums in the form of down payments and progress payments during the construction of vessels, but would not derive any revenue from these vessels until after their delivery. As part of POSH's operations, POSH also routinely engages shipyards to dry-dock its vessels for regulatory compliance and to provide repair and maintenance services. Vessel construction and dry-dockings are subject to the risks of delay and cost overruns inherent in any large project, due to a number of factors, including:

- shortages or delay in the provision of equipment, material or skilled labour;
- the shipyard's refusal to fulfil its contractual obligations;
- quality or engineering problems;
- lack of raw materials;
- bankruptcy or other financial crisis of the shipbuilder or one or more of its key vendors;
- hostilities, or political or economic disturbances in the countries where the vessels are being built;
- weather interference or catastrophic event, such as a major earthquake or fire;
- POSH's requests for changes to the original vessel specifications;
- difficulties in fulfilling necessary classification society requirements;
- inability to obtain necessary certifications and approvals; and

- a dispute with the shipyard over the vessel specifications outlined in the shipbuilding contract.

Significant delays could have an adverse effect on anticipated contract commitments or anticipated revenues with respect to vessels under construction. Further, significant cost overruns or delays for vessels under construction that are not adequately protected by liquidated damages provisions could adversely affect POSH's financial condition and results of operations. There may also be alterations or changes in the rules of classification societies or in any other applicable rules or regulations to which the construction or operation of POSH vessels is required to conform, that require POSH to incur additional expenditure and increase the time required to build, upgrade and maintain POSH vessels. In the case of a delay in the delivery of vessels purchased directly from the shipyard, POSH would only receive penalty payments from the shipbuilder after a certain grace period. Such delays in the delivery of, or failure to deliver, any vessels would delay the receipt of revenues under the charters for such vessels or may result in POSH's inability to service previously agreed charters, which may cause POSH to incur penalty charges.

(l) A proportion of POSH's vessels are chartered on long-term charters, which could subject POSH to unfavourable rates for a certain period of time

A proportion of POSH's vessels are chartered on long-term charters, with terms generally in excess of one year. While these contracts provide a relatively stable and predictable source of income, thereby allowing POSH to avoid the risk of market fluctuations, the charter rates are either fixed prior to the commencement of the charter or determined in accordance with an agreed formula for the duration of the charter. Factors beyond POSH's control such as increases in crewing costs could cause these predetermined rates to become less profitable. In the event that the market improves and charter rates go up, POSH will be unable to revise charter rates in order to benefit from the improved market. Nonetheless, POSH would be contractually bound to continue performance at these rates for the term of the charter which could have a material and adverse effect on POSH's business, financial condition and results of operation, as well as opportunity costs if charter rates increase.

Charter rates may also be affected by conditions such as trade, environmental and weather conditions as well as political situations in the countries where the operation of POSH's customers are located. In such an event, POSH's financial performance and position could be adversely affected.

(m) POSH has entered into, and expect to continue to enter into, joint ventures in the course of its operations which exposes it to certain risks

POSH has joint ventures in Singapore, Indonesia, Saudi Arabia, United Arab Emirates and Mexico with local companies. Additionally, POSH may also enter into joint ventures for other strategic reasons. In some cases, POSH may have to finance these joint ventures in connection with its commercial objectives. While the joint venture partner may provide local knowledge and experience, entering into joint ventures inevitably require POSH to surrender a measure of control over the assets and operations devoted to the joint venture, and occasions may arise when POSH does not agree with the business goals and objectives of POSH's joint venture partner, or other factors may arise that make the continuation of the relationship unwise or untenable. Any such disagreements or discontinuation of the relationship could disrupt POSH's operations and affect the continuity of its business.

Any dispute between POSH and its joint venture partners will be resolved in accordance with the terms of the relevant agreement. Notwithstanding, there is no assurance that the relevant agreement will continue or be terminated either by POSH of the joint venture partners, or if applicable, the relevant joint venture would be unwound. The unwinding of an existing relationship could prove to be difficult or time-consuming, and the loss of revenue related to the exit from or termination or unwinding of a joint venture and costs related to the sourcing of a new joint venture partner or the mobilisation of vessels to another area could materially and adversely affect POSH's business, financial condition, results of operations or cash flows.

In addition, in the event of disputes between POSH and any of its joint venture partners arise and such disputes cannot be satisfactorily and amicably resolved, POSH may be the subject of legal or arbitration proceedings and POSH would be required to incur costs in defending such actions.

(n) POSH faces risks associated with the service life and maintenance of its fleet

The service life of POSH's fleet may ultimately depend upon the efficiency of the particular vessel, as well as the demand for the equipment and the services that they can perform. The service life of a vessel will also be determined by the quality of its construction and whether it has been properly maintained. There is no guarantee that the vessels will have a long service life.

In general, the expenditure and other costs required in order to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically more costly to maintain than more recently constructed vessels and are subject to lower vessel utilisation ratios due to their higher maintenance requirements. In addition, as cost efficiency decreases with the age of vessels, older vessels are less desirable to charterers. As a result, some of POSH's customers may set age restrictions for vessels which they will charter.

Governmental regulations, safety or equipment standards relating to the age of vessels and new environmental requirements may require POSH to incur significant capital expenditure for alterations or the addition of new equipment to its vessels. This may, in turn, restrict the types of activities which POSH's vessels may engage in. New technical solutions may also be introduced and adopted by POSH's competitors that are more advanced than its vessels, resulting in less demand for POSH's fleet, lower charter rates, and potentially costly upgrades. There is no guarantee that, as POSH's vessels age, market conditions will justify such expenditures or enable POSH to operate its vessels profitably during the remainder of their useful lives. If POSH sells its vessels, it cannot be certain that the price for which it sells them will be equal to, or greater than, their carrying amounts on POSH's financial statements at that time.

Furthermore, when POSH's vessels are taken out of service at regular intervals for routine inspections and maintenance, they may require more extensive repairs than those which were anticipated, and there may be delays in bringing them back into service. Such delays may have a material adverse effect upon POSH's business, financial condition and results of operations. Further, POSH may not be able to fulfil charter commitments which it has entered into in respect of such POSH vessels, which would expose POSH to penalty payments and/or potential litigation by the vessel charterers.

In addition, when POSH's vessels are docked, they are not available for hire and, as a result, do not generate any revenue and could also adversely affect POSH's vessel utilisation ratios.

(o) POSH may not be able to obtain suitable vessels in order to expand its fleet or suitable equipment to modify and upgrade its existing vessels

POSH's business strategies and future plans are centered around the type, size and capacity of its fleet. In the event that POSH needs to acquire new or secondhand vessels to expand its fleet, there is no guarantee that vessels meeting POSH's size, technical and quality requirements will be available at prices or delivery times which are acceptable or beneficial to POSH. Typically, a new vessel may be delivered between 12 to 30 months from the date when POSH places an order depending on the sophistication of its equipment and the order backlog at the constructing shipyards. As a result, POSH's ability to increase revenues may be adversely affected. In the event that the cost of acquiring vessels increases, POSH's capital expenditures and/or operating costs may increase, which may adversely affect its profitability.

(p) POSH may not have adequate insurance, and it is subject to uninsured risks

POSH maintains insurance coverage against certain risks which POSH's management considers to be customary in its industry, including catastrophic marine disasters, war, hostilities, terrorism or piracy, environmental accidents, damage to and loss of vessels, cargo and property loss or damage, injuries or deaths, and business interruptions caused by mechanical failure, human error, war, terrorism, piracy, political action in various countries, hostilities, labour strikes, port closures, boycotts or adverse weather conditions. However, in the event POSH's vessels are attacked, destroyed or stolen resulting in damage and/or loss to its vessels in excess of the insurance coverage, this may adversely impact POSH's business, financial performance and financial condition.

These risks present a threat to the safety of personnel and to POSH's vessels, cargo, equipment under tow and other property, as well as the environment. POSH could be required to suspend its operations or terminate its charters as a result of these hazards. In such event, POSH would experience loss of revenue and possibly property damage, and additionally, third parties may have significant claims against POSH for damages due to personal injury, death, property damage, pollution and loss of business. Additionally, POSH may be penalised by the relevant authorities if POSH is determined to be responsible for the occurrence of any of such hazards.

(q) POSH may not be able to implement its business strategies successfully or manage its growth effectively

POSH's future growth and earnings will depend, to a significant extent, upon the successful implementation of its business strategies. POSH's ability to achieve its business and financial objectives is subject to a variety of factors, many of which are beyond its control. The principal objective of POSH's business strategies is to enhance shareholder value by expanding its fleet of vessels, upgrading its vessels, forming synergistic strategic alliances, optimising the mix of charter contracts and expanding into new geographic regions and new asset classes with significant growth potential. POSH's future growth will depend upon a number of factors, including its ability to:

- successfully manage POSH's liquidity and obtain the necessary financing to fund its growth;
- implement appropriate operating and financial systems;
- receive timely delivery of newly-built vessels;
- maintain or develop new and existing customer relationships;
- maintain POSH's safety record;

- place POSH's vessels on profitable charters and generate cash flow sufficient to justify its investment;
- control POSH's operating costs;
- hire and retain qualified personnel and crew;
- identify and complete attractive acquisitions, joint ventures or strategic alliances; and
- identify and capitalise on opportunities in new markets.

POSH's failure to execute its business strategies or to manage its growth effectively could adversely affect its business, financial condition and results of operations. In addition, the implementation of POSH's business strategies may not necessarily translate into successful results. Furthermore, POSH may decide to alter or discontinue certain business strategies and adopt alternative or additional strategies in response to its operating environment or competitive situation, as well as factors or events which are beyond POSH's control.

(r) POSH is exposed to variations in interest rates

POSH financed the acquisition of its vessels and working capital partly through bank borrowings. Any fluctuations in market interest rates will affect the cost of its borrowings, to the extent that such indebtedness is subject to floating interest rates. Any significant increase in interest rates will have a significant and adverse impact on POSH's ability to expand its fleet and its business, financial condition and results of operations may be adversely affected.

(s) POSH is dependent on key management personnel and skilled crew for its operations and profitability

To a significant extent, POSH's success depends upon the skills, capabilities and efforts of its management team, as well as its ability to hire and retain key management personnel. POSH's ability to continue to attract, retain and motivate key personnel and senior members of its management team will have an impact on POSH's operations. The competition for skilled and highly-capable employees is intense, and the loss of the services of one or more of these individuals, without adequate replacements or the inability to attract new qualified personnel at a reasonable cost, would have a material adverse effect upon POSH's financial performance and operations.

In addition, as POSH expands its fleet and operations, POSH will need to recruit and retain suitably skilled and qualified personnel such as vessel captains, engineers, technicians, and shore-side administrative and management personnel. POSH may experience a reduction in the experience level of its personnel as a result of any increased attrition, which could lead to higher downtime and more operating incidents, which in turn could decrease revenues and increase costs. Competition has also resulted in inflationary pressure on hiring, training and retention costs for such personnel. In addition, POSH is dependent on the services of a number of expatriate personnel, for which work permits and visas are required. If POSH is unable to recruit suitable employees as it expands its fleet, POSH's business, financial condition and results of operations may be adversely affected.

As long as POSH's vessels are operationally deployed, the vessels will have to be manned by marine crew. With the increase in the number of vessels within various categories in the global shipping market, including dry bulk, tankers and container vessels, the demand for crew has increased significantly. This has resulted in higher crewing costs which include wages and salaries, healthcare-related benefits and insurance, increased leave pay and service bonus. In the event that there is any disruption in the supply of crew, whether by reason of any labour disputes, regulatory changes, health quarantines imposed as a result of disease outbreaks, or increased demand for skilled labour, it may be necessary for POSH to find alternative sources of skilled labour, which may, in turn, result in higher crew costs. Where POSH cannot source skilled labour, POSH's business will be disrupted and its financial performance will be adversely affected.

The details of POSH's key management personnel are set out in Section 4.3 of Appendix II of this Modified Prospectus.

(t) POSH's loan agreements contain financial and other covenants that may limit its liquidity and corporate activities

POSH's loan agreements impose certain financial covenants and other restrictions on POSH. These restrictions may limit POSH's ability to incur additional indebtedness, and to change its business. Accordingly, POSH may need to obtain waivers or consent from POSH's lenders with respect to the aforementioned. The interests of POSH's lenders may be different from POSH's and its shareholders' interests, and there is no assurance that POSH will be able to obtain lenders' consent when needed, or at all. This may prevent actions that are in POSH's and/or its shareholders' best interests, which could have a material adverse effect on its business, financial condition and results of operations.

POSH's loan agreements may require it to maintain certain financial ratios. There is no assurance that, in the future, POSH will be able to maintain its financial ratios or that, in the event of POSH's failure to do so, the lenders will grant it a waiver from compliance with such financial ratios in accordance with the terms of POSH's loan agreements. Consequently, should POSH fail to maintain such financial ratios or other undertakings or in the event of POSH's failure to obtain a waiver from compliance with such obligations, POSH would be in default of such loan agreements. In addition, should POSH fail to comply with such obligations, it may risk triggering cross-defaults (which refer to situations where a default under one facility triggers a default in another facility which may lead to POSH being in default of multiple loan agreements with its lenders). Loan facilities typically provide for certain events of default that may be triggered under certain events. Typically, such events of default include an event where the borrower is in default of its obligations under any other facility. An event of default, if not cured or waived, will result in outstanding indebtedness under POSH's loan agreements to be immediately due and payable and may impair its ability to obtain further financing, which may adversely affect POSH's business and financial condition, as well as its results of operations.

(u) POSH is subject to the tax regimes of the jurisdictions in which POSH operates

POSH operates in several jurisdictions and POSH's activities are to a large extent governed by the fiscal legislation of the jurisdictions in which POSH operates. POSH's activities may be deemed to form a permanent establishment according to the tax laws of those jurisdictions. POSH is therefore exposed to a material risk regarding the application of such tax regulations. Accordingly, future changes in the tax legislation of those relevant jurisdictions could have a material adverse effect on POSH's business, financial condition and results of operations.

(v) POSH may fail to maintain certification by classification societies and flag states

The hull and machinery of every vessel must be classed by a classification society authorised by the flag state (being the state under whose laws a vessel is registered or licensed). In addition, every vessel is required by the laws and regulations of its flag state to undergo regular inspection and certification by the relevant flag state authority or duly authorised organisation.

POSH's vessels are also sometimes subject to other surveys and inspections pursuant to the particular laws and regulations of the port states in which they operate. These port states control inspections are undertaken by officers duly authorised by the port states to verify that the condition of the vessel and its equipment comply with the requirements of international regulations and that the vessel is manned and operated in compliance with international regulations.

If any vessel does not maintain its class, or fails any survey or inspection, that vessel may be unable to operate or even detained in port until its deficiencies have been rectified. The failure to maintain a vessel's class or the failure of a survey or inspection could also cause POSH to be in violation of its insurance policies, and may lead an insurer to decline coverage. Such vessel class maintenance requirement is standard in shipping insurance policies and present in all of POSH's insurance policies. Such inability to operate, detentions, or violations of POSH's insurance policies, may have a negative impact upon its business and financial condition and results of operation.

(w) POSH is exposed to risks associated with currency fluctuations

The reporting currency for POSH's consolidated financial statements is U.S. dollars, while its operations are international and capital expenditures (including vessel and equipment purchases) are thus made in several currencies. POSH is therefore exposed to currency fluctuations and exchange rate risks. While POSH's charter contracts are U.S. dollar-denominated, some of its operating costs are not. Adverse currency movements may have a negative impact upon POSH's business, financial condition and results of operations.

(x) POSH may enter into derivative financial instruments and hedging transactions, which involve risks

POSH operates internationally and are thus exposed to risks arising from foreign exchange fluctuations related to transactions that may be entered into in a currency other than its functional currency. The purchases and installation of equipment for POSH's vessels under construction, upgrading of its vessels, repairs and renewals, component and material expenses may take place in the local currency of the equipment supplier or shipyards. Furthermore, POSH may require local services in the various countries in which it operates and such services will take place in the local currency.

(y) Future acquisitions, joint ventures or other arrangements may expose POSH to increased operating risks

POSH may consider inorganic growth by way of strategic mergers, acquisitions or joint ventures with other parties if it determines that it is in its long-term interest. Acquisitions that POSH makes, along with potential joint ventures and other investments, expose POSH to additional business and operating risks and uncertainties, including:

- direct and indirect costs in connection with the transaction;
- the ability to effectively integrate and manage the acquired businesses;
- coordinating internal systems, controls, procedures and policies;
- the ability to realise POSH's investment in the acquired business;
- disruption of POSH's on-going business and the diversion of management's time and attention from other business concerns;
- the risk of entering markets in which POSH may have no or limited direct prior experience;
- the potential loss of key employees and customers of the acquired businesses;
- the risk that an acquisition could reduce POSH's future earnings; and
- exposure to unknown liabilities.

Although POSH's management will attempt to evaluate the risks inherent in any particular transaction, there is no assurance that POSH can completely ascertain all such risks. In addition, prior acquisitions have resulted, and future acquisitions could result, in the incurrence of substantial additional indebtedness and other expenses. Future acquisitions may also result in potentially dilutive issuances of equity securities. There is no assurance that difficulties encountered with acquisitions will not have a material adverse effect on POSH's business.

(z) POSH's ability to obtain financing from banks or capital markets may be adversely affected by a financial crisis

POSH's ability to obtain financing from banks or capital markets to meet its financial requirements is reliant on favourable market conditions. Financial crises in particular geographic regions, industries or economic sectors have, in the recent past, led and could in the future lead to sharp declines in the currencies, stock markets and other asset prices in those geographic regions, industries or economic sectors, in turn threatening affected companies, financial systems and economies.

Any market slowdown may adversely impact POSH's ability to obtain financing from banks or capital markets and may significantly increase the costs of such financing. If sufficient sources of financing are not available in the future for these or other reasons, POSH's business, financial condition, results of operations and prospects may be adversely affected.

(aa) POSH's business may be affected by an increase in operating and financing costs without a corresponding increase in profitability

There is no assurance that POSH's profitability will increase significantly or that it will not incur losses after its capital investment due to a potential increase in its operating and financing costs incurred to finance POSH's growth and expansion or lower than expected increase in turnover. This increase in operating and financing costs without a corresponding increase in turnover will have a negative impact on POSH's results of operations.

(bb) POSH may experience limited availability of funds

POSH may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to POSH. Factors that could affect POSH's ability to procure financing include market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. In addition, further consolidation in the banking industry in Singapore and/or elsewhere may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector.

5.2 Risks relating to POSH's Industry

(a) POSH's industry is highly competitive and subject to intense price competition, which could depress vessel charter rates and vessel utilisation ratios, thereby adversely affecting its business, financial condition and results of operations

POSH operates in an intensely competitive industry and the principal competitive factors in such industry include:

- charter rates;
- service and reputation of vessel operations and crew;
- national flag preference;
- pre-qualification criteria and prior experience;
- availability of qualified crew;
- operating costs and conditions;
- suitability of vessel types;
- age of vessels;
- vessel availability including supply of new vessels;
- technical capabilities of vessels, equipment and personnel;
- safety record; and
- laws and regulations.

Most of POSH's offshore services contracts are traditionally awarded through competitive bidding processes subject to the satisfaction of prescribed pre-qualification criteria and experience. While the competitive factors set out above are important considerations in customer decisions, pricing is usually a key factor in determining which offshore support vessels provider is awarded a contract. Consequently, POSH's industry has been frequently subject to intense price competition. This competitive bidding process may have an adverse effect on the profit margins that POSH is able to attain. In addition, POSH's industry has historically been cyclical and is affected by oil and gas price levels and volatility. There have been periods of high demand, short vessel supply and high charter rates, followed by periods of low demand, excess vessel supply and low charter rates. Changes in oil and gas prices can have a dramatic effect on vessel demand. During periods of excess vessel supply, competition in the industry will intensify and POSH would have to enter into lower rate contracts or POSH's vessels could be idle for long periods of time.

POSH's industry is also highly fragmented among many global and regional owners and operators of vessels. POSH competes with local, regional and global companies, many of which have established reputations and track records in POSH's industry. There is no assurance to investors that POSH will be able to successfully compete in the markets in which it currently operates and intends to operate. Local competitors in each country in which POSH operates may have more domestic experience and better relationships with customers than POSH does. In addition, many governments favour, or effectively require contracts to be awarded to, local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Such policies may affect POSH's ability to compete effectively. Some other companies may have larger, more diverse fleets and businesses, have greater financial and other resources that can be devoted to the development, promotion and employment of their vessels, greater brand recognition and reputation, have longer operating history, offer better charter rates, greater geographical reach or lower capital costs.

This may allow them to better withstand industry downturns, compete on the basis of price, relocate assets more easily and build or acquire additional assets, all of which may affect POSH's revenues and profitability. Moreover, if other companies relocate or acquire vessels for operations in the geographical regions where POSH operates, the level of competition in such regions may increase, and POSH's business and financial performance could be adversely affected as demand for POSH's vessels and services could be negatively affected by increased supply of similar vessels and services.

(b) POSH is exposed to piracy, war, sabotage and terrorism risks, which could potentially disrupt its operations as well as harm its business in various ways

Acts of war, piracy, sabotage, unsettled political conditions, social unrest, riots, terrorist attacks or any similar attacks and government actions such as possible vessel seizures and import/export restrictions in countries where POSH currently or may in the future operate will affect the ability of its vessels to call on the ports of such countries or to provide offshore services to companies with operations in such countries. POSH's vessels could also be subjected to acts of piracy, which could result in death or injury to POSH's crew, vessel or other property damage. Should such risks develop into actual events, the ability of POSH's customers to meet their payment obligations to POSH may be affected, and could also entitle POSH's customers to terminate its charter contracts. POSH may also face increased vessel operating costs (including increased insurance and security costs) should such risk materialise. Such acts may also adversely affect POSH's operations in unpredictable ways, including causing changes in the insurance markets and disruptions of fuel supplies and markets. The occurrence of any of these events may also result in a general loss of business confidence, which could potentially lead to economic recession and have an adverse effect on POSH's business, financial condition and results of operations. Any deterioration in international relations may also result in increased concern regarding regional stability, which may in turn adversely affect the price of POSH Shares.

(c) Governments could requisition POSH's vessels during a period of war or emergency without adequate compensation, resulting in loss of earnings and adversely affecting POSH's business, financial condition and results of operations

A government could requisition or seize one or more of POSH's vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes its owner. Requisition for title will have a significant negative effect on POSH as it will result in loss of title and all revenues from the requisitioned vessel. Also, a government could requisition POSH's vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes its charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Although POSH would be entitled to compensation in the event of a requisition of one or more of its vessels, the amount and timing of such compensation would be uncertain. Requisitions would likely result in reduced income for POSH. Therefore, government requisition of one or more of POSH's vessels may negatively affect its business, financial condition and results of operations.

In the event of war, POSH may be considered "resident within" a particular area for the purposes of trading or doing business through its vessels, within the territory of any hostile nation with which Singapore is at war, and this may consequently have an adverse impact upon POSH's financial condition and results of operations.

(d) POSH's operations are dependent on the state of the offshore oil and gas industry

As POSH is principally engaged in the provision of offshore support vessels to new and existing customers in the offshore oil and gas industry, its operations are dependent on the state of the offshore oil and gas industry, in particular, the level of activities in the exploration, development and production of oil and gas. These activities are affected by factors beyond POSH's control, including fluctuations in oil and gas prices, and more generally, the state of the global economy.

The oil and gas prices have a direct bearing on the level of activities in the offshore oil and gas industry, as it affects the capital spending by customers in the offshore oil and gas industry. Higher oil and gas prices typically lead to an increase in oil and gas exploration and production activities as the potential return from the upstream activity increases. Major oil and gas companies are likely to be motivated to explore potential oil and gas fields that are otherwise not commercially feasible to operate when oil and gas prices are high. Conversely, when there are low oil and gas prices, major oil and gas companies typically reduce their spending budgets for offshore drilling, exploration and development. A decline in the levels of activity in the offshore oil and gas industry may result in decreased demand for POSH's offshore support vessels, and consequently a decrease in charter rates and vessel values, and may also affect its ability to charter-out its vessels, which could adversely affect POSH's business, financial condition and results of operations.

Other factors affecting the state of the offshore oil and gas industry include:

- global and regional economic and political conditions which could have an impact upon, among other things, the supply of, demand for and price of oil, and the demand for various types of vessels;
- environmental concerns and regulations;
- weather;
- the number of newbuilding deliveries and shipyard capacity;
- the laws, regulations, policies and directives relating to energy, investment, taxation and such other laws and regulations promulgated by the governments from which POSH's customers will need to obtain licenses to engage in the exploration, development and production of oil and gas;
- the supply of and demand for vessels; and
- national or international regulations that may effectively cause increases or reductions in offshore development.

The success of POSH's business is dependent, in part, on POSH's ability to anticipate the risks POSH faces, and to effectively manage POSH's business in the event of a reduction in the levels of activity in the offshore oil and gas industry resulting from a reduction in capital spending. POSH may not be able to anticipate or effectively manage these risks, which could have a material adverse effect on its business, financial condition and results of operations.

(e) The market value of POSH's vessels can fluctuate significantly and, as a result, affect its financing ability

The highly cyclical nature of the offshore support vessel industry could result in significant volatility in vessel values and affect POSH's financing ability. The fluctuation in the market value of POSH's fleet over time is likely to be influenced by a number of factors including:

- age of the vessels;
- vessel specification and the general condition of the vessels;
- global economic and market conditions affecting the offshore oil and gas industry;
- competition;
- changes in supply of, and demand for, certain types and sizes of vessels;
- changes in the cost of building new vessels;
- the cost of retrofitting or modifying existing vessels;
- cost and availability of long lead-time items, including engines, propellers and specialised on-board equipment such as cranes;
- shipyard capacity and order book;
- governmental or other regulations;
- the prevailing level of charter rates; and
- technological advances.

(f) POSH may be subject to actual and threatened litigation and other regulatory proceedings

Operating vessels involve inherent risks to both persons and property. For example, a collision at sea could result in vessel damage, loss of cargo, loss of life, and/or significant environmental pollution. POSH may become involved in lawsuits and regulatory actions relating to its business. Defending private actions can be costly and time consuming. If a judgment were to be rendered against POSH, POSH might be exposed to substantial financial liabilities, which might not be covered by POSH's insurance. In addition to private actions, governmental and quasi-governmental agencies could bring a variety of actions against POSH. Other than the financial costs of defending these actions, governmental or quasi-governmental agencies may impose penalties for failure to comply with maritime laws, rules or regulations. In addition to financial penalties, POSH could be sanctioned, as a result of which it may be unable to operate its vessels or be forced to incur substantial costs to comply with these maritime laws, rules and regulations.

(g) POSH is subject to various governmental and international laws and regulations and require various licences and permits for POSH's operations, and POSH may be subject to risks associated with non-compliance with such laws and regulations or licences and permits

As POSH operates in various jurisdictions around the world, POSH's operations are subject to various government and international laws and regulations in the form of international conventions and treaties, and regional, national, state and local laws and regulations in force in the jurisdictions in which POSH's vessels operate or are registered. These laws and regulations relate to, among others, ownership of vessels, maintenance of vessels, construction and operation of vessels, workers' health and safety, vessel manning, discharges of hazardous substances into the environment and environmental protection.

The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with, and this trend is likely to continue. The relevant organisations establish safety criteria and are authorised to investigate accidents and recommend approved safety standards. If POSH fails to comply with the requirements of any of these laws or the rules or regulations of these agencies and organisations, it could be subject to substantial administrative, civil and criminal penalties, the imposition of remedial obligations, and the issuance of injunctive relief.

The risk of incurring substantial costs in order to comply with various laws and regulations or substantial liabilities and penalties for non-compliance is inherent in POSH's business. POSH may incur significant costs in, among others, modifying its vessels or obtaining insurance coverage if applicable governmental and international regulations become more stringent or additional regulations or controls requiring the adoption of new requirements or procedures are introduced. Any failure to comply with such laws and regulations may also result in the cancellation or termination of POSH's present contracts, new contracts not being awarded to POSH, or regulatory authorities imposing fines, penalties or sanctions on it, including prohibiting POSH from continuing its operations, which could have an adverse effect on its business and reputation. As a result, POSH could be exposed to potential liability for conduct or conditions caused by third parties over whom it has no control. Because such laws and regulations are often revised, POSH cannot predict the ultimate costs of compliance or the impact thereof on the resale price or useful price of its vessels or other aspects of its operations.

POSH also require various licences and permits for its operations. POSH's licences and permits may also be granted for fixed periods of time after the expiry of which these need to be renewed from time to time. There is no assurance that upon expiration of such licences and permits, POSH will be able to successfully renew them in a timely manner or at all, or that the renewal of such licences and permits will not be attached with conditions which it may find difficult to comply with, or that if the relevant authorities enact new laws and regulations, POSH will be able to successfully meet their requirements. POSH's licences and permits may also be subject to certain notification and/or filing requirements under applicable laws and regulations. Failure by POSH to obtain, renew or maintain the required licences and permits, or failure by POSH to comply with such requirements under such applicable laws and regulations, or cancellation, suspension or revocation of any of POSH's licences and permits may result in the interruption of POSH's operations and may have a material adverse effect on POSH's business.

POSH's joint ventures are similarly subject to various governmental and international laws and regulations and require various licences and permits for their operations, and its joint ventures may similarly be subject to risks associated with non-compliance with such laws and regulations or licences and permits.

(h) Severe adverse weather conditions may affect POSH's business and results of operations

Severe adverse weather conditions and natural hazards, including typhoons, storms and tsunamis, may interfere with POSH's ability to charter out its vessels as required. It may be impossible to predict adverse weather conditions, and the sudden onset of severe weather conditions could result in damage to, or complete loss of, POSH's vessels. Although there may be situations where risk is allocated through the terms of the charter agreements to the charterer, there may be unforeseen circumstances where POSH bears this risk which may adversely impact POSH's business, financial condition and results of operations. POSH's operations may experience disruption if any of its vessels or its equipment suffers significant downtime, thereby affecting its business, financial condition and results of operations.

(i) POSH's operations may be adversely affected by infectious communicable diseases

The crew operating POSH's vessels are generally engaged on a contractual basis and may have travelled or worked in areas affected by infectious communicable diseases prior to working on POSH's vessels or may be exposed to such infectious diseases while operating its vessels. If any one of POSH's crew members is suspected to have contracted or contracts an infectious communicable disease such as Severe Acute Respiratory Syndrome, avian influenza, the H1N1 virus or any other serious infectious disease, the entire crew on the vessel may have to be quarantined for a substantial period of time. This would interrupt the operations of the vessel and result in delays in performing the work which the vessel has been chartered for, which may have an adverse effect on POSH's business and financial position. In addition, POSH's onshore staff may also be affected by such infectious communicable diseases which could result in disruption of its business operations. There is no assurance that any precautionary measures taken by POSH against infectious diseases would be effective.

(j) POSH may be liable for damages arising from marine-related accidents and risks

The operation of offshore support vessels is subject to various risks such as adverse weather and sea conditions, mechanical failures, human errors and catastrophic marine disasters which could lead to accidents involving personal injury, damage to or loss of vessels, cargo, equipment or the environment.

In the event of an oil spill or damaged or lost cargo, POSH may incur liability for containment, clean-up and salvage costs and other damages. POSH may also be liable for damages sustained in collisions and wreck removal charges arising from the operation of its offshore support vessels. In addition, POSH may be liable for substantial fines and penalties imposed by the authorities of the relevant jurisdictions. Where the loss or damage is to POSH's own vessel, the affected vessel may need to be repaired at a shipyard facility, resulting in their not being available for hire and this could adversely affect POSH's vessel utilisation ratios. The cost and duration of repairs may be unpredictable and could be substantial or may exceed estimates. POSH may have to pay repair costs that its insurance will not cover. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of the repairs, would result in a decrease in POSH's earnings.

In line with industry practice, under certain of POSH's charter contracts, POSH and its counterparties waive rights of claim or recovery against one another, and POSH's respective contractors and subcontractors for loss or damage to its vessels, property or equipment, cargo, economic loss suffered by it, or injuries to or death of any persons arising out of any act, omission or default on the part of POSH's charterers, their contractors or sub-contractors. The waiver of these rights to claim or recovery may not be fully reciprocated by POSH's counterparties.

POSH's risk assessment and safety management system for its employees, may not be sufficient to ensure that accidents leading to the above outcomes will not arise. There is no assurance to investors that all risks can be adequately insured against or that any insured sum will be paid. In the event of an accident that is not covered by POSH's insurance policies or claims which are in excess of its insurance coverage or are successfully contested by the insurance companies, its business, financial condition and results of operations will be adversely affected.

(k) Maritime claimants could arrest POSH's vessels, which could interrupt POSH's cash flow and result in a significant loss of earnings

Under the maritime law of many jurisdictions, claimants for breach of certain maritime contracts, vessel mortgagees, crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In addition, in certain jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel through foreclosure proceedings. This would apply even if POSH's vessels are chartered-out (whether on a bareboat charter basis or otherwise). The arrest or attachment of one or more of POSH's vessels could result in a significant loss of earnings and cash flow and POSH may be required to pay large sums of money to have the arrest lifted.

In addition, international vessel arrest conventions and certain national jurisdictions permit so-called "sister ship" arrests, allowing the arrest of vessels that are within the same legal ownership as the vessel which is subject to the claim or lien. Certain jurisdictions go further, permitting not only the arrest of vessels within the same legal ownership, but also any "associated" vessel. In these jurisdictions, an "association" may be recognised when two vessels are owned by companies controlled by the same party. Consequently, a claim may be asserted against POSH or POSH's vessels for the liability of one or more of the other vessels POSH owns or of vessels owned by any of POSH's affiliates.

Any arrest of one or more of POSH's vessels could result in a material loss of earnings and cash flow for POSH or require POSH to provide security to have the arrest lifted.

(l) POSH is subject to various international and local environmental protection laws and regulations

POSH's vessels and its operations are subject to various international and local environmental protection laws and regulations in the jurisdictions in which it operates. Such laws and regulations are becoming increasingly complex and stringent and compliance may become increasingly difficult and costly.

Some of these laws and regulations may expose POSH to liability for the conduct of or conditions caused by others, or for POSH's acts, even if such acts had complied with all applicable laws at the time of performance, and POSH may be required to pay significant fines and penalties for non-compliance. Some environmental laws impose joint and several "strict liability" for cleaning up spills and releases of oil and hazardous substances, regardless of whether POSH was negligent or at fault.

Environmental protection laws and regulations may also have the effect of curtailing offshore exploration, development and production activities by the POSH's customers. This would reduce the demand for POSH's services, which would have an adverse impact on POSH's business, financial performance and financial condition.

5.3 Risks relating to the Restricted Offer For Sale

(a) Investment risk

The market price of the POSH Shares, like any other listed securities traded on a securities exchange, is subject to fluctuation. Further, there is no assurance that the POSH Shares will trade higher than the Offer Price subsequent to the Restricted Offer For Sale. The market price of the POSH Shares will be influenced by the performance of POSH Group in respect of future profitability and outlook of the industries in which it operates as well as a variety of other factors, including, but not limited to, sale of a substantial number of POSH Shares in the public market, announcements of developments relating to POSH Group's business and fluctuations in POSH Group's revenue levels.

Other than the fundamentals of POSH Group, the future price performance of the Offer Shares will also depend on various external factors such as general economics, political and industry conditions, as well as sentiments and liquidity in the stock market.

In this regard, POSH had, on 11 April 2018, announced on the website of the SGX that it has recorded pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts) i.e. FYE 31 December 2015, FYE 31 December 2016 and FYE 31 December 2017. According to Rule 1311(1) of the listing manual of the SGX, SGX will place an issuer on the watch-list if (i) it records pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts); and (ii) an average daily market capitalisation of less than SGD40 million over the last six (6) months. In this regard, POSH's latest six (6)-month average daily market capitalisation as at 10 April 2018 is SGD657.88 million, which exceeds SGD40 million. Pursuant to paragraph 2.2 of Practice Note 13.2 of the listing manual of the SGX, SGX conducts half-yearly reviews to identify issuers to be included on the watch-list. The half-yearly review will take place on the first Market Day of June and December of each year. Upon identifying an issuer for inclusion in the watch-list, SGX will promptly notify the issuer of its status and the issuer will be required to make an immediate announcement.

Such losses may affect the market price of POSH Shares and the financial position of POSH. However, it should be noted that as at the LPD, POSH has not made any announcement on the website of the SGX that it has (i) fallen under the abovementioned financial entry criteria in Rule 1311(1) of the listing manual of the SGX; or (ii) been notified by the SGX of POSH's inclusion on the watch-list. Moving forward, should POSH fall under the abovementioned financial entry criteria and SGX identifies POSH for inclusion in the watch-list, POSH must for the period in which it remains on the watch-list, provide the market with a quarterly update on its efforts and the progress made in meeting the exit criteria of the watch-list, including where applicable its financial situation, its future direction, or other material development that may have a significant impact on its financial position. If any material development occurs between the quarterly updates, it must be announced immediately. If POSH is placed on the watch-list, it must take active steps to meet the financial exit criteria listed in Rule 1314(1) of the listing manual of the SGX (i.e. it must record consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and have an average daily market capitalisation of SGD40 million or more over the last six (6) months) and should it fail to comply with Rule 1314(1) of the listing manual of the SGX within 36 months of the date on which it was placed on the watch-list, the SGX may either remove POSH from the official list of the SGX, or suspend trading of the listed securities of POSH (without the agreement of POSH) with a view to removing POSH from the official list of the SGX.

(b) Foreign Exchange Risks

POSH Shares are traded in SGD on the SGX and the Offer Price of the Offer Shares is determined based on market value at the point of disposal.

Entitled Shareholders who accept the offer under the Restricted Offer For Sale will pay the Company in RM at a pre-determined exchange rate by the Company. Given that the process to credit the Offer Shares into the CDP Accounts or the Broker's Omnibus Account of such Entitled Shareholders may take at least 65 Market Days, the Entitled Shareholders will be exposed to the risks in the fluctuations in the exchange rate of the SGD against the RM. Further, if there is any delay to the transfer process, this exposure may be prolonged.

(c) Delay in or abortion of the Restricted Offer For Sale

The Restricted Offer For Sale may be aborted or delayed on the occurrence of any material adverse change of events or circumstances, which is beyond the control of MBC arising prior to or during the implementation of the Restricted Offer For Sale. In the event of a failure in the implementation of the Restricted Offer For Sale due to the occurrence of an abovementioned change, all monies received in respect of all applications for the Offer Shares will be returned in full without interest.

(d) The time required for the crediting of the Offer Shares could be longer than expected and the Entitled Shareholders might not be able to trade the Offer Shares during this period

As there is no direct trading or settlement between the stock exchanges of Malaysia and Singapore, the Entitled Shareholders are required to hold either a CDP Account or Broker's Omnibus Account for the crediting of the Offer Shares. The transfer of the Offer Shares to the respective CDP Accounts and Broker's Omnibus Account of the Entitled Shareholders will be subject to the rules and requirements of SGX and CDP. Given that the process to transfer the Offer Shares into the CDP Accounts or the Broker's Omnibus Account of such Entitled Shareholders may take at least 65 Market Days, the Entitled Shareholders will be exposed to the fluctuations in the market price of the Offer Shares before the Offer Shares are credited into the respective CDP Accounts or Broker's Omnibus Accounts. Further, if there is any delay to the transfer process, this exposure may be prolonged.

(e) Errors or incomplete information in the various forms required for the acceptance of the Offer Shares and for the application for Excess Offer Shares may result in invalid acceptances and/or unsuccessful applications

Participation in the Restricted Offer For Sale by the acceptance of the Offer Shares and the application for Excess Offer Shares requires Entitled Shareholders to complete various forms and provide information and/or documentation as set out in **Section 10** of this Modified Prospectus. Acceptances which do not strictly conform to the terms of this Modified Prospectus, the NPO, the Acceptance Form or the Applicable Forms or the notes and instructions contained in any of the foregoing, or which are illegible may not be accepted at the absolute discretion of the Board.

(f) Malaysian FEA Rules

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange control framework in Malaysia is governed by the Financial Services Act 2013, Islamic Financial Services Act 2013 and the FEA Rules.

Approval from the BNM is required in certain circumstances including for investment abroad by resident individual and resident entity. The investment in POSH Shares, either pursuant to the Restricted Offer For Sale or subsequent investments by the resident Entitled Shareholders would amount to investment abroad and may subject to approval from BNM. If the approval from BNM is required, there is no assurance that BNM will grant such approval. Further, there is no assurance that the government of Malaysia will not introduce new foreign exchange prohibitions or tighten the current restrictions. These events may consequently adversely affect certain resident Entitled Shareholders' ability to invest in POSH Shares. Resident Entitled Shareholders are advised to consult their professional advisers to ascertain whether they are subject to the requirement to obtain the approval from BNM.

(g) Corporate disclosure and accounting standards in Singapore may vary from applicable standards in other jurisdictions

POSH's corporate affairs are governed by its constitution, by the laws governing corporations incorporated in Singapore and by the listing manual of the SGX. The rights of POSH's shareholders and the responsibilities of its management and its Board of Directors under Singapore law may be different from those applicable to a company incorporated in another jurisdiction. The protection of the interests of POSH's public shareholders in connection with actions taken by POSH's management, members of POSH's Board of Directors or POSH's principal shareholders would be subject to the applicable laws and regulations in Singapore.

The publicly available information about companies whose shares are publicly traded in Singapore, such as POSH, may be different from that which is regularly made available by public companies in other jurisdictions. These differences include the timing and extent of disclosure of beneficial ownership of equity securities of officers, directors and significant shareholders. In addition, POSH's financial statements are prepared in accordance with Singapore Financial Reporting Standards ("**SFRS**"), which may differ in certain respects from generally accepted accounting principles in other jurisdictions where shareholders may reside.

(h) Overseas shareholders may not be able to participate in future rights offerings or certain other equity issues which POSH may make

If POSH offers, or causes to be offered to its shareholders, rights to subscribe for additional POSH Shares or any right of any other nature, POSH will have the discretion as to the procedure to be followed in making such rights available to POSH's shareholders. POSH may choose not to offer such rights to its shareholders having an address in a jurisdiction outside Singapore and such shareholders may experience a dilution in their shareholdings in POSH as a result.

(i) The market price of POSH Shares may decline

As in the case of any shares that are listed on a stock exchange, the market price of POSH Shares may be volatile and could fluctuate significantly and rapidly in response to, inter alia, the following factors, some of which are beyond POSH's control:

- variations in POSH's operating results;
- success or failure of POSH's management team in implementing business and growth strategies;
- gain or loss of any important business relationship;
- changes in securities analysts' recommendations, perceptions or estimates of POSH's financial performance;

- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- the operating and share price performance of other companies;
- the liquidity of the market for POSH Shares;
- differences between POSH actual financial operating results and those expected by investors and analysts;
- changes in accounting principles or other developments affecting POSH, POSH's customers or POSH's competitors;
- additions or departures of key personnel;
- changes in general market conditions and broad market fluctuations;
- negative publicity; and/or
- involvement in litigation.

These fluctuations may be exaggerated if the trading volume of POSH Shares is low. Volatility in the market price of POSH Shares may be unrelated or disproportionate to POSH's results of operations.

In addition, securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These market fluctuations may also materially and adversely affect the market price of POSH Shares.

(j) Future changes in the value of the Singapore dollar against the USD or other currencies will affect the foreign currency equivalent of the value of POSH Shares and POSH's dividends

POSH Shares are quoted in SGD on the SGX. Dividends, if any, in respect of POSH Shares will be declared and paid in SGD. Fluctuations in the exchange rate between the SGD and the USD or other currencies will affect, among other things, the foreign currency value of the proceeds which a shareholder would receive upon the sale in Singapore of POSH Shares and the foreign currency value of POSH's dividends.

(k) Additional funds raised through issuance of the new POSH Shares for POSH's future growth will dilute shareholders' equity interest

POSH may, in the future, expand its capabilities and business through acquisitions, joint ventures and strategic partnerships with parties who can add value to POSH's business. If POSH chooses to issue new shares in order to finance future expansion, acquisitions, joint ventures and strategic partnerships, POSH shareholders will face dilution of their shareholdings.

(l) **Singapore laws contain provisions that could discourage a take-over of POSH**

POSH is subject to the Singapore Code on Take-overs and Mergers (the "**Singapore Take-Over Code**"). The Singapore Take-Over Code contains provisions that may delay, deter or prevent a future take-over or change in control of POSH. Under the Singapore Take-Over Code, except with the consent of the Securities Industry Council of Singapore, any person who acquires (whether by a series of transactions over a period of time or not) shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of POSH is required to extend a take-over offer for POSH's remaining voting shares in accordance with the Singapore Take-Over Code. Additionally, except with the consent of the Securities Industry Council of Singapore, a take-over offer is also required to be made if a person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of POSH and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights in POSH. While the Singapore Take-Over Code seeks to ensure equality of treatment among shareholders, its provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of POSH. This could impede the ability of POSH's shareholders to benefit from a change of control which may in turn adversely affect the market price of POSH Shares and the ability to realise any benefit from a potential change of control.

(m) **POSH will have to rely principally on dividends and other distributions on equity paid by POSH's operating subsidiaries and any limitations on their ability to pay dividends to POSH could adversely impact investors ability to receive dividends on POSH Shares**

Dividends and other distributions on equity paid by POSH subsidiaries will be POSH's principal source for cash in order for POSH to be able to pay any dividends and other cash distributions to POSH's shareholders. If POSH's subsidiaries incur debt in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to POSH.

Additionally, certain of POSH subsidiaries' ability to pay dividends may be restricted by law or their constitutive documents.

5.4 Other risks

Forward-looking statements

Certain statements in the Modified Prospectus are forward-looking, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the Board and although the Board believes that these statements and assumptions are reasonable, they are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

In light of these uncertainties, the inclusion of forward-looking statements in this Modified Prospectus should not be regarded as a representation or warranty by MBC and/or the advisers that the plans and objectives of MBC Group will be achieved.

6. POLICIES ON TAXATION IN SINGAPORE AND REPATRIATION OF PROCEEDS

This discussion is not intended to be and does not constitute legal or tax advice. It is based on the current tax law and practice in Singapore and is subject to changes to such laws, or to the interpretation thereof. Such changes may be retrospective. The Entitled Shareholders should consult their tax advisors concerning the consequences of investing in the POSH Shares.

6.1 Policies on taxation in Singapore

(a) Capital gains tax

Singapore does not impose taxes on capital gains. However, gains may be construed to be of an income nature and subject to Singapore income tax if they arise from or are otherwise connected with the activities of a trade or business.

(b) Dividend distribution

Dividends received in respect of POSH Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax.

Under the one-tier corporate tax system, dividends paid by a Singapore-resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

(c) Singapore Goods and Services Tax ("GST")

GST registered companies are required to charge GST (the prevailing standard rate is 7%) on the supply of goods and services in Singapore, unless specifically excluded or exempted. It is mandatory under the Goods and Services Tax Act (Cap. 117A) of Singapore for a company, value of taxable supplies of which exceeds or is expected to exceed SGD1 million over four (4) quarters, to apply for GST registration. For periods on or after 1 January 2019, taxable turnover will be computed on a calendar year basis for the purpose of determining GST registration liability.

Services such as brokerage and handling services rendered by a GST-registered person to an Entitled Shareholder (who resides in Singapore) in connection with the acceptance of the Offer Shares will be subject to GST at the prevailing standard rate (currently 7%). Similar services rendered contractually to an Entitled Shareholder who resides outside Singapore may, subject to certain conditions, qualify for zero-rating (i.e. GST at 0%).

(d) Stamp duty

Where existing shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer at the rate of 0.2% of the consideration for, or value of, the shares, whichever is higher. The purchaser is generally liable for stamp duty unless otherwise agreed.

Stamp duty is not applicable to electronic transfers of POSH Shares through the scripless trading system operated by CDP on the basis that no instrument of transfer will be executed.

6.2 Repatriation of proceeds by foreign shareholders of POSH, including Malaysian residents

Singapore currently has no significant exchange controls. Subject to laws relating to prevention of money laundering, financing of terrorism and other criminal offences and compliance with the requirements in the Companies Act (Cap. 50) of Singapore, Securities and Futures Act (Cap. 289) of Singapore, the rules of the SGX and the constitution POSH, (a) proceeds attributable to the holding of POSH Shares (for example, from the payment of dividends, or other payments to the holders of POSH Shares by way of capital reduction, share buy-back or divestment of POSH Shares) may be repatriated freely from Singapore, and (b) there is no specific law in Singapore which currently restricts Entitled Shareholders from investing in or owning POSH Shares.

7. EFFECTS OF RESTRICTED OFFER FOR SALE

7.1 Issued share capital

The Restricted Offer For Sale will not have any effect on the issued share capital of MBC.

7.2 NA, NA per share and gearing

On the assumption that all the Offer Shares are taken up by the Entitled Shareholders and based on the audited consolidated financial statements of MBC Group as at 31 December 2017, the pro forma effects of the Restricted Offer For Sale on the consolidated NA, NA per share and gearing of MBC Group are set out below:

	Audited as at 31 December 2017	**After the Restricted Offer For Sale**
	RM'000	**RM'000**
Share capital	338,791	338,791
Reserves	612,673	(1)209,411
Accumulated losses	(425,685)	(2)(177,335)
Shareholders' equity/NA	**525,779**	**370,867**
Non-controlling interests	23,404	23,404
Total equity	**549,183**	**394,271**
No. of ordinary shares ('000)	1,000,000	1,000,000
NA per share (sen)	52.58	37.09
Total borrowings (RM'000)	410,143	(3)341,843
Gearing (times)	0.78	0.92

Notes:

(1) *After reclassification of exchange differences and cash flow hedge reserves in relation to POSH of RM403.26 million from equity to profit or loss.*

(2) *After accounting for the estimated gain of RM248.35 million from disposing approximately 21.23% of the total issued shares in POSH, by way of the Restricted Offer For Sale by MBC to the Entitled Shareholders.*

(3) *MBC shall utilise up to RM68.3 million of the total gross proceeds from the Restricted Offer For Sale to repay part of the borrowings of MBC Group.*

7.3 Loss/earnings and LPS/EPS

Based on the audited consolidated financial statements of MBC Group for the FYE 31 December 2017, POSH attributed a loss of approximately RM211.94 million to MBC Group's net loss.

On the assumption that all the Offer Shares are taken up by the Entitled Shareholders and the Restricted Offer For Sale had been effected at the beginning of the FYE 31 December 2017, the effects of the Restricted Offer For Sale on the loss/earnings and LPS/EPS of MBC Group are as follows:

	Audited as at 31 December 2017	(1)Adjusted as at 31 December 2017	After the Restricted Offer For Sale
(Loss)/earnings for the year attributable to equity holders of the Company (RM'000)	(134,954)	76,984	(2)113,396
No. of ordinary shares ('000)	1,000,000	1,000,000	1,000,000
(LPS)/EPS (sen)	(13.50)	7.70	(3)11.34

Notes:

(1) After excluding the share of loss from POSH amounting to approximately RM211.94 million for the FYE 31 December 2017.

(2) After accounting for the estimated gain of RM36.41 million from the Restricted Offer For Sale which is computed as follows:

	RM'000
Gross proceeds from the Restricted Offer For Sale	*251,151*
Less: Estimated expenses for the Restricted Offer For Sale	*(11,100)*
Less: Carrying amount of POSH shares as at 31 December 2016	*(655,114)*
Add: Reclassification of the reserves relating to POSH from equity to profit or loss	*451,475*
Estimated gain from the Restricted Offer For Sale	*36,412*

*(3) The EPS is arrived at based on the earnings for the year attributable to equity holders of the Company after taking into account the reclassification of the reserves relating to POSH from equity to profit or loss (as required by the Malaysian Financial Reporting Standards 121 and 128) of approximately RM451.48 million ("**Reclassification of Reserves**").*

For illustrative and information purposes only, should the Reclassification of Reserves be excluded, MBC Group's adjusted loss for the year attributable to equity holders of the Company and adjusted LPS after the Restricted Offer For Sale would be as follows:

	RM'000
Earnings for the year attributable to equity holders of the Company after the Restricted Offer For Sale	*113,396*
Less: Reclassification of Reserves	*(451,475)*
Adjusted loss for the year attributable to equity holders of the Company after the Restricted Offer For Sale	*(338,079)*
Adjusted LPS (sen)	*(33.81)*

8. INDUSTRY OVERVIEW

8.1 Overview and Outlook of the Offshore Oil and Gas Market

Offshore marine service providers, such as POSH, provide a range of services to support offshore oil and gas ("**O&G**") production internationally. These include services to support offshore production during the offshore field life-cycle from exploration, through development and construction, on-going production, and eventual shut-down and decommissioning. POSH operates four main types of vessel: Offshore Supply Vessels, Offshore Accommodation, Transport and Installation, and Harbour Services & Emergency Response. The offshore markets have faced a severe downturn following the oil price correction in the second half of 2014, experiencing some of the most challenging conditions for 30 years, as offshore activity dropped and vessel capacity increased. Despite some contract backlog for some marine service providers, there have been significant reductions in dayrates and utilisation since 2014, resulting in widespread financial stress and restructuring for many companies providing offshore marine services.

Indicative Offshore Vessel Dayrates (Global Averages)

USD/day	2013	2014	2015	2016	2017	2018 YTD
Accommodation Unit (DP Semi-Sub; Global)	175,000	190,000	173,958	102,708	111,667	120,000
Multipurpose Support (c. 120m LOA, 250t crane)	57,583	56,833	47,354	38,083	34,000	36,571
PSV/Supply (3,200 DWT; Global Indicator)	20,555	21,171	14,896	10,123	8,498	8,735
AHTS (80t BP; Global Indicator)	12,275	12,042	8,417	5,803	4,176	4,286

Source: Clarkson Research Services Limited, July 2018.
Note (1): 2018 YTD = 1st January 2018 – 1st July 2018.
Note (2): The above figures are indicative global rates. There is no guarantee that they are achievable in specific, regional markets.

During the second half of 2017 and early 2018, some leading indicators, such as oil prices, offshore O&G field Final Investment Decisions ("**FID**") and capital expenditure ("**CAPEX**") commitments and exploration and production ("**E&P**") spending have improved suggesting offshore activity and demand for marine services may increase. In a few cases, there have been limited improvements to vessel dayrates. However, offshore markets still face challenges, including dealing with the fleet overcapacity, potential re-activation of laid-up supply and shipyard orderbook backlog, plus demand-side risks presented by onshore shale output growth or future environmental regulations. The timing of any market recovery is uncertain and, in the short-term, the market conditions for offshore marine service companies are expected to remain challenging. The longer term future of the offshore O&G markets will depend on growth in O&G demand, and on competition from onshore and other energy sources e.g. shale oil growth). Although lower than previous growth rates, oil demand is expected to grow at a compound rate of 0.6% per annum over 2010 to 2040 (according to the *BP Energy Outlook 2018*), though there are risks here, including renewable energy. Consensus forecasting also suggested continue growth in gas demand. The oil price downturn resulted in a drop in new CAPEX commitments for offshore projects in 2015 of 24% year-on-year ("**y-o-y**"). This has resulted in weaker global offshore production growth (0.1% in 2017), since production at existing fields tends to decline over time without intervention. Oil prices have indeed increased y-o-y, to close to 75 USD per barrel ("**bbl**") as of mid-July 2018, although some of this is related to political risk factors: economic instability in Venezuela reducing output there; sentiment that oil supply could be constrained by the resumption of U.S. sanctions on Iran. However, it is less certain where future production growth will focus: most recent investment has focussed more heavily on onshore shale in the U.S., resulting in production there exceeding most forecasts. That said, it is expected that new offshore CAPEX commitments in 2018 will nonetheless exceed the USD85 billion of CAPEX sanctioned in 2017 (though project slippage represents a risk to this).

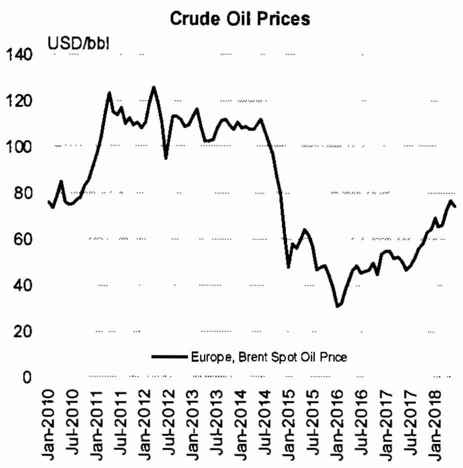
Going forward, the market for offshore marine services will be affected by a number of factors, including future oil prices and the level of offshore field activity, which underpins demand for offshore marine vessels. The available supply of offshore marine vessels (affected by demolition and the potential reactivation of laid up and orderbook vessels) will also be key to future market direction.

8.2 Offshore & Global Energy Markets

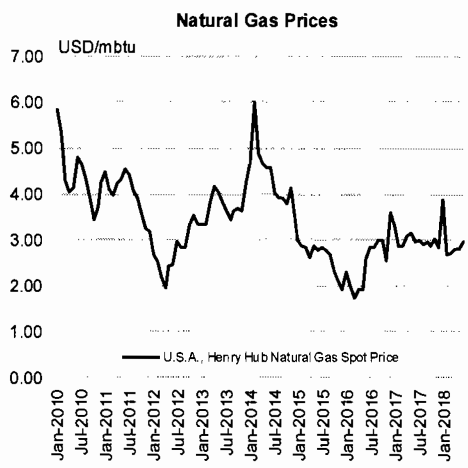
Oil and natural gas remain two of the world's most important energy sources. According to the *BP Statistical Review of World Energy 2017*, oil and natural gas accounted for approximately 33.3% and 24.1% of world energy consumption respectively in 2016. Future demand for O&G will be affected by a range of factors, including global economic development, energy efficiency, environmental issues and alternative energy sources. The offshore O&G industry plays a vital role in meeting the demand. In total, approximately 28% of global oil production and 32% of global natural gas production was via offshore activities in 2016. Preliminary statistics suggest similar percentages in 2017.

8.2.1 The Global Economy & Oil Prices

Global economic conditions are a key driver of O&G demand. Economic conditions improved in 2017 with world gross domestic product growing by 3.8%. This economic upswing is expected to continue through 2018 with recent projections from the International Monetary Fund suggesting world growth will accelerate to 3.9% in full year 2018 and 2019. This could boost oil demand and prices. One of the key drivers for demand for offshore support vessels, drilling and oilfield services is the E&P expenditure of O&G companies. Amongst other factors, E&P expenditure depends on the cash flow of O&G producers, which is primarily determined by O&G demand, prices and production volumes.



Source: US Energy Information Administration, July 2018



Source: US Energy Information Administration, July 2018

Note (1): The information contained in the above graphs are monthly figures sourced from the United States' Energy Information Administration.

Note (2): "USD/bbl" = United States dollar per barrel; "USD/mbtu" = United States dollar per one million British Thermal Units.

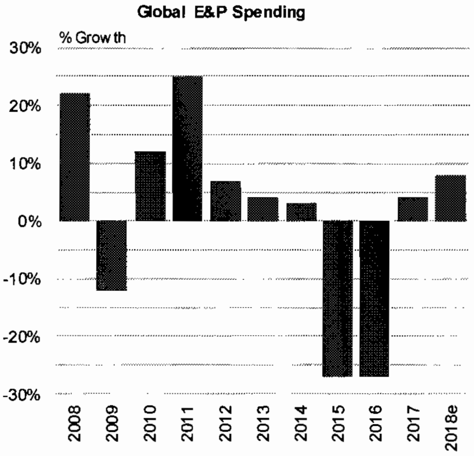
Price volatility has been an enduring feature of oil markets in the last two years. In early 2016, Brent oil prices reached a low of around USD26/bbl. Despite initially being supported by outages in Nigeria and Canada, oil prices were unable to make sustained headway above USD50/bbl until an OPEC agreement to make production cuts.

Prices firmed above USD55/bbl after these came into effect in January 2017, but several developments then put downward pressure on oil prices in the first half of 2017. This included increased production in Libya and Nigeria adding around 1 million barrels per day ("**bpd**") to global oil production and onshore oil production in the U.S. growing significantly again. However, reports of greater than expected inventory drawdowns plus a fall in Venezuelan output provided some price support early in 2018, and Brent prices firmed to reach as high as USD72/bbl by mid-April 2018. Renewed Iranian sanctions also provided more upward momentum for oil prices, with Brent prices trading at approximately USD75/bbl as of early-July 2018.

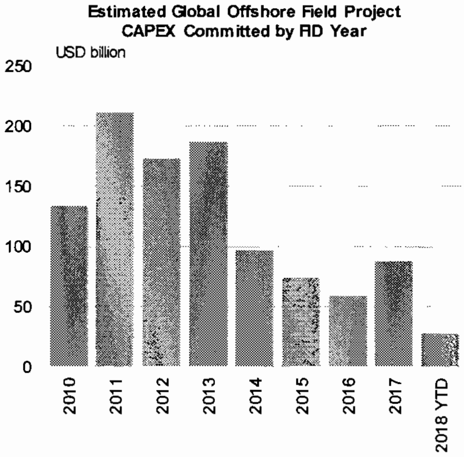
Recent evidence suggests that the supply-demand balance moved closer into balance in 2017, with 0.2% growth in total supply, but 1.7% growth in demand. At the start of July 2018, global oil demand was projected to increase by 1.4% in full year 2018 to 98.94 million bpd and by 1.6% in 2019. Global oil supply is projected to increase by a more rapid 2.2% y-o-y in 2018, to 98.53 million bpd, as compared to 1.4% growth in demand. Events in Venezuela, shale oil production and political developments represent risks.

8.2.2 E&P Spending Trends

After several years of growth following the onset of the global financial downturn in 2009, global E&P spending declined by an estimated 27% in 2015 and by the same percentage in 2016, the largest recorded decline for 30 years, before growing 4% in 2017. Based on oil company reports, E&P spending is anticipated to increase by approximately 8% in 2018. The increases in 2017 and 2018 are primarily driven by increases in onshore spending (21% for North America in 2018) while offshore E&P spending is anticipated to decline slightly or remain flat in full year 2018. However, supported by project cost deflation of around 30% since the start of the offshore market downturn, offshore CAPEX commitments via FIDs totalled USD88 billion in full year 2017, up 50% y-o-y. Much of this spending is commitments for future years, rather than immediate, but this is a positive leading indicator. Given recent trends in project sanctioning and final investment decisions, if oil prices average higher in 2018 than was the case in 2017, it is probable that offshore E&P investment would show year-on-year growth in 2019.



Source: Clarkson Research Services Limited, July 2018



Source: Clarkson Research Services Limited, July 2018

Note (1): Global E&P Spending – Includes onshore and offshore E&P spend. 2018 figures are estimates.

Note (2): 2018 YTD = 1st January 2018 – 1st July 2018.

8.3 Offshore Marine Service Vessels

Offshore marine service companies support the offshore O&G industry through the full life cycle of the development of a field. This field lifecycle consists of three stages, namely exploration, development and production operations and maintenance as detailed in the following table.

Summary of the Key Stages of Offshore Field Development

	Exploration	Development	Production
Length of Typical Cycle	**3-5 years**	**2-4 years**	**5-55 years**
Description	(1) Collection of survey data (2) Analysis & interpretation (3) Identification of oil & gas reserves	(1) Construction & installation of production platforms, pipelines & equipment (2) Preperation for production	(1) Management of oil and & production (2) Operations & Maintenance (3) Retrofit work
Drivers	(1) Oil price levels, with approximate one year lag (2) Requirement to replenish proven reserves	(1) Global oil and gas demand (2) Requirement to monetise investment in oil & gas fields (3) Oil price levels	Global oil and gas demand
Key Offshore Services required	(1) Data acquisition; seismic survey (2) Drilling rig (3) Logistics & supply vessels	(1) Drilling rigs (2) Logistic & supply vessels (3) Well services (4) Construction (5) Installation (6) Pipeline EPC	(1) Drilling rigs (2) Logistic & supply vessels (3) Well services (4) Ongoing maintenance
Risk of Reduced Activity due to Crude Oil Price Correction	**High** The recent reduction in oil prices has caused oil companies to scale back exploration.	**Medium** Final investment decisions (FIDs) may be sensitive to oil prices.	**Low** Most fields have continued to produce post-2014 downtum. Operations and maintenance have mostly continued.

Source: Clarkson Research Services Limited, July 2018

As at the start of July 2018, POSH has reported a fleet of 96 units (excluding harbour tugs) in service as detailed in the following table, compared also to the global totals:

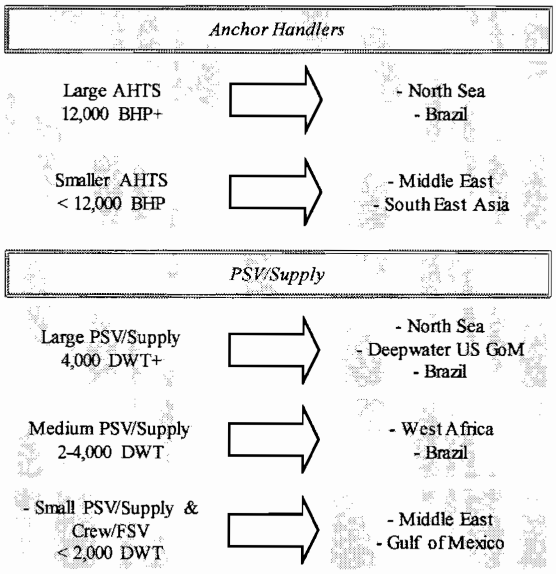
Vessel Type	Definition	Fleet (No. Vessels)		
		Global	*POSH*	*Example Vessel*
Crane Vessels	Includes derrick crane ships and derrick lay barges, both of which perform heavy lift operations, such as installing jackets and topside modules. Units are designed with heavy and complex lifting gear for offshore work, although some units also work on more general marine civil engineering projects or to support salvage activities.	279	2	PW L801
Accommodation Units	Units that provide living-quarters for crews involved in offshore exploration, construction, production and decommissioning projects.	307	5	POSH Xanadu
Multipurpose Support	Includes a wide range of vessels used in the construction phase of projects, ranging for those equipped with cranes aimed primarily at the inspection, repair and maintenance market, to much larger units with more powerful cranes, often active heave compensated for subsea work.	335	6	POSH Mallard
PSV/Supply	Vessels that support rigs and platforms by delivering materials to them from onshore. Large PSVs are capable of transporting supplies over longer distances in harsher conditions.	2,058	15	POSH Jaeger
AHTS	Vessels that tow drilling units to location and deploy their anchors. They also perform a range of other support roles, such as supplying offshore installations with fuel, drilling fluids, fresh water and cement. Deployment of smaller units is focused in South East Asia.	2,035	24	POSH Radiant
T&I: AHTs	Vessels that conduct intra-regional towage of Mobile Production Units, or large components of fixed infrastructure on barges.	530	19	Salviscount
T&I: Barges	Barges which can carry heavy and/or outsized individual cargoes, or fixed platform jackets. Cargo may be carried on a platform deck without enclosed cargo holds, and be loaded/unloaded by ramps, or the carrier may be semi-submersible.	606	18	Maritime Hope
Utility Support	A range of small vessel types, many of which are used to support the operations of larger and more sophisticated offshore vessel types.	2,207	7	POSH Mariam
Others		4,722		
Total		**13,079**	**96**	

Source: Clarkson Research Services Limited, July 2018. Based on Clarksons Research ship type definitions.

Company No. 175953-W

8.3.1. Offshore Supply Vessel Market

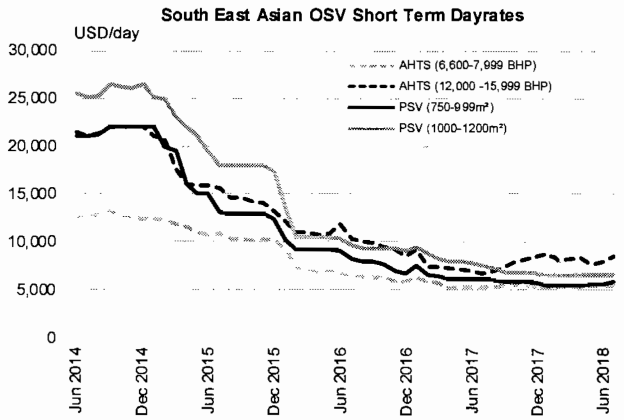
OSVs & Common Areas of Operation



Source: Clarkson Research Services Limited, July 2018.

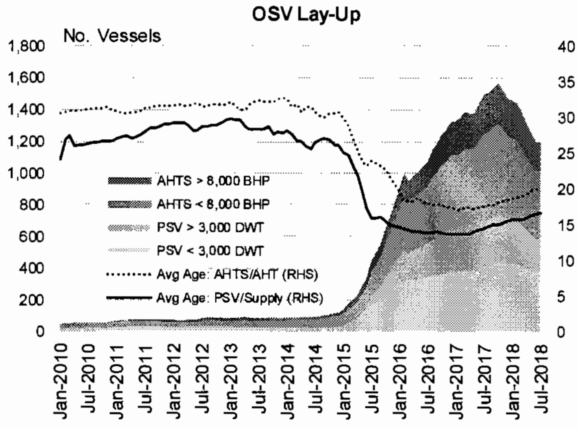
The Offshore Supply Vessel ("**OSV**") sector is split into two main categories: Anchor Handling Vessels, which primarily support drilling rig movements and Platform Supply Vessels ("**PSV**"), which support rigs and platforms via the delivery of materials from onshore. These two categories are each divided up into further sub-categories depending on their size. The main duties of anchor handlers are the placement and recovery of rig anchors, and towing of rigs between locations. Approximately 80% of the anchor handler fleet is comprised of Anchor Handling Tug and Supply vessels ("**AHTS**") units, and the remainder are pure Anchor Handling Tug vessels ("**AHT**"), without the associated supply function. In some areas the capabilities of the AHTS and PSV fleets overlap slightly. This is particularly the case in South East Asia, where small AHTS have often been used for supply runs instead of PSVs.

While the OSV fleet is relatively regional in nature, the surplus capacity generated from 2014 has led to a reduction in dayrates achieved to levels close to operating costs and pushed utilisation below 60%. Although vessels are mobile and can redeploy between regions, each region has its own particular characteristics in terms of the size of OSVs required. The two key regions for the small AHTS fleet (<12,000 Brake Horse Power ("**BHP**")), as of the start of May 2018, were the Middle East and Asia Pacific which contained 30% and 33% of the active small AHTS fleet, respectively.



Source: Clarkson Research Services Limited, July 2018

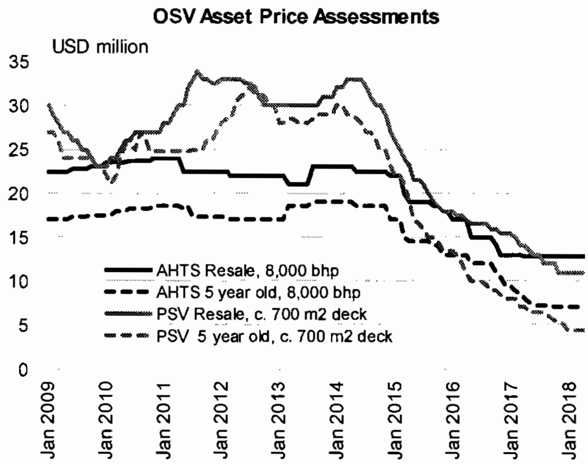
In both regions, dayrates have remained subdued during the last six months. In South East Asia, the dayrate assessment for 6,600-8,000 BHP AHTSs improved marginally to USD5,439/day in June/July 2018, although the spread of rates widened in 2017 and firmer rates were seen for prompt availability. The Middle East has seen higher chartering activity over the last six months, bolstered by work on key fields such as Safaniyah and Upper Zakum. However, due to vessel oversupply, OSV dayrates have remained at low levels. The dayrate assessment for a 5,000 BHP AHTS in the Middle East in April 2018 was USD4,300/day, marginally higher y-o-y.



Source: Clarkson Research Services Limited, July 2018

Since the oil price downturn of mid-2014, OSV newbuild ordering has stalled. As at the start of July 2018, there were 111 AHTSs and 142 PSVs on order. While the delivery and, in some cases, construction of these units has stalled, there is potential for future delivery. The global level of laid up OSVs increased to over 1,000 vessels in July 2016 and has increased to roughly 1,100 vessels, accounting for 24% of the fleet, in May 2018. However, recorded global lay-ups as of May 2018 was 12% below the position at start-2018. There has been some reactivation of vessels, particularly in the North Sea, although approximately 45% of the laid up fleet worldwide is over 15 years of age.

OSV asset price assessments have fallen in response to the weaker charter markets: a five year old 8,000 BHP AHTS, for example, was assessed at USD6.5 million as of end June 2018, 66% below the start-2014 peak. The level of sales activity for OSVs fell 33% y-o-y in 2015, and was essentially stable in 2016. However, the number of vessels sold rose by 62% in 2017, and sales in the first half of 2018 have proceeded at a pace that would exceed 2018 by a further 23% (annualised). In some cases, this represents OSVs being sold for conversion to non-oil and gas uses. Additionally, financial distress at some companies has also added to recent sales volumes. That said, in 2017 and 1H 2018, increased buying interest was also apparent.



Source: Clarkson Research Services Limited, May 2018

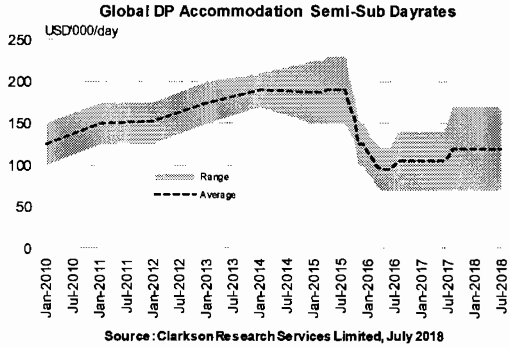
Note (1): OSV Asset Price Assessments are basis willing buyer, willing seller for standard vessels in average condition and with no account taken for survey status or condition which could affect values. Pricing on a distressed or forced basis will be different.

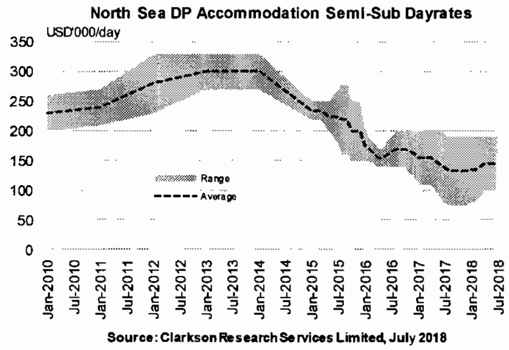
8.3.2. Accommodation Market

Offshore accommodation units can be self-elevating jack-ups, semi-submersibles or monohull constructions. Their role in the offshore industry is to provide additional accommodation for exploration drilling, construction/installation and for production crew. Accommodation can also be provided offshore as a secondary function on a range of other structure types, including fixed platforms, workover rigs, self-elevating platforms and multi-purpose support vessels.

At the start of July 2018, the global offshore accommodation fleet totalled 307 units: 45 jack-ups, 75 floating accommodation unites (including semi-submersibles and vessels) and 187 barges. During 2017, there were some marginal signs of improved dayrates in the accommodation sector, albeit from a low base following the severe correction in rates and surplus capacity generated since 2014. The level of scrapping in the semi-submersible fleet in particular has been positive.

Company No. 175953-W





Dayrates for Dynamic Positioning ("**DP**") semi-submersible accommodation units in regions other than the North Sea have recently been in the range USD70,000-170,000/day, depending on duration, specification and project scope. Within the North Sea, modern DP semi-submersible rates are assessed to be in the range USD100,000-190,000/day as of end-July 2018. However, the situation is slightly different offshore Norway where technical and safety requirements are particularly stringent, limiting the number of qualifying units. As such, rates there can range as high as USD300,000/day or more, in cases where suitable unit availability for a particular work timeframe is limited. Semi-submersible accommodation tendering activity was relatively steady in 2017 and the focus in 2018 may in part be in West Africa (for example the ongoing Egina project) and Brazil.

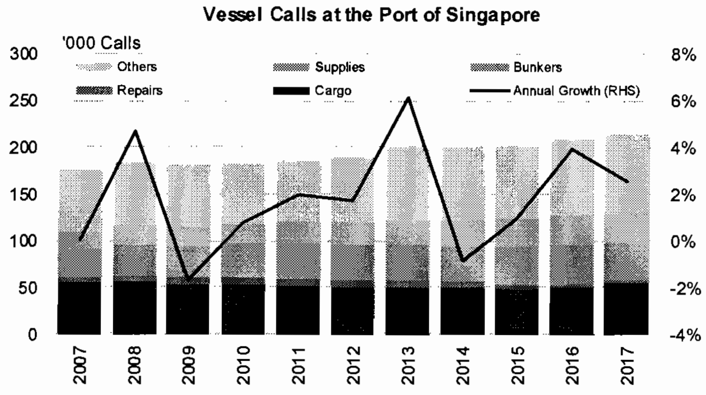
8.3.3. Transport and Installation Demand (Deepwater Inter-regional AHT towage)

Deepwater interregional towage operations typically require large AHTs with significant bollard pull to allow the movement of large completed mobile production units from yards to field locations or portions of production units, such as fixed platform topsides or other components, typically on barges which are then AHT-towed. Some competition is offered to deepwater AHT towage activities by semi-submersible heavy lift vessels. However, many such vessels are unable to mobilise the very largest floating production, storage and offloading vessels ("**FPSOs**"), and cannot support the installation process on location.

In the aftermath of the oil-price downturn of 2014, potential mobile production unit projects were hit by deferral or cancellation. However, during 2017 and 2018, there have been more positive leading indicators, with an upturn in project sanctioning. 11 newbuild or conversion contracts for Mobile Production Units ("**MOPUs**") were recorded in 2017, plus one FPSO redeployment. On the basis of project intelligence, 15 MOPU projects are considered by Clarkson Research Services Limited to be credible prospects for possible contract award in 2018, and there are also two additional likely FPSO redeployments. Recent sanctioning has been buoyed by higher oil prices, and also a resumption of sanctioning activity by Petrobras. At the same time, some projects have undergone redesign efforts, to reduce costs. This has helped to allow projects to be sanctioned in 2017. There are also cases, such as Coral FLNG off East Africa, where recent appraisal has revealed sufficiently positive results that developments have been fast-tracked. Collectively, the upturn in project sanctioning and delivery is positive for the market for large inter-regional towage.

8.3.4. Harbour Services & Emergency Response/Salvage

The primary focus of POSH's harbour services fleet is on tug provision in the port of Singapore. During the course of 2017, vessel calls at Singapore grew by approximately 2.5% y-o-y, and the port has seen growth in each year of the last decade, with the exception of 2009 due to the global financial crisis, and 2014 following a notable drop in commodity prices.



Source: Clarkson Research Services Limited / MPA, July 2018

Emergency response in South East Asia typically involves oil-spill recovery, via the use of offshore vessels with specialist equipment. Oil spills may result either from accidents within the offshore industry, or casualties within the wider marine fleet. South East Asia is also an active area for commercial salvage, given the density of vessel operations via the Strait of Malacca and South China Sea.

8.4 Regional Overview

There are a range of offshore marine service companies operating both regionally and on an international basis. The major offshore regions are as follows:

8.4.1. *North America (Gulf of Mexico)*

North America includes a large number of older fields in the U.S. Gulf and Mexican Bay of Campeche, developed by fixed platforms, which are now in decline. There are also developments focussed on oil in ultra-deepwaters further from shore off the US and Mexico in the Perdido foldbelt area.

The North America region is forecast to account for 13% of global offshore oil and 5% of global offshore gas production in 2018, with regional offshore output basically unchanged y-o-y at 3.46 million bpd and 6.40 billion cubic feet per day ("**cfd**"). The U.S. GoM is a key area for deepwater E&P spending. However, offshore activity in the shallower, gas-prone areas of the U.S. GoM, has been hard hit by the development of shale gas. The area accounts for 17% of the total number of ultra-deepwater projects yet to reach FID globally. These projects are usually focussed on oil and have a slightly brighter future (since slower decline rates provide longer field lives than onshore). Nonetheless, investment in deepwater GoM has faced challenges in light of shale oil. Mexico is a relatively mature offshore producing area containing 67 active offshore fields, many of which are afflicted by severe production decline.

North American offshore oil production is project to grow by 3.7% in 2019. However, regional offshore gas production is projected to decline by 2.3% y-o-y in 2019 before gradually increasing from 2020. Estimated offshore project CAPEX sanctioned in North America declined y-o-y in 2017 to just USD8.9 billion, and was down by 57% versus the pre-downturn year of 2013. Regional offshore project CAPEX could potentially increase in 2018, with a number of projects such as Vito (USD3 billion), Khaleesi-Mormont off the U.S. (USD2 billion) and Hokchi off Mexico (USD2.5 billion) lined up for FIDs.

8.4.2. South America

Latin America is a significant growth region for offshore oil production, primarily as a result of field developments offshore Brazil. Brazil has long had established production in the nearer-shore Campos basin, but the discovery of sub-salt oil deposits in deep waters resulted in a boom in exploration, before a corruption probe at Petrobras reduced activity. Nonetheless, Brazil remains a key area for future deepwater production growth, and is now being joined by new oil discoveries off the North Coast of South America, notably Guyana. Latin American oil output is projected to increase by 3.8% y-o-y to stand at 3.23 million bpd in 2018 and by a further 16% y-o-y in 2019. The region's share of world offshore oil is thus projected to remain flat at 12% in 2017 and this year, before increasing to 14% in 2019. Brazil is the key source of oil output growth underpinning this forecast, with long-delayed FPSO projects such as Lula Norte and Buzios Ph.2, 3 and 4 now looking likely to start up in the next two years. Associated gas output at these projects is also expected to contribute to offshore gas production in the region rising by 1.3% y-o-y to 7.36 billion cfd in 2018. Offshore project sanctioning in Latin America was very limited in the 2014 to 2016 period compared to 2013, when 14 projects with a total estimated project CAPEX of slightly over USD39 billion were sanctioned. While weaker energy prices were a factor in the lower FID levels, the Petrobras corruption scandal (Operation Carwash) was perhaps more decisive. This is because many Brazilian pre-salt projects in fact have comparatively low breakevens, in the USD30-50/bbl range. However, there is now some reason to be cautiously optimistic about FIDs in Latin America. 2018 began positively, with Petrobras issuing tenders for four major FPSO projects, with FIDs expected later in the year. There are eight further Latin American projects with a total CAPEX of USD23.4 billion thought to be FID candidates in 2018.

8.4.3. West Africa

West Africa has long hosted a shallow-water offshore industry in the Gulf of Guinea, dominated by fixed platform developments offshore Nigeria. West Africa has been one of the most important regions for deepwater E&P in the past couple of decades and, in spite of only a partial recovery from oil production outages caused by militant activity in Nigeria, is projected to account for 16% of global offshore oil production in 2018. West African oil output is projected to rise by 3.6% y-o-y in 2018 to stand at 4.19 million bpd, with projects such as Kaombo Ph.1 off Angola (230,000 bpd of oil) scheduled to start ramping up, more than offsetting declines at ageing fields. Offshore gas production in the region is projected to grow by 7.1% y-o-y in 2018 to 3.91 billion cfd (3.2% of global offshore gas output) and by 8.7% in 2019. Even given the slightly improved energy price environment in 2017 compared to 2015-2016, offshore project sanctioning in West Africa was extremely limited last year: just six FIDs were confirmed with a total estimated offshore project CAPEX of USD4.2 billion. In comparison, estimated offshore project CAPEX sanctioned in the region in the 2011-2013 period, pre-downturn, averaged USD24 billion per annum. In 2014, offshore project breakevens in the region tended to be relatively high, at around USD70-90/bbl, compared to around USD30-50/bbl in Brazil and USD50-70/bbl in the U.S. GoM for deepwater and ultra-deepwater projects. Even with cost deflation to date, most West African projects remain challenging. That said, the international oil company BP has been positive about sanctioning the USD5.8bn Greater Tortue Ph.1 gas project off Mauritania in 2018.

8.4.4. Middle East/Indian Subcontinent (ISC)

The Middle East/ISC is a key region for offshore production, as it is projected to account for 29% and 36% of global offshore oil and gas production respectively in 2018.

The region actually hosts a relatively small number of offshore fields, but these fields are typically extremely large to the extent that developments can be divided into tens of individual phases. The region is shallow water and benign environment in nature, meaning that developments are via fixed platforms and jack-up drilling rigs, supported by smaller OSVs. With OPEC oil output cuts thought to be focused onshore and on the basis of scheduled project start-ups such as SARB off the United Arab Emirates (100,000 bpd of oil) and South Pars Ph.14 off Iran (75,000 bpd condensate), offshore oil production in the region is projected to grow by 0.2% y-o-y in 2018 to reach 7.58 million bpd. It is then projected to rise by 2.1% y-o-y in 2019 due to projects such as the 100,000 bpd Umm al-Lulu Ph.2, as well as a range of expansion and Enhanced Oil Recovery ("**EOR**") projects at Indian, Qatari, Iranian and Saudi fields, notably at Saudi Aramco's 900,000 bpd Manifa field, which was partially shut-in last year for unscheduled maintenance. Regional offshore gas output, meanwhile, is projected to rise by 7.2% y-o-y in 2018 to reach 43.4 billion cfd, and by a further 5.7% in 2019. These robust growth rates reflect the scheduled start-up of major projects such as Qatar's Barzan field.

8.4.5. Asia Pacific (including South East Asia)

The Asia Pacific region is projected to account for 10% of global offshore oil production in 2018 as regional output falls by 0.4% y-o-y to 2.55 million bpd. Historically, offshore production has been shallow water in nature, featuring fixed platform developments, although there is also a track record of using FPSOs in shallow waters as central hubs for the tie-back of multiple marginal fields. Although the production of the main Asian offshore countries such as Malaysia, Indonesia and Thailand has focussed on oil, there is now an increased focus on gas, typically using FPSO or FLNG development types. Declining production at mature fields has been a long-standing problem in Asia, though there are some signs that under-investment is causing accelerated decline. The main start-ups forecast to offset some of the production decline from mature fields are in fact gas projects, namely Ichthys and Prelude off Australia, which are designed to also produce 100,000 bpd and 32,000 bpd of associated condensate respectively. This decline in oil output is projected to continue at a rate of 6.6% in 2019, moderated only by a few small South East Asian EOR or expansion project start-ups. The majority (70%) of the 66 fields under development in the region are gas fields, and the short term outlook for offshore gas output in the region is much more robust, mainly because of Ichthys (1.4 billion cfd) and Prelude (0.51 billion cfd). Regional offshore gas production is projected to increase by 5.6% in 2018 to reach 31.2 billion cfd (26% of the global total), and by a further 2.8% y-o-y in 2019.

Summary & Outlook

The offshore markets, and offshore marine service providers, have undergone a severe downturn, which has lasted for more than three years. As of July 2018, there are some signs that the bottom of the market cycle has been reached, and indications that the first steps on the process of return to a more stable market balance are underway. However, dayrates remain low at present and the capacity recalibration required to support a recovery in dayrates is both significant and timing is uncertain. Higher oil prices will help with this, provided that they are sustained but there are still significant challenges ahead for offshore marine service providers, whether that is demand-side risks or the continued surplus capacity for vessel supply from previous heavy ordering. Over the long-term, relatively steady growth in hydrocarbon demand is expected, which should support continued requirements for offshore marine services. However, this is contingent on demand for hydrocarbons being met via offshore developments, rather than from onshore sources such as shale oil.

(Source: Industry Expert's Report of Clarkson Research Services Limited dated 13 August 2018. Note that all information and data is correct as of 1 July 2018 unless otherwise stated)

9. BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENTS OF POSH GROUP

9.1 Borrowings

Borrowings of POSH Group as at 31 December 2017, all of which are interest-bearing, are as follows:

	USD'000
Current	
- Uncommitted revolving loans	161,400
- Term loans	23,064
	184,464
Non-current	
- Committed revolving loans	295,000
- Term loans	289,461
	584,461
Total borrowings (nominal)	**768,925**

(Source: Annual Report of POSH for the FYE 31 December 2017)

9.2 Contingent liabilities

(a) As at 31 December 2017, POSH provided the following guarantees:

	USD'000
Refund and performance guarantees	
- Subsidiaries	4,431
- Joint ventures[(1)]	3,734
Corporate guarantees	
- Subsidiaries[(2)]	312,525
- Joint venture[(3)]	8,688

Notes:

(1) A joint venture partner has provided indemnity to POSH for its proportionate share in the refund and performance guarantees of USD1,330,000 (2016: USD5,930,000).

(2) Corporate guarantees for its subsidiaries' term loans drawn down under various loan facilities with maturities between August 2022 to December 2024.

(3) Corporate guarantees for its proportionate share for a joint venture's banking facilities which POSH is severally liable for in the event of a default by the joint venture.

(b) On 2 September 2015, a writ of summons and statement of claim (the "**Claim**") was served on POSH. POSH had in January 2015 entered into a sale and purchase agreement ("**SPA**") to acquire a property from its owner (the "**Claimant**"). The acquisition was subject to the Claimant obtaining approval from Jurong Town Corporation ("**JTC**"). The application by the Claimant for such approval was rejected by JTC and POSH had sought a refund of the deposit paid under the SPA from the Claimant.

In the Claim, the Claimant claimed for, amongst others, a declaration that it is entitled to forfeit the deposit (including goods and services tax). The Claimant initially also claimed for damages of approximately SGD3,300,000 (USD2,334,000) which it alleged it suffered as a result of the sale of the property not having been completed. The Claimant subsequently reduced its claim for damages of approximately SGD3,300,000 (USD2,334,000) to SGD2,219,000 (USD1,597,000). The Claimant thereafter obtained leave of court to amend its Claim to include the difference in price between the original price under the SPA, and the price at which the Claimant agreed to sell the property to a third party ("**Third Party**") pursuant to an option to purchase issued by the Claimant and accepted by the Third Party. In this regard, the additional amount claimed by the Claimant under the amended Claim is SGD24,500,000 (USD17,632,000), which the Claimant is claiming further or alternatively to its forfeiture of the deposit. Further, the Claimant has maintained its claim for damages of SGD2,219,000 (USD1,597,000) as an alternative claim to its claim for SGD24,500,000 (USD17,632,000).

POSH is defending the amended Claim as well as counterclaiming for the return of the deposit by the Claimant as well as interest and costs. As at the date of these financial statements, the directors of POSH are of the view that no material losses will arise in respect of the legal claim.

(Source: Annual Report of POSH for the FYE 31 December 2017)

9.3 Material capital commitments

Save as disclosed below, there are no other material capital commitments of POSH Group as at 31 December 2017.

Capital commitments	**USD'000**
Capital expenditure in respect of fixed assets contracted with related parties but not provided for in the financial statements	18,395

(Source: Annual Report of POSH for the FYE 31 December 2017)

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10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER, AND EXCESS OFFER SHARES APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL OFFER SHARES, APPLICATION FOR AND PAYMENT OF THE EXCESS OFFER SHARES AS WELL AS THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL AND/OR TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENT(S) FOR THE PROVISIONAL OFFER SHARES ARE SET OUT IN THIS MODIFIED PROSPECTUS, THE ACCOMPANYING ACCEPTANCE FORM AND APPLICABLE FORMS (AS APPLICABLE).

YOU ARE ADVISED TO READ THIS MODIFIED PROSPECTUS, THE ACCEPTANCE FORM, APPLICABLE FORMS (AS APPLICABLE) AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE ACCEPTANCE FORM AND THE APPLICABLE FORMS CAREFULLY. IN ACCORDANCE WITH THE CMSA, THE ACCEPTANCE FORM MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS MODIFIED PROSPECTUS.

The Offer Shares are listed and traded on the Mainboard of the SGX and all the Offer Shares will be deposited with CDP. Accordingly, all dealings in the Offer Shares will be subject to the provisions of the Securities and Futures Act (Cap. 289) of Singapore, the rules of the SGX and any other relevant legislation. You are requested to refer to **Section 10.7** of this Modified Prospectus for the options available to you for the crediting of the Offer Shares.

10.1 General

The entitlements to the Provisional Offer Shares are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the entitlements to the Provisional Offer Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository.

As you are an Entitled Shareholder, your CDS Account has been credited with your entitlement to the Provisional Offer Shares pursuant to the terms of the Restricted Offer For Sale. You will find enclosed with this Modified Prospectus, the NPO notifying you of the crediting of your entitlement to the Provisional Offer Shares into your CDS Account whilst the Acceptance Form and the Applicable Forms (as applicable) are for you to complete should you wish to accept the Provisional Offer Shares, and if applicable, to apply for the Excess Offer Shares.

10.2 Last time and date for acceptance and payment

The last date and time for acceptance of and payment for the Provisional Offer Shares is **5.00 p.m.** on **Tuesday, 18 September 2018**.

10.3 Procedures for acceptance and payment

Acceptance of the Provisional Offer Shares by you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the Acceptance Form and the Applicable Forms (as applicable) enclosed with this Modified Prospectus, which must be completed in accordance with the notes and instructions contained in the Acceptance Form and the Applicable Forms. Acceptances which do not strictly conform to the terms of this Modified Prospectus, the NPO, the Acceptance Form or the Applicable Forms or the notes and instructions contained in any of the foregoing, or which are illegible may not be accepted at the absolute discretion of the Board.

If you accept the Provisional Offer Shares, either in full or in part, please complete Parts I(A), II and III of the Acceptance Form and the Applicable Forms (as applicable) as well as provide the details of your CDP Account or Broker's Omnibus Account for the crediting of the Offer Shares in accordance with the notes and instructions contained in the Acceptance Form and the Applicable Forms (as applicable).

If you have lost or misplaced or for any other reasons require another copy of the Acceptance Form and the Applicable Forms (as applicable), you may obtain additional copies from your stockbroker, the Malaysia Share Registrar for the Restricted Offer For Sale, the Registered Office or the website of Bursa Securities (http://www.bursamalaysia.com).

One (1) Acceptance Form and one (1) set of the Applicable Forms (as applicable) can only be used for acceptance of the Provisional Offer Shares standing to the credit of one (1) CDS Account. Separate Acceptance Form(s) and Applicable Form(s) (as applicable) must be used for the acceptance of the Provisional Offer Shares standing to the credit of more than one (1) CDS Account(s). If your acceptances are valid, the relevant number of Offer Shares will be credited into your CDP Account or Broker's Omnibus Account which is stated in the completed Acceptance Form.

The minimum number of Offer Shares that can be accepted is one (1) Offer Share. Notwithstanding that the ratio of entitlement is 386 Offer Shares for every 1,000 MBC Shares held as at 5.00 p.m. on the Entitlement Date, Entitled Shareholders, who hold less than 1,000 MBC Shares but at least three (3) MBC Shares, are still entitled to at least one (1) Offer Share. However, you should take note that a trading Board Lot size of shares which are listed on SGX is 100 shares. SGX has a Unit Share Market which allows for the trading of odd lots in quantities less than the Board Lot size of 100 units. Fractions of Offer Shares, if any, shall be disregarded, and dealt with in such manner as the Board shall at its absolute discretion deem fit and expedient, and to be in the best interest of the Company.

EACH COMPLETED SET OF ACCEPTANCE FORM AND APPLICABLE FORMS (AS APPLICABLE) MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE OFFER SHARES APPLIED FOR BY WAY OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "MBC OFFER SHARES ACCOUNT", WHICH REVERSE SIDE SHALL BE ENDORSED WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS AND MUST BE RECEIVED BY THE MALAYSIA SHARE REGISTRAR FOR THE RESTRICTED OFFER FOR SALE NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL OFFER SHARES AS SET OUT IN THE COVER PAGE OF THIS MODIFIED PROSPECTUS.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE ACCEPTANCE FORM.

Each completed and signed Acceptance Form and Applicable Forms (as applicable) together with the relevant payment must be sent to the Malaysia Share Registrar for the Restricted Offer For Sale using the reply envelope enclosed in this Modified Prospectus (at your own risk) by **ORDINARY POST, COURIER** or **DELIVERY BY HAND** at the following address:-

For Courier and/or Delivery by Hand:

Symphony Share Registrars Sdn Bhd

Level 6 Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan

Tel no. : +603-7849 0777 (Helpdesk)
Fax no.: +603-7841 8151/ 8152

For Ordinary Post:

Symphony Share Registrars Sdn Bhd

Peti Surat 9150,
Pejabat Pos Kelana Jaya,
46785 Petaling Jaya,
Selangor Darul Ehsan

so as to arrive **not later than 5.00 p.m.** on **Tuesday, 18 September 2018**, being the last date and time for acceptance of and payment for the Provisional Offer Shares.

To facilitate the processing of the Acceptance Form(s) and the Applicable Form(s) (as applicable) by the Malaysia Share Registrar for the Restricted Offer For Sale, you are advised to use one (1) reply envelope for one (1) completed set of Acceptance Form and Applicable Forms (as applicable).

If acceptance of the Provisional Offer Shares allocated to you (whether in full or in part) together with the relevant payment is not received by the Malaysia Share Registrar for the Restricted Offer For Sale by **5.00 p.m.** on **Tuesday, 18 September 2018**, being the last date and time for acceptance of and payment for the Provisional Offer Shares, you will be deemed to have declined the provisional offer made to you and the offer made to you will be deemed to be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Malaysia Share Registrar for the Restricted Offer For Sale.

YOU SHOULD NOTE THAT THE ACCEPTANCE FORM, THE APPLICABLE FORMS (AS APPLICABLE) AND REMITTANCES LODGED WITH THE MALAYSIA SHARE REGISTRAR FOR THE RESTRICTED OFFER FOR SALE SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN VALID OR SUCCESSFUL BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

In the event that any Provisional Offer Shares are not accepted or which acceptances are not valid, the Board will have the right to allocate the relevant Offer Shares to the Entitled Shareholders and/or their renouncee(s) (if applicable) who have applied for the Excess Offer Shares in the manner as set out in **Section 10.5** of this Modified Prospectus. The Board reserves the right to accept any Excess Offer Shares Application in full or in part only without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE ACCEPTANCE FORM AND THE APPLICABLE FORMS (AS APPLICABLE) OR THE APPLICATION MONIES WILL BE GIVEN BY THE COMPANY OR THE MALAYSIA SHARE REGISTRAR FOR THE RESTRICTED OFFER FOR SALE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF CREDITING WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK IN AT LEAST 65 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL OFFER SHARES, OR SUCH OTHER PERIOD AS MAY BE REQUIRED BY CDP TO PROCESS THE CREDITING OF THE OFFER SHARES.

IF YOUR APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK IN AT LEAST 65 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL OFFER SHARES, OR SUCH OTHER PERIOD AS MAY BE REQUIRED BY CDP TO PROCESS THE CREDITING OF THE OFFER SHARES.

10.4 Procedure for sale or transfer of the entitlements to the Provisional Offer Shares

You may sell or transfer all or part of your entitlement to the Provisional Offer Shares to one (1) or more person(s) through your stockbroker for the period up to the last date and time for sale or transfer of the entitlements to the Provisional Offer Shares, without first having to request for a split of such entitlement standing to the credit of your CDS Account.

You may sell all or part of such entitlement on the open market or transfer all or part of such entitlement to such persons as may be allowed under the Rules of Bursa Depository. If you have sold or transferred only part of such entitlement, you may still accept the balance of the Provisional Offer Shares by completing Parts I(A), II and III of the Acceptance Form and the Applicable Forms (as applicable). Please refer to **Section 10.3** of this Modified Prospectus for the procedures of acceptance and payment.

In selling or transferring all or part of your entitlement to the Provisional Offer Shares, you need not deliver any document including the Acceptance Form and the Applicable Forms (as applicable), to your stockbroker in respect of the portion of your entitlement to the Provisional Offer Shares sold or transferred. However, you are advised to ensure that you must have the sufficient number of such entitlement standing to the credit of your CDS Account before selling or transferring.

Purchaser(s) or transferee(s) of the Provisional Offer Shares may obtain a copy of this Modified Prospectus, the Acceptance Form and the Applicable Forms (as applicable) from their stockbrokers, the Malaysia Share Registrar for the Restricted Offer For Sale, the Registered Office or the website of Bursa Securities (http://www.bursamalaysia.com).

10.5 Procedure for Excess Offer Shares Application

As an Entitled Shareholder, you and/or your renouncee(s) (if applicable), may apply for the Offer Shares in excess of your entitlement by completing Part I(B) of the Acceptance Form (in addition to Parts I(A), II and III, in accordance with this Modified Prospectus, notes and instructions contained in the Acceptance Form and the Applicable Forms (as applicable) and forward the signed and completed forms with a **separate remittance made in RM** for the full amount payable for the Excess Offer Shares applied for, to the Malaysia Share Registrar for the Restricted Offer For Sale **not later than 5.00 p.m.** on **Tuesday, 18 September 2018**, being the last date and time for application and payment for the Excess Offer Shares. For clarity, the Entitled Shareholders who have fully renounced their entitlements to the Provisional Offer Shares will not be able to apply for the Excess Offer Shares.

The minimum number of Excess Offer Shares that can be applied for is one (1) Offer Share. However, you and/or your renouncee(s) (if applicable) should take note that a trading Board Lot size of shares which are listed on SGX is 100 shares. SGX has a Unit Share Market which allows for the trading of odd lots in quantities less than the Board Lot size of 100 units.

PAYMENT FOR THE EXCESS OFFER SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.3 OF THIS MODIFIED PROSPECTUS, AND BY WAY OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "MBC EXCESS OFFER SHARES ACCOUNT", WHICH REVERSE SIDE SHALL BE ENDORSED WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS AND MUST BE RECEIVED BY THE MALAYSIA SHARE REGISTRAR FOR THE RESTRICTED OFFER FOR SALE NOT LATER THAN THE LAST DATE AND TIME FOR APPLICATION AND PAYMENT FOR THE EXCESS OFFER SHARES AS SET OUT IN THE COVER PAGE OF THIS MODIFIED PROSPECTUS.

It is the intention of the Board to allot the Excess Offer Shares, if any, on a fair and equitable basis and in the following priority:-

(a) firstly, to minimise the incidence of odd lots;

(b) secondly, for allocation to Entitled Shareholders who have applied for the Excess Offer Shares, on a pro-rata basis and in the Board Lot, calculated based on their respective shareholdings in MBC as at the Entitlement Date;

(c) thirdly, for allocation to Entitled Shareholders who have applied for the Excess Offer Shares, on a pro-rata basis and in the Board Lot, calculated based on the quantum of their respective Excess Offer Shares applied for; and

(d) finally, for allocation to renouncee(s) who have applied for the Excess Offer Shares, on a pro-rata basis and in the Board Lot, calculated based on the quantum of their respective Excess Offer Shares applied for.

In the event there is any remaining balance of the Excess Offer Shares applied for by the Entitled Shareholders and/or renouncee(s) after carrying out steps (a) to (d) as set out above, steps (b) to (d) will be repeated to allocate the remaining balance of the Excess Offer Shares to the Entitled Shareholders and/or renouncee(s) who have applied for the Excess Offer Shares until such balance is fully allocated.

Notwithstanding the above, the Board reserves the right to allocate any Excess Offer Shares applied for under Part I(B) of the Acceptance Form in such manner as the Board deems fit and expedient, and in the best interest of the Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in steps (a) to (d) above is achieved. The Board reserves the right to accept any application for the Excess Offer Shares, in full or in part, without assigning any reason thereof.

YOU SHOULD NOTE THAT THE ACCEPTANCE FORM, THE APPLICABLE FORMS (AS APPLICABLE) AND REMITTANCES LODGED WITH THE MALAYSIA SHARE REGISTRAR FOR THE RESTRICTED OFFER FOR SALE SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

EXCESS OFFER SHARES APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN SUCCESSFUL BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE ACCEPTANCE FORM AND THE APPLICABLE FORMS (AS APPLICABLE) OR THE EXCESS APPLICATION MONIES WILL BE GIVEN BY THE COMPANY OR THE MALAYSIA SHARE REGISTRAR FOR THE RESTRICTED OFFER FOR SALE IN RESPECT OF THE EXCESS OFFER SHARES. HOWEVER, IF YOUR EXCESS OFFER SHARES APPLICATION IS SUCCESSFUL, A NOTICE OF CREDITING WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK IN AT LEAST 65 MARKET DAYS FROM THE LAST DATE AND TIME FOR APPLICATION AND PAYMENT FOR THE EXCESS OFFER SHARES, OR SUCH OTHER PERIOD AS MAY BE REQUIRED BY CDP TO PROCESS THE CREDITING OF THE OFFER SHARES.

IF YOUR EXCESS OFFER SHARES APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE EXCESS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK IN AT LEAST 65 MARKET DAYS FROM THE LAST DATE AND TIME FOR APPLICATION AND PAYMENT FOR THE EXCESS OFFER SHARES, OR SUCH OTHER PERIOD AS MAY BE REQUIRED BY CDP TO PROCESS THE CREDITING OF THE OFFER SHARES.

10.6 Procedure to be followed by renouncees

If you are a renouncee or you have purchased any entitlements to the Provisional Offer Shares, you may obtain a copy of the Modified Prospectus, the Acceptance Form and the Applicable Forms (as applicable) from your stockbrokers, the Malaysia Share Registrar for the Restricted Offer For Sale, the Registered Office or the website of Bursa Securities (http://www.bursamalaysia.com).

As a renouncee, the procedures for acceptance of and payment for the Provisional Offer Shares and applying for Excess Offer Shares are the same as that which are applicable to the Entitled Shareholders as set out in **Sections 10.3 and 10.5** of this Modified Prospectus. Please refer to the relevant sections for the procedures to be followed.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS MODIFIED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS MODIFIED PROSPECTUS, THE ACCEPTANCE FORM AND THE APPLICABLE FORMS (AS APPLICABLE) CAREFULLY.

10.7 Options available for crediting of Offer Shares

You may select only **ONE (1)** option for the crediting of the Offer Shares in Part II of the Acceptance Form, and such option selected will be irrevocable and cannot be subsequently changed and will be applicable to your acceptance of the Provisional Offer Shares if it is valid and, if applicable, to your Excess Offer Shares Application if it is successful.

If you do not select an option in the Acceptance Form, or if you select more than **ONE (1)** option in the Acceptance Form, the Acceptance Form may be treated as invalid, and may be rejected at the absolute discretion of the Board.

The options for crediting of the Offer Shares that are available to you if you wish to participate in the Restricted Offer For Sale are as follows:

(i) Option 1 - Crediting of the Offer Shares into a CDP Account

If you wish to select Option 1, you are required to have a valid and subsisting CDP Account before completing, signing and submitting the Acceptance Form, Excess Offer Shares Application (if applicable) and Applicable Forms (as applicable) for crediting of the Offer Shares.

If you have an existing CDP Account, you are required to provide the account details of your CDP Account in Part II of the Acceptance Form for the crediting of the Offer Shares and complete Parts 1 and III of the Acceptance Form and the Applicable Forms (as applicable). The Offer Shares will only be credited into the CDP Account as specified in such forms. Please note that the name of the CDP Account holder must be exactly the same as your name as the CDS Account holder as shown in our Record of Depositors.

If you do not have an existing CDP account and wish to have the Offer Shares credited into a CDP account, you have to apply to the CDP directly to open a CDP Account. Please note that CDP may require some time to process your application.

For the opening of the CDP Account, please refer to the link at https://www1.cdp.sgx.com/sgx-cdp-web/login for further information.

As you need to have the details of your CDP Account to complete the Acceptance Form, Excess Offer Shares Application (if applicable) and Applicable Forms (as applicable), it is important for you to have the CDP Account opened as soon as possible so that you will have sufficient time to complete and lodge the Acceptance Form by the last date and time of acceptance of and payment for the Provisional Offer Shares. Alternatively, you may wish to consider and select Option 2 set out below.

If you wish to proceed with this Option 1, you are advised to read, understand, consider the contents of the Applicable Forms (as applicable) and adhere to the notes and instructions for completing the Acceptance Form and the Applicable Forms (as applicable) carefully.

You are required to complete and lodge the Acceptance Form, Excess Offer Shares Application (if applicable) and Applicable Forms (as applicable) with the Malaysia Share Registrar for the Restricted Offer For Sale, whose contact details are set out in **Section 10.3** of this Modified Prospectus, by the last date and time of acceptance and payment.

The Offer Shares (including where applicable, the Excess Offer Shares) which you have successfully applied for, will be credited into your CDP Account. No physical share certificates will be issued to you under the Restricted Offer For Sale.

(ii) Option 2 - Crediting of the Offer Shares into a Nominated Broker's Omnibus Account

If you wish to select Option 2, you are required to have a trading account with a Nominated Broker that is participating in the Restricted Offer For Sale to facilitate the crediting and future dealings of the Offer Shares. The following is a list of the Nominated Brokers:

NAMES OF NOMINATED BROKERS	ADDRESS	TELEPHONE	EMAIL
Affin Hwang Investment Bank Berhad	Level 2,3,4, 7 & 8, Wisma Sri Pinang, 60 Green Hall, 10200 Penang (Customer Service Department)	+604-263 6996	securities@affinhwang.com
CIMB Investment Bank Berhad	12th Floor, Menara CIMB, No. 1 Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur	+603-2261 0777	wb.cdkl@cimb.com
Hong Leong Investment Bank Berhad	Mezzanine Floor, Block B, HP Towers, No. 12 Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur	+603-2080 8777	helpdesk@hlib.hongleong.com.my
Maybank Investment Bank Berhad	Level 5, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur	+603-2297 8727	mariammz@maybank-ib.com chemuhammadfaiz.cmz@maybank-ib.com
RHB Investment Bank Berhad	Customer Relationship Centre, Level 1, Tower 3, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur	+603-2113 8118	support@rhbgroup.com

If you do not have an existing CDP Account or a trading account with any Nominated Broker, or do not wish to open a CDP Account, you will have to open a trading account with one of the Nominated Brokers before submitting your Acceptance Form and, where applicable, your Excess Offer Shares Application to the Malaysia Share Registrar for the Restricted Offer For Sale. Please note that you are not required to complete and submit the Applicable Forms if you select Option 2.

This Option 2 is not applicable to an Entitled Shareholder who is a citizen or permanent resident of Singapore, or who is an entity that is incorporated or registered with or approved by any authority in Singapore. Such Entitled Shareholders are required to have valid and subsisting CDP Accounts for the crediting of the Offer Shares, that is, only Option 1 above is available to such Entitled Shareholders.

Please note that the applicable fees/charges on the opening of the trading account with the Nominated Broker are to be borne by you. Please refer to your Nominated Broker for further information.

You would then need to notify your Nominated Broker on your acceptance of the Provisional Offer Shares and, where applicable, your Excess Offer Shares Application before completing, signing and submitting the Acceptance Form and, where applicable, Excess Offer Shares Application for crediting of the Offer Shares.

Your Nominated Broker then is required to provide the details of its depository account in Singapore to the Malaysia Share Registrar for the Restricted Offer For Sale for the crediting of the Offer Shares.

The Offer Shares (including where applicable, Excess Offer Shares) which you have successfully applied for, will be credited into your Broker's Omnibus Account provided by your Nominated Broker. No physical share certificates will be issued to you under the Restricted Offer For Sale.

The Company, Principal Adviser and Malaysia Share Registrar for the Restricted Offer For Sale are not responsible for verifying or ensuring the accuracy and completeness of the details provided by you and your Nominated Broker for the Restricted Offer For Sale.

Failure to comply with the specific instructions for applications or any inaccuracy or incompleteness or illegibility in the CDP Account details or other information that you provide in the Acceptance Form, Excess Offer Shares Application (if applicable) and the Applicable Forms (as applicable) may result in your acceptance of the Provisional Offer Shares or, if applicable, your Excess Offer Shares Application being rejected.

The transaction costs relating to the transfer/crediting of the Offer Shares to the successful applicants for the Restricted Offer For Sale will be borne by MBC.

After the crediting of the Offer Shares into your CDP Account or Broker's Omnibus Account, the trading of the Offer Shares may be executed as follows:

(i) If the Offer Shares are credited into a CDP Account

You may execute trades through a brokerage, according to such brokerage's usual practices.

(ii) If the Offer Shares are credited into a Broker's Omnibus Account

If you have activated the CBT capabilities for stocks listed on SGX with the Nominated Broker, you may trade according to the usual practices of your Nominated Broker.

10.8 Form of issuance

The Offer Shares are listed on the Mainboard of the SGX and hence all the Offer Shares will be deposited with CDP. Accordingly, all dealings in the Offer Shares will be subject to the provisions of the Securities and Futures Act (Cap. 289) of Singapore, the rules of the SGX and any other relevant legislation. The valid acceptance of the Provisional Offer Shares and successful Excess Offer Shares Application shall mean that the relevant Offer Shares will be credited directly into your CDP Account or Broker's Omnibus Account. No physical share certificates will be issued to you.

A notice of crediting will be despatched to you by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk in at least 65 Market Days from the last date for acceptance of and payment for the Provisional Offer Shares, or such other period as may be required by CDP to process the crediting of the Offer Shares.

10.9 Laws of foreign countries or jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any jurisdiction other than Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that the Restricted Offer For Sale complies with the laws of any countries or jurisdictions other than the laws of Malaysia.

As such, the Documents and the Applicable Forms will not be despatched to the Entitled Shareholders who do not have a registered address in Malaysia as stated in the Record of Depositors as at **5.00 p.m.** on **28 August 2018** or who have not provided the Malaysia Share Registrar for the Restricted Offer For Sale with an address in Malaysia for despatch of the Documents and the Applicable Forms by **5.00 p.m.** on **28 August 2018**. Persons receiving the Documents and the Applicable Forms (including without limitation, custodians, nominees and trustees), must not, in connection with the Restricted Offer For Sale distribute or send the Documents and the Applicable Forms outside of Malaysia. However, the Foreign Addressed Shareholders may collect the Documents and the Applicable Forms from the Malaysia Share Registrar for the Restricted Offer For Sale who is entitled to request such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the Documents and the Applicable Forms.

We will not make or be bound to make any enquiry as to whether you have an address or address for service in Malaysia other than as stated in the Record of Depositors on the Entitlement Date or have provided the Malaysia Share Registrar for the Restricted Offer For Sale with an address in Malaysia for the despatch of the Documents and the Applicable Forms as at **5.00 p.m.** on **28 August 2018** and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. We will assume that the Restricted Offer For Sale and the acceptance by the Entitled Shareholders thereof would not be in breach of the laws of any jurisdiction.

To the extent you accept your Provisional Offer Shares and/or apply for the Excess Offer Shares, your acceptance of the terms thereof will be deemed to be in compliance with the Restricted Offer For Sale and not in breach of the laws of any country or jurisdiction. To the extent you accept your Provisional Offer Shares and/or apply for the Excess Offer Shares, you will be deemed to have accepted the Restricted Offer For Sale in Malaysia and be subject to the laws of Malaysia with respect thereto.

All Entitled Shareholders and/or their renouncee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject. Neither we, the Board, Principal Adviser, nor any other adviser to the Restricted Offer For Sale ("**Parties**" and each, a "**Party**") shall accept any responsibility or liability whatsoever in the event any acceptance or renunciation made by any Entitled Shareholder and/or his renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction. Such Entitled Shareholders and/or their renouncee(s) (if applicable) will also have no claims whatsoever against any Party in respect of their entitlements or to any proceeds thereof.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements in any country or jurisdiction outside Malaysia. The Offer Shares relating to any acceptances which is treated as invalid will be included in the pool of the Excess Offer Shares available for Excess Offer Shares Applications by other Entitled Shareholders and/or their renouncee(s) (if applicable).

By signing any of the forms in the Documents and the Applicable Forms, the Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) the Parties that:

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Restricted Offer For Sale, be in breach of the laws of any jurisdiction to which those Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) are or may be subject to;

(ii) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) are aware that the Provisional Offer Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) have obtained a copy of this Modified Prospectus and have access to such financial and other information and have been afforded the opportunity to pose such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to purchase the Offer Shares; and

(vi) Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of purchasing the Offer Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Offer Shares.

Persons receiving the Documents and the Applicable Forms (including without limitation custodians, nominees and trustees) must not, in connection with the Restricted Offer For Sale, offer, distribute or send it into any jurisdiction outside of Malaysia where to do so would or might contravene local securities, exchange control or relevant laws or regulations.

Any person who forward the Documents and the Applicable Forms to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section, and the Company reserves the right to reject a purported acceptance of the Offer Shares pursuant to any application by Foreign Addressed Shareholders and/or their renouncee(s) (if applicable) in any jurisdiction other than Malaysia.

10.10 Timeline

Event	Date and time
Entitlement Date	Tuesday, 28 August 2018
Last date and time for:	
Sale of entitlements to the Provisional Offer Shares	Wednesday, 5 September 2018 at 5.00 p.m.
Transfer of entitlements to the Provisional Offer Shares	Thursday, 13 September 2018 at 4.00 p.m.
Acceptance of and payment for the Provisional Offer Shares	Tuesday, 18 September 2018 at 5.00 p.m.
Application and payment for the Excess Offer Shares	Tuesday, 18 September 2018 at 5.00 p.m.
Crediting of the Offer Shares (including Excess Offer Shares)	Thursday, 20 December 2018*
Despatch notices of crediting of the Offer Shares (including Excess Offer Shares)	Monday, 24 December 2018^

Notes:

* *Or such other date depending on the period as may be required by CDP.*

^ *Within 2 Market Days or such other period as may be required by CDP upon crediting of the Offer Shares.*

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11. TERMS AND CONDITIONS

The sale of the Offer Shares pursuant to the Restricted Offer For Sale is governed by the terms and conditions as set out in the Documents.

12. FURTHER INFORMATION

You are requested to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of
MALAYSIAN BULK CARRIERS BERHAD

DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID
Independent Non-Executive Chairman

CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTION PERTAINING TO THE RESTRICTED OFFER FOR SALE PASSED AT THE EGM HELD ON 11 MAY 2018

MALAYSIAN BULK CARRIERS BERHAD

(Company No: 175953-W)

(Incorporated In Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF MALAYSIAN BULK CARRIERS BERHAD ("MBC" OR "COMPANY") HELD AT BANQUET HALL, TPC KUALA LUMPUR (KUALA LUMPUR GOLF & COUNTRY CLUB BERHAD), NO. 10, JALAN 1/70D, OFF JALAN BUKIT KIARA, 60000 KUALA LUMPUR ON FRIDAY, 11 MAY 2018 AT 12:00 P.M.

ORDINARY RESOLUTION

PROPOSED DISPOSAL OF UP TO 386,385,645 ORDINARY SHARES IN PACC OFFSHORE SERVICES HOLDINGS LTD. ("POSH") ("OFFER SHARES"), WHICH ARE CURRENTLY HELD BY A WHOLLY-OWNED SUBSIDIARY OF MBC KNOWN AS LIGHTWELL SHIPPING INC. ("LSI"), BY WAY OF THE PROPOSED RENOUNCEABLE RESTRICTED OFFER FOR SALE OF THE OFFER SHARES, TO ALL SHAREHOLDERS OF MBC ON A PRO-RATA BASIS OF 386 OFFER SHARES FOR EVERY 1,000 EXISTING ORDINARY SHARES HELD IN MBC, AT AN OFFER PRICE, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED DISPOSAL BY WAY OF THE PROPOSED ROS")

The Chairman put the Ordinary Resolution to vote. The results of the poll for Ordinary Resolution were as follows:

Voted For		Voted Against		Results
No. of shares	%	No. of shares	%	
685,023,563	99.9440	383,860	0.0560	Carried

It was **RESOLVED THAT**:

THAT approval be and is hereby given to the Company to dispose of up to 386,385,645 Offer Shares representing approximately 21.23% of the total issued shares in POSH as at 23 April 2018, which are directly held by a wholly-owned subsidiary of the Company known as LSI, to all shareholders of MBC whose names appear on the Company's Record of Depositors ("**Entitled Shareholders**") at the close of business on a date to be determined by the Board of Directors of MBC ("**Board**") and announced later ("**Entitlement Date**"), by way of a renounceable restricted offer for sale of the Offer Shares by the Company to the Entitled Shareholders on the basis of 386 Offer Shares for every 1,000 shares in MBC held by the Entitled Shareholders as at the Entitlement Date at an offer price to be determined and announced by the Board later;

THAT the Board be and is hereby empowered and authorised to deal with any fractional entitlements, if any, that may arise from the Proposed Disposal by way of the Proposed ROS in such manner and on such terms and conditions as the Board shall in its absolute discretion deem fit, necessary and/or expedient, and to be in the best interests of the Company (including without limitation to disregard such fractional entitlements);

THAT any Offer Shares which are not validly taken up or which are not allocated for any reason whatsoever shall first be made available for excess shares application in such manner as the Board shall in its absolute discretion deem fit, necessary and/or expedient, and to be in the best interests of the Company;

THAT the proceeds of the Proposed Disposal by way of the Proposed ROS be utilised for the purposes as set out in the Circular to the shareholders of the Company dated 26 April 2018, and the Board be and is hereby empowered and authorised to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, and to be in the best interests of the Company subject (where required) to the approval of the relevant authorities;

CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTION PERTAINING TO THE RESTRICTED OFFER FOR SALE PASSED AT THE EGM HELD ON 11 MAY 2018 *(CONT'D)*

Malaysian Bulk Carriers Berhad
Extract of Minutes of Extraordinary General Meeting held on 11 May 2018

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds, and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement and give full effect to and complete the Proposed Disposal by way of the Proposed ROS, with full powers to assent to any conditions, variations, modifications and/or amendments as the Board may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Disposal by way of the Proposed ROS.

CERTIFIED TRUE COPY OF THE ORIGINAL

OOI POOI TENG
Secretary
MAICSA 7055594
Date: 25 July 2018

INFORMATION ON POSH

1. HISTORY AND BUSINESS

POSH is a company incorporated in Singapore on 7 March 2006 under the Companies Act, (Cap. 50) of Singapore as a private company limited by shares under the name of PACC Offshore Pte. Ltd. On 23 October 2007, it changed its name to PACC Offshore Services Holdings Pte. Ltd. On 2 April 2014, it was converted into a public company limited by shares and changed its name to PACC Offshore Services Holdings Ltd.

The principal businesses of POSH are general shipping and investment holding. The principal businesses of its subsidiaries and joint ventures are the provision of offshore marine support services.

Its fleet operates worldwide, serving offshore oilfields in Asia, Africa, Middle East, North and Latin America, by providing vessels and services for projects involving many of the world's major oil companies and established international offshore contractors.

POSH Group operates across four (4) major business divisions, namely, offshore supply vessels, offshore accommodation, transportation and installation, and harbour services and emergency response. POSH is one of the leading offshore marine services providers in offshore and marine oil field services.

POSH was admitted to the Mainboard of the SGX and commenced trading on 25 April 2014.

As at 31 March 2018, the POSH Group's fleet size consists of the following:

Type of Vessel	Number of Vessels
Owned by POSH Group	
Offshore Supply Vessels	39
Offshore Accommodation Vessels	10
Transportation and Installation Vessels	25
Harbour Services Vessels	11
Emergency Response Vessels	3
Owned by joint ventures	
Offshore Supply Vessels	5
Offshore Accommodation Vessels	1
Transportation and Installation Vessels	13
Harbour Services Vessels	18

(Source: Certificate confirming incorporation of Company and certificate of conversion (private company to public company) of POSH extracted from the records of ACRA on 3 July 2018 and Annual Report of POSH for the FYE 31 December 2017.)

2. SHARE CAPITAL

The total share capital of POSH as at the LPD is USD827,201,098 comprising 1,820,000,000 POSH Shares (including 6,359,600 POSH Shares held in treasury)[(1)].

The changes in the number of issued shares (excluding treasury shares) and the number of treasury shares held by POSH for the past three (3) years preceding the LPD are as follows:-

Date of share buyback / share issuance	No. of shares bought back / issued	Consideration / Type	No. of issued shares excluding treasury shares after buy back / issuance	No. of treasury shares held after buy back / issuance
11 August 2015	55,000	SGD 19,038.95 / Share buy back by way of market acquisition	1,819,945,000	55,000
12 August 2015	15,000	SGD 5,069.95 / Share buy back by way of market acquisition	1,819,930,000	70,000
13 August 2015	50,000	SGD 16,801.97 / Share buy back by way of market acquisition	1,819,880,000	120,000
14 August 2015	50,000	SGD 16,801.97 / Share buy back by way of market acquisition	1,819,830,000	170,000
17 August 2015	100,000	SGD 34,161.67 / Share buy back by way of market acquisition	1,819,730,000	270,000
18 August 2015	150,000	SGD 49,563.32 / Share buy back by way of market acquisition	1,819,580,000	420,000
19 August 2015	450,000	SGD 133,865.38 / Share buy back by way of market acquisition	1,819,130,000	870,000
20 August 2015	122,100	SGD 35,769.95 / Share buy back by way of market acquisition	1,819,007,900	992,100
21 August 2015	484,000	SGD 144,927.16 / Share buy back by way of market acquisition	1,818,523,900	1,476,100
24 August 2015	479,000	SGD 136,938.61 / Share buy back by way of market acquisition	1,818,044,900	1,955,100
25 August 2015	155,100	SGD 45,118.57 / Share buy back by way of market acquisition	1,817,889,800	2,110,200

INFORMATION ON POSH *(CONT'D)*

Date of share buyback / share issuance	No. of shares bought back / issued	Consideration / Type	No. of issued shares excluding treasury shares after buy back / issuance	No. of treasury shares held after buy back / issuance
26 August 2015	349,600	SGD 104,353.29 / Share buy back by way of market acquisition	1,817,540,200	2,459,800
28 August 2015	63,800	SGD 21,119.33 / Share buy back by way of market acquisition	1,817,476,400	2,523,600
31 August 2015	100,000	SGD 32,099.30 / Share buy back by way of market acquisition	1,817,376,400	2,623,600
2 September 2015	45,100	SGD 14,476.80 / Share buy back by way of market acquisition	1,817,331,300	2,668,700
3 September 2015	300,000	SGD 96,923.83 / Share buy back by way of market acquisition	1,817,031,300	2,968,700
4 September 2015	61,100	SGD 19,540.96 / Share buy back by way of market acquisition	1,816,970,200	3,029,800
7 September 2015	90,800	SGD 29,146.16 / Share buy back by way of market acquisition	1,816,879,400	3,120,600
8 September 2015	200,000	SGD 63,697.03 / Share buy back by way of market acquisition	1,816,679,400	3,320,600
9 September 2015	228,000	SGD 72,042.86 / Share buy back by way of market acquisition	1,816,451,400	3,548,600
10 September 2015	300,000	SGD 94,290.67 / Share buy back by way of market acquisition	1,816,151,400	3,848,600
21 September 2015	181,900	SGD 57,978.08 / Share buy back by way of market acquisition	1,815,969,500	4,030,500
22 September 2015	142,500	SGD 45,741.50 / Share buy back by way of market acquisition	1,815,827,000	4,173,000

INFORMATION ON POSH *(CONT'D)*

Date of share buyback / share issuance	No. of shares bought back / issued	Consideration / Type	No. of issued shares excluding treasury shares after buy back / issuance	No. of treasury shares held after buy back / issuance
23 September 2015	17,200	SGD 5,533.11 / Share buy back by way of market acquisition	1,815,809,800	4,190,200
25 September 2015	154,800	SGD 49,667.98 / Share buy back by way of market acquisition	1,815,655,000	4,345,000
28 September 2015	115,000	SGD 36,412.39 / Share buy back by way of market acquisition	1,815,540,000	4,460,000
29 September 2015	136,800	SGD 43,225.72 / Share buy back by way of market acquisition	1,815,403,200	4,596,800
30 September 2015	89,100	SGD 28,600.47 / Share buy back by way of market acquisition	1,815,314,100	4,685,900
2 October 2015	200,000	SGD 63,195.49 / Share buy back by way of market acquisition	1,815,114,100	4,885,900
5 October 2015	100,000	SGD 32,099.30 / Share buy back by way of market acquisition	1,815,014,100	4,985,900
6 October 2015	100,000	SGD 32,099.30 / Share buy back by way of market acquisition	1,814,914,100	5,085,900
7 October 2015	77,000	SGD 24,716.45 / Share buy back by way of market acquisition	1,814,837,100	5,162,900
13 October 2015	100,000	SGD 34,607.06 / Share buy back by way of market acquisition	1,814,737,100	5,262,900
14 October 2015	100,000	SGD 34,105.50 / Share buy back by way of market acquisition	1,814,637,100	5,362,900
11 November 2015	300,000	SGD 103,821.15 / Share buy back by way of market acquisition	1,814,337,100	5,662,900
12 November 2015	200,000	SGD 67,709.46 / Share buy back by way of market acquisition	1,814,137,100	5,862,900

INFORMATION ON POSH *(CONT'D)*

Date of share buyback / share issuance	No. of shares bought back / issued	Consideration / Type	No. of issued shares excluding treasury shares after buy back / issuance	No. of treasury shares held after buy back / issuance
13 November 2015	100,000	SGD 33,102.40 / Share buy back by way of market acquisition	1,814,037,100	5,962,900
17 November 2015	200,000	SGD 68,211.01 / Share buy back by way of market acquisition	1,813,837,100	6,162,900
19 November 2015	100,000	SGD 33,603.95 / Share buy back by way of market acquisition	1,813,737,100	6,262,900
23 November 2015	54,600	SGD 18,347.77 / Share buy back by way of market acquisition	1,813,682,500	6,317,500
24 November 2015	100,000	SGD 33,603.95 / Share buy back by way of market acquisition	1,813,582,500	6,417,500
26 November 2015	100,000	SGD 33,067.09 / Share buy back by way of market acquisition	1,813,482,500	6,517,500
27 November 2015	79,300	SGD 25,824.91 / Share buy back by way of market acquisition	1,813,403,200	6,596,800
30 November 2015	100,000	SGD 32,576.51 / Share buy back by way of market acquisition	1,813,303,200	6,696,800
7 December 2015	100,000	SGD 32,566.07 / Share buy back by way of market acquisition	1,813,203,200	6,796,800
9 December 2015	100,000	SGD 32,065.06 / Share buy back by way of market acquisition	1,813,103,200	6,896,800
22 December 2015	100,000	SGD 30,311.51 / Share buy back by way of market acquisition	1,813,003,200	6,996,800
23 December 2015	1,200	SGD 392.90 / Share buy back by way of market acquisition	1,813,002,000	6,998,000
24 December 2015	50,000	SGD 15,783.49 / Share buy back by way of market acquisition	1,812,952,000	7,048,000

INFORMATION ON POSH *(CONT'D)*

Date of share buyback / share issuance	No. of shares bought back / issued	Consideration / Type	No. of issued shares excluding treasury shares after buy back / issuance	No. of treasury shares held after buy back / issuance
28 December 2015	50,000	SGD 15,533.38 / Share buy back by way of market acquisition	1,812,902,000	7,098,000
29 December 2015	100,000	SGD 30,812.51 / Share buy back by way of market acquisition	1,812,802,000	7,198,000
30 December 2015	96,600	SGD 29,038.91 / Share buy back by way of market acquisition	1,812,705,400	7,294,600
4 January 2016	100,000	SGD 30,060.99 / Share buy back by way of market acquisition	1,812,605,400	7,394,600
6 January 2016	100,000	SGD 30,060.99 / Share buy back by way of market acquisition	1,812,505,400	7,494,600
7 January 2016	100,000	SGD 29,559.98 / Share buy back by way of market acquisition	1,812,405,400	7,594,600
8 January 2016	81,100	SGD 23,566.82 / Share buy back by way of market acquisition	1,812,324,300	7,675,700
11 January 2016	100,000	SGD 29,058.96 / Share buy back by way of market acquisition	1,812,224,300	7,775,700
12 January 2016	29,400	SGD 8,703.46 / Share buy back by way of market acquisition	1,812,194,900	7,805,100
15 January 2016	100,000	SGD 29,559.98 / Share buy back by way of market acquisition	1,812,094,900	7,905,100
22 February 2016	100,000	SGD 28,557.94 / Share buy back by way of market acquisition	1,811,994,900	8,005,100
26 February 2016	9,800	SGD 2,918.99 / Share buy back by way of market acquisition	1,811,985,100	8,014,900
5 September 2016	38,000	SGD 11,241.55 / Share buy back by way of market acquisition	1,811,947,100	8,052,900

INFORMATION ON POSH *(CONT'D)*

Date of share buyback / share issuance	No. of shares bought back / issued	Consideration / Type	No. of issued shares excluding treasury shares after buy back / issuance	No. of treasury shares held after buy back / issuance
3 January 2017	1,873,000	SGD 589,058.50 / Vesting of share awards	1,813,820,100	6,179,900
6 June 2017	19,200	SGD 5,789.22 / Share buy back by way of market acquisition	1,813,800,900	6,199,100
8 June 2017	50,000	SGD 14,783.07 / Share buy back by way of market acquisition	1,813,750,900	6,249,100
28 June 2017	50,000	SGD 14,532.96 / Share buy back by way of market acquisition	1,813,700,900	6,299,100
14 July 2017	4,000	SGD 1,167.25 / Share buy back by way of market acquisition	1,813,696,900	6,303,100
23 August 2017	6,500	SGD 1,847.53 / Share buy back by way of market acquisition	1,813,690,400	6,309,600
4 September 2017	50,000	SGD 14,783.07 / Share buy back by way of market acquisition	1,813,640,400	6,359,600

Note:

(1) Based on POSH's unaudited financial statement and dividend announcement for the second quarter and the six (6)-months ended 30 June 2018 dated 6 August 2018 on the website of SGX.

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3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING

Assuming all the Entitled Shareholders subscribe in full their respective entitlements under the Restricted Offer For Sale and do not apply for any Excess Offer Shares, the pro forma effects of the Restricted Offer For Sale on the substantial shareholders' shareholdings in POSH are as follows:

	As at the LPD[(1)]				After the Restricted Offer For Sale			
	Direct		Deemed		Direct		Deemed	
Name	**No. of POSH Shares**	**%[(5)]**	**No. of POSH Shares**	**%[(5)]**	**No. of POSH Shares**	**%[(5)]**	**No. of POSH Shares**	**%[(5)]**
Kuok (Singapore) Limited	1,084,184,065	59.57	399,625,645[(2)]	21.96	1,084,184,065	59.57	146,394,289[(6)]	8.04
Pacific Carriers Limited	-	-	386,385,645[(3)]	21.23	133,154,289[(7)]	7.32	-[(8)]	-
Malaysian Bulk Carriers Berhad	-	-	386,385,645[(4)]	21.23	-	-	-[(8)]	-
Lightwell Shipping Inc.	386,385,645	21.23	-	-	-[(8)]	-	-	-

Notes:

(1) Based on the publicly available information on the website of the SGX.

*(2) Kuok (Singapore) Limited ("**KSL**") holds the entire issued share capital of Pacific Carriers Limited ("**PCL**") and Camsward Pte Ltd ("**Camsward**"). Accordingly, KSL is deemed to have an interest pursuant to Section 4 of the Securities and Futures Act (Chapter 289 of Singapore)("**SFA**") in:*
(i) the 13,240,000 POSH Shares held by Camsward directly; and
(ii) the 386,385,645 POSH Shares that PCL is deemed interested in.

(3) PCL holds 344,615,000 MBC Shares, representing more than 20% of the entire issued share capital of MBC as at LPD. Accordingly, PCL is deemed to have an interest pursuant to Section 4 of the SFA in the 386,385,645 POSH Shares held by MBC's subsidiary, LSI.

INFORMATION ON POSH *(CONT'D)*

(4) MBC owns all the issued shares in LSI. Accordingly, MBC is deemed to have an interest pursuant to Section 4 of the SFA in the 386,385,645 POSH Shares held by LSI.

(5) Percentage shareholding in the issued shares in POSH is rounded to two (2) decimal places and is based on the total number of 1,820,000,000 POSH Shares (including 6,359,600 POSH Shares held in treasury) as at the LPD.

(6) KSL is deemed to have an interest pursuant to Section 4 of the SFA in:
(i) the 13,240,000 POSH Shares held by Camsward directly; and
(ii) the 133,154,289 POSH Shares held by PCL directly.

(7) Assuming PCL subscribes in full for its entitlements of 133,154,289 Offer Shares based on its existing shareholding in MBC of 344,615,000 and does not apply for any Excess Offer Shares.

(8) Assuming the Entitled Shareholders subscribes in full for their respective entitlements pursuant to the Restricted Offer For Sale.

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4. DIRECTORS AND KEY MANAGEMENT PERSONNEL

4.1 Particulars of POSH's Directors

The details of POSH's Directors as at the LPD are as follows:-

Name	Address	Age	Nationality	Designation
Kuok Khoon Ean	6A Queen Astrid Park Singapore 266797	62	Singapore Citizen	Chairman and Non-Executive Director
Seow Kang Hoe, Gerald	12 Jalan Seaview Singapore 438326	64	Singapore Citizen	Chief Executive Officer and Executive Director
Wu Long Peng	26 Almond Street Singapore 677866	64	Singapore Citizen	Non-Executive Director
Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid	B-3A-1 Hampshire Residences Persiaran Hampshire Off Jalan Ampang 50450 Kuala Lumpur	68	Malaysian	Independent Non-Executive Director
Ma Kah Woh	18 Sunset Place Clementi Park Singapore 597366	70	Singapore Citizen	Independent Non-Executive Director
Dato' Jude Philomen Benny	14 Brighton Crescent Singapore 559158	60	Singapore Citizen	Lead Independent Non-Executive Director
Wee Joo Yeow	457 Upper East Coast Road #08-01 The Summit Singapore 466503	70	Singapore Citizen	Independent Non-Executive Director
Ivan Replumaz	28 Jalan Kasturi 1 Nusajaya 79250 Malaysia	67	French	Independent Non-Executive Director

(Source: Annual Report of POSH for FYE 31 December 2017 and Business Profile of POSH extracted from the records of ACRA on 10 August 2018.)

4.2 Shareholdings of POSH's Directors

Assuming all of POSH's directors who are Entitled Shareholders subscribe for their respective entitlements in full (including deemed interest) under the Restricted Offer For Sale and do not apply for any Excess Offer Shares, the pro forma effects of the Restricted Offer For Sale on POSH's directors' shareholdings in POSH are as follows:

	As at the LPD[(1)]				After the Restricted Offer For Sale[(1)(2)]			
	Direct		Deemed		Direct		Deemed	
Name	**No. of POSH Shares**	**%[(3)]**	**No. of POSH Shares**	**%[(3)]**	**No. of POSH Shares**	**%[(3)]**	**No. of POSH Shares**	**%[(3)]**
Kuok Khoon Ean	-	-	1,725,000	0.09	-	-	1,725,000	0.09
Seow Kang Hoe, Gerald	8,078,043[(4)]	0.44	3,750,000[(5)]	0.21	8,078,043[(4)]	0.44	3,750,000[(5)]	0.21
Wu Long Peng	5,626,542	0.31	2,812,500[(5)]	0.15	6,254,418[(6)]	0.34	2,812,500[(5)]	0.15
Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid	1,020,000	0.06	-	-	1,213,192[(7)]	0.07	7,727[(8)]	[(9)]
Ma Kah Woh	200,000	0.01	-	-	200,000	0.01	-	-
Dato' Jude Philomen Benny	250,000	0.01	38,000	[(9)]	250,000	0.01	38,000	[(9)]
Wee Joo Yeow	500,000	0.03	-	-	500,000	0.03	-	-
Ivan Replumaz	-	-	-	-	-	-	-	-

Notes:

(1) *Based on the publicly available information on the website of the SGX.*

(2) *In ascertaining whether POSH's directors are Entitled Shareholders and their entitlements under the Restricted Offer For Sale, MBC has relied solely on the information disclosed in the Record of Depositors of MBC dated 10 August 2018. The information disclosed from the Record of Depositors is limited to shareholdings, if any, in MBC held directly by the relevant POSH's director via his/her CDS Account or nominee account. A POSH's director's deemed interest, if any, in MBC cannot be ascertained from the Record of Depositors. Save for Wu Long Peng and Dato' Ahmad Sufian @ Qurnain bin Abdul Rashid (who are directors of MBC), it is assumed that there is no change in the deemed interest of POSH's directors.*

(3) *Percentage shareholding in the issued shares in POSH is rounded to two (2) decimal places and is based on the total number of 1,820,000,000 POSH Shares (including 6,359,600 POSH Shares held in treasury) as at the LPD.*

INFORMATION ON POSH *(CONT'D)*

*(4) This excludes 1,558,000 POSH Shares which underlie the 1,558,000 share awards granted to Seow Kang Hoe Gerald pursuant to the POSH Performance Share Plan ("**PSP**") awards. The vesting of the PSP awards is subject to achievement of performance and/or service conditions as determined by the remuneration committee of the board of directors of POSH.*

(5) Seow Kang Hoe Gerald and Wu Long Peng have been granted options over POSH Shares by KSL. These options are to be exercised from 5 August 2015 to 4 August 2018.

(6) Assuming Wu Long Peng subscribes in full for his entitlements of 627,876 Offer Shares based on its existing shareholding in MBC of 1,625,000 MBC Shares and does not apply for any Excess Offer Shares.

(7) Assuming Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid subscribes in full for his entitlements of 193,192 Offer Shares based on its existing shareholding in MBC of 500,000 MBC Shares and does not apply for any Excess Offer Shares.

(8) Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid is deemed interested in 20,000 shares in MBC pursuant to Section 8 of the Act. Assuming the Entitled Shareholder subscribes in full for its entitlement of 7,727 Offer Shares based on its existing shareholding in MBC of 20,000 MBC Shares and does not apply for any Excess Offer Shares.

(9) Negligible.

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4.3 Particulars of POSH's Key Management Personnel

The details of POSH's key management personnel are as follows:-

Name	Designation	Profile
Mr. Seow Kang Hoe, Gerald	Chief Executive Officer and Executive Director	Mr. Gerald Seow has more than 40 years of experience in the shipping industry, including 15 years of sea-going experience and more than 20 years of senior management experience. He began his career at Neptune Orient Lines Limited in 1971 and remained with the Neptune Orient Lines Limited group until 1996. From 1986 to 1996, he came ashore and served in various senior management positions within the Neptune Orient Lines Limited group in Singapore and the United States of America. In 1996, he joined Pacific Carriers Limited and was instrumental in developing the liner shipping business, the offshore marine services business (under POSH since 2006) and the shipbuilding business for Pacific Carriers Limited and Kuok (Singapore) Limited. Mr. Seow holds a Certificate of Competency as Master of a Foreign-Going Ship from the Ministry of Transport of New Zealand and a Degree of Master of Science in Shipping, Trade and Finance from The City University of London.
Mr. Lee Keng Lin	Deputy Chief Executive Officer	Mr. Lee Keng Lin is responsible for overseeing day-to-day operations for the POSH Group and works closely with the Chief Executive Officer to grow the POSH Group's business and drive performance measurement in all operational aspects. Mr. Lee has more than 10 years of experience in the offshore marine industry and has been with the POSH Group since 2007. He was part of the team that led the acquisition of PSA Marine's offshore business in 2007 and has been instrumental in the development and operations of various joint ventures and new business divisions. Prior to this, he was employed by PSA International as its Corporate and Business Development Manager, where he was responsible for business development and charters of harbour tugs and offshore support vessels. Mr. Lee graduated with a First Class Honours in Engineering from the National University of Singapore and was on the Vice Chancellor's List. He completed the Advanced Management Programme at INSEAD and is also a CFA Charterholder.

INFORMATION ON POSH *(CONT'D)*

Name	Designation	Profile
Mr. Michael Lim	Chief Financial Officer	Mr. Michael Lim oversees the POSH Group's finance functions, including corporate finance, treasury, risk management, capital management and investor relations. Mr. Lim has more than 20 years of experience in finance and controllership functions in various corporate and government sectors, including Aurecon Asia Pacific Group, IM Flash LLP and the Central Provident Fund Board. He previously served as POSH's Deputy Chief Financial Officer and Financial Controller. Mr. Lim is a member of the Institute of Chartered Accountants of Singapore.
Mr. Chai Ulva	Divisional Director Offshore Accommodation	Mr. Chai Ulva is the Divisional Director of Offshore Accommodation and has been instrumental in the development and expansion of the business. Mr. Chai has more than 15 years of experience in the offshore marine industry. He was a Manager with PSA Marine Pte. Ltd. from 2000 to 2006, handling business development and overseas charters of harbour tugs, and served as a Director in PSA Marine's joint venture company in Fuzhou, China. From 2006 to 2007, Mr. Chai was an Assistant General Manager in PSA Marine's offshore business. Since POSH's acquisition of the business in 2007, Mr. Chai has served the POSH Group as General Manager of POSH Maritime Pte. Ltd., and Divisional Director of various business units within POSH Semco Pte. Ltd. including Offshore Construction Support, Transportation & Installation (Shallow Water) and Offshore Accommodation.
Mr. Sim Hee Ping	Divisional Director Fleet Services & Fleet Health, Safety, Environment & Quality Assurance (HSEQA)	Mr. Sim Hee Ping heads POSH's fleet management division. He is responsible for the overall technical management, safety and training of the POSH Group's offshore crew. Mr. Sim has more than 35 years of experience in the shipping industry. Prior to joining the POSH Group in 2009, he held various positions with Neptune Orient Lines Limited from 1977 to 2006. He started out as a cadet engineer in 1977 and worked his way up to become a chief engineer in 1987, responsible for equipment and machinery on board Neptune Orient Lines Limited ships. Between 1987 and 1989, he was seconded to Jurong Shipyard as a Ship Repair Manager. He was also a technical superintendent from 1989 to 1998 and a Technical Director from 1998 to 2006, in charge of managing Neptune Orient Lines Limited vessels. From 2006 to 2008, he was seconded to Neptune Shipmanagement Services Pte. Ltd., the ship management arm of Neptune Orient Lines Limited, as Managing Director.

INFORMATION ON POSH *(CONT'D)*

Name	Designation	Profile
Mr. Ng Eng Khin	Divisional Director Transportation & Installation (Deepwater)	Mr. Ng Eng Khin is the President of POSH Terasea Offshore Pte Ltd, the POSH Group's specialist offshore service contractor joint venture. He has held the position since POSH Terasea's formation and oversaw the subsequent injection of the POSH Group's entire Transportation & Installation (Deepwater) business into the joint venture. Mr. Ng has more than 35 years of experience in the offshore marine industry. He was involved in PSA Marine's offshore business prior to POSH's acquisition of the business in 2007. Mr. Ng was a Project Superintendent in charge of design, project operation and execution from 1977 to 1986 and a Senior Manager from 1985 to 2001. He was also a General Manager from 2001 to 2007 specialising in project management, operation and execution of complex transportation and installation projects, as well as being responsible for sales, marketing and development. Mr. Ng has been instrumental in the development of the POSH Group's Transportation & Installation (Deepwater) business.
Mr. Teo Kim Leng Kelvin	Divisional Director Offshore Supply Vessels	Mr. Teo Kim Leng Kelvin is the Divisional Director of Offshore Supply Vessels responsible for overseeing the growth and development of the division. Mr. Teo has more than 10 years of experience in the offshore marine industry. From 2006 to 2009, he was a Marketing Manager, and later promoted to Deputy General Manager with POSH Semco Pte Ltd. As Deputy General Manager, his responsibilities included exploring business opportunities in new markets and management of the chartering team. In 2010, he was promoted to General Manager of the Deepwater Services Division and later to Senior General Manager in 2014. He oversaw the growth of the OSV fleet at POSH and worked closely with the Director and senior management in overseeing the chartering and operation team.

(Source: Annual Report of POSH for FYE 31 December 2017)

5. SUBSIDIARIES AND JOINT VENTURES

Based on the publicly available information from the website of the SGX, the results of the electronic instant information business profile searches on each of the Singapore incorporated entities obtained from the ACRA on or prior to LPD, and results of public searches conducted on the non-Singapore incorporated entities obtained on or prior to LPD (where applicable), the details of the subsidiaries and joint ventures of POSH are set out in the table below:

Name	Date and place of incorporation	Issued and paid-up share capital	Proportion of ownership interest	Principal activities
SUBSIDIARIES				
Crescent Marine Pte. Ltd.	22 May 2015 Singapore	USD1,000	100%	Chartering of ships, barges and boats with crew (freight)
Crescent Marine (Alpha) Pte. Ltd.	12 July 2017 Singapore	USD50,000	100%	Owner and operator of vessels
Crescent Marine (Bravo) Pte. Ltd.	23 October 2017 Singapore	USD50,000	100%	Owner and operator of vessels
Condor Shipping Pte. Ltd.	24 March 2008 Singapore	USD50,000	100%	Owner and operator of vessels
Eide Marine Offshore B.V.	4 February 2014 The Netherlands	EUR1,000	100%	Renting and leasing of ships, support activities for water transport
Ibis Shipping Pte. Ltd.	9 May 1987 Singapore	USD4,340,906	100%	Owner and operator of vessels
Jacana Shipping Pte. Ltd.	13 March 2008 Singapore	USD50,000	100%	Owner and operator of vessels
Larkspur Pte. Ltd.	28 November 2012 Singapore	SGD1	100%	Dormant
Labrador Shipping Corporation	12 March 2009 Malaysia	USD6,400,000	100%	Dormant

Name	Date and place of incorporation	Issued and paid-up share capital	Proportion of ownership interest	Principal activities
Maritime Alpha Pte. Ltd.	22 August 1987 Singapore	USD2,170,453	100%	Owner and operator of vessels
Maritime Bravo Pte. Ltd.	18 December 2007 Singapore	USD50,000	100%	Owner and operator of vessels
Maritime Charlie Pte. Ltd.	19 December 2007 Singapore	USD50,000	100%	Owner and operator of vessels
Maritime Delta Pte. Ltd.	9 September 2008 Singapore	USD50,000	100%	Owner and operator of vessels
Maritime Vanguard Pte. Ltd.	14 November 2008 Singapore	USD50,000	100%	Operator of vessels for offshore marine support services
Mayan Investments Pte. Ltd.	1 September 2011 Singapore	USD1	100%	Investment holding
Newfoundland Shipping Corporation	6 March 2013 Malaysia	USD1,580,001	100%	Dormant
POSH Fleet Services Pte. Ltd.	25 January 2008 Singapore	USD500,000	100%	Provision of ship management services
POSH Maritime Pte. Ltd.	23 October 2002 Singapore	USD723,484	100%	Dormant
POSH Semco Pte. Ltd.	11 June 1986 Singapore	USD7,234,843	100%	Operator of vessels for offshore marine support services
Raven Pte. Ltd.	28 November 2006 Singapore	USD36,174	100%	Owner and operator of vessels
Semco Salvage (I) Pte Ltd	4 April 1986 Singapore	USD2,387,498	100%	Owner and operator of vessels

INFORMATION ON POSH *(CONT'D)*

Name	Date and place of incorporation	Issued and paid-up share capital	Proportion of ownership interest	Principal activities
Semco Salvage (II) Pte Ltd	4 April 1986 Singapore	USD3,356,967	100%	Owner and operator of vessels
Semco Salvage (III) Pte Ltd	4 April 1986 Singapore	USD3,299,088	100%	Owner and operator of vessels
Semco Salvage (IV) Pte Ltd	26 July 1986 Singapore	USD1,446,969	100%	Owner and operator of vessels
Semco Salvage (V) Pte Ltd	30 October 1986 Singapore	USD3,255,679	100%	Owner and operator of vessels
Semco Salvage And Towage Pte. Ltd.	26 November 2013 Singapore	USD50,000	100%	Owner and operator of vessels
Singapore Oil Spill Response Centre Pte Ltd	15 December 1993 Singapore	USD325,568	100%	Provision of services to control pollution from oil and chemical spillage and to protect the marine environment
Starling Shipping Pte. Ltd.	13 March 2008 Singapore	USD50,000	100%	Owner and operator of vessels
Swallow Pte. Ltd.	29 March 2007 Singapore	USD50,000	100%	Owner and operator of vessels
Adara Limited	19 October 2006 British Virgin Islands	USD1	100%	Owner and operator of vessels
Pacc Offshore (UK) Limited	16 December 2010 United Kingdom	GBP1	100%	Dormant
Pacific Cosmo Ventures Limited	2 January 2015 British Virgin Islands	USD1	100%	Owner and operator of vessels

INFORMATION ON POSH *(CONT'D)*

Name	Date and place of incorporation	Issued and paid-up share capital	Proportion of ownership interest	Principal activities
POSH Australia Pty Ltd	9 June 2009 Australia	AUD100	100%	Dormant
POSH (USA) Inc.	2 December 2010 United States	USD1,000	100%	Dormant
Valley Ocean Limited	19 January 2015 British Virgin Islands	USD1	100%	Owner and operator of vessels
POSH Saudi Co. Ltd.	6 January 2016 Kingdom of Saudi Arabia	SAR1,000,000	75%	Operator of vessels for offshore marine support services
POSH Investment Holdings Pte. Ltd.	3 August 2011 Singapore	USD50,000	100%	Dormant
Maritime Echo Pte. Ltd.	17 July 2018 Singapore	USD50,000	100%	Ship-owning
Held through subsidiaries				
POSH Semco (B) Sdn. Bhd.	25 November 2015 Brunei	BND2	100%	Dormant
Operadora de Servicios Costa Afuera S.A. de C.V.	13 December 2011 Mexico	MXN50,000	99%	Service company
POSH Fleet Services Mexico S.A. de C.V.	23 November 2011 Mexico	MXN100,000	99%	Dormant
POSH Gannet S.A. de C.V.	23 October 2013 Mexico	MXN1,000	100%	Owner and operator of vessels
POSH Skua S.A. de C.V.	23 October 2013 Mexico	MXN1,000	100%	Owner and operator of vessels

INFORMATION ON POSH *(CONT'D)*

Name	Date and place of incorporation	Issued and paid-up share capital	Proportion of ownership interest	Principal activities
POSH Subsea Pte. Ltd.	19 June 2018 Singapore	USD50,000	100%	Subsea construction, installation, SURF, Inspection, Maintenance and Repair (IMR) related services
JOINT VENTURES				
Nimitrans Pte. Ltd.	14 April 2011 Singapore	USD1,000,000	50%	Owner and operator of vessels
Pacific Workboats Pte. Ltd.	2 June 1987 Singapore	SGD500,000	50%	Owner and operator of vessels
POSH Havila Pte. Ltd.	7 September 2006 Singapore	USD31,500,000	50%	Owner and operator of vessels
POSH Terasea Pte. Ltd. and its subsidiaries	28 February 2013 Singapore	USD15,100,000	50%	Owner and operator of vessels
POSH Middle East Marine Services LLC	8 May 2017 Abu Dhabi	AED150,000	49%	Offshore business
PT Win Offshore	19 July 2011 Indonesia	IDR238,400,000,000	49%	Owner and operator of vessels
PT Mandiri Abadi Maritim	1 April 2005 Indonesia	IDR2,500,000,000	49%	Owner and operator of vessels
PACC Offshore Mexico S.A. de C.V.	13 December 2011 Mexico	MXN100,000, representing the fixed portion and MXN39,000,000 in the variable portion	49%	Offshore business
Servicios Maritimos POSH, S.A.P.I. de C.V. and its subsidiaries	22 March 2012 Mexico	MXN50,000	49%	Offshore business

Name	Date and place of incorporation	Issued and paid-up share capital	Proportion of ownership interest	Principal activities
Servicios Maritimos Gosh, S.A.P.I. de C.V.	27 August 2011 Mexico	MXN100,000, representing the fixed portion MXN519,900,000 pesos, representing the variable portion	73.5%	Offshore business
POSH Kerry Renewables Co., Ltd	8 August 2018 Taiwan	TWD6,000,000	60%	Chartering and operating of vessels and related activities

6. PROFIT AND DIVIDEND RECORD

The audited consolidated financial statements of POSH Group for the past three (3) years up to the FYE 31 December 2017 and the unaudited financial statement for the second quarter and the six (6)-months FPE 30 June 2018 are set out below. The audited financial statements of POSH Group for the financial years under review were not subject to any audit qualifications.

	<--------------------Audited	------------------------	------------------------>	Unaudited
	<----------------FYE 31 December	---------------	--------------->	6-months FPE 30 June
	2015	2016	2017	2018
	USD'000	USD'000	USD'000	USD'000
Revenue	280,820	183,100	192,237	153,707
Gross profit/(loss)	58,026	4,985	(13,398)	24,171
Finance cost	(10,357)	(14,412)	(22,847)	(14,068)
Share of joint ventures' result	(9,526)	(13,814)	2,359	(464)
Loss before tax	(129,131)	(370,313)	(225,433)	(6,992)
Net loss attributable to equity holders of the company	(130,959)	(371,448)	(230,266)	(12,988)
Total shareholders' equity/ NA	1,061,043	688,332	460,275	454,610
Total borrowings (interest-bearing)	559,730	708,332	768,925	771,250
Share capital	827,201	827,201	827,201	827,201
Number of ordinary shares (excluding treasury shares) ('000)	1,812,705	1,811,947	1,813,640	1,813,640
Basic LPS (in US cents)	(7.20)	(20.50)	(12.70)	(0.72)
Diluted LPS (in US cents)	(7.20)	(20.50)	(12.70)	(0.72)
NA per share (in US cents)	58.53	37.98	25.37	25.06
Current ratio (times)	0.26	0.45	0.49	0.52
Gearing ratio (times)[(1)]	0.53	1.03	1.67	1.70
Dividends paid (USD'000)	20,093[(2)]	6,704[(3)]	-	-

Notes:

(1) Computed based on total borrowings over total shareholders' equity.

(2) *Dividend of SGD0.015 per ordinary share for FYE 31 December 2014 paid in FYE 31 December 2015. In FYE 31 December 2014, the POSH Group maintained revenue versus the previous year at USD234.0 million and generated a net profit attributable to shareholders of USD53.2 million in the year in review. Underlining POSH's commitment to shareholders, POSH proposed a dividend of 1.5 Singapore cents per share to shareholders for FYE 31 December 2014, representing a cash payout of 38%.*

(3) *Dividend of SGD0.005 per ordinary share for FYE 31 December 2015 paid in FYE 31 December 2016. In FYE 31 December 2015, POSH Group reported a net loss of USD131.0 million for the year. Excluding the impairment/write off and gain from disposal, net profit was USD13.6 million compared to USD9.7 million in the previous year. The Board of Directors of POSH proposed a final dividend of 0.5 Singapore cents per ordinary share for the FYE 31 December 2015.*

(Source: Annual Reports of POSH for the FYE 31 December 2015, 2016, 2017 and POSH's unaudited financial statement and dividend announcement for the second quarter and the six (6)-months ended 30 June 2018)

Commentary on past performance

FYE 31 December 2015

Revenue increased 20% year-on-year in the FYE 31 December 2015 to USD280.8 million from USD234.0 million, driven by the offshore accommodation division of POSH. Offshore accommodation ("**OA**") division revenue grew by more than twice to USD93.2 million in FYE 31 December 2015 from the previous year. This came about mainly due to contributions from POSH Xanadu and the three newbuild E-Class Light Construction Vessels.

The net loss attributable to shareholders of USD131.0 million recorded for the year was the result of a prudent step to take a non-cash goodwill and fixed asset impairment of USD148.4 million. This reflected deteriorating macro conditions that affected the entire industry and it had no impact on operational performance or cash reserves. During the year in review, the increased uncertainty in the geopolitical environment and continued declines in the price of oil led to oil and gas majors rationalising project schedules and investments. This has continued to affect the offshore oil and gas services sector, with corresponding pressure on charter rates and vessel utilisation across the industry.

(Source: Annual Report of POSH for the FYE 31 December 2015)

FYE 31 December 2016

Revenue decreased by 35% year-on year in the FYE 31 December 2016 to USD183.1 million. This was driven predominantly by the adverse market conditions, which had a negative impact on charter and utilisation rates across the four major business divisions of POSH.

The net loss attributable to shareholders of USD371.4 million for the year was primarily attributable to the impairments on fixed assets and goodwill of USD310.1 million. The impairments reflect prevailing market conditions, which affected the entire industry, as asset valuations continued to come under pressure.

(Source: Annual Report of POSH for the FYE 31 December 2016)

FYE 31 December 2017

For the FYE 31 December 2017, POSH improved revenue by 5% year-on-year to USD192.2 million on higher contribution across most business divisions. The OA segment continued to support the POSH Group's diversified strategy in 2017. OA revenue increased by 14% for 2017 to USD81.8 million mainly due to contribution from POSH Arcadia, offset by lower contribution from POSH Xanadu and lower utilisation for other vessels in the segment.

POSH Group's net loss attributable to shareholders was USD230.3 million in FYE 31 December 2017. The net loss attributable to shareholders included a write-down of fixed assets at USD108.3 million and impairment of goodwill at USD57.1 million, which are reflective of the prevailing challenges in POSH's industry. During the financial year, the POSH Group carried out a review of the recoverable amount of its vessels and vessels under construction, in view of the depressed conditions in the offshore marine sector. An impairment of USD103.9 million (2016: USD194.2 million) and USD4.4 million (2016: USD4.7 million), representing the write-down of these vessels and vessels under construction respectively to their recoverable amounts was recognised. The recoverable amount of these vessels and vessels under construction was based on the higher of fair value less cost of disposal or value in use. The fair value less cost of disposal was determined by an independent valuer.

(Source: Annual Report of POSH for the FYE 31 December 2017)

6-months ended 30 June 2018

In the 1st half of FYE 31 December 2018, the POSH Group registered revenue of USD153.7 million (1st half of FYE 31 December 2017: USD77.2 million), an increase of 99% or USD76.5 million. This was mainly due to improved vessel utilisation across the business segments and higher average daily charter rates for the OA segment. While average daily charter rates were lower against the same period last year, offshore supply vessels segment revenue increased by 36% to USD47.8 million (1st half of FYE 31 December 2017: USD35.2 million) mainly due to higher vessel utilisation of 72% (1st half of FYE 31 December 2017: 61%).

OA segment revenue increased 268% to USD84.3 million (1st half of FYE 31 December 2017: USD22.9 million) mainly due to revenue contribution from POSH Arcadia, from the Shell Prelude project and POSH Xanadu which started work in early March 2018 for the Chevron Big Foot TLP project, and coupled with higher utilisation and higher average daily charter rates from the rest of the OA vessels. Transportation and installation segment revenue increased by 16% to USD9.7 million (1st half of FYE 31 December 2017: USD8.3 million) mainly due to higher vessel utilisation of 63% (1st half of FYE 31 December 2017: 40%). Harbour services and emergency response segment registered an 11% increase in revenue to USD12.0 million (1st half of FYE 31 December 2017: USD10.8 million) mainly due to new salvage projects and higher revenue from heavy lift vessels.

General and administrative expenses increased by 42% or USD5.2 million to USD17.4 million (1st half of FYE 31 December 2017: USD12.2 million) mainly due to increase in personnel expenses as a result of the reversal of prior year bonus provision in 1st half of FYE 31 December 2017, increased legal costs as well as higher allowance for doubtful debts. Finance costs increased by 43% or USD4.2 million to USD14.1 million (1st half of FYE 31 December 2017: USD9.9 million) mainly due to higher loan balances and higher interest rates in 1st half of FYE 31 December 2018. Share of joint ventures' loss decreased by 79% or USD1.7 million to USD0.5 million in 1st half of FYE 31 December 2018 (1st half of FYE 31 December 2017: USD2.2 million loss) mainly due to higher vessel utilisation from POSH's Indonesian joint venture. Accordingly, the POSH Group's net loss attributable to shareholders decreased to USD13.0 million in 1st half of FYE 31 December 2018 compared to USD29.6 million in 1st half of FYE 31 December 2017.

(Source: POSH's unaudited financial statement and dividend announcement for the second quarter and the six (6)-months ended 30 June 2018)

Other matters

POSH had on 11 April 2018 announced on the website of the SGX that:

(a) it has recorded pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts); and

(b) its latest six (6)-month average daily market capitalisation as at 10 April 2018 is SGD657.88 million.

According to Rule 1311(1) of the listing manual of the SGX, SGX will place an issuer on the watch-list if (i) it records pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts); and (ii) an average daily market capitalisation of less than SGD40 million over the last six (6) months. In this regard, POSH's latest six (6)-month average daily market capitalisation as at 10 April 2018 is SGD657.88 million, which exceeds SGD40 million.

(Source: Announcement made by POSH on 11 April 2018 on the website of the SGX)

Pursuant to paragraph 2.2 of Practice Note 13.2 of the listing manual of the SGX, SGX conducts half-yearly reviews to identify issuers to be included on the watch-list. The half-yearly review will take place on the first Market Day of June and December of each year. Upon identifying an issuer for inclusion in the watch-list, SGX will promptly notify the issuer of its status and the issuer will be required to make an immediate announcement.

7. SHARE PRICES

The monthly high and low prices of POSH Shares as traded on the SGX for the past twelve (12) months from August 2017 up to July 2018 are as follows:

Month	**High (SGD)**	**Low (SGD)**
2017		
August	0.310	0.265
September	0.370	0.295
October	0.355	0.330
November	0.370	0.320
December	0.345	0.330
2018		
January	0.460	0.345
February	0.460	0.360
March	0.390	0.360
April	0.370	0.305
May	0.345	0.305
June	0.335	0.300
July	0.325	0.290
Last transacted market price of POSH Shares on 29 March 2018, being the last trading day immediately before the announcement of the Restricted Offer For Sale on 2 April 2018		0.365
Last transacted market price of POSH Shares on 10 August 2018, being the last trading day immediately before the price-fixing date on 13 August 2018.		0.305
Last transacted market price of POSH Shares as at the LPD		0.320
Last transacted market price of POSH Shares on 23 August 2018, being the last trading day prior to the ex-date for the Restricted Offer For Sale		0.295

(Source: Bloomberg)

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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MALAYSIAN BULK CARRIERS BERHAD AS AT 31 DECEMBER 2017

(Prepared for inclusion in the Modified Prospectus)

13 August 2018

The Board of Directors
Malaysian Bulk Carriers Berhad
Level 17 & 18, PJ Tower
No. 18 Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DISPOSAL OF UP TO 386,385,645 ORDINARY SHARES IN PACC OFFSHORE SERVICES HOLDINGS LTD. ("OFFER SHARES"), WHICH ARE CURRENTLY HELD BY A WHOLLY-OWNED SUBSIDIARY OF MALAYSIAN BULK CARRIERS BERHAD ("MBC") KNOWN AS LIGHTWELL SHIPPING INC., BY WAY OF RENOUNCEABLE RESTRICTED OFFER FOR SALE OF THE OFFER SHARES, TO ALL SHAREHOLDERS OF MBC ("DISPOSAL")

We have completed our assurance engagement to report on the compilation of pro forma consolidated statement of financial position of MBC (or "the Company") prepared by the Directors of the Company ("Directors"). The pro forma consolidated statement of financial position as at 31 December 2017 of MBC ("Pro Forma Consolidated Statement of Financial Position") and the related notes are set out in Appendix III of the Modified Prospectus to be issued by the Company.

The applicable criteria on the basis of which Directors have compiled the Pro Forma Consolidated Statement of Financial Position are as described in Note 1 of Appendix I to this report.

The Pro Forma Consolidated Statement of Financial Position has been compiled by the Directors to illustrate the impact of the Disposal set out in Note 1 of Appendix I to this report on the Company's consolidated financial position as at 31 December 2017. As part of this process, information about the financial position has been extracted by the Directors from the financial statements for the year ended 31 December 2017, on which audit report has been published.

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The Director's Responsibility for the Pro Forma Consolidated Statement of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis of the applicable criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Malaysian Approved Standard on Quality Control, ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statement of Financial Position have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position.

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Our Responsibilities (Contd.)

The purpose of Pro Forma Consolidated Statement of Financial Position included in the Modified Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro Forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statement of Financial Position reflect the proper application of those adjustments to the unadjusted consolidated statement of financial position.

The procedures selected depend on our judgment, having regard to our understanding of the nature of MBC and its subsidiaries ("MBC Group"), the event or transaction in respect of which the Pro Forma Consolidated Statement of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statement of Financial Position of MBC has been compiled, in all material respects, on the basis of the applicable criteria.

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Other Matters

This report is issued for the sole purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia in connection with the Disposal. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Disposal described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Disposal.

Yours faithfully

Ernst & Young	Phang Oy Lin
AF: 0039	No. 02985/03/2020 J
Chartered Accountants	Chartered Accountant

Malaysian Bulk Carriers Berhad

Ernst & Young (AF: 0039)
Chartered Accountants, Kuala Lumpur
For identification purposes only

Appendix I

Pro Forma Consolidated Statement Of Financial Position as at 31 December 2017

The Pro Forma Consolidated Statement of Financial Position of MBC as at 31 December 2017 set out below have been prepared for illustrative purposes only and to show the effects of the events and transactions referred to in the notes to the Pro Forma Consolidated Statement of Financial Position.

	Note	Audited as at 31.12.2017 RM'000	Adjustment for Disposal RM'000	Adjustment for utilisation of proceeds RM'000	Pro forma RM'000
Assets					
Non-current assets					
Property, plant and equipment		471,671	-	-	471,671
Deposits		56,788	-	-	56,788
Associate		394,963	(394,963)	-	-
Joint ventures		75,974	-	-	75,974
		999,396			604,433
Current assets					
Consumable stores		7,344	-	-	7,344
Receivables and other current assets		44,742	-	-	44,742
Short term deposits		19,894	-	-	19,894
Cash and bank balances		52,339	240,051	(68,300)	224,090
		124,319			296,070
Non-current assets classified as held for sale		83,224	-	-	83,224
		207,543			379,294
Total assets		1,206,939			983,727
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital		338,791	-	-	338,791
Cash flow hedge reserve		6,647	(6,461)	-	186
Foreign currency translation reserve		606,026	(396,801)	-	209,225
		612,673			209,411
Accumulated losses	3	(425,685)	248,350	-	(177,335)
Net assets		525,779			370,867
Non-controlling interests		23,404	-	-	23,404
Total equity		549,183			394,271

Malaysian Bulk Carriers Berhad

Ernst & Young (AF: 0039)
Chartered Accountants, Kuala Lumpur
For identification purposes only

Appendix I

Pro Forma Consolidated Statement Of Financial Position as at 31 December 2017 (contd.)

	Note	Audited as at 31.12.2017 RM'000	Adjustment for Disposal RM'000	Adjustment for utilisation of proceeds RM'000	Pro forma RM'000
Non-current liabilities					
Payables and other liabilities		38,346	-	-	38,346
Borrowings		323,946	-	(66,528)	257,418
Derivative financial liabilities		55,549	-	-	55,549
Provision for onerous contracts		63,476	-	-	63,476
		481,317			414,789
Current liabilities					
Payables and other liabilities		39,897	-	-	39,897
Borrowings	4	86,197	-	(1,772)	84,425
Derivative financial liabilities		19,842	-	-	19,842
Provision for taxation		389	-	-	389
Provision for onerous contracts		30,114	-	-	30,114
		176,439			174,667
Total liabilities		657,756			589,456
Total equity and liabilities		1,206,939			983,727
Number of ordinary shares ('000)		1,000,000			1,000,000
Net assets per share (sen)		52.58			37.09

Notes to the Pro Forma Consolidated Statement Of Financial Position as at 31 December 2017

1. Basis of preparation

The Pro Forma Consolidated Statement of Financial Position have been prepared for illustrative purposes only, to show the effects of the Disposal had the Disposal been completed on 31 December 2017.

The Pro Forma Consolidated Statement of Financial Position, for which the Board of Directors of MBC is solely responsible, have been properly prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") in Malaysia and in a manner consistent with both the audited consolidated statement of financial position of MBC as at 31 December 2017 and the accounting policies adopted by MBC, after incorporating adjustments that are appropriate for the preparation of the Pro Forma Consolidated Statement of Financial Position.

The Pro Forma Consolidated Statement of Financial Position have been compiled using the audited consolidated statement of financial position of MBC and additional information deemed appropriate for the preparation of Pro Forma Consolidated Statement of Financial Position made available to us for the purpose of this engagement. The Pro Forma Consolidated Statement of Financial Position have been presented in a manner consistent with both the format of the financial statements and the accounting policies of MBC.

The Pro Forma Consolidated Statement of Financial Position, because of their nature, may not be reflective of the actual financial position of MBC. Furthermore, such information does not purport to predict the future financial position of MBC.

The Pro Forma Consolidated Statement of Financial Position are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2. Effects on the Pro Forma Consolidated Statement of Financial Position

(a) Adjustment for Disposal

MBC is disposing of its deemed interest in 386,385,645 ordinary shares of PACC Offshore Services Holdings Ltd. ("POSH") ("POSH Shares") representing approximately 21.23% of the total issued shares in POSH, which is directly held by a wholly-owned subsidiary of the Company, namely Lightwell Shipping Inc. ("LSI"), to all shareholders of MBC who are registered as members and whose names appear in the Record of Depositors of the Company at 5.00 p.m. on 28 August 2018 ("Entitlement Date") ("Entitled Shareholders").

The above mentioned disposal is to be carried out by way of a renounceable restricted offer for sale of up to 386,385,645 POSH Shares, directly held by LSI, by MBC to the Entitled Shareholders on a pro-rata basis of 386 Offer Shares for every 1,000 existing ordinary shares in MBC held by the Entitled Shareholders as at the Entitlement Date ("ROS").

Notes to the Pro Forma Consolidated Statement Of Financial Position as at 31 December 2017 (contd.)

2. Effects on the Pro Forma Consolidated Statement of Financial Position (contd.)

(a) Adjustment for Disposal (contd.)

(i) Estimated proceeds from the Disposal

The Board has fixed the offer price at RM0.65 per Offer Share, which represents a discount of approximately 28% to the 5-day volume weighted average price of POSH Shares up to and including 10 August 2018 of RM0.9062 (equivalent to Singapore Dollar ("SGD") 0.3041, based on the middle exchange rate of SGD1: RM2.9799 as quoted by Bank Negara Malaysia at 5.00 p.m. on 10 August 2018).

For illustrative purposes, it is assumed that all the Offer Shares are fully taken up by the Entitled Shareholders.

The estimated proceeds from the Disposal amounting to RM251,151,000 is deemed received in cash as at 31 December 2017.

(ii) Estimated expenses for the Disposal

Disposal-related costs are costs that a vendor incurs to effect a disposal. These costs include professional fees (i.e. principal adviser, reporting accountants, solicitors, industry expert and share registrars for the Disposal); share transfer fees in connection with the ROS; regulatory fees, printing, advertising and other expenses; and miscellaneous expenses and contingencies. The vendor shall account for disposal-related costs as expenses in determining the gain on disposal in the period in which the disposal is completed.

The estimated expenses pertaining to the Disposal amounting to RM11,100,000 are deemed incurred and paid in cash as at 31 December 2017.

(iii) Reclassification of the reserves relating to POSH from equity to profit or loss

In accordance with MFRS 128: Investments in Associates and Joint Ventures, an entity shall discontinue the use of the equity method from the date when its investment ceases to be an associate. When an entity discontinues the use of the equity method, the entity shall account for all amounts previously recognised in other comprehensive income in relation to the investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

On the disposal of POSH, the foreign currency translation reserve and cash flow hedge reserve relating to POSH amounting to RM396,801,000 and RM6,461,000 respectively that have been recognised in other comprehensive income and accumulated in the separate component of equity is recognised in profit or loss as part of the gain on disposal.

Notes to the Pro Forma Consolidated Statement Of Financial Position as at 31 December 2017 (contd.)

2. Effects on the Pro Forma Consolidated Statement of Financial Position (contd.)

(b) Adjustment for utilisation of proceeds

MBC Group has total outstanding borrowings of RM410,143,000 as at 31 December 2017. It is proposed that RM68,300,000 out of the proceeds from the Disposal is utilised to repay these borrowings as at 31 December 2017, which are due as follows:

	RM'000
As at 31 December 2017	
Borrowings due within 12 months	1,772
Borrowings due after 12 months	66,528
	68,300

3. Pro Forma Consolidated Statement of Financial Position

Accumulated losses

	RM'000		**RM'000**	
Audited accumulated losses as at 31 December 2017			(425,685)	
Estimated proceeds from the Disposal	251,151			
Less: Estimated expenses for the Disposal	(11,100)			
Net estimated proceeds from the Disposal	240,051			
Less: Carrying amount of POSH Shares as at 31 December 2017	(394,963)	*		
Estimated loss from the Disposal before the reclassification of the reserves relating to POSH	(154,912)			
Add: Reclassification of the reserves relating to POSH from equity to profit or loss	403,262	*		
Estimated gain from the Disposal			248,350	*
Pro forma accumulated losses as at 31 December 2017			(177,335)	

* Actual amounts may differ due to recognition of MBC Group's share of the profit or loss and other comprehensive income of the associate and the effects of translation of foreign currency subsequent to 31 December 2017.

4. Borrowings (current)

The pro forma borrowings (current) of RM84,425,000 has been repaid subsequent to 31 December 2017.

DIRECTORS' STATEMENT

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

OPINION OF THE DIRECTORS

In the opinion of the Directors,

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

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

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS

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

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

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

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

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

DIRECTORS' STATEMENT

SHARE BASED INCENTIVE PLANS

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

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

SOP

Other information regarding the SOP is set out below:

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

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

SHARE BASED INCENTIVE PLANS (CONT'D)

PSP

Other information regarding the PSP is set out below:

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

AUDIT COMMITTEE

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

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

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

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

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

DIRECTORS' STATEMENT

AUDITORS

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

On behalf of the Board of Directors

SEOW KANG HOE, GERALD
Director

WU LONG PENG
Director

23 March 2018

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Impairment assessment of vessels

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

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

INDEPENDENT AUDITOR'S REPORT

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

Key Audit Matters (cont'd)

Impairment assessment of vessels (cont'd)

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

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

Recoverability of trade receivables

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

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

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

Impairment of investments and amounts due from subsidiaries

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

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

INDEPENDENT AUDITOR'S REPORT

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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

23 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1 GENERAL INFORMATION

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

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

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

2.2 Changes in accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

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

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

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

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

SFRS(I) 9 *Financial Instruments*

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

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

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

Impairment

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

The Group also plans to apply the following practical expedients:

- For completed contracts, the Group plans not to restate completed contracts that begin and end within the same year or are completed contracts at 1 January 2017; and

- For completed contracts that have variable consideration, the Group plans to use the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year.

SFRS(I) 16 *Leases*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

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

(b) Business combinations and goodwill

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

2.5 Transactions with non-controlling interests

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

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

2.6 Significant accounting judgments and estimates

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

Judgments made in applying accounting policies

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

Determination of functional currency

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Significant accounting judgments and estimates (cont'd)

Key sources of estimation uncertainty

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

(a) Impairment of vessels

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

(b) Impairment of loans and receivables

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

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

(c) Impairment of goodwill

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

(d) Impairment of investments and amounts due from subsidiaries

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

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

2.8 Fixed assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Fixed assets (cont'd)

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

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

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

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

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

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

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

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

2.9 Intangible assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

2.11 Subsidiaries

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

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

2.12 Joint arrangements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Joint arrangements (cont'd)

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

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

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

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

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

2.13 Prepayments

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

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

2.15 Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

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

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.16 Consumables

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

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

2.17 Cash and cash equivalents

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

2.18 Provisions

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

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

2.19 Government grants

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Employee benefits

(a) Defined contribution plans

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

(b) Employee share plans

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

(c) Employee leave entitlements

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

(d) Key management personnel

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

2.21 Leases

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

As lessee

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

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

As lessor

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Non-current assets held-for-sale

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

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

2.23 Revenue

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

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

Charter hire income

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

Interest income

Interest income is recognised using the effective interest method.

2.24 Taxes

(a) Current income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Taxes (cont'd)

(b) Deferred tax

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

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

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

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

(c) Sales tax

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Share capital and share issuance expenses

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

2.26 Treasury shares

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

2.27 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.28 Derivative financial instruments and hedging activities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

2.29 Segment reporting

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

2.30 Related parties

A related party is defined as follows:

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

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is controlled or jointly controlled by a person identified in (a); or
- (vi) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3 REVENUE

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 GOODWILL

The carrying amounts of goodwill are allocated as follows:

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

Impairment testing on goodwill

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

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

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

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

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

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

Impairment recognised

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

5 FIXED ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 FIXED ASSETS (CONT'D)

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

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

Impairment of fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6 INTANGIBLE ASSETS

The intangible assets comprise separately acquired software.

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

7 INTEREST IN JOINT VENTURES

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

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

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

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

7 INTEREST IN JOINT VENTURES (CONT'D)

The joint ventures are as follows:

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

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by RSM Indonesia

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

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

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

7 **INTEREST IN JOINT VENTURES (CONT'D)**

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

Summarised statement of financial position

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 INTEREST IN JOINT VENTURES (CONT'D)

Summarised statement of comprehensive income

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

8 RECEIVABLES AND OTHER NON-CURRENT ASSETS

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

Prepayments relate to advances paid for charter hire of vessels.

9 DERIVATIVES

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

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

10 CONSUMABLES

Consumables mainly comprise bunkers onboard vessels.

11 RECEIVABLES AND OTHER CURRENT ASSETS

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

Trade receivables

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

11 RECEIVABLES AND OTHER CURRENT ASSETS (CONT'D)

Receivables that are past due but not impaired

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

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

Receivables that are impaired

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

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

Movements in allowance account:

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

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

Other receivables

Other receivables comprise the following amounts:

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11 RECEIVABLES AND OTHER CURRENT ASSETS (CONT'D)

Deposits

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

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

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

12 DUE FROM SUBSIDIARIES, JOINT VENTURES AND RELATED COMPANIES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Due from subsidiaries and joint ventures that are impaired

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

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

Movements in allowance account:

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

13 CASH AND CASH EQUIVALENTS

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

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

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

Cash and cash equivalents are denominated in the following currencies:

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

14 FIXED ASSETS CLASSIFIED AS HELD-FOR-SALE

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

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

15 (a) SHARE CAPITAL

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

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

(b) TREASURY SHARES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16 OTHER RESERVES

Exchange reserve

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

Hedging reserve

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

Employee share option reserve

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

17 BANK BORROWINGS

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

Revolving loans (unsecured)

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

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

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

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

17 BANK BORROWINGS (CONT'D)

Term loans (secured)

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

The terms of the loans are as follow:

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

18 PAYABLES AND ACCRUALS

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

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

Trade and other payables are denominated in the following currencies:

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

19 ADVANCES RECEIVED FROM CUSTOMERS

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

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20 DUE TO SUBSIDIARIES, JOINT VENTURES AND RELATED COMPANIES

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

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

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

21 DUE TO HOLDING COMPANY

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

22 OTHER EXPENSES, NET

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

23 FINANCE COSTS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24 LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

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

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

25 TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 TAXATION (CONT'D)

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

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

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

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

- The Group is in a position to control the timing of the reversal of the temporary differences of its subsidiaries and it is probable that such differences will not reverse in the foreseeable future; and
- The joint ventures of the Group require the consent of both partners to distribute its earnings. At the end of the reporting period, the Group does not foresee giving such consent.

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

26 EMPLOYEE BENEFITS

Share Plans

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

Share Option Plan

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

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

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

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

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

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

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

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

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

26 EMPLOYEE BENEFITS (CONT'D)

Share Plans (cont'd)

Performance Share Plan

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

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

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

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

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

27 INVESTMENT IN SUBSIDIARIES

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

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

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27 INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

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27 INVESTMENT IN SUBSIDIARIES (CONT'D)

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

NOTES TO THE FINANCIAL STATEMENTS

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27 INVESTMENT IN SUBSIDIARIES (CONT'D)

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

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Ernst & Young, Brunei

(3) Audited by Mazars, Malaysia

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

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

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

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28 RELATED PARTY TRANSACTIONS

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

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

<u>Commitments with related parties</u>

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

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

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

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

The amounts of outstanding commitments are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 SEGMENT INFORMATION

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

Offshore Supply Vessels

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

Transportation and Installation

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

Offshore Accommodation

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

Harbour Services and Emergency Response

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 SEGMENT INFORMATION (CONT'D)

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

NOTES TO THE FINANCIAL STATEMENTS

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29 SEGMENT INFORMATION (CONT'D)

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

29 SEGMENT INFORMATION (CONT'D)

Geographical information

Revenues

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

Information about major customers

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

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

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

Non-current assets

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

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

30 COMMITMENTS

(a) Capital commitments

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

30 COMMITMENTS (CONT'D)

(b) Rental commitments

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

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

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

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

(c) Operating lease commitments – as lessee

The Group has entered into bareboat leases of vessels from related parties. Future minimum bareboat leases payable under non-cancellable operating leases at the end of the respective reporting periods are as follows:

	Group	
	2017	2016
	US$'000	US$'000
Not later than one year	**19,839**	22,667
Later than one year and not later than five years	**33,352**	54,566
Later than five years	**11,888**	17,691
	65,079	94,924

(d) Operating lease commitments – as lessor

The Group has entered into time-charter and bareboat leases on its vessels. Certain leases include a clause to enable upward revision of the leasing charge on an annual basis based on prevailing market conditions. Future minimum time-charter and bareboat receivable under operating leases at the end of the respective reporting periods are as follows:

	Group	
	2017	2016
	US$'000	US$'000
Not later than one year	**108,445**	96,705
Later than one year and not later than five years	**203,334**	215,125
Later than five years	**3,356**	25,279
	315,135	337,109

30 COMMITMENTS (CONT'D)

(d) Operating lease commitments – as lessor (cont'd)

Non-cancellable leases included in operating lease commitments are as follows:

	Group	
	2017	2016
	US$'000	US$'000
Not later than one year	**52,126**	72,136
Later than one year and not later than five years	**47,579**	66,605
Later than five years	**–**	3,716
	99,705	142,457

(e) Financial support

The Company has committed to provide continuing financial support to certain of its subsidiaries.

31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes will be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group operates internationally and its assets and revenues are essentially United States Dollar based. Foreign currency denominated assets and liabilities give rise to foreign exchange exposures. The Group is exposed to foreign currency risk mainly arising from its operations.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the Singapore Dollar ("SGD") exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

	2017	2016
	US$'000	US$'000
	(Decrease)/Increase	
SGD – strengthened 5%	**(105)**	(31)
– weakened 5%	**105**	31

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(b) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to its interest-bearing debts. The Group manages its interest rate exposure by using floating-to-fixed interest rate swaps over the duration of its borrowings. Interest rate swaps entail the Group agreeing to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. This strategy allows the Group to fix the interest rates at current low interest rate environment and achieves a certain level of protection against future rate hikes.

As at 31 December 2017, the Group has interest rate swap agreements with notional amounts totalling US$439,225,000 (2016: US$199,535,000) whereby it receives variable rates equal to LIBOR and pays fixed rates of between 1.280% to 1.940% (2016: 1.280% to 1.525%) per annum on the notional amounts.

Sensitivity analysis for interest rate risk

At the end of the respective reporting periods, if USD interest rates had been 25 basis points lower/higher with all other variables held constant, the Group's results net of tax would have been US$1,596,000 (2016: US$1,470,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. Other comprehensive income would have been higher/lower by US$3,234,000 (2016: US$1,712,000) mainly as a result of higher fair value of interest rate swaps designated as cash flow hedges on variable rate borrowings.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit monitoring procedures. Credit risk is minimised and monitored via strictly limiting business dealings by the Group with business partners of high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

Advances are made to subsidiaries in support of their respective principal activities. Surplus cash is placed in a number of reputable banks.

Approximately 71% (2016: 71%) of the Group's trade receivables were due from 5 major debtors as at 31 December 2017. 34% (2016: 23%) of the Group's trade receivables were due from related parties while almost all of the Company's receivables were balances with related parties in 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(c) Credit risk (cont'd)

The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

Credit risk concentration profile

	2017		2016	
	US$'000	**% of total**	US$'000	% of total
By region				
Asia Pacific	**41,917**	**62.6**	11,257	20.4
Europe	**9,736**	**14.5**	32,610	59.0
Middle East	**8,751**	**13.1**	6,246	11.3
Africa	**5,865**	**8.8**	5,073	9.2
Americas	**697**	**1.0**	59	0.1
	66,966	**100.0**	55,245	100.0

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and

- Corporate guarantees provided by the Company as disclosed in Note 37.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's exposure to liquidity risk is minimal. The Group and the Company have available bank facilities at variable interest rates. It is the Group's policy for the placing of surplus funds to be managed centrally.

Due to the nature of the Group's and the Company's underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	1 year or less US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total US$'000
At 31 December 2017				
Financial assets				
Derivatives	**–**	**1,527**	**5,768**	**7,295**
Receivables and other assets	**74,237**	**–**	**–**	**74,237**
Due from subsidiaries and joint ventures	**75,663**	**20,838**	**13,716**	**110,217**
Due from related companies	**1,337**	**–**	**–**	**1,337**
Receivables from a joint venture	**–**	**25,347**	**–**	**25,347**
Cash and cash equivalents	**17,088**	**–**	**–**	**17,088**
Total undiscounted financial assets	**168,325**	**47,712**	**19,484**	**235,521**
Financial liabilities				
Payables and accruals	**105,825**	**–**	**–**	**105,825**
Due to subsidiaries and joint ventures	**60,093**	**–**	**–**	**60,093**
Due to related companies	**5,602**	**–**	**–**	**5,602**
Due to holding company	**196**	**–**	**–**	**196**
Bank borrowings	**205,708**	**525,724**	**153,751**	**885,183**
Total undiscounted financial liabilities	**377,424**	**525,724**	**153,751**	**1,056,899**
Total net undiscounted financial liabilities	**(209,099)**	**(478,012)**	**(134,267)**	**(821,378)**
At 31 December 2016				
Financial assets				
Derivatives	–	–	5,600	5,600
Receivables and other assets	66,536	–	–	66,536
Due from subsidiaries and joint ventures	73,263	4,868	20,160	98,291
Due from related companies	523	–	–	523
Receivables from a joint venture	–	25,347	–	25,347
Cash and cash equivalents	15,058	–	–	15,058
Total undiscounted financial assets	155,380	30,215	25,760	211,355
Financial liabilities				
Payables and accruals	67,179	–	–	67,179
Due to subsidiaries and joint ventures	29,301	–	–	29,301
Due to related companies	2,505	–	–	2,505
Due to holding company	195	–	–	195
Bank borrowings	284,947	340,840	161,638	787,425
Total undiscounted financial liabilities	384,127	340,840	161,638	886,605
Total net undiscounted financial liabilities	(228,747)	(310,625)	(135,878)	(675,250)

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31 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(d) Liquidity risk (cont'd)

Company	**1 year or less US$'000**	**1 to 5 years US$'000**	**More than 5 years US$'000**	**Total US$'000**
At 31 December 2017				
Financial assets				
Derivatives	–	**1,261**	–	**1,261**
Receivables and other current assets	**4,920**	–	–	**4,920**
Due from subsidiaries and joint ventures	**807,180**	**16,011**	**13,716**	**836,907**
Due from related companies	**3**	–	–	**3**
Receivables from a joint venture	–	**25,347**	–	**25,347**
Cash and cash equivalents	**12,511**	–	–	**12,511**
Total undiscounted financial assets	**824,614**	**42,619**	**13,716**	**880,949**
Financial liabilities				
Payables and accruals	**11,442**	–	–	**11,442**
Due to subsidiaries and joint ventures	**32,868**	–	–	**32,868**
Due to related companies	**4,407**	–	–	**4,407**
Due to holding company	**196**	–	–	**196**
Bank borrowings	**174,024**	**345,496**	–	**519,520**
Total undiscounted financial liabilities	**222,937**	**345,496**	–	**568,433**
Total net undiscounted financial assets/(liabilities)	**601,677**	**(302,877)**	**13,716**	**312,516**
At 31 December 2016				
Financial assets				
Receivables and other current assets	3,377	–	–	3,377
Due from subsidiaries and joint ventures	862,358	4,868	20,160	887,386
Receivables from a joint venture	–	25,347	–	25,347
Cash and cash equivalents	3,850	–	–	3,850
Total undiscounted financial assets	869,585	30,215	20,160	919,960
Financial liabilities				
Payables and accruals	12,447	–	–	12,447
Due to subsidiaries and joint ventures	49,027	–	–	49,027
Due to related companies	2,402	–	–	2,402
Due to holding company	195	–	–	195
Bank borrowings	258,214	238,907	–	497,121
Total undiscounted financial liabilities	322,285	238,907	–	561,192
Total net undiscounted financial assets/(liabilities)	547,300	(208,692)	20,160	358,768

NOTES TO THE FINANCIAL STATEMENTS

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32 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments, and ensuring a prudent debt equity ratio. The Group monitors capital using a net gearing ratio, which is borrowings less cash and cash equivalents divided by total equity.

The net debt to equity ratio of the Group is 1.63 : 1 (2016: 1.01 : 1) for the financial year ended 31 December 2017. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 2016.

The Group has complied with externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

33 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Fair value through profit or loss				
Derivatives	**7,295**	5,600	**1,261**	–
Loans and receivables				
Receivables and other assets	**74,237**	66,536	**4,920**	3,377
Due from subsidiaries and joint ventures	**106,938**	93,324	**833,628**	882,419
Due from related companies	**1,337**	523	**3**	–
Receivables from a joint venture	**25,347**	25,347	**25,347**	25,347
Cash and cash equivalents	**17,088**	15,058	**12,511**	3,850
Total loans and receivables	**224,947**	200,788	**876,409**	914,993
Financial liabilities carried at amortised cost				
Payables and accruals	**105,825**	67,179	**11,442**	12,447
Due to subsidiaries and joint ventures	**60,093**	29,301	**32,868**	49,027
Due to related companies	**5,602**	2,505	**4,407**	2,402
Due to holding company	**196**	195	**196**	195
Bank borrowings	**768,925**	708,332	**456,400**	448,487
Total financial liabilities carried at amortised cost	**940,641**	807,512	**505,313**	512,558

34 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Level 2 fair value measurements

The derivative financial instruments of US$7,295,000 held by the Group for the financial year ended 31 December 2017 (2016: US$5,600,000) are classified under Level 2. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Level 3 fair value measurements

In the prior financial year, fixed assets classified as held for sale with a carrying amount of US$2,547,000 were written down to the fair value less cost to sell, resulting in an impairment loss of US$8,029,000 which was included as part of "other expenses, net" in the consolidated statement of comprehensive income. The fair value was determined based on memorandum of agreements.

Valuation policies and procedures

The Group's Chief Financial Officer ("CFO") who is assisted by the Financial Controller and Finance Manager (collectively referred to as the "Finance Team"), oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Finance Team reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of inputs (including those developed internally by the Group) used in the valuations.

Fair values of financial instruments by classes that are not carried at fair values and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of receivables and other current assets except prepayments, capitalised charter cost and advances, amounts owing from/to subsidiaries, joint ventures and related companies, loans to joint ventures, cash and cash equivalents, payables and accruals, amount owing to holding company and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

35 DIVIDENDS

	Group and Company	
	2017	2016
	US$'000	US$'000
Declared and paid in prior financial year:		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend of $Nil per share (2016: S$0.005 per share)	**-**	6,704

36 LOSS PER SHARE

The basic and diluted loss per ordinary share ("EPS") are calculated by dividing the Group's net loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The weighted average number of ordinary shares for the financial years ended 31 December 2017 and 2016, takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2017	2016
	US$'000	US$'000
Net loss for the year, representing total comprehensive loss attributable to shareholders	**(230,266)**	(371,448)

	No. of shares ('000)	No. of shares ('000)
Weighted average number of ordinary shares for basic and diluted loss per share computation	**1,813,720**	1,812,001

37 CONTINGENT LIABILITIES

(a) The Company provided the following guarantees at the end of the reporting periods:

	Company	
	2017	2016
	US$'000	US$'000
Refund and performance guarantees		
– Subsidiaries	**4,431**	5,059
– Joint ventures[1]	**3,734**	8,334
Corporate guarantees		
– Subsidiaries[2]	**312,525**	262,000
– Joint venture[3]	**8,688**	14,525

[1] A joint venture partner has provided an indemnity to the Company for its proportionate share in the refund and performance guarantees of US$1,330,000 (2016: US$5,930,000).

[2] Corporate guarantees for its subsidiaries' term loans drawn down under various loan facilities with maturities between August 2022 to December 2024.

[3] Corporate guarantees for its proportionate share for a joint venture's banking facilities which the Company is severally liable for in the event of a default by the joint venture.

(b) On 2 September 2015, a writ of summons and statement of claim (the "Claim") was served on the Company. The Company had in January 2015 entered into a sale and purchase agreement ("SPA") to acquire a property from its owner (the "Claimant"). The acquisition was subject to the Claimant obtaining approval from Jurong Town Corporation ("JTC"). The application by the Claimant for such approval was rejected by JTC and the Company had sought a refund of the deposit paid under the SPA from the Claimant.

In the Claim, the Claimant claimed for, amongst others, a declaration that it is entitled to forfeit the deposit (including goods and services tax). The Claimant initially also claimed for damages of approximately S$3,300,000 (US$2,334,000) which it alleged it suffered as a result of the sale of the property not having been completed. The Claimant subsequently reduced its claim for damages of approximately S$3,300,000 (US$2,334,000) to S$2,219,000 (US$1,597,000). The Claimant thereafter obtained leave of court to amend its Claim to include the difference in price between the original price under the SPA, and the price at which the Claimant agreed to sell the property to a third party ("Third Party") pursuant to an option to purchase issued by the Claimant and accepted by the Third Party. In this regard, the additional amount claimed by the Claimant under the amended Claim is S$24,500,000 (US$17,632,000), which the Claimant is claiming further or alternatively to its forfeiture of the deposit. Further, the Claimant has maintained its claim for damages of S$2,219,000 (US$1,597,000) as an alternative claim to its claim for S$24,500,000 (US$17,632,000).

The Company is defending the amended Claim as well as counterclaiming for the return of the deposit by the Claimant as well as interest and costs. As at the date of these financial statements, the Directors are of the view that no material losses will arise in respect of the legal claim.

38 FEES PAID TO AUDITORS

	Group	
	2017	2016
	US$'000	US$'000
Audit fees paid to auditors	**265**	225
Non-audit fees paid to auditors	**235**	231

PACC OFFSHORE SERVICES HOLDINGS LTD.
Registration Number: 200603185Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND THE SIX MONTHS ENDED 30 JUNE 2018

Introduction

PACC Offshore Services Holdings Ltd. ("POSH") is one of Asia's largest operators of offshore support vessels, with a diversified fleet servicing offshore oil and gas exploration and production activities. With four distinct operating segments: Offshore Supply Vessels, Transportation and Installation, Offshore Accommodation and Harbour Services and Emergency Response, POSH's offshore support vessels perform anchor handling services, ocean towage and installation, ocean transportation, heavy-lift and offshore accommodation services as well as harbour towage and emergency response services.

As of 30 June 2018, the POSH Group (including joint ventures) operated a combined fleet of 123 vessels, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, Platform Supply Vessels, Maintenance Utility Vessels, Crane and Deck Barges, Semi-submersible Accommodation Vessels, Light Construction Vessels, Accommodation Vessels, Multi-purpose Support Vessels and Harbour Tugs.

The POSH fleet operates worldwide, serving offshore oilfields in Asia, Australasia, Africa, Middle-East and Latin America, providing vessels and services for projects involving many of the world's major oil companies, as well as many large international offshore contractors.

For more information on POSH, please visit www.posh.com.sg.

PACC OFFSHORE SERVICES HOLDINGS LTD.
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

1(a)(i). Group Income Statement

	Group					
	Quarter ended			6 Months ended		
	30-Jun-18 US$'000	(Restated) 30-Jun-17 US$'000	% Change	30-Jun-18 US$'000	(Restated) 30-Jun-17 US$'000	% Change
Revenue	**83,142**	42,606	95%	**153,707**	77,187	99%
Cost of sales	**(68,907)**	(45,164)	53%	**(129,536)**	(84,618)	53%
Gross profit/(loss)	**14,235**	(2,558)	NM	**24,171**	(7,431)	NM
Other operating income	**1,257**	2,196	-43%	**1,332**	3,568	-63%
Distribution costs	**(370)**	(294)	26%	**(597)**	(458)	30%
General and administrative expenses	**(9,693)**	(6,969)	39%	**(17,366)**	(12,203)	42%
Finance costs	**(7,302)**	(5,123)	43%	**(14,068)**	(9,868)	43%
Share of joint ventures' result	**(1,016)**	2,579	NM	**(464)**	(2,191)	-79%
Loss before taxation	**(2,889)**	(10,169)	-72%	**(6,992)**	(28,583)	-76%
Taxation	**(2,974)**	(857)	247%	**(6,091)**	(1,036)	488%
Net loss for the period	**(5,863)**	(11,026)	-47%	**(13,083)**	(29,619)	-56%
Loss attributable to:						
Equity holders of the Company	**(5,796)**	(11,001)	-47%	**(12,988)**	(29,569)	-56%
Non-controlling interests	**(67)**	(25)	168%	**(95)**	(50)	90%
	(5,863)	(11,026)	-47%	**(13,083)**	(29,619)	-56%

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) with 1 January 2017 as the date of transition (please refer to note 5 of the announcement for details).

NM denotes "Not Meaningful".

1(a)(ii). Profit before taxation is arrived at after (charging)/crediting the following significant items.

	Group			
	Quarter ended		6 Months ended	
	30-Jun-18 US$'000	30-Jun-17 US$'000	30-Jun-18 US$'000	30-Jun-17 US$'000
Amortisation of intangible assets	**(19)**	(10)	**(44)**	(16)
Depreciation of fixed assets	**(15,396)**	(15,576)	**(30,136)**	(30,598)
Exchange gain/(loss)	**159**	(52)	**(624)**	(17)
Loss on disposal of fixed assets	**(645)**	(99)	**(645)**	(26)
Interest income	**481**	481	**931**	991
Interest expense	**(7,302)**	(5,123)	**(14,068)**	(9,868)
Allowance for doubtful debts	**(1,299)**	(231)	**(1,329)**	(157)

PACC OFFSHORE SERVICES HOLDINGS LTD.
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

1(a)(iii). Consolidated Statement of Comprehensive Income

	Group					
	Quarter ended			6 Months ended		
	30-Jun-18 US$'000	(Restated) 30-Jun-17 US$'000	% Change	30-Jun-18 US$'000	(Restated) 30-Jun-17 US$'000	% Change
Net loss for the period	**(5,863)**	(11,026)	-47%	**(13,083)**	(29,619)	-56%
Other comprehensive loss:						
Items that may be reclassified subsequently to profit or loss						
Cash flow hedges-fair value gain/(loss)	**2,118**	(3,399)	NM	**7,648**	(3,159)	NM
Other comprehensive income/(loss) for the period	**2,118**	(3,399)	NM	**7,648**	(3,159)	NM
Total comprehensive loss for the period	**(3,745)**	(14,425)	-74%	**(5,435)**	(32,778)	-83%
Total comprehensive loss for the period attributable to:						
Equity holders of the Company	**(3,678)**	(14,400)	-74%	**(5,340)**	(32,728)	-84%
Non-controlling interests	**(67)**	(25)	168%	**(95)**	(50)	90%
	(3,745)	(14,425)	-74%	**(5,435)**	(32,778)	-83%

PACC OFFSHORE SERVICES HOLDINGS LTD.
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

1(b)(i). ***A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.***

	Group			Company	
		(Restated)	(Restated)		
	30-Jun-18	31-Dec-17	01-Jan-17	30-Jun-18	31-Dec-17
	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current assets					
Goodwill	-	-	57,125	-	-
Fixed assets	**1,074,617**	1,111,975	1,184,927	**355**	346
Intangible assets	**226**	95	12	-	-
Due from joint ventures	**21,910**	31,877	21,834	**18,123**	27,050
Investment in subsidiaries	-	-	-	**112,493**	112,493
Investment in joint ventures	**80,294**	80,557	63,080	**35,989**	35,989
Receivables and other non-current assets	**2,892**	1,616	1,982	-	-
Derivatives	**15,019**	7,295	5,600	**4,959**	1,261
	1,194,958	1,233,415	1,334,560	**171,919**	177,139
Current assets					
Consumables	**1,746**	3,609	1,677	-	-
Receivables and other current assets	**93,810**	83,241	79,693	**5,604**	5,877
Due from subsidiaries, joint ventures and related companies	**71,622**	76,398	72,013	**819,853**	806,581
Cash and cash equivalents	**15,450**	17,088	15,058	**9,590**	12,511
	182,628	180,336	168,441	**835,047**	824,969
Fixed assets classified as held for sale	-	-	2,547	-	-
	182,628	180,336	170,988	**835,047**	824,969
Total assets	**1,377,586**	1,413,751	1,505,548	**1,006,966**	1,002,108
Non-current liabilities					
Bank borrowings	**569,791**	584,461	439,225	**295,000**	295,000
Derivatives	**76**	-	-	**21**	-
Deferred tax liabilities	**475**	475	414	-	-
	570,342	584,936	439,639	**295,021**	295,000
Current liabilities					
Payables and accruals	**80,556**	110,314	73,592	**18,305**	19,254
Advances received from customers	-	849	198	-	-
Due to subsidiaries, joint ventures and related companies	**61,519**	65,695	31,806	**35,949**	37,275
Due to holding company	**197**	196	195	**199**	196
Bank borrowings	**201,459**	184,464	269,107	**174,850**	161,400
Provision for taxation	**9,062**	7,178	2,821	**2,849**	2,623
	352,793	368,696	377,719	**232,152**	220,748
Total liabilities	**923,135**	953,632	817,358	**527,173**	515,748
Equity					
Share capital	**827,201**	827,201	827,201	**827,201**	827,201
Treasury shares	**(1,447)**	(1,447)	(1,828)	**(1,447)**	(1,447)
Accumulated losses	**(386,293)**	(372,999)	(142,714)	**(351,105)**	(340,788)
Other reserves	**15,149**	7,428	5,600	**5,144**	1,394
	454,610	460,183	688,259	**479,793**	486,360
Non-controlling interest	**(159)**	(64)	(69)	-	-
Total equity	**454,451**	460,119	688,190	**479,793**	486,360
Total liabilities and equity	**1,377,586**	1,413,751	1,505,548	**1,006,966**	1,002,108

PACC OFFSHORE SERVICES HOLDINGS LTD.
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

1(b)(ii). Aggregate amount of the Group's borrowings and debt securities.

	As at 30-Jun-18		As at 31-Dec-17	
	Unsecured US$'000	Secured US$'000	Unsecured US$'000	Secured US$'000
(i) Amount payable in one year or less, or on demand	**174,850**	**26,609**	161,400	23,064
(ii) Amount repayable after one year	**295,000**	**274,791**	295,000	289,461

1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Quarter ended		6 Months ended	
	30-Jun-18 US$'000	(Restated) 30-Jun-17 US$'000	30-Jun-18 US$'000	(Restated) 30-Jun-17 US$'000
Cash flows from operating activities				
Loss before taxation	**(2,889)**	(10,169)	**(6,992)**	(28,583)
Adjustments for:				
Amortisation of prepayments	**91**	91	**182**	182
Amortisation of intangible assets	**19**	10	**44**	16
Depreciation of fixed assets	**15,396**	15,576	**30,136**	30,598
Grant of equity-settled share options to employees	**37**	35	**73**	60
Allowance for doubtful debts-trade	**1,299**	231	**1,329**	157
Loss on disposal of fixed assets	**645**	99	**645**	26
Shares of joint ventures' results	**1,016**	(2,579)	**464**	2,191
Interest expense	**7,302**	5,123	**14,068**	9,868
Interest income	**(481)**	(481)	**(931)**	(991)
Unrealised exchange loss/(gain)	**95**	(2)	**306**	(61)
Operating cash flows before working capital changes	**22,530**	7,934	**39,324**	13,463
Changes in working capital				
Decrease/(increase) in consumables	**142**	120	**1,863**	(647)
(Increase)/decrease in receivables and other assets	**(12,990)**	2,955	**(13,457)**	(5,188)
(Decrease)/increase in due to related companies	**(4,557)**	813	**(2,687)**	1,662
Increase/(decrease) in payables and accruals	**306**	7,059	**(807)**	11,321
Cash generated from operations	**5,431**	18,881	**24,236**	20,611
Interest paid	**(7,932)**	(4,573)	**(14,498)**	(9,929)
Interest received	**389**	846	**726**	1,251
Income taxes paid	**(3,814)**	(287)	**(4,207)**	(315)
Net cash (used in)/generated from operating activities	**(5,926)**	14,867	**6,257**	11,618
Cash flows from investing activities				
Acquisition of intangible assets	**(28)**	(12)	**(28)**	(102)
Acquisition of fixed assets	**(7,940)**	(31,023)	**(24,601)**	(43,836)
Proceeds from disposal of fixed assets	**12,960**	-	**12,960**	2,679
(Decrease)/increase in due to related companies	**(12,640)**	553	**656**	2,041
Decrease/(increase) in due from joint ventures	**3,444**	(1,265)	**1,098**	(874)
Net cash used in investing activities	**(4,204)**	(31,747)	**(9,915)**	(40,092)

PACC OFFSHORE SERVICES HOLDINGS LTD.
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

	Group			
	Quarter ended		6 Months ended	
		(Restated)		(Restated)
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
	US$'000	US$'000	US$'000	US$'000
Cash flows from financing activities				
Purchase of treasury shares	**-**	(25)	**-**	(25)
Increase in bank borrowings	**11,680**	19,835	**2,325**	28,213
Increase/(decrease) in due to holding company	**89**	-	**1**	(74)
Net cash generated from financing activities	**11,769**	19,810	**2,326**	28,114
Net increase/(decrease) in cash and cash equivalents	**1,639**	2,930	**(1,332)**	(360)
Effect of exchange rate changes on cash and cash equivalents	**(95)**	2	**(306)**	61
Cash and cash equivalents at beginning of period	**13,906**	11,827	**17,088**	15,058
Cash and cash equivalents at end of period	**15,450**	14,759	**15,450**	14,759

1(d)(i). A statement (for the issuer and group) showing either (i) all the changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to Shareholders of the Company							
The Group	Share capital US$'000	Treasury shares US$'000	Accumulated losses US$'000	Hedging reserves US$'000	Employee share option reserves US$'000	Exchange reserves US$'000	Non-controlling interest US$'000	Total US$'000
Balance at 31 Dec 2017 (As previously reported)	827,201	(1,447)	(373,205)	7,295	133	298	(64)	460,211
Adoption of SFRS(I) 1	-	-	298	-	-	(298)	-	-
Adoption of SFRS(I) 15	-	-	(92)	-	-	-	-	(92)
Balance at 31 Dec 2017 (Restated)	827,201	(1,447)	(372,999)	7,295	133	-	(64)	460,119
Adoption of SFRS(I) 9	-	-	(306)	-	-	-	-	(306)
Balance at 1 Jan 2018	827,201	(1,447)	(373,305)	7,295	133	-	(64)	459,813
Grant of equity-settled share options to employees	-	-	-	-	36	-	-	36
Loss for the period	-	-	(7,192)	-	-	-	(28)	(7,220)
Other comprehensive income	-	-	-	5,530	-	-	-	5,530
Total comprehensive loss for the period	-	-	(7,192)	5,530	-	-	(28)	(1,690)
Balance at 31 Mar 2018	827,201	(1,447)	(380,497)	12,825	169	-	(92)	458,159
Grant of equity-settled share options to employees	-	-	-	-	37	-	-	37
Loss for the period	-	-	(5,796)	-	-	-	(67)	(5,863)
Other comprehensive income	-	-	-	2,118	-	-	-	2,118
Total comprehensive loss for the period	-	-	(5,796)	2,118	-	-	(67)	(3,745)
Balance at 30 Jun 2018	827,201	(1,447)	(386,293)	14,943	206	-	(159)	454,451

PACC OFFSHORE SERVICES HOLDINGS LTD.
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

	Attributable to Shareholders of the Company							
The Group	**Share capital US$'000**	**Treasury shares US$'000**	**Accumulated losses US$'000**	**Hedging reserves US$'000**	**Employee share option reserves US$'000**	**Exchange reserves US$'000**	**Non-controlling interest US$'000**	**Total US$'000**
Balance at 1 Jan 2017 (As previously reported)	827,201	(1,828)	(142,939)	5,600	-	298	(69)	688,263
Adoption of the SFRS(I) 1	-	-	298	-	-	(298)	-	-
Adoption of the SFRS(I) 15	-	-	(73)	-	-	-	-	(73)
Balance as at 1 Jan 2017 (Restated)	827,201	(1,828)	(142,714)	5,600	-	-	(69)	688,190
Treasury shares reissued pursuant to employee share plans	-	419	-	-	-	-	-	419
Grant of equity-settled share options to employees	-	-	-	-	25	-	-	25
Loss for the period (Restated)	-	-	(18,568)	-	-	-	(25)	(18,593)
Other comprehensive income	-	-	-	240	-	-	-	240
Total comprehensive loss for the period	-	-	(18,568)	240	-	-	(25)	(18,353)
Balance at 31 Mar 2017 (Restated)	827,201	(1,409)	(161,282)	5,840	25	-	(94)	670,281
Purchase of treasury shares	-	(25)	-	-	-	-	-	(25)
Grant of equity-settled share options to employees	-	-	-	-	35	-	-	35
Loss for the period (Restated)	-	-	(11,001)	-	-	-	(25)	(11,026)
Other comprehensive loss	-	-	-	(3,399)	-	-	-	(3,399)
Total comprehensive loss for the period	-	-	(11,001)	(3,399)	-	-	(25)	(14,425)
Balance at 30 Jun 2017 (Restated)	827,201	(1,434)	(172,283)	2,441	60	-	(119)	655,866

PACC OFFSHORE SERVICES HOLDINGS LTD.
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

The Company	Share capital US$'000	Treasury shares US$'000	Accumulated (losses)/ retained profits US$'000	Hedging reserves US$'000	Employee share option reserves US$'000	Total US$'000
Balance at 1 Jan 2018	**827,201**	**(1,447)**	**(340,788)**	**1,261**	**133**	**486,360**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**-**	**36**	**36**
Loss for the period	**-**	**-**	**(4,745)**	**-**	**-**	**(4,745)**
Other comprehensive income	**-**	**-**	**-**	**2,447**	**-**	**2,447**
Total comprehensive loss for the period	**-**	**-**	**(4,745)**	**2,447**	**-**	**(2,298)**
Balance at 31 Mar 2018	**827,201**	**(1,447)**	**(345,533)**	**3,708**	**169**	**484,098**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**-**	**37**	**37**
Loss for the period	**-**	**-**	**(5,572)**	**-**	**-**	**(5,572)**
Other comprehensive income	**-**	**-**	**-**	**1,230**	**-**	**1,230**
Total comprehensive loss for the period	**-**	**-**	**(5,572)**	**1,230**	**-**	**(4,342)**
Balance at 30 Jun 2018	**827,201**	**(1,447)**	**(351,105)**	**4,938**	**206**	**479,793**
Balance at 1 Jan 2017	827,201	(1,828)	14,602	-	-	839,975
Treasury shares reissued pursuant to employees share plans	-	419	-	-	-	419
Grant of equity-settled share options to employees	-	-	-	-	25	25
Loss for the period	-	-	(1,691)	-	-	(1,691)
Other comprehensive income	-	-	-	173	-	173
Total comprehensive loss for the period	-	-	(1,691)	173	-	(1,518)
Balance at 31 Mar 2017	827,201	(1,409)	12,911	173	25	838,901
Purchase of treasury shares	-	(25)	-	-	-	(25)
Grant of equity-settled share options to employees	-	-	-	-	35	35
Loss for the period	-	-	(3,329)	-	-	(3,329)
Other comprehensive loss	-	-	-	(1,412)	-	(1,412)
Total comprehensive loss for the period	-	-	(3,329)	(1,412)	-	(4,741)
Balance at 30 Jun 2017	827,201	(1,434)	9,582	(1,239)	60	834,170

1(d)(ii). Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issue of equity securities, issue of shares for cash or consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since the end of the previous period reported on.

Movement in the Company's treasury shares during the three months ended 30 June 2018 was as follows:

	Number of shares
Balance as at 1 April and 30 June 2018	6,359,600

As at 30 June 2018, 6,359,600 treasury shares were held by the Company (30 June 2017: 6,299,100) representing 0.4% (30 June 2017: 0.3%) of the total number of issued shares (excluding treasury shares).

1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued ordinary shares (excluding treasury shares) as at 30 June 2018 was 1,813,640,400 (31 December 2017: 1,813,640,400).

1(d)(iv). A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

None.

1(d)(v). A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

None.

2. ***Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.***

The financial statements for the period under review have not been audited or reviewed by the auditor.

3. ***Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).***

Not applicable.

4. ***Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.***

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting year consistent with those of the audited financial statements for the year ended 31 December 2017, except as disclosed in paragraph 5.

5. ***If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of, the change.***

The Group has adopted SFRS(I) on 1 January 2018. The financial statements for the period ended 30 June 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I). The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

The adoption of new/revised SFRS(I)s and INT SFRS(I)s did not have any significant impact on the financial performance or position of the Group except for the following:

a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)
The Group has elected for the optional exemption to reset the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, cumulative translation reserve of US$298,000 was reclassified from other reserves to accumulated losses as at 1 January 2017.

b) Adoption of SFRS(I) 9 Financial Instruments
The Group adopted SFRS(I) 9 on the required effective date without restating prior periods' information. As a result of adopting SFRS(I) 9, the Group recognised additional allowance for doubtful debts of US$306,000 which has been included in the accumulated losses at the date of initial application, 1 January 2018.

c) Adoption of SFRS(I) 15 Revenue from Contracts with Customers
The Group has adopted SFRS(I) 15 on the required effective date and applied the changes in accounting policy retrospectively to each reporting year presented, using the full retrospective approach. As a result of adopting SFRS(I) 15, the net loss for 1H FY17 increased by US$2,083,000.

5. d) Comparatives

The comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) described above are summarised below:

Group Income Statement and Consolidated Statement of Comprehensive Income

		30-Jun-2017 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	30-Jun-2017 Restated under SFRS(I) US$'000
Revenue	5c	76,755	432	77,187
Cost of sales	5c	(84,501)	(117)	(84,618)
Share of joint ventures' results	5c	207	(2,398)	(2,191)
Net loss for the period		**(27,536)**	**(2,083)**	**(29,619)**
Loss attributable to:				
Equity holders of the Company		(27,486)	(2,083)	(29,569)
Non-controlling interests		(50)	-	(50)
		(27,536)	**(2,083)**	**(29,619)**

Group Consolidated Statement of Comprehensive Income

	30-Jun-2017 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	30-Jun-2017 Restated under SFRS(I) US$'000
Total comprehensive loss for the period	**(30,695)**	**(2,083)**	**(32,778)**
Loss attributable to:			
Equity holders of the Company	(30,645)	(2,083)	(32,728)
Non-controlling interests	(50)	-	(50)
	(30,695)	**(2,083)**	**(32,778)**

Group Consolidated Balance Sheets

	Note	31-Dec-17 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	31-Dec-17 Restated under SFRS(I) US$'000	1-Jan-17 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	1-Jan-17 Restated under SFRS(I) US$'000
Equity							
Accumulated losses	5a	(373,205)	298	(372,999)	(142,939)	298	(142,714)
Accumulated losses	5c	-	(92)	-	-	(73)	-
Exchange reserve	5a	298	(298)	-	298	(298)	-
Total equity		**460,211**	**(92)**	**460,119**	**688,263**	**(73)**	**688,190**

5. d) Comparatives (cont'd)

		31-Dec-17 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	31-Dec-17 Restated under SFRS(I) US$'000	1-Jan-17 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	1-Jan-17 Restated under SFRS(I) US$'000
Non-current assets							
Investment in joint ventures	5c	80,668	(111)	80,557	63,189	(109)	63,080
Total non-current assets		**1,233,526**	**(111)**	**1,233,415**	**1,334,669**	**(109)**	**1,334,560**
Current assets							
Receivables and other current assets	5c	83,203	38	83,241	79,626	67	79,693
Total current assets		**180,298**	**38**	**180,336**	**170,921**	**67**	**170,988**
Current liabilities							
Payables and accruals	5c	110,295	19	110,314	73,561	31	73,592
Total current liabilities		**368,677**	**19**	**368,696**	**377,688**	**31**	**377,719**

6. ***Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding year, after deducting any provision for the preference dividends; (a) Based on weighted average number of shares and (b) On a fully diluted basis (detailing any adjustments made to the earnings)***

	Group			
	Quarter ended		6 Months ended	
	30-Jun-18	(Restated) 30-Jun-17	30-Jun-18	(Restated) 30-Jun-17
Net loss attributable to equity holders of the Company (US$'000)	**(5,796)**	(11,001)	**(12,988)**	(29,569)
Weighted average ordinary shares for calculation ('000)				
- Basic	**1,813,640**	1,833,733	**1,813,640**	1,813,790
- On fully diluted basis	**1,813,640**	1,833,733	**1,813,640**	1,813,790
Loss per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	**(0.32)**	(0.60)	**(0.72)**	(1.63)
(ii) On fully diluted basis	**(0.32)**	(0.60)	**(0.72)**	(1.63)

7. ***Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.***

	Group		Company	
	As at 30-Jun-18	(Restated) As at 31-Dec-17	As at 30-Jun-18	As at 31-Dec-17
Net asset value (US$'000)	**454,451**	460,119	**479,793**	486,360
Total number of ordinary shares issued ('000)	**1,813,640**	1,813,640	**1,813,640**	1,813,640
Net asset value per ordinary shares (US cents)	**25.06**	25.37	**26.45**	26.82

8. ***A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -***
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement

2nd Quarter 2018 ("Q2 FY18") vs 2nd Quarter 2017 ("Q2 FY17")

	Revenue			Gross Profit/(loss)			Gross Margin	
	Q2 FY18 US$'000	(Restated) Q2 FY17 US$'000	% Change	Q2 FY18 US$'000	(Restated) Q2 FY17 US$'000	% Change	Q2 FY18 %	(Restated) Q2 FY17 %
Offshore Supply Vessels ("OSV")	**26,044**	20,728	26%	**832**	97	758%	**3%**	0%
Offshore Accommodation ("OA")	**45,384**	12,901	252%	**11,631**	(4,098)	NM	**26%**	-32%
Transportation & Installation ("T&I")	**4,624**	3,875	19%	**841**	308	173%	**18%**	8%
Harbour Services and Emergency Response ("HSER")	**7,090**	5,102	39%	**931**	1,135	-18%	**13%**	22%
	83,142	42,606	95%	**14,235**	(2,558)	NM	**17%**	-6%

In Q2 FY18, the Group registered revenue of US$83.1 million, a 95% increase from US$42.6 million in Q2 FY17. This was mainly due to improved average daily charter rates, particularly for the OA segment, and improved utilisation, for which the OA Semi-Submersible Accommodation Vessel ("SSAV") segment reported 100% utilisation.

OSV

OSV segment revenue increased by 26% to US$26.0 million (Q2 FY17: US$20.7 million) due to improved utilisation of 76% (Q2 FY17: 64%) mainly attributable to the full contribution of 12 vessels (Q2 FY 2017: 6 vessels) deployed under long term charters to a Middle East National Oil Company. Notwithstanding increased operating expenses and lower average daily charter rates, the OSV segment was able to record a higher gross profit of US$0.8 million in Q2 FY18 compared to US$0.1 million in Q2 FY17.

OA

OA segment revenue increased by 252% to US$45.4 million (Q2 FY17: US$12.9 million), as both our 750 pax SSAVs POSH Arcadia and POSH Xanadu were fully employed during Q2 FY18. In addition to the improved performance of the SSAVs, the other OA vessels also reported higher average daily charter rates and utilisation. With better operating margin, the segment registered gross profit of US$11.6 million compared to gross loss of US$4.1 million in Q2 FY17.

Income Statement (cont'd)

2nd Quarter 2018 ("Q2 FY18") vs 2nd Quarter 2017 ("Q2 FY17") (cont'd)

T&I
T&I segment registered a revenue increase of 19% to US$4.6 million (Q2 FY17: US$3.9 million) due to higher vessel utilisation of 75% (Q2 FY17: 48%) which resulted in an improved gross profit of US$0.8 million (Q2 FY17: US$0.3 million).

HSER
HSER revenue increased by 39% to US$7.1 million (Q2 FY17: US$5.1 million) mainly due to higher revenue from salvage jobs and heavy lift vessels.

General & administrative ("G&A") expenses and other income
G&A expenses increased by US$2.7 million or 39% to US$9.7 million (Q2 FY17: US$7.0 million) mainly due to increased personnel and legal costs as well as higher allowance for doubtful debts.

Finance costs increased by 43% or US$2.2 million due to higher loan balances and higher interest rates.

The Group's share of results from joint ventures ("JVs") registered a loss of US$1.0 million in Q2 FY18 compared to a profit of US$2.6 million in Q2 FY17. This was largely contributed by the net loss incurred by POSH Terasea in Q2 FY18 as a result of lower vessel utilisation.

The Group recorded a net loss attributable to shareholders of US$5.8 million in Q2 FY18 compared to US$11.0 million in Q2 FY17.

6 Months ended 30 June 2018 ("1H FY18") vs 6 Months ended 30 June 2017 ("1H FY17")

	Revenue			Gross Profit/(loss)			Gross Margin	
		(Restated)			(Restated)			(Restated)
	1H FY18 US$'000	1H FY17 US$'000	% Change	1H FY18 US$'000	1H FY17 US$'000	% Change	1H FY18 %	1H FY17 %
Offshore Supply Vessels ("OSV")	**47,753**	35,159	36%	**582**	(4,595)	NM	**1%**	-13%
Offshore Accommodation ("OA")	**84,283**	22,895	268%	**20,958**	(6,760)	NM	**25%**	-30%
Transportation & Installation ("T&I")	**9,659**	8,335	16%	**1,267**	1,683	-25%	**13%**	20%
Harbour Services and Emergency Response ("HSER")	**12,012**	10,798	11%	**1,364**	2,241	-39%	**11%**	21%
	153,707	77,187	99%	**24,171**	(7,431)	NM	**16%**	-10%

In 1H FY18, the Group registered revenue of US$153.7 million (1H FY17: US$77.2 million), an increase of 99% or US$76.5 million. This was mainly due to improved vessel utilisation across the business segments and higher average daily charter rates for the OA segment. As such, the Group recorded gross profit of US$24.2 million in 1H FY18 compared to gross loss of US$7.4 million in 1H FY17.

OSV
While average daily charter rates were lower against the same period last year, OSV segment revenue increased by 36% to US$47.8 million (1H FY17: US$35.2 million) mainly due to higher vessel utilisation of 72% (1H FY17: 61%). As such, the segment achieved a gross profit of US$0.6 million in 1H FY18 compared to gross loss of US$4.6 million in 1H FY17.

OA
OA segment revenue increased 268% to US$84.3 million (1H FY17: US$22.9 million) mainly due to revenue contribution from POSH Arcadia, from the Shell Prelude project and POSH Xanadu which started work in early March 2018 for the Chevron Big Foot TLP project, and coupled with higher utilisation and higher average daily charter rates from the rest of the OA vessels. Consequently, the segment registered a gross profit of US$21.0 million in 1H FY18 compared to gross loss of US$6.8 million in 1H FY17.

Income Statement (cont'd)

6 Months ended 30 June 2018 ("1H FY18") vs 6 Months ended 30 June 2017 ("1H FY17") (cont'd)

T&I
T&I segment revenue increased by 16% to US$9.7 million (1H FY17: US$8.3 million) mainly due to higher vessel utilisation of 63% (1H FY17: 40%). While vessel utilisation improved, charter rates remained depressed. Consequently, the segment registered a lower gross profit at US$1.3 million (1H FY17: US$1.7 million).

HSER
HSER segment registered an 11% increase in revenue to US$12.0 million (1H FY17: US$10.8 million) mainly due to new salvage projects and higher revenue from heavy lift vessels. The lower gross profit of US$1.4 million in 1H FY18 (1H FY17: US$2.2 million) was mainly due to higher operating costs.

General & administrative ("G&A") expenses and other expenses/income
G&A expenses increased by 42% or US$5.2 million to US$17.4 million (1H FY17: US$12.2 million) mainly due to increase in personnel expenses as a result of the reversal of prior year bonus provision in 1H FY17, increased legal costs as well as higher allowance for doubtful debts.

Finance costs increased by 43% or US$4.2 million to US$14.1 million (1H FY17: US$9.9 million) mainly due to higher loan balances and higher interest rates in 1H FY18.

Share of joint ventures' loss decreased by 79% or US$1.7 million to US$0.5 million in 1H FY18 (1H FY17: US$2.2 million loss) mainly due to higher vessel utilisation from our Indonesian JV.

Accordingly, the Group's net loss attributable to shareholders decreased to US$13.0 million in 1H FY18 compared to US$29.6 million in 1H FY17.

Statement of Financial Position

The Group's net asset was US$454.5 million as at 30 June 2018.

The Group had net current liabilities of US$170.2 million mainly due to bank borrowings due within one year.

Statement of Cash Flows

The Group reported a higher cash generated from operations of US$24.2 million for 1H FY18 against US$20.6 million for 1H FY17. However, higher interest expenses for 1H FY18 (US$14.5 million) and taxes (US$4.2 million), reduced the net cash generated from operating activities to US$6.3 million for 1H FY18 against US$11.6 million for 1H FY17.

Net cash used in investing activities was US$9.9 million in 1H FY18 compared to US$40.1 million in 1H FY17. This was mainly due to lower acquisition of fixed assets and increase in proceeds from disposal of fixed assets.

The Group's net cash generated from financing activities in 1H FY18 was US$2.3 million (1H FY17: US$28.1 million) due to substantial decline in incremental bank borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

None.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Whilst market sentiment is more positive amid signs of increased investment and Capex in offshore oil field development, the oversupply of OSV vessels continues to exert pressure on both utilisation and charter rates.

The two SSAVs will remain employed in current charters until Q3 FY18, and POSH Xanadu will commence her new charter to Petrobras in December 2018 for a firm period of 8 months and with an option to extend for a further 8 months.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Not Applicable

(c) Date payable

Not Applicable

(d) Book closure date

Not Applicable

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the current period reported on.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Pursuant to Rule 920(2) of the listing manual of the SGX-ST, a renewal of general mandate has been obtained for the Group to enter into Interested Person Transactions with our Interested Persons as set out in the circular to the shareholders of the Company dated 11 April 2018. During the six months ended 30 June 2018, the following Interested Person Transactions were entered into by the Group

Name of interested person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	US$' 000	US$' 000
KSL Corporate Services Pte Ltd	-	1,178
DP Shipbuilding & Engineering Pte Ltd	-	1,411
DDW PaxOcean Shipyard Pte Ltd	-	228
PACC Ship Managers Pte Ltd	-	259
PaxOcean Engineering Zhuhai Co., Ltd	-	920
PACC Shipping Phils Inc	-	153
TOTAL	-	4,149

14. Negative confirmation pursuant to Rule 705(5).

The Board hereby confirms that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2018 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

On behalf of the Board of Directors

Kuok Khoon Ean
Chairman

Gerald Seow
Chief Executive Officer/Director

06 August 2018

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) Save for the Offer Shares to be offered arising from the Restricted Offer For Sale, no securities in MBC will be offered on the basis of this Modified Prospectus later than 12 months after the date of this Modified Prospectus.

(ii) Based on the Annual Report of POSH for the FYE 31 December 2017, save for (a) the options granted to Seow Kang Hoe Gerald and Wu Long Peng by KSL over 3,750,000 POSH Shares and 2,812,500 POSH Shares respectively, and (b) the share options granted to employees of the POSH Group pursuant to the POSH share option plan and the POSH performance share plan, no person has been or is entitled to be granted an option to subscribe for any securities of POSH as at the LPD.

2. DIRECTORS' REMUNERATION

An extract of the provisions in POSH's constitution as extracted from the records of ACRA in relation to the remuneration of its directors is as follows:

*"**82.** The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.*	*Remuneration of Directors*
***83.** (A) Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.*	*Remuneration for work outside scope of ordinary duties*
(B) The remuneration (including any remuneration under article 83(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.	*Payment of remuneration*
***84.** The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.*	*Reimbursement of expenses*
***85.** The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.*	*Power to pay pension and other benefits*

139. *In addition and without prejudice to the powers provided for by article 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:* *(a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or* *(b) be held by or for the benefit of non-executive Directors as part of their remuneration under article 82 and/or article 83(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit,* *The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing."*	*Power to issue free shares and/or to capitalise reserves for share-based incentive plans and Directors' remuneration*

3. MATERIAL CONTRACTS

POSH has not made any announcement on the website of the SGX that the POSH Group has entered into any contract which is or may be material (not being contracts entered into in the ordinary course of business of POSH Group) within the past two (2) years immediately preceding the LPD.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Based on the publicly available information from the website of the SGX as at the LPD, the composite litigation due diligence search results and the winding-up and judicial management due diligence search results in respect of POSH obtained from searches conducted on the LPD at the Cause Book Search (CBS) service module of the Integrated Electronic Litigation System (eLitigation) at www.elitigation.sg for the years 2014, 2015, 2016, 2017 and the period from 1 January 2018 to the LPD (the "**Singapore Litigation Searches**"), save as disclosed below, there is no material litigation, claims or arbitration proceedings that have commenced and continuing against POSH Group for the period prior to and ending on immediately preceding the LPD.

With respect to the Singapore Litigation Searches, it should be noted that:

(a) the results from these searches do not reveal information relating to members' voluntary winding up and appointment of a receiver which is not made pursuant to a court order;

(b) the results from these searches do not reveal information on proceedings that have not been commenced against POSH prior to the year 2014;

(c) notice of a winding-up order made or resolution passed or a receiver or judicial manager appointed may not be filed at the ACRA immediately; and

(d) information on damages on defamation cases, damages on personal injuries and death cases, taxation, bankruptcy cases, arbitration, winding up proceedings and admiralty proceedings are excluded.

(i) Claim against POSH Semco Pte. Ltd. ("PSPL") in South African court for damages of SGD122,935,000

An admiralty action was initiated in 2009 against POSH's subsidiary, PSPL, in the South African High Court. LJ Boer Handel B.V. (as owners of the pontoon "**Margaret**" and two floating docks) and LJ Boer Vastgoed B.V. (as owners of 12 barges) (together, the "**Plaintiffs**") have claimed damages as a result of the loss of and damage to the pontoon Margaret and its cargo of two floating docks and 12 barges under towage from Shanghai, China to Rotterdam, The Netherlands by PSPL. The damages claimed amounted to (a) EUR33.8 million (or approximately SGD59.2 million) (comprising EUR19.2 million (or approximately SGD33.6 million) for the value of the tow and EUR14.6 million (or approximately SGD25.6 million) for the Plaintiffs' remaining damages including loss of profit, contractual penalties and wasted expenditure on ordering materials and parts for the pontoon and tow); (b) USD2.0 million (or approximately SGD2.5 million) plus EUR420,000 (or approximately SGD735,000) comprising salvage, advisory, expert and finance costs incurred in relation to the salvage operations; and (c) R11.0 million (or approximately SGD1.3 million) comprising the net wreck reduction costs incurred for the removal of the wreck from the reef, including demolition and monitoring costs less the salvage received for any scrap parts sold. The trial was scheduled to commence in October 2014 and POSH stated that it intends to vigorously defend against this claim. POSH's insurers have confirmed that any liability from this suit will be fully covered without conditions (after taking into account USD1,000 deductibles) by POSH's existing insurance. As such, POSH did not envisage any difficulties in making a claim against its insurers for the full amount, and accordingly, no provision was been made in its consolidated financial statements.

Based on the publicly available information on the website of the SGX as at the LPD, there is no further update by POSH in relation to this claim.

(ii) Claim by POSH against Mexico joint venture and its two (2) shareholders to recover loan of USD109,800,000 and enforce share pledge agreements

According to information obtained from the POSH 2014 Prospectus, POSH granted a loan (of which the outstanding amount as at December 31, 2013 was USD109.8 million) to its joint venture, Servicios Maritimos Gosh, S.A.P.I. de C.V. ("**GOSH**"), for the acquisition, modification and mobilisation of the six vessels of GOSH which have been chartered to Oceanografía, S.A. de C.V.("**OSA**") and in turn to the Petroleos Mexicanos group of companies (collectively, "**PEMEX**"), which is a Mexican state-owned petroleum company involved in the oil and gas sector. The loan was granted in view of the unacceptable terms offered by the local banks in Mexico. There are no fixed repayment instalments and the charter hire that is paid are paid back to the POSH Group and the net amount (after deducting commission, vessel operating expenses and taxes) is applied against the loan. As security for the loan, POSH has share pledge agreements with the two Mexican shareholders of GOSH (representing 50.0% interests in GOSH) and mortgages over the six vessels owned by GOSH.

To safeguard POSH's interest, it has in March 2014 initiated legal actions to recover full repayment of the outstanding loan and interest payable to POSH, including legal actions to enforce its rights under the share pledge agreement to require the sale of the shares held by the two Mexican shareholders to such person as POSH may nominate whereby the proceeds from such sale will be paid to POSH to reduce POSH's loan to GOSH.

No allowance was made by POSH in this regard given that (a) POSH expects that the contracts with PEMEX will remain operational until 2015, and the charter income from the contracts with PEMEX is sufficient to service GOSH's vessel operating expenses, as well as its obligations to service the loan and current and future interest payable to us by GOSH; and (b) as security for the loan, POSH has share pledge agreements with the two Mexican shareholders of GOSH (representing 50.0% interests in GOSH) and mortgages over the six vessels owned by GOSH. POSH understands from its Mexican legal advisers that the mortgages over the six vessels owned by GOSH are enforceable under Mexico law in accordance with their respective terms and there is no reason to believe that there are currently any issues (including any issues arising from the Mexican government's investigations of OSA over alleged fraud arising from billings charged by OSA to PEMEX) that may give rise to prevent the enforcement of such mortgages.

On 8 October 2014, POSH announced that through the enforcement of the share pledge agreements (referred to above), POSH has acquired 260,000 shares in GOSH through its associate, GOSH Caballo Eclipse S.A.P.I de C.V. ("**Eclipse**"), and its effective shareholding in GOSH became 73.5%.The consideration price for the shares in GOSH was based on the adjusted net tangible asset value of GOSH and was funded by the internal resources of Eclipse. It was not expected to have any material effect on the net tangible assets per share or earnings per share of POSH for the financial year ended 31 December 2014.

Based on the publicly available information on the website of the SGX as at the LPD, there is no further update by POSH in relation to this claim.

(iii) <u>Bankruptcy proceedings of Mexican joint venture GOSH's customer, OSA</u>

On 21 May 2014 and on 27 May 2014, POSH announced on the website of the SGX the following:

(1) That since 28 February 2014, the administration of OSA (GOSH's customer of the chartering of six vessels as mentioned above) had been placed under the control of the Mexican State Administrator ("**SAE**") in connection with the Mexican government's investigations of OSA over alleged fraud arising from billings charged by OSA to PEMEX.

(2) Under an irrevocable trust arrangement entered into between OSA and PEMEX on 8 August 2013, PEMEX will pay all charter hire invoiced by OSA into an irrevocable trust ("**GOSH Trust**") for the benefit of GOSH and POSH. Since the establishment of the GOSH Trust, charter hire payments from PEMEX have been made to the GOSH Trust.

(3) POSH has been informed that SAE has obtained a court order ("**Order**") for PEMEX to stop paying charter hire on vessels chartered from OSA to all trusts including the GOSH Trust and instead to make such payments directly to SAE. Since then GOSH, through its trustee, has filed an injunction in the Mexican Courts to nullify the Order. A hearing on the matter was to be held on 28 May 2014. In addition, GOSH has also met with SAE in order to find a resolution to the matter. In the meantime, GOSH has stopped work on the vessels chartered to OSA.

(4) POSH was to make an additional provision for its share of the receivables in GOSH which may be affected by the Order, amounting to approximately USD4.6 million, in the POSH Group's results for the three (3)-months and first quarter ended 31 March 2014.

On 14 November 2014, POSH announced the following:

(1) With regard to the POSH Group's joint venture in Mexico, the joint venture's customer, OSA, was placed into bankruptcy proceedings (concurso mercantil) and, as at such date, was at the conciliatory stage (i.e. an arrangement with the majority of its creditors). The POSH Group and its joint ventures have been successful in having a significant part of their claims recognised by the Mexican Bankruptcy Court and have submitted an appeal for the balance. GOSH's injunction against the Order obtained by the Mexican State Administrator for PEMEX to stop paying charter hire on vessels chartered from OSA was ongoing as at 14 November 2014.

(2) Notwithstanding POSH's efforts to recover all debts due from OSA, full allowance was made by the POSH Group (USD0.5 million) and its joint ventures (USD4.6 million being the POSH Group's share).

(3) As mentioned in sub-clause (ii) above, POSH exercised its rights and in October 2014 secured equity control of GOSH in addition to its existing operational control over all of its Mexican operations and assets. The loans granted by POSH to its Mexican subsidiary are fully underpinned by the value of the vessels.

Based on the annual report of POSH for the FYE 31 December 2014, it was also mentioned that notwithstanding POSH's efforts to recover all debts due from OSA arising from the charter hire on vessels to OSA, full provision has been made for the receivables and that OSA's default on the charters resulted in a USD20.8 million loss attributable to POSH.

Based on the publicly available information on the website of the SGX as at the LPD, there is no further update by POSH in relation to this proceeding.

(iv) <u>Claim against POSH by Kensteel Engineering Pte Ltd for SGD30.519 million relating to a sale and purchase agreement in respect of a property in Singapore</u>

In January 2015, POSH had entered into a sale and purchase agreement ("**SPA**") with Kensteel Engineering Pte Ltd (the "**Claimant**") to acquire a property in Singapore (the "**Acquisition**"). The Acquisition was subject to the Claimant obtaining approval from Jurong Town Corporation ("**JTC**"). The application by the Claimant for such approval was rejected by JTC and POSH had sought a refund of the deposit paid under the SPA from the Claimant.

On 2 September 2015, a writ of summons and statement of claim (the "**Claim**") was served on POSH. In the Claim, the Claimant has claimed for, amongst others, a declaration that it is entitled to forfeit the deposit (including goods and services tax). The Claimant has also claimed for damages of approximately SGD3.300 million (USD2.334 million) which it alleges it suffered as a result of the sale of the property not having been completed. The total sum of the deposit of approximately SGD3.800 million (USD2.899 million) and the claim for damages (approximately SGD3.300 million (USD2.334 million)) is approximately SGD7.100 million (USD5.233 million).

On 5 September 2016, the Claimant had reduced its claim for damages of approximately SGD3.300 million to SGD2.219 million. POSH counterclaimed for the return of the deposit by the Claimant as well as interest and costs.

As at the date of the financial statements for the FYE 31 December 2015 and FYE 31 December 2016, the Directors were of the view that no material losses will arise in respect of the legal claim.

On 3 May 2017, POSH announced that the Claimant has obtained leave to amend its Claim to include the difference in price between the original price for the Acquisition under the SPA, and the price at which the Claimant has agreed to sell the property to a third party (the "**Third Party**") pursuant to an option to purchase (the "**OTP**") issued by the Claimant on 21 March 2017 and accepted by the Third Party on 4 April 2017.

In this regard, the additional amount claimed by the Claimant under the amended Claim is SGD24.5 million, which the Claimant had claimed further or alternatively to its forfeiture of the deposit. Further, the Claimant has maintained its claim for damages of approximately SGD2.219 million as an alternative claim to its claim for SGD24.5 million.

The total claim amount is SGD30.519 million and represents approximately 5.91% of the Group's audited net loss after tax for the FYE 31 December 2016 and 3.48% of the Group's audited net tangible assets as at 31 December 2016.

POSH understands that the terms of the OTP provide that the sale of the property to the Third Party is subject to the written approval of JTC and any other relevant government authorities. To the best of POSH's knowledge, such approval has not, as at the time of the 3 May 2017 announcement, been obtained and therefore the sale has not been completed.

As at the time of the 3 May 2017 announcement, the Singapore courts have granted leave to the Claimant to serve the amended Claim on POSH by 6pm, 5 May 2017, together with particulars including the circumstances of the sale of the property to the Third Party, the status of the requisite application to JTC and how the property came to be offered to be sold to the Third Party.

On 6 August 2018, POSH announced that the Singapore courts had, on 2 August 2018, granted judgment in favour of POSH on its counterclaim for the return of the deposit by the Claimant and interest, with costs to be determined at a later date. The Claimant has also discontinued its action against POSH with the undertaking that the Claimant shall not bring any subsequent action against POSH for the same or substantially the same cause of action. POSH will be taking steps, including obtaining the requisite court order against the Claimant (which is in liquidation), to enforce the judgment.

Based on the publicly available information on the website of the SGX as at the LPD, there is no further update by POSH in relation to this claim.

(v) Claim by PSPL against Makamin Offshore Saudi Ltd ("Makamin") for approximately USD11.3 million, counterclaim by Makamin against POSH Saudi Company ("PSC") and PSPL for at least USD60.2 million

On 21 March 2016, PSPL, a wholly-owned subsidiary of POSH, commenced legal action against Makamin in the Kingdom of Saudi Arabia to recover certain sums due and owing by Makamin to PSPL for, *inter alia*, the charter hire of three vessels owned by the Group (the "**Vessels**"), charges for meals and accommodation and interest charges on the amount owing in relation to the time charters of the Vessels and to compel Makamin to carry out their agreement to novate their sub-charters for two (2) vessels to the a nominee of POSH Group.

On 10 December 2016, Saudi Arabia legal counsel of POSH Group clarified the scope of the legal action commenced by Makamin against a subsidiary of POSH, POSH Saudi Company ("**PSC**"). Pursuant to the legal action commenced by Makamin against PSC, Makamin has applied for a court order in Saudi Arabia to:

(a) forbid PSC from substituting Makamin in Makamin's charter contracts with Saudi Aramco ("**Aramco**"), whether directly or indirectly;

(b) restrain PSC from inciting its staff to stop working or cooperating with Makamin and to deliver to Makamin all documents necessary for Makamin's relationship with Aramco;

(c) forbid PSC from causing damage to Makamin in the context of Makamin's relationships with Aramco, its banks and its clients;

(d) compensate Makamin for all damages allegedly caused by PSC, comprising SAR100 million (approximately USD26.7 million) as compensation for the loss of Makamin's charter contracts with Aramco, SAR30 million (approximately USD8.0 million) for the expenses paid by Makamin to bring and operate three vessels and SAR 90 million (approximately USD24.0 million) to compensate for Makamin's loss of profit arising from Makamin's ban from working with Aramco for the next two (2) years at a minimum; and

(e) prevent PSC from tendering for Aramco's charter contracts for the same period of time for which Makamin is prevented from doing so and to substitute any of POSH Group's entities in any contract Makamin enters into with Aramco.

Based on the information available, POSH intends to vigorously contest and defend against any charge or allegation made against PSC by Makamin and will take all steps necessary to protect its reputation, its interests and the interests of its shareholders.

POSH had on 15 May 2017 announced that on 19 February 2017, PSPL increased the amount of its claim against Makamin from USD6.6 million to approximately USD11.3 million, arising principally from additional amounts of charter hire for the Vessels owing by Makamin to PSPL.

POSH Group has also been informed by its Saudi Arabia counsel that Makamin has made certain counterclaims against PSPL which, as clarified after a hearing in the court of Saudi Arabia on 14 May 2017, comprise of: (i) approximately USD20 million for compensation for the alleged loss of the three contracts with Aramco; (ii) USD30 million for compensation for the alleged loss of future work with Aramco; (iii) USD10.2 million for payment of sums which PSPL has allegedly offered to pay Makamin against the three contracts; (iv) USD2,000 per day for payment of sums which PSPL is allegedly liable to pay to Makamin under a novation agreement; (v) an unspecified amount of compensation for any interruption of oil production as a result of withdrawing the vessels; and (vi) an unspecified amount of compensation for the alleged cost incurred for operating the vessels.

POSH Group is taking advice from its Saudi Arabia legal counsel and notes that certain counterclaims made by Makamin in (i), (ii) and (vi) above are duplicative in nature to claims made by Makamin against POSH Group that have already been rejected by the Saudi Arabia court, as previously announced by POSH on 21 February 2017. Based on the information available, POSH Group intends to defend itself against Makamin's allegations and counterclaims and will take all steps necessary to protect its reputation and interests, as well as the interests of its shareholders.

Based on the publicly available information on the website of the SGX as at the LPD, there is no further update by POSH in relation to this claim.

(vi) <u>POSH's arbitration against the United Mexican States ("Mexico")</u>

On 7 May 2018, POSH announced that it had filed a Notice of Arbitration dated 4 May 2018 against Mexico under the agreement between the Government of the United Mexican States and the Government of the Republic of Singapore on the Promotion and Reciprocal Protection of Investments (the "**Bilateral Investment Treaty**").

The arbitration by POSH is in relation to certain of the POSH Group's investments in Mexico, specifically those made to charter certain vessels for use by Petróleos Mexicanos ("**Pemex**"), Mexico's state-owned oil company. Beginning in 2014, Mexico took actions, in violation of its obligations under Chapter II of the Bilateral Investment Treaty. These actions prevented POSH from continuing to charter those vessels to Pemex, and thereby destroyed those investments that POSH made in Mexico. POSH is seeking compensation from Mexico for the value of those investments.

Further announcements will be made by POSH as and when appropriate.

Based on the publicly available information on the website of the SGX as at the LPD, there is no further update by POSH in relation to this arbitration.

5. CONSENTS

5.1 The Principal Adviser, Due Diligence Solicitors, Singapore Due Diligence Solicitors, British Virgin Islands Solicitors, Principal Bankers, Bloomberg LP Finance, Malaysia Share Registrar for the Restricted Offer For Sale, Singapore Share Registrar for the Restricted Offer For Sale, and Clarkson Research Services Limited, have given and have not subsequently withdrawn their written consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Modified Prospectus.

5.2 The Auditors and Reporting Accountants for the Restricted Offer For Sale, have given and have not subsequently withdrawn their written consent for the inclusion of their name and all references thereto in the form of context in which they appear in this Modified Prospectus including, the Reporting Accountants' report on the compilation of pro forma consolidated statement of financial position of MBC as at 31 December 2017.

6. CONFLICT OF INTEREST

6.1. RHBIB

RHBIB, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and funds management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for MBC Group, in addition to the role as set out in this Modified Prospectus.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with MBC Group and the directors and/or substantial shareholders of the Company, hold long or short positions in the securities offered by the Company, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its other customers in equity securities of MBC Group.

RHB Banking Group via RHB Bank (being the parent company of RHBIB), had on 18 June 2014 granted a term loan facility to MBC of up to RM320.0 million for general investment and working capital purposes ("**Term Loan**"). RHB Bank and MBC had via a letter dated 14 July 2017 agreed to vary certain terms and conditions of the Term Loan, of which one of the terms is that MBC to appoint RHBIB as the adviser for any ensuing corporate exercise(s) with the objective of strengthening the capital base of MBC on mutually agreed terms. As at the LPD, the Term Loan has an outstanding amount of approximately RM199.13 million and part of the Term Loan of approximately RM43.0 million is expected to be repaid from the proceeds arising from the Restricted Offer For Sale. In addition, RHB Banking Group has also extended trade, foreign currency and hedging facilities to MBC Group in its ordinary course of business. RHB Bank's exposure to MBC Group represents approximately 0.86% of net assets of approximately RM23,149.71 million as at 31 December 2017.

Notwithstanding the above, RHBIB confirms that there is no conflict of interests which exists or is likely to exist in its capacity as the Principal Adviser for the Restricted Offer For Sale on the basis as set out below:

(a) the Term Loan was provided on arm's length basis and is not material when compared to the audited net assets of RHB Bank's of approximately RM23,149.71 million as at 31 December 2017;

(b) the Term Loan was granted on 18 June 2014 for general investment and working capital purposes and is not conditional upon the Restricted Offer For Sale. It is the intention of MBC to undertake the Restricted Offer For Sale to monetise its investments in POSH and raise the cash required to finance the working capital of MBC Group, part finance the construction costs of new vessels and repay part of the borrowings of MBC Group.

    Accordingly, part of the expected gross proceeds arising from the Restricted Offer For Sale will be utilised to repay part of the Term Loan based on a fixed repayment schedule in accordance with the letter of offer for the Term Loan;

(c) Nothwithstanding the term in the offer letter dated 14 July 2017 to appoint RHBIB as the adviser for any ensuing corporate exercise, the appointment of RHBIB as the Principal Adviser to MBC for the Restricted Offer For Sale is in the ordinary course of business as a licensed investment bank. RHBIB does not have any interests in the Restricted Offer For Sale other than as a Principal Adviser based on the terms of engagement which are mutually agreed between both parties. In addition, the success of the Restricted Offer For Sale is dependent on the acceptance on the Offer Shares by the Entitled Shareholders under the Restricted Offer For Sale;

(d) RHB Banking Group maintains a strict physical separation of the divisions/departments pursuant to its Chinese Wall Policy to avoid the sharing of sensitive information. The advisory work carried by RHBIB's Corporate Finance Department ("**RHB CF**") is strictly regulated by the SC, Bursa Securities and BNM; and

(e) The conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013 and CMSA, and RHBIB has a robust system of internal controls to prevent the overriding of its established credit approval policies and procedures. This would include comprehensive monitoring and reporting mechanism. Credit proposals (such as the Term Loan) that are prepared by the respective departments of RHB Banking Group are escalated to independent reviewing parties and committees within RHB Banking Group for approval. Further, there is no involvement by RHBIB in respect of any credit application process undertaken by other departments within RHB Banking Group.

6.2. Zaid Ibrahim & Co.

Zaid Ibrahim & Co. confirms that there is no conflict of interests which exists or is likely to exist in its capacity as the due diligence solicitors with regard to Malaysian law in the Modified Prospectus in relation to the Restricted Offer For Sale.

6.3. Shook Lin & Bok LLP

Shook Lin & Bok LLP confirms that there is no conflict of interests which exists or is likely to exist in its capacity as the Singapore due diligence solicitors with regard to Singapore law in the Modified Prospectus in relation to the Restricted Offer For Sale.

6.4. Conyers Dill & Pearman Pte. Ltd.

Conyers Dill & Pearman Pte. Ltd. confirms that there is no conflict of interests which exists or is likely to exist in its capacity as the solicitors to MBC with respect to British Virgin Islands law in the Modified Prospectus in relation to the Restricted Offer For Sale.

6.5. Ernst & Young

Ernst & Young confirms that there is no conflict of interests which exists or is likely to exist in its capacity as the Auditors and Reporting Accountants in the Modified Prospectus in relation to the Restricted Offer For Sale.

6.6. Symphony Share Registrars Sdn Bhd

Symphony Share Registrars Sdn Bhd confirms that there is no conflict of interests which exists or is likely to exist in its capacity as the Malaysia Share Registrar in the Modified Prospectus in relation to the Restricted Offer For Sale.

6.7. Boardroom Corporate & Advisory Services Pte Ltd

Boardroom Corporate & Advisory Services Pte Ltd confirms that there is no conflict of interests which exists or is likely to exist in its capacity as the Singapore Share Registrar in the Modified Prospectus in relation to the Restricted Offer For Sale.

6.8. Clarkson Research Services Limited

Clarkson Research Services Limited confirms that there is no conflict of interests which exists or is likely to exist in its capacity as the Industry Expert in the Modified Prospectus in relation to the Restricted Offer For Sale.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office at Level 17 & 18, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Modified Prospectus:

(i) Constitution of POSH obtained from the ACRA;

(ii) Reporting Accountants' report on the compilation of pro forma consolidated statement of financial position of MBC as at 31 December 2017 as referred to in **Appendix III** of this Modified Prospectus;

(iii) Annual reports of POSH for the FYE 31 December 2016 and FYE 31 December 2017;

(iv) Audited consolidated financial statements of POSH for the FYE 31 December 2016 and FYE 31 December 2017 together with the auditors' report thereon;

(v) Unaudited financial statements and dividend announcement of POSH Group for the second quarter and six (6)-months ended 30 June 2018 as referred to in **Appendix V** of this Modified Prospectus;

(vi) Letters of consent and declarations of conflict of interests referred to in **Sections 5 and 6** above; and

(vii) The report titled Offshore Oil and Gas Market Overview dated 13 August 2018 prepared by Clarkson Research Services Limited.

8. RESPONSIBILITY STATEMENT

The Board has seen and approved the Documents. They individually and collectively accept full responsibility for:

(a) the accuracy of the information given in the Documents;

(b) the accurate extraction and reproduction of information concerning POSH Group and joint ventures from publicly available sources such as:

i. the certificate confirming incorporation of company and certificate of conversion (private company to public company) of POSH;
ii. the POSH 2014 Prospectus;
iii. results of the electronic instant information business profile searches on each of POSH's Singapore incorporated entities extracted from the records of ACRA;
iv. results of public searches conducted on POSH's non-Singapore incorporated entities (to the extent reasonably obtainable);
v. POSH's announcements made on SGX;
vi. annual reports of POSH including the accompanying consolidated audited financial statements of POSH; and
vii. the latest unaudited financial statement and dividend announcement of POSH.

and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no false or misleading statements or inaccurate extraction and reproduction of information concerning POSH Group and joint ventures or other facts, if omitted, would make any statement in the Documents false or misleading.

RHBIB, being the Principal Adviser for the Restricted Offer For Sale, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Modified Prospectus constitutes a full and true disclosure of all material facts concerning the Restricted Offer For Sale.