

VO&M

VIKING

OFFSHORE&MARINE

annual report 2009



(formerly known as Novena Holdings Limited)

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore branch ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this document.

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It must be noted that Viking O&M's acquisition of Viking Airtech Pte Ltd ("Viking Airtech") as a fully-owned subsidiary was not completed until January 2010. As such, the operations and results of Viking Airtech is not integrated or consolidated into the results of Viking O&M for the year ended 31 December 2009.

Dawn of a New Era

We live in uncertain times of manifold challenges, yet replete with opportunities. As I write to you, I recall an age-old saying: "A ship is safe in the harbour, but that's not what a ship is built for." It is in this spirit that the Board of Viking Offshore and Marine Limited, in June 2009, initiated a series of bold moves to engineer a transformation of the Company and bring it to new heights.

In addition to reporting to you our business performance in the past year, this 2009 Annual Report unveils a new chapter in our corporate history as Viking Offshore and Marine Limited. As we embark on this extraordinary journey of change, we would like to invite our fellow stakeholders to join us in driving and witnessing our growth ahead.



Andy Lim



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A group of people are silhouetted against a bright sunset sky over a beach. They are standing on the sand, with their arms raised and hands clapping, suggesting a celebratory or joyful moment. The sun is low on the horizon, creating a warm, golden glow. The ocean is visible in the background, with gentle waves breaking on the shore.

Our Vision

To be the preferred partner in providing a comprehensive suite of services to offshore and marine industries globally

Our Mission

To champion the concept of “Total Quality Service” in the provision of tailor-made systems for the offshore and marine industries

Our Philosophy

People are one of our core assets. We pride ourselves as the one stop solution provider backed by our pool of trained, talented and experienced professionals, engineers, skilled labour, reliable suppliers and outsourced resident contractors along with effective project management and manufacturing facilities.



Chairman's Message

Dear Stakeholders,

In the financial year ended 31 December 2009 ("FY2009"), we witnessed a new chapter in the history of Viking Offshore and Marine Limited ("Viking O&M" or "the Group"). As your Chairman since June 2009, I am tasked now to lead Viking O&M through this exciting new phase of its corporate development.

2009 was a volatile year for economies worldwide, as the global financial crisis produced economic repercussions significantly more intense than those experienced during the 1997 Asian Financial Crisis.

In such an environment, we could have tightened our belts to ride out the storm; or we could intensify our efforts to seek new value propositions and opportunities. We aggressively pursued the latter, which we believe was the right decision.

In January 2010, we completed the acquisition of Viking Airtech Pte Ltd ("Viking"), marking the beginning of our business transformation. More precisely, it signaled the Group's strategic thrust into the global offshore and marine ("O&M") industry. Our name change from Novena Holdings Limited to Viking Offshore and Marine Limited is a formal representation of the Group's newfound direction.

The O&M segment is attractive because it presents the Group with robust long-term growth prospects. Looking forward, it will continue to be bolstered by positive industry dynamics, such as rising oil prices, revived capital

expenditure, growing traffic volumes from increasing global trades, and improving credit situations.

To establish a beachhead in this industry, the Group scanned the market for good acquisition targets. Viking emerged as a highly attractive opportunity; it is a successful and well-regarded operator in its sphere of expertise, and the acquisition could be funded without unduly stretching our resources.

An Enterprise 50 award winner, Viking is a market-leading turnkey solution provider of heating, ventilation, air conditioning and refrigeration ("HVAC&R") systems for the O&M industry. Over the last three years, it completed over 300 projects with a total contract value of S\$100 million, and boasts of a strong order book that extends well into 2011. While its main markets are the People's Republic of China and Southeast Asia, Viking also has long-standing relationships with major shipyards and vessel owners around the world.

In 2009, Viking posted over S\$37 million in turnover, and a profit after tax of S\$7.9 million representing a net margin exceeding 20%. The prospects of its contribution to the Group are clearly tremendous, and I am delighted to welcome Viking onboard.

While finding new growth avenues, we continue to manage our existing businesses with prudence. I am pleased to report that in FY2009, the Group posted a net profit after tax of S\$1.0 million on the back of S\$37.6 million in revenue, turning around a net loss after tax of S\$46.0 million in FY2008. Earnings per share grew to 0.21 cents, compared with a loss per share of 12.26 cents in the year prior.



Our performance in FY2009 was anchored upon two principal subsidiaries - Chuan Seng Leong Pte Ltd (“CSL”) and Shine@Spring Pte Ltd (“Shine@Spring”). CSL, a distributor of fast-moving consumer goods, continued to deliver consistent, profitable performance. In addition, the company expanded its distribution portfolio with new product lines, demonstrating the confidence that our established and new principals have in CSL.

Shine@Spring, a beauty product and service supplier, also turned in credible performance with continued growth in its product array. In FY2009, Shine@Spring’s flagship brand - Kitoko Kalani - further strengthened its market presence through the introduction of more than 100 products. It also opened its second concept store in Raffles City, and renovated two Beaute Spring outlets at Bugis Village and West Mall to incorporate exclusive concept corners for Kitoko Kalani merchandise.

The Group’s balance sheet as at 31 December 2009 remained strong, and our net assets increased 37% year-on-year. Furthermore, our strong cash position has also allowed us to reward our shareholders. In this regard, the Board of Directors has recommended a first and final dividend of 0.3 cents per share.

The acquisition of Viking is only but the first step under our strategic intent to build a core business in the O&M segment. Going forward, we intend to further expand our portfolio and capabilities, while divesting non-core assets when the right opportunity arises, so as to become the preferred service provider to customers in the global O&M industry.

Towards this vision, we are adopting a three-pronged approach:

- Harnessing our capacity and capability to extend our offerings deeper into existing markets.
- Extending our geographical reach into other markets around the world. Emerging markets such as Vietnam, India and Brazil are our initial targets.
- Developing an integrated, comprehensive suite of product and service offerings for our customers by acquiring complementary capabilities.

I would like to take this opportunity to thank Dr Toh Soon Huat, our past Acting Chairman and Chief Executive Officer, for his leadership of Novena Holdings Limited since its listing in 2000. He was instrumental in the evolution of the company and ably led it through challenging times.

We also will not be where we are - if not for the dedication and hard work of our staff, the support of our customers and business associates, the guidance from our Board members, and the trust and belief that you have in us. I look forward to sharing more successes with you in 2010.

Yours sincerely,

Andy Lim

Chairman and Executive Director

Corporate Data

Board of Directors

Andy Lim	<i>Chairman and Executive Director</i>
Ong Choo Guan	<i>Chief Executive Officer and Executive Director (appointment wef 16 April 2010)</i>
Lien Kait Long	<i>Independent Director</i>
Chong Hon Kuan Ivan	<i>Independent Director</i>
Tan Wee Peng Kelvin	<i>Independent Director</i>
Lee Suan Hiang	<i>Independent Director (appointment wef 16 April 2010)</i>
Tay Beng Chuan	<i>Independent Director (retirement wef 16 April 2010)</i>
Kwan Chee Seng	<i>Non-Executive Director (retirement wef 16 April 2010)</i>

Audit Committee

Lien Kait Long	<i>Chairman</i>
Chong Hon Kuan Ivan	
Tan Wee Peng Kelvin	
Tay Beng Chuan	

Nominating Committee

Chong Hon Kuan Ivan	<i>Chairman</i>
Lien Kait Long	
Tan Wee Peng Kelvin	
Tay Beng Chuan	

Remuneration Committee

Tan Wee Peng Kelvin	<i>Chairman</i>
Lien Kait Long	
Chong Hon Kuan Ivan	
Tay Beng Chuan	

Company Secretary

Lotus Isabella Lim Mei Hua

Registered Office

Viking Offshore and Marine Limited
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Email: general@vikingom.com
Website: www.vikingom.com

Share Registrar and Share Transfer Office

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The Corporate Office,
Singapore 068906

Auditor

Ernst & Young LLP
Certified Public Accountant
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Singapore 048583

Partner-In-Charge

Ho Shyan Yan
(wef from financial year ended 31 December 2008)

Company's Sponsor

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Singapore Land Tower
Singapore 048623
Tel: (65) 6337 5115
Contact Person: Tony Toh

Bankers

United Overseas Bank Limited
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited

Board of Directors



Andy Lim

Chairman and Executive Director

Andy Lim was appointed as Chairman and Executive Director of the Company on 15 June 2009. As the founder and Chairman of private equity firm Tembusu Partners, he is currently the Executive Director of Associated Leisure International and Chairman of MoneyWorld Group of Companies. His other board appointments include Chairman of Alpha Singapore, Chairman of government cooperative for ex-offenders, ISCOS, Board Member of Raffles University, Council Member of the National Council for Anti-Drug Abuse and President of the Enterprise 50 Club. In September 2004, Mr Lim was appointed Honorary Consul to the Republic of Lithuania. Mr Lim holds an Engineering degree (First Class Honours) from Cambridge University and a Masters in Business Administration from University of California at Los Angeles (UCLA).



Ong Choo Guan

Chief Executive Officer and Executive Director

Ong Choo Guan was appointed Chief Executive Officer of the Company on 15 January 2010, and to be appointed Executive Director on 16 April 2010. With more than 30 years of management experience in the offshore and marine industry, Mr Ong has been instrumental in driving the growth of Viking Airtech Pte Ltd since its incorporation in 1994 as part of Viking Engineering Group. Since his appointment as Executive Director of Viking Airtech in 2003, he has turned the business around and brought Viking Airtech to new heights as a leading HVAC&R solutions provider to shipyards and vessel owners in the region. Prior to joining Viking Engineering Group in 1980 where he was General Manager, Mr Ong was with Jurong Shipyard as the Overall-in-charge Engineer for mechanical works onboard the vessels.



Lien Kait Long

Independent Director

Lien Kait Long was appointed as Non-Executive Director to the Board in May 2008. He has extensive experience in accounting and finance, corporate management and business investments. He is currently serving as an Independent Director on the boards of several Singaporean and Chinese companies listed on the Singapore Exchange. The listed companies that he has present and prior experience in span across diverse industries including manufacturing, telecommunications, oil and gas, textiles as well as food and beverage. Mr Lien also holds a number of senior management positions as well as executive directorships in various public and private corporations in Singapore, Hong Kong and China. Mr Lien holds a Bachelor of Commerce degree from Nanyang University, and is a fellow of the Institute of Certified Public Accountants of Singapore and of CPA Australia.

Board of Directors



Chong Hon Kuan Ivan

Independent Director

Chong Hon Kuan Ivan was first appointed as a Non-Executive Director on 4 December 2000. On 1 June 2007, he became an Independent Director. Mr Chong concurrently serves as an Independent Director at Asia Water Technology Ltd and as Advisor to the Advertising Standards Authority of Singapore (ASAS). He has served as President of the Association of Accredited Advertising Agents (AAAA) and as Chairman of ASAS. For his achievements, Mr Chong was conferred the “Friend of Labour” Award by National Trade Union Congress. Since 5 June 2008, he has been appointed as a Non-Executive Director and subsequently as the Executive Director of Rockeby Biomed Ltd, an Australia-listed, Singapore-based biotechnology company.



Kelvin Tan Wee Peng

Independent Director

Kelvin Tan is currently the Managing Director of GBE Holdings Pte Ltd. He has more than 20 years of professional experience and has held senior management positions with various companies, including AETOS Security Management and PSA International. He was also with Temasek Holdings (Private) Limited, holding various appointments in direct investments, most recently as Managing Director of the Private Equity Funds Investment Unit. He was a consultant advising companies investing in China, and also served with the Singapore Police Force. A Local Merit Scholar (Police Service), Mr Tan holds a Bachelor in Accountancy (First Class Honours) and a Master in Business Administration from the National University of Singapore. He also attended the Programme for Management Development at the Harvard Business School. Kelvin currently holds directorship appointments with several other private and publicly listed companies.



Lee Suan Hiang

Independent Director

Lee Suan Hiang will be appointed Independent Director of the Company on 16 April 2010. Mr Lee is the Executive Director of the Arts and Culture Development Office at the Ministry of Information, Communications and the Arts, and Senior Advisor to the National Arts Council and the National Heritage Board. Prior to this, he was the Chief Executive of SPRING Singapore, National Productivity Board and the Singapore Institute of Standards and Industrial Research. Mr Lee was also Chairman of PSB Corporation, Deputy Chairman of the International Federation of Arts Councils and Cultural Agencies and Council Member of the International Standards Organisation. Mr Lee was awarded the Public Administration (Gold) Medal in 1998, the World SME Association Award in 2001, the Japan External Trade Organisation Award in 2002. Besides being the President of the EDB society, he is also a Fellow of the UK Chartered Management Institute, Chartered Institute of Marketing, and World Academy for Productivity Science.

Board of Directors / Advisor



Tay Beng Chuan

Independent Director

Tay Beng Chuan was appointed as our Independent Director on 4 December 2000. He is also an Independent Director of United Envirotech Ltd since October 2008. For 4 years, Mr Tay was a Nominated Member of Parliament from 1997 to 2001, and also served as the President of The Singapore Chinese Chamber of Commerce and Industry. Currently, Mr Tay is the Chairman of both the Traditional Chinese Medicine Practitioners Board and Premium Funding Singapore Pte Ltd, an insurance premium funding and licenced money-lending company. He is also the Managing Director of Winnow Investments Pte Ltd, Ocean Navigation Pte Ltd and Alor Star Shipping Pte Ltd. These companies are involved in general trading and investments, ship-chartering and shipping-related activities. He holds a Diploma in Commerce from the Gordon Technical Institution in Geelong, Victoria, Australia.

Kwan Chee Seng

Non-Executive Director

Kwan Chee Seng is a Non-Executive Director and a major shareholder of Van der Horst Energy Limited and Viking Offshore and Marine Limited both listed on the Singapore Exchange, as well as Platsearch NL listed in Australia Stock Exchange. He was also the Group Managing Director of Singapore-listed GRP Limited. His vast experience in senior management and business restructuring is of tremendous value to the Company.



Bo Johansson

Advisor to Chairman

Bo Johansson was appointed Advisor to Chairman of the Company on 16 April 2010. He is currently Managing Director of Viking Engineering Pte Ltd and was Chairman of Viking Airtech Pte Ltd since its incorporation until 2009. As a Certified Turbine and Gears Engineer Stal-Laval Turbin AB (now Siemens Sweden AB) since 1969, Mr Johansson has extensive experience as a Specialist Engineer on main propulsion steam turbine, and gears and controls system for various ship-managers and ship-owners, including Golar Management LNG Fleet, Shell, BP, British Gas, ExxonMobil, Chevron Shipping USA, Tanker Pacific Management, Bergesen d.y. ASA Norway, Abu Dhabi Gas Industries, Qatargas, MOL Japan, Sovcomflot Russia and many others. He was also instrumental in guiding Viking Engineering into the field of self-discharging ships and barges for bulk materials as agents for BMH Marine Sweden, now MacGregor Bulk.

Group Structure



* With Substantial Shareholding

Management Team

Corporate Office



Left to right: Low Jooi Kok, Andy Lim, Ong Choo Guan

Andy Lim

Chairman
Viking Offshore and Marine Limited

Ong Choo Guan

Chief Executive Officer
Viking Offshore and Marine Limited

Low Jooi Kok

Chief Financial Officer
Viking Offshore and Marine Limited

Mr Low Jooi Kok was appointed Chief Financial Officer of the Company on 2 March 2010. Mr Low has 21 years of commercial experience spanning sales, marketing and line-of-business executive management, financial management and operational management. He was Chief Financial Officer of IBM Singapore in 1998, and then Director of Business Partner Sales for ASEAN and South Asia till 2009. Prior to joining IBM, Mr Low was with Visa International, holding various appointments overseeing financial planning and management of strategic business investments for Visa within the Asia-Pacific region. Mr Low holds a Master of Business Administration from Southern Illinois University, Carbondale and is a Certified Public Accountant.



Management Team

Viking Airtech



Clockwise: Raymond Goh Tian Choo, Muharam, Kho Teck Boon, Ong Choo Guan, Nancy Phoon, Peter Lindgren, Aung Aung Myat, Norman Tang

Kho Teck Boon

Assistant General Manager (Operations)

Kho Teck Boon has more than 30 years of experience in marine engineering, including the operation and maintenance of vessels, as well as shipbuilding project management with various liner, instrumentation and shipbuilding companies. He oversees the management of all projects in Viking Airtech.

Liu Yuling

Deputy General Manager
Viking Airtech (Yantai) Co., Ltd

Liu Yuling has over 25 years of experience in the HVAC&R industry, having worked on several large-scale projects in the People's Republic of China. Mr Liu is responsible for managing operations at the company's Yantai fabrication plant.



Raymond Goh Tian Choo

Assistant General Manager (Commercial)

Raymond Goh Tian Choo has been with the company since 2002 and is responsible for the daily management and operation of the Sales and Marketing Department and the Purchasing Department. Prior to joining the Group, he was a Commercial Executive in Malaysia Marine Heavy Engineering (formerly known as Malaysia Shipyard & Engineering).



Hunter Yang Long

General Manager
Shanghai Representative Office

Hunter Yang Long has been instrumental in the growth of Viking Airtech and building its

brand name in the country. At the Shanghai Representative Office, he is placed in charge of securing contracts for the company within Greater China.

Norman Tang

Financial Controller
Viking Offshore and Marine Limited

Norman Tang oversees the accounting and finance functions at Viking O&M and advises the Management on potential corporate actions. Mr Tang is a Certified Public Accountant, and was previously with PricewaterhouseCoopers Transaction Services, where he served private equity houses and investors in providing M&A due diligence services.

Nancy Phoon

Finance & Admin Manager

Nancy Phoon oversees all finance and administrative functions of Viking Airtech. Ms Phoon has more than 35 years of experience in finance, accounting, administration and personnel management across various industries, including engineering and trading, wholesale and retail, manufacturing and shipbuilding.

Aung Aung Myat

Workshop Manager

Aung Aung Myat currently leads a team of production engineers, and ensures that all products are completed on schedule and fabricated strictly in accordance with design drawings. Mr Aung brings with him over 20 years of experience in the HVAC industry, having worked for the Ministry of Construction in Myanmar.

Peter Lindgren

Project Manager

Peter Lindgren joined Viking Airtech in 2007, with more than 10 years of project management and engineering experience in land-based construction as well as offshore and marine projects.

Muharam

Engineering Manager

Muharam is primarily responsible for managing the engineering design team, and overseeing the design aspects of Viking Airtech's projects. Prior to joining the company, he worked as a mechanical and electrical design engineer, and was also a lecturer at Bandung Institute of Technology, Indonesia.

Management Team

Chuan Seng Leong and Shine@Spring



Left to right: Lee Chong How Amos, Lee Lai Chuan, Kathy Chan Lay May, Sheila Chong Siew Lan

Lee Lai Chuan

Executive Director
Chuan Seng Leong Pte Ltd

Lee Lai Chuan founded CSL in 1976, and was subsequently appointed Executive Director of the company after its acquisition by Viking O&M (then Novena Holdings Ltd) in 2005. Backed by more than 30 years of business experience in the Fast Moving Consumer Goods ("FMCG") industry, Mr Lee is responsible for the overall management of CSL, and remains actively involved in the areas of strategic sourcing, as well as business planning and development.

Amos Lee Chong How

Business Manager
Chuan Seng Leong Pte Ltd

Amos Lee Chong How joined CSL as a Business Development Manager in 2009, responsible for developing new customer channels. Since March 2010, he has been appointed Business Manager of the company, overseeing all aspects of sales operations. Mr Lee is a professional with accreditation in Electronics, Computer & Communication Engineering.

Kathy Chan Lay May

Managing Director
Shine@Spring Pte Ltd

Kathy Chan Lay May is the Managing Director of Shine@Spring, a retailer of personal care and beauty products. Ms Chan joined the company in May 1994 as a Project

Manager and Personal Assistant to the Chief Executive Officer, undertaking business expansion projects and overseeing administrative functions. In September 2002, she was promoted to Director of Corporate Planning, and subsequently appointed as Managing Director in January 2006. She is currently responsible for branding, product development, merchandise sourcing, and oversee the operations of Shine@Spring. She holds a Bachelor of Business degree from Curtin University of Western Australia, and a Master of Business Administration degree from the American University of Hawaii.

Sheila Chong Siew Lan

Human Resource and Training & Development Manager
Shine@Spring Pte Ltd

Sheila Chong Siew Lan is the Human Resource and Training & Development Manager. She joined division Shine@Spring in May 2004 as a Marketing & Training Manager, and was promoted to her current position in June 2007. She is responsible for all human resource functions and management of staffing matters. Ms Chong also oversees the planning and execution of strategic training and development plans of the company. She holds a Bachelor of Engineering (Mechanical Engineering) degree from Nanyang Technological University and a Graduate Diploma in Training & Development from the Singapore Human Resources Institute. She is also a certified therapist with the International Therapy Examination Council based in the United Kingdom.

Viking Airtech Pte Ltd

A Leading HVAC&R Solutions Provider

Viking is a leading turnkey heating, ventilation, air-conditioning and refrigeration systems solutions provider. Viking offers customized design, engineering, manufacturing, project management, testing and commissioning of HVAC&R systems for the marine and offshore industry across the People's Republic of China ("the PRC") and Southeast Asia.



Viking is supported by its subsidiary Viking Airtech (Yantai) Co., Ltd, which specializes in equipment design and manufacturing. Viking Airtech (Yantai) primarily serves the Chinese offshore and marine market, operating a manufacturing plant located right in the heart of Shandong, the PRC.

Offering a Comprehensive Range of Marine HVAC&R Systems

Viking is an authorised marine dealer and service agent of Carrier marine products and is also supported by other recognised refrigeration compressor makers. The company offers a comprehensive range of refrigeration system from air to water cooled, direct expansion to secondary chill water cooled, a simple package unit type to centralised chill water mega system.



The Viking team has carried out the fabrication and installation of the ducting works, air balancing and commissioning to meet the Safe Concordia specification requirements and the project time schedule.

LEIF HELGE LARSEN,
Chief Engineer NB261,
Consafe Offshore AB.



Design, procurement, inspection, installation and commissioning were as per owner standard, within the time required and with high quality!

MANOJKUMAR MOHANTY

Owner Representative Petrojack II H1082 Delivered 2008
and Petrojack IV H1084 Delivered 2008.

Dedication to Quality

Since its incorporation in 1994, Viking has seen a steady growth in the number of employees, projects and turnover due to its commitment to provide high quality turnkey solutions and products. Viking's Quality Management has been Det Norske Veritas certified since 1999. In 2003, the company upgraded its Quality Management System according to ISO9001:2000 standards, and by 2006 received ISO9001:2000 accreditation for adherence to these standards.

Over the years, Viking has received a number of awards, attesting to the robustness of the business and its dedication to quality. The company was awarded the prestigious Enterprise 50 Award in 2008, as well as the Small Medium Enterprise (SME) Growth Excellence Award in 2009.



From engineering to delivery, Viking provides total heating, ventilation, air-conditioning and refrigeration solutions, tailored to each customer's unique specifications and requirements.



The job was well done and problems were addressed swiftly.

PETER HONE

Electrical Superintendent

Maersk Completer H1081 Delivered 2007 Maersk

Convincer H1083 Delivered 2008.

Long-standing Partnerships and Operational Excellence

Over the years, Viking endeared its best support to, both onshore and offshore, who in turn continued their faith in Viking through increase and repeat business. Viking prides itself in maintaining good and long-standing relationships with several major players in the offshore and marine industry. Its onshore clientele includes: Keppel Fels Ltd, Otto Marine Ltd, PPL Shipyard, Jurong Shipyard Pte Ltd, Drydocks World Singapore Pte Ltd, and many others. The company received the Excellence Performance Awards from Carrier Singapore, for whom Viking is an authorised marine dealer and service agent, as well as letters of appreciation for excellence in project execution from many of its clients.

Our clients include:

Keppel FELS

Otto Marine

Jurong Shipyard

Drydocks World

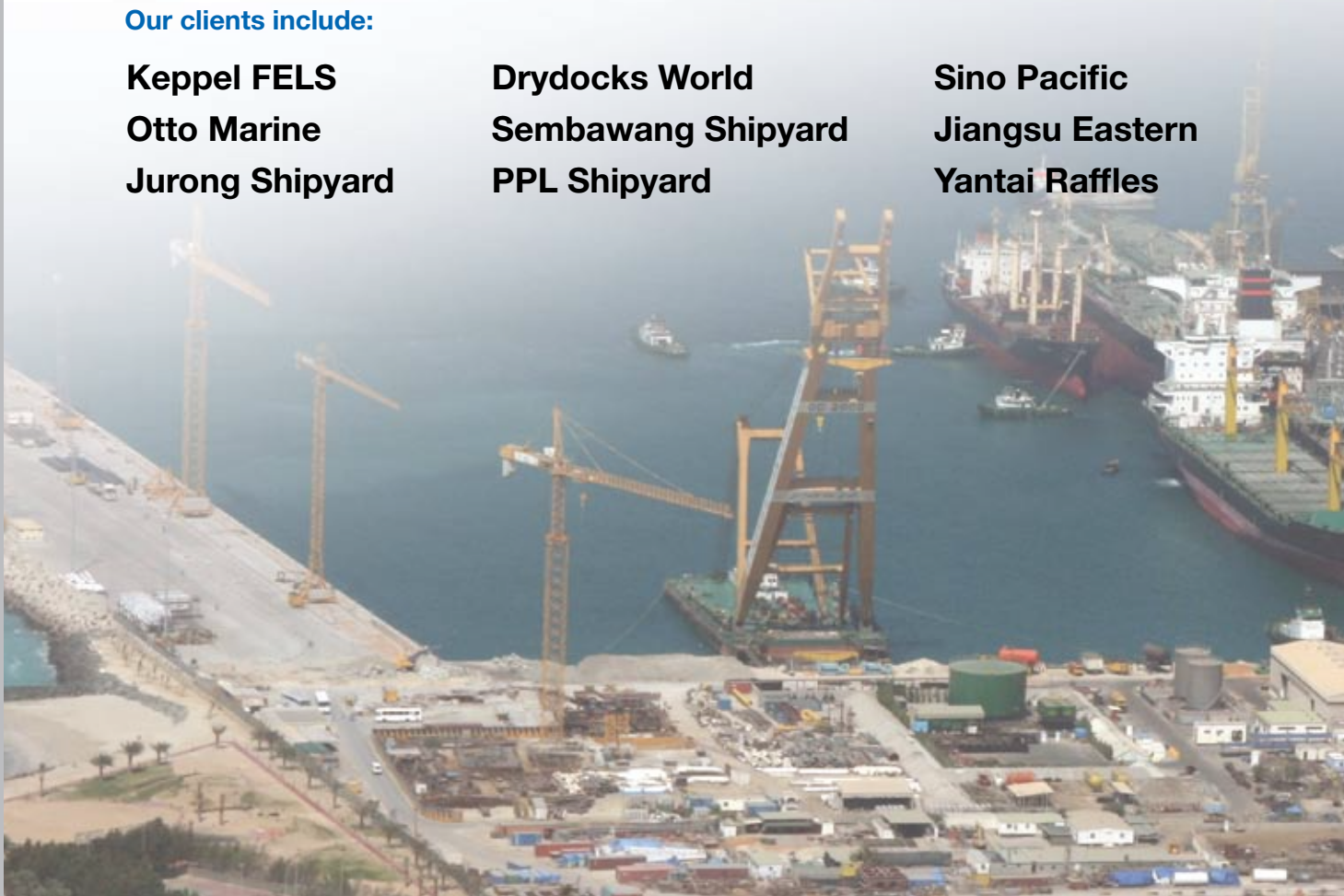
Sembawang Shipyard

PPL Shipyard

Sino Pacific

Jiangsu Eastern

Yantai Raffles





Fuelling our business growth, overseas customers' contribution increased from 30% to 50% of total revenue base in the last three years. This is a direct result of our geographical expansion initiatives, and one which we will continue to focus our effort on and further accelerate.

Viking's satisfied offshore customers include the bigger yards and shipping companies heralding from major shipping cities of the PRC, such as Yangzhou Dayang Shipbuilding Co., Ltd, Domestic Trade Ministry Kouan Shipbuilding Industry Co., Ltd, Guangzhou Shipyard International Co., Ltd, and Wai Gao Qiao Shipbuilding Co., Ltd.



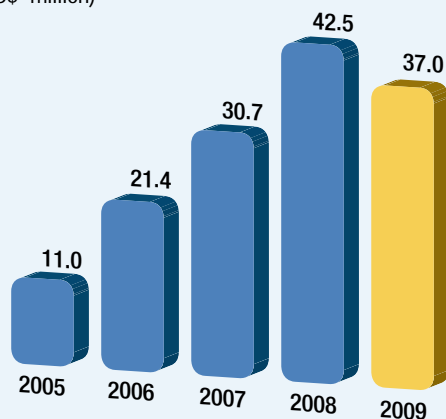


Viking's design and custom-made systems include secondary cooling chilled water systems, direct expansion cooling systems, package units (cabin or rooftop), ventilation and heating systems, and refrigeration plants.

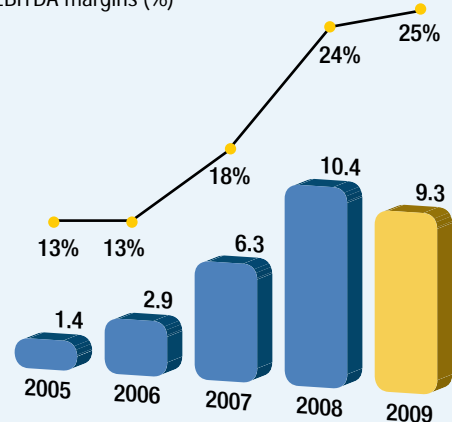
Financial Performance

36% of compounded annual growth in revenue for the last five years

REVENUE
(S\$ million)



EBITDA (S\$ million)
EBITDA margins (%)



People Are Our Assets

We value people, we embrace diversity and we believe in skills enablement. We bring them together so that they are able to integrate and deliver solutions to our customers - beyond their expectations and delighting them.

Viking is a 16 year-old company with a staff strength of 130 spanning across 7 nationalities, with the majority having served in the company for more than 5 years. Skilled resources is Viking's key emphasis; half of its people are engineering-trained professionals. Viking takes enablement seriously; every department head's appraisal includes measurement of their people's skill advancement and every staff has in place a training program designed for the individual.



Through its engineering department and Hazard & Operability studies, Viking synthesises customers' needs into single-line schematics and manufacturing drawings. Post-production, Viking's products undergo rigorous factory acceptance tests prior to their delivery.



Worldwide Sales and Service Network



Canada

East Point Construction & Offshore Solutions Inc.
No. 7 Peruz Court
PO Box 48085 Bedford
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Canada

Belgium

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Greece

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Elkco Marine S.A.

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185 37 Piraeus, Greece

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People's Republic of China

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United Arab Emirates

India

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Kadavanthra,
Cochin-682020
India

Korea

Global Maritime Engineering
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Saha-Ku Pusan, Korea

South Africa

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12 Gul Street 3
Singapore 629267

Indonesia

PT Viking Engineering
JI Brigjend Katamso km.06
Tanjung Uncang, Batam
Indonesia

Operations Review

Overview

FY2009 was a year in which the Group underwent consolidation, rationalisation and expansion. We saw changes to substantial shareholdings of the Company as well as our Board composition.

The Group has now a well-defined growth blueprint which will bring clarity and focus to our core business and investments. We also took steps to dispose of non-performing and non-core businesses and assets. The recent acquisition of Viking Airtech Pte Ltd ("Viking") anchored our core business as we continued our inquisition into the offshore and marine sector. Accordingly, the renaming of Novena Holdings Limited to Viking Offshore and Marine Limited represent our statement of intent.

As the acquisition of Viking was completed only on 15 January 2010, its financials were not consolidated into the Group's financial performance for the year ended 31 December 2009. Thus, the retail and distribution businesses continued to be the mainstay of the Group's portfolio in FY2009.

Retail and Distribution

The tough economic climate and business conditions continued to challenge our retail and distribution businesses. Amid these challenges, both our subsidiaries – Chuan Seng Leong Pte Ltd ("CSL") and Shine@Spring Pte Ltd ("Shine@Spring") – continued to demonstrate resilience, recording a combined revenue of S\$37.6 million, which remained relatively consistent with the previous year.



Operations Review



FMCG Distribution Since 1976

Chuan Seng Leong Pte Ltd

CSL is a leading distributor of Fast Moving Consumer Goods in household and personal care essentials. In an effort to outreach a wider customer segment, CSL expanded its distribution network, enabling another 100 retailers during the year, bringing the number of retailers in their network to 1,300. In addition to increasing their retailers base, CSL further secured distribution rights for additional product portfolio from their principals. This effort saw CSL widen its distribution portfolio by 20% more product models, reaching an impressive 1,500 products. The encouraging results from their expansion activities will see CSL target higher growth in the future through regional efforts, both in terms of product sourcing and distribution overseas.



Operations Review

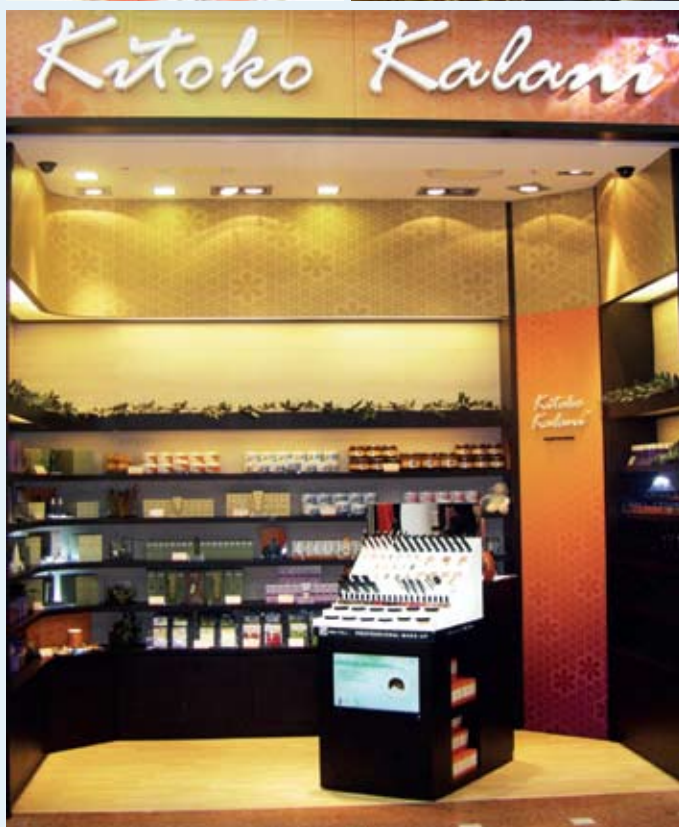


Shine@Spring Pte Ltd

In FY2009, Shine@Spring continued to carve a niche for itself through an active expansion of its beauty product offerings to retail customers, as well as strengthening brand building of selected house brands. Leveraging these enhancements, Shine@Spring grew its customer base by outreaching to major residential hubs and the city centre through a network of strategically located retail points.

Kitoko Kalani, Shine@Spring's exclusive beauty brand developed in-house, has gained increasingly wide popularity over the past year by enhancing its go-to-market strategy. In FY2009, Kitoko Kalani doubled the number of flagship concept stores, and also established a more pronounced presence with exquisite concept corners created within selected Beaute Spring stores.

During the year, more than 120 types of beauty products were also added to Shine@Spring's stable of products. The majority of these additions were made to the Kitoko Kalani collection and other house brands. By having its own research and development capabilities, Shine@Spring is able to swiftly respond to market demands and source a wide selection of high-quality products that can best cater to customer requirements. For FY2010, an increased marketing and promotional budget has been planned to help Shine@Spring create greater customer awareness and build brand equity for its brands within the Singapore market.



Beaute Spring Retail Stores

Central

Bugis Village
247 Victoria Street
T: (65) 6333 0535

Toa Payoh

Blk 183 Toa Payoh Central
#01-272
T: (65) 6251 5535

Ang Mo Kio

Blk 705, Ang Mo Kio Ave 8
#01-2575
T: (65) 6251 5535

Bedok

Blk 208 New Upper Changi Rd
#01-671
T: (65) 6444 4544

West Mall

1 Bukit Batok Central Link
#02-20
T: (65) 6862 2004

Kitoko Kalani Concept Stores

Raffles City

Raffles City Shopping Centre,
#B1-42C
T: (65) 6338 6001

Jurong Point

63 Jurong West Central 3,
Jurong Point Shopping Centre,
#01-06
T: (65) 6794 2239

Beaute Spring Professional Face & Body

Bugis Village

247 Victoria Street
#02-00
T: (65) 6336 0002

Operations Review

As at the end of 2009, the Group holds an investment portfolio exceeding S\$30 million in quoted equities.

Equity Investments

While the Group focused its energy and resources in building an offshore and marine services business, the Group believes its other equity investments would continue to offer good opportunities for it to optimise the use of its cash resources. The Group's approach is to manage its investment portfolio through a mix of investment-grade equities that generate steady returns and non-investment grade shares with higher volatility but potential for greater returns. Moving forward, the Group will still continue to invest in companies that have

good growth potential while remaining mindful of the financial resources required to fund expansions and potential acquisitions.

Compared to FY2008, the Group's equity portfolio registered higher valuations due to improving market conditions. All equity investments appropriately represent their realisable values as at 31 December 2009.

Companies	Ownership	Valuation*
Tung Lok Restaurants (2000) Ltd	14.3%	S\$2.6m
TT International Ltd	14.1%	S\$4.6m
United Envirotech Ltd	12.2%	S\$16.8m
Old Chang Kee Ltd	11.0%	S\$2.3m
Nico Steel Holdings Ltd	8.9%	S\$1.0m
Asia Water Technology Ltd	4.8%	S\$1.9m
Xpress Group Ltd (Hong Kong)	2.8%	S\$1.6m
Total		S\$ 30.8m

* Computed based on market closing prices as at 31 December 2009.

Operations Review

Prospects in the New Financial Year

We are cautiously optimistic about our business prospects in FY2010. The full-year effect of our acquisition of Viking Airtech Pte Ltd (“Viking”) will be realised and consolidated into the Group results, providing a significant impact on our revenues and earnings.

Being mindful of the challenging economic environment, the Management has implemented prudent cost measures and maintained a cautious stance in seeking new growth areas and investments. In addition, the Group will continue to look for ways to improve our operational efficiencies, drive productivity savings and channel resources towards improving support infrastructure.

The offshore and marine industry remains an important part of any economic fabric and the Group is confident that spending will continue to be made and opportunities will be available for us to capitalise upon. The build-up of our backlogs and order book for Viking is another reason for our optimism in seeing sustainable growth in FY2010. Viking represented only but our first foray into the offshore and marine sector. Coupled with further planned expansion of business offerings in this direction, the Group is well-positioned for growth in 2010.

On the retail and distribution businesses, we do not foresee volatility as demand and customer spending are expected to remain stable given the nature of the businesses. Growing the distribution network in addition to enhancing the product offering portfolio will continue to be key to realising revenue growth. Earnings

improvement is expected to be derive from improved purchasing productivity, reduction in inventory carrying cost and operational efficiencies in distributing products to customers.

A more prudent approach will be adopted in managing equity investments over the longer-term. Value extraction and realising shorter-term gains will require close monitoring of market movements. The Management will be seeking to minimise investment risk exposure and divest non-core, non-performing financial assets.

We remain committed to continuing our expansion path into the offshore and marine industry. In this regard, we will be scanning the market for reliable partners, and acquire businesses that are in line with our growth blueprint.

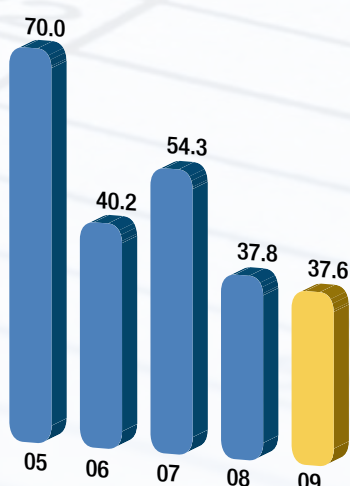
Although the Viking acquisition will substantially increase our revenue in FY2010, the significance is beyond that, it is our first bold step of many more in our growth equation.



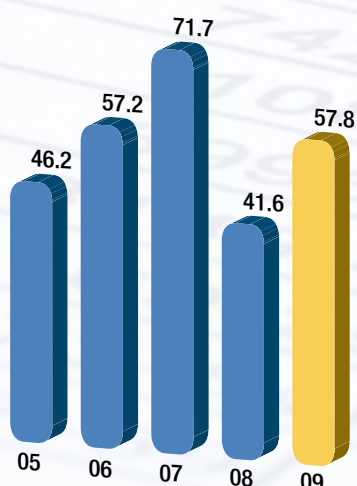
Financial Highlights

	2009 S\$' million	2008 S\$' million
Profitability Indicators		
Revenue	37.6	37.8
Gross Margin %	18.9%	20.3%
Operating Expense - Revenue %	29.3%	31.2%
Profit / (Loss) After Tax	1.0	(46.0)
Balance Sheet Indicators		
Total Assets	57.8	41.6
Net Current Assets / (Liabilities)	16.4	17.5
Total Liabilities	12.8	8.6
Shareholders' Funds	45.1	33.0
Performance Indicators		
Earnings Per Share (cents / share)	0.21	(12.26)
Net Asset Value (cents / share)	0.11	0.08

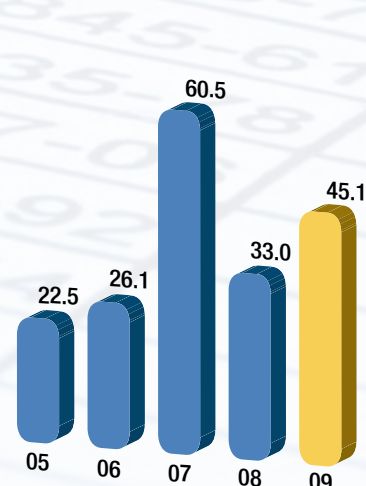
REVENUE
S\$'million



TOTAL ASSETS
S\$'million



SHAREHOLDERS' FUNDS
S\$'million



Financial Review

A strong cash position and negligible debt provide the Company both the financial capacity and flexibility to fund future expansion and growth.

Our Financial Performance in FY2009

In FY2009, the Group reported a revenue of S\$37.6 million, which remained relatively stable against that achieved in FY2008. Modestly higher revenue contribution from our main businesses of retail and distribution was offset by lower revenue from other miscellaneous holdings, which have been divested during the year.

Gross margin for the year decreased compared to the prior year mainly due to changes in product mix. As we emerge from a challenging economic situation, customers purchasing patterns changed with moves towards lower-priced and lower-end products and correspondingly lowered margins.

Other operating income of S\$4.6 million is lower by 31% when compared to FY2008. The higher operating income recorded in FY2008 was attributable to a one-time gain of S\$5.2 million in land compensation from the disposal of land use rights in the People's Republic of China.

Due to prudent expense management and cost rationalisation efforts, selling, general and administrative expenses decreased by 9% year-on-year. These factors have helped the Group reverse into net profitability with a net profit after tax of S\$1.0 million in FY2009, despite lower gross profits.

Balance Sheet Review

Current Assets and Current Liabilities

Net current assets of \$16.4 million as at 31 December 2009 was S\$1.1 million lower as compared to end-FY2008. There were no significant changes in the individual categories within current assets and current liabilities, except for the lower cash balance – a result of funding additional purchases of quoted equity investments through cash.

Non-Current Assets

Total non-current assets rose by S\$12.8 million from S\$17.3 million as at 31 December 2008 to \$30.1 million as at 31 December 2009 mainly due to the increase in value of available-for-sale financial assets, resulting from the improved stock market performance.

Non-Current Liabilities

Non-current liabilities as at 31 December 2009 was comparable to that at 31 December 2008, and there are no significant variances that warrant special mention.

Gearing

The gearing of the Group was negligible and the Group has been able to fund its operations and investments through the use of cash generated from operations and utilising trade credit facilities.

Equity Attributable to Equity Holders of the Parent

Equity attributable to equity holders of the parent increased by S\$13.4 million from S\$30.9 million as at 31 December 2008 to S\$44.3 million as at 31 December 2009 due mainly to gains in fair value adjustment reserve on available-for-sale financial assets.

Cash Flow Statement Review

Cash and cash equivalents at the end of the year decreased from S\$11.5 million to S\$7.1 million. All cash balances are unpledged. Net cash outflows were used in the following manner:

▶ Operating activities	S\$1.4 million
▶ Investing activities	S\$1.5 million
▶ Financing activities	S\$1.5 million

Net cash outflow relating to investing and financing activities were in the acquisition of quoted equity investments, and proceeds paid to minority shareholders associated with the disposal of a subsidiary, respectively.

Community Development


While our business is transforming, our attitude and efforts towards community development have not. It has been an essential element of our corporate DNA for years, and will continue to be so.



We consistently reach out to the community that we live in through various means. Not only do we want to contribute financially towards organisations, programs and activities with worthy causes, we want to participate in them as well, by volunteering our time and assistance. We do not focus on or discriminate against any particular factions of the community. Instead, by adopting a broad-based approach, we hope to reach out to the larger community and do our part for society.



We are proud to report that our total contribution to charitable causes over the last five years has reached S\$1 million.

A large, complex offshore oil platform is shown at sunset. The structure is multi-tiered, with numerous pipes, walkways, and scaffolding. Several tall, dark smokestacks or chimneys are visible against the sky. The platform is supported by a yellow lattice structure over the ocean. The sky is a mix of orange, pink, and blue, indicating the time is either dawn or dusk. The overall scene is industrial and captures a moment of quiet activity in a remote location.

Our strategy is to harness our capacity and capability to extend our offerings deeper into existing markets, pursue a wider geographical reach and develop a comprehensive suite of products and services for our customers.

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Corporate Governance

The Board of Directors (the “Board”) of Viking Offshore and Marine Limited and its subsidiaries (the “Group”) is committed to maintaining high standards of corporate governance and transparency in line with the spirit of the Code of Corporate Governance 2005 (the “Code”) to protect the interest of shareholders. This report outlines the Company’s corporate governance processes and structures with specific reference to the Code.

BOARD OF DIRECTORS

PRINCIPLE 1: BOARD’S CONDUCT OF ITS AFFAIRS

The principal functions of the Board are to:

1. Approve the corporate direction and strategy of the Company and monitoring the performance of the management;
2. Approve the nomination of directors and appointment of key managerial personnel;
3. Approve annual budgets, major funding proposals and investment proposals;
4. Review the internal controls, risk management, financial performance and reporting compliance; and
5. Assume responsibility for corporate governance.

To facilitate effective management, certain functions have been delegated to various Board Committees, each of which has its own written terms of reference. The Board has delegated day-to-day operations to management while reserving certain key matters for its approval. These key matters include approving the consolidated financial statements for the group, conflict of interest checks for directors, disposal of assets, strategic planning and material acquisitions, share issuances, dividends and matters which require Board approval as specified under the Company’s interested person transaction policy.

The Board conducts regular scheduled meetings. Ad-hoc meetings are convened when circumstances require. The Company’s Articles of Association allow a Board meeting to be conducted by way of a tele-conference. The attendance of the directors at meetings of the Board and Board Committees, as well as the frequency of such meetings, is disclosed in this Report.

DIRECTORS’ ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FY2009

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Andy ¹	7	4	NA	NA	NA	NA	NA	NA
Kwan Chee Seng ¹	7	3	NA	NA	NA	NA	NA	NA
Tan Wee Peng Kelvin ²	7	4	4	2	3	1	3	2
Chong Hon Kuan Ivan	7	6	4	3	3	2	3	2
Lien Kait Long	7	7	4	4	3	3	3	3
Tay Beng Chuan	7	7	4	4	3	3	3	3
Wong Meng Yeng ³	7	1	4	1	3	1	3	1
Toh Soon Huat ⁴	7	3	NA	NA	NA	NA	NA	NA
Li Ling Xiu ⁵	7	2	NA	NA	NA	NA	NA	NA
Chow Hock Meng ⁶	7	3	NA	NA	NA	NA	NA	NA

Corporate Governance

Notes:

- *¹ Mr Lim Andy and Mr Kwan Chee Seng appointed as directors of the Company on 15 June 2009
- *² Mr Tan Wee Peng Kelvin appointed as director of the Company on 25 June 2009
- *³ Mr Wong Meng Yeng resigned as director of the Company on 4 May 2009
- *⁴ Mr Toh Soon Huat resigned as director of the Company on 23 July 2009
- *⁵ Ms Li Ling Xiu resigned as director of the Company on 1 September 2009
- *⁶ Mr Chow Hock Meng resigned as alternate director to Ms Li Ling Xu on 1 September 2009

PRINCIPLE 2 : BOARD COMPOSITION AND BALANCE

The Board comprises four Independent Directors, one Non-Executive Director and one Executive Director.

The size and composition of the Board is reviewed on an ongoing basis and the current size and composition is considered appropriate for the facilitation of effective decision making and effective stewardship of the Group. The independence of each Director is reviewed annually by the Nominating Committee (“NC”). The NC adopts the Code’s definition of an independent director in its review.

The NC is of the view that the Independent Directors are independent, no individual or small group of individuals dominate the Board’s decision making process and the current composition of the Board possesses adequate competencies to meet the Company’s objectives. As a team, the Board collectively provides core competencies in the areas of accounting, finance, business and management experience.

Key information of the Board members is set out in the “Board of Directors” section of this Annual Report.

The duties and responsibilities of the executive director are clearly set out in their service agreements. The Company has an on-going budget for all directors to receive relevant training. Board members are encouraged to attend seminars and receive training in connection with their duties as directors in areas such as accounting and legal knowledge, particularly on latest developments to relevant laws, regulations and accounting standards.

PRINCIPLE 3 : ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)

The Board is of the opinion that it is in the best interest of the Group to adopt a single leadership structure whereby the Chairman and Chief Executive Officer is the same person, so as to ensure that the decision-making process would not be unnecessary hindered. The presence of a strong independent element and the participation of the Independent Directors ensure that the Chairman and the Chief Executive Officer does not have unfettered powers of decision.

The Group’s Acting Chairman and CEO, Mr Toh Soon Huat, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. He is responsible for day-to-day running of the Group as well as the exercise of control over the timeliness of information flow between the Board and management. As the Acting Chairman, he also ensures that Board meetings are held regularly and the Board is updated on the Group’s affairs, oversees the preparation of the agenda for Board meetings and ensures the Group’s compliance with the Code.

All major decisions made by the Acting Chairman and CEO are reviewed by the Audit Committee. The Nominating Committee reviews his performance and appointment to the Board and the Remuneration Committee reviews his remuneration package periodically. Both the Nominating Committee and Remuneration Committee comprise a majority of Independent Directors of the Company. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Mr Andy Lim, who took over office from Mr Toh Soon Huat in the capacity of Chairman and Executive Director in June 2009, continued with the framework and practices outlined above. At present time, the office of Chairman and Chief Executive Officer is separately held by Mr Andy Lim and Mr Ong Choo Guan, respectively. Mr Ong Choo Guan was

Corporate Governance

appointed Chief Executive Officer on January 2010, and this change of office bearer structure was deemed necessary with the complexity of the newly acquired subsidiary, Viking Airtech Pte Ltd. The Board endorsed this leadership change and believed this to be an enhancement to the corporate governance within the Group and also industry competence as the Group venture into the offshore and marine industry.

PRINCIPLE 6 : ACCESS TO INFORMATION

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board with a management report containing complete, adequate and timely information prior to the Board meetings as well as a report of the group's activities on a regular basis.

The Company has approved an agreed procedure for Directors to take independent professional advice at the Company's expense of up to a maximum of S\$25,000. Before incurring professional fees, the Director concerned must consult two other Directors, one of whom must be independent. No such advice was sought by any director during FY2009.

The Company secretary attends Board meetings and meetings of the Board Committees of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with. The Minutes of all Board meetings are circulated to the Board.

Please refer to the "Corporate Information" section of the annual report for the composition of the Company's Board of Directors and Board committees.

BOARD COMMITTEES

NOMINATING COMMITTEE (NC)

PRINCIPLE 4 : BOARD MEMBERSHIP

The NC comprises four Directors, all of them, including the Committee Chairman are Independent Directors.

The principal functions are to:

1. Establish procedures for and making recommendations to the Board on all board appointments;
2. Determine orientation programs for new Directors, and recommending opportunities for the continuing training of the Directors;
3. Review and make recommendations to the Board for the re-nomination of Directors, having regard to the individual director's contribution and performance;
4. Assess annually whether or not a Director is independent;
5. Review the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise;
6. Recommend to the Board the performance criteria and appraisal process to be used for the evaluation of individual Directors as well as the effectiveness of the Board as a whole, which criteria and process shall be subject to Board approval; and
7. Review the appointment of relatives of directors and/or substantial shareholders to managerial positions.

The NC reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new directors to the Board, the NC takes into consideration the skills and experience required and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of ability and attributes.

The Articles of Association of the Company currently require one-third of the directors to retire and subject themselves to re-election by the shareholders in every Annual General Meeting. In addition, all directors of the Company shall retire from office at least once every three years.

Corporate Governance

PRINCIPLE 5 : BOARD PERFORMANCE

The NC evaluates the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

In evaluating the Board's and each individual director's performance, the NC considers a set of quantitative and qualitative performance criteria such as return on investment, return on equity, profitability on capital employed, the success of the strategic and long-term objectives and the effectiveness of the Board in monitoring management's performance against the targets set by the Board.

The NC, in considering the re-appointment of any Director, evaluates the performance of the director. On an annual basis, the Chairman will assess each Director's contribution to the Board, and discuss the results with the Chairman of the NC. The criteria adopted in assessing the contribution of each individual Director include attendance at the Board and Committee meetings, intensity of participation at meetings and special contributions.

AUDIT COMMITTEE (AC)

PRINCIPLE 11 : AUDIT COMMITTEE

The Audit Committee (AC) comprises four members; all of them including the Chairman are independent Directors. The profile of the AC comprises professionals and businessman with financial, management and legal background. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's function.

The AC, which has written terms of reference, performs the following delegated functions:

1. Review the audit plans of the internal and external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
2. Review the interim and annual financial statements and the auditors' report of the Company before their submission to the Board of Directors;
3. Review with the management and the internal auditor the adequacy of the Company's internal controls in respect of management, business and services systems and practices;
4. Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
5. Review the cost effectiveness and the independence and objectivity of the external auditors;
6. Review the nature and extent of non-audit services provided by the external auditors;
7. Review the assistance given by the Company's officers to the auditors;
8. Nominate the external auditors; and
9. Review interested person transactions in accordance with the requirements of the listing rules of the Singapore Exchange.

The AC has the express power to conduct or authorize investigations into any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and provided with reasonable resources to enable it to discharge its functions properly. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. During the year, the Company pay no more than S\$50,000 to the Company auditors for non-audit related services. The AC also conducts a review of interested person transactions and a review to ensure that there are no improper activities of the Company (if any).

The AC meets with the external and internal auditors, without the presence of the Company's management, at least once a year.

Corporate Governance

The Company has put in place a whistle-blowing framework, endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports are to be sent to the Independent Directors. Details of Whistle-Blowing policy and arrangements have been made available to all employees.

PRINCIPLE 12 : INTERNAL CONTROLS

The Board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the Company's management provides reasonable assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks. The Board notes that no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgments in decision-making, human error, fraud or other irregularities.

PRINCIPLE 13 : INTERNAL AUDITS (IA)

The Board recognizes that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The internal audit function of the Group has been outsourced to a professional service firm. The internal auditor reports directly to the AC on audit matters. The AC reviews the internal audit report on a regular basis to ensure the adequacy of the internal audit function. The AC also reviews and approves the annual IA plans.

REMUNERATION COMMITTEE (RC)

PRINCIPLE 7 : PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 8 : LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9 : DISCLOSURE ON REMUNERATION

The Remuneration Committee comprises four Directors, all of them including the Chairman are Independent Directors.

The principal duties and responsibilities are to:

- a. Recommend to the Board an appropriate framework for remuneration of the Board and senior management to ensure that it is competitive and sufficient to attract, retain and motivate personnel of the required quality;
- b. Determine the policy for establishing the remuneration packages for executive directors and the CEO (or equivalent) and review the service contracts of such employees;
- c. Review the performance of key senior managers to enable the committee to determine their annual remuneration, bonus rewards, etc.;
- d. Ensure accountability and transparency in the Company's policies and procedures for determining the remuneration of its Directors and senior management; and
- e. Review all matters concerning the remuneration of non-executive directors to ensure that the remuneration is commensurate with the contribution and responsibilities of the directors.

The NC, together with RC reviews the CEO's performance targets (including quantitative financial figures such as ROE and revenue growth) for each financial year.

Directors' fees are set in accordance with a remuneration framework. All the Independent Directors and Non-Executive Directors are paid director's fees, subject to approval at the AGM. The Chairman does not receive director's fees.

Corporate Governance

A breakdown, showing the level and mix of each individual director's remuneration payable for FY2009 is as follows:

DIRECTORS' REMUNERATION

Name	Fee*	Salary	Bonus	Allowance
Up to \$250,000				
Toh Soon Huat ⁽¹⁾	-	84.0%	-	16.0%
Lim Andy ⁽²⁾	-	92.3%	7.7%	-
Chong Hon Kuan Ivan	100%	-	-	-
Lien Kiat Long	100%	-	-	-
Tay Beng Chuan	100%	-	-	-
Tan Wee Peng Kelvin ⁽³⁾	100%	-	-	-
Li Ling Xiu ⁽⁴⁾	100%	-	-	-
Kwan Chee Seng ⁽⁵⁾	100%	-	-	-
Wong Meng Yeng ⁽⁶⁾	100%	-	-	-

* these fees are subject to approval by the shareholders at the AGM for FY 2009.

⁽¹⁾ Mr Toh Soon Huat resigned as director of the Company on 23 July 2009

⁽²⁾ Mr Lim Andy appointed as director of the Company on 15 June 2009

⁽³⁾ Mr Tan Wee Peng Kelvin appointed as director of the Company on 25 June 2009

⁽⁴⁾ Ms Li Ling Xiu resigned as director of the Company on 1 September 2009

⁽⁵⁾ Mr Kwan Chee Seng appointed as director of the Company on 15 June 2009

⁽⁶⁾ Mr Wong Meng Yeng resigned as director of the Company on 4 May 2009

The director fees for all Directors are pro-rated according to their appointment date for the year.

The remuneration of the top five executives who are not Directors of the Company, falls within the remuneration band not exceeding \$250,000.

PRINCIPLE 10 : ACCOUNTABILITY AND AUDIT

PRINCIPLE 14 : COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 15 : GREATER SHAREHOLDER PARTICIPATION

In presenting the annual financial statements and announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. The management provides the Board with management accounts of the Group's performance, position and prospects on a regular basis.

The Company will comply with The Listing Manual of the Singapore Exchange Securities Trading Limited on the disclosure requirements of its financial results. Results will be published through the SGXNET, news releases and the Company's website. All information on the Company's new initiatives is first disseminated via SGXNET. Results and annual reports are announced or issued within the mandatory period and are available on the Company's website.

Corporate Governance

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the Singapore Exchange.

All shareholders of the Company receive the annual report and notice of AGM, which notice is also published in either the Straits Times or Business Times and made available on the website. At AGM, shareholders are given the opportunity to express their views and ask directors or management questions regarding the Company.

The Board also welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis.

DEALINGS IN SECURITIES

In accordance with the SGX-ST Best Practices Guideline, the Company has adopted an internal code on dealing in the Company's shares. The internal code prohibits any dealing in the Company's shares during the period commencing one month before the announcement of the Company's results and ending on the date of the announcement of the results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They should not deal in the Company's shares on short-term considerations.

RISK MANAGEMENT

The Group regularly reviews and improves its business and operational activities to take into account the risk management perspective. The Group seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of its CEO, Directors or controlling shareholders.

SPONSOR

For the financial year ended 31 December 2009, the Company paid S\$85,000 to the Company's sponsor, CIMB Bank Berhad for non-sponsorship related activities or services.

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Viking Offshore and Marine Limited (formerly known as Novena Holdings Limited) (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2009.

1. Directors

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

Chong Hon Kuan Ivan	
Kwan Chee Seng	(appointed on 15 June 2009)
Lien Kait Long	
Lim Andy	(appointed on 15 June 2009)
Tan Wee Peng Kelvin	(appointed on 25 June 2009)
Tay Beng Chuan	

2. Arrangements to enable directors to acquire shares, debentures and warrants

Except as disclosed below, 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, debentures or warrants of the Company or any other body corporate.

3. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, accordingly to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct Interest			Deemed Interest		
	At the beginning of financial year or date of appointment	At the end of financial year	At 21 January 2010	At the beginning of financial year or date of appointment	At the end of financial year	At 21 January 2010
<i>Ordinary shares of the Company</i>						
Lim Andy	6,960,000	118,141,000	118,141,000	–	8,000,000	8,000,000
Kwan Chee Seng	61,825,235	61,825,235	61,825,235	–	50,000,000	50,000,000
Chong Hon Kuan Ivan	1,625,524	1,625,524	1,625,524	862,762	862,762	862,762

Directors' Report

3. Directors' interests in shares and debentures (cont'd)

Name of director	Direct Interest			Deemed Interest		
	At the beginning of financial year or date of appointment	At the end of financial year	At 21 January 2010	At the beginning of financial year or date of appointment	At the end of financial year	At 21 January 2010
<i>Share Options of the Company</i>						
Lim Andy	–	3,500,000	3,500,000	–	–	–
Kwan Chee Seng	–	300,000	300,000	–	–	–
Chong Hon Kuan Ivan	–	300,000	300,000	–	–	–
Lien Kait Long	–	300,000	300,000	–	–	–
Tan Wee Peng Kelvin	–	300,000	300,000	–	–	–
Tay Beng Chuan	–	300,000	300,000	–	–	–
<i>Warrants</i>						
Lim Andy	–	–	29,535,250	–	–	2,000,000
Kwan Chee Seng	–	–	15,456,308	–	–	–

Except as disclosed in this report, no other director who held office at the end of the financial year had an interest 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 the end of the financial year and on 21 January 2010.

4. Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

5. Options

The Company has an employee share option scheme known as "The Novena Holdings Limited Share Option Scheme" (the "Scheme"), for the granting of non-transferable options to eligible senior executives and employees.

The committee administering the Scheme comprise four directors, Chong Hon Kuan Ivan, Lien Kait Long, Tan Wee Peng Kelvin and Tay Beng Chuan.

During the financial year:

- The Company granted an aggregate of 4,000,000 options, comprising 3,500,000 Options to Lim Andy, Executive Chairman and 300,000 options to Kwan Chee Seng, Non-Executive Director, who are controlling shareholders of the Company and 200,000 options to Lim Chin Ee, Group Financial Controller. These options expire on 13 September 2011 and are exercisable commencing 12 months from 14 September 2009.
- The Company has also granted an aggregate of 1,200,000 options, comprising 300,000 options to each Independent Director, being Chong Hon Kuan Ivan, Lien Kait Long, Tan Wee Peng Kelvin and Tay Beng Chuan. These options expire on 13 September 2011 and are exercisable commencing 12 months from 14 September 2009.

Directors' Report

5. Options (cont'd)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Scheme as at 31 December 2009 are as follows:

Expiry date	Exercise price (S\$)	Number of options
13 September 2011	0.117	5,200,000

Details of the options to subscribe for ordinary shares of the Company granted to directors and employee of the Company pursuant to the Scheme are as follows:

Name of participant	Options granted during financial year	Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options outstanding as at end of financial year
Lim Andy	3,500,000	–	–	3,500,000
Kwan Chee Seng	300,000	–	–	300,000
Lim Chin Ee	200,000	–	–	200,000
Chong Hon Kuan Ivan	300,000	–	–	300,000
Lien Kait Long	300,000	–	–	300,000
Tan Wee Peng Kelvin	300,000	–	–	300,000
Tay Beng Chuan	300,000	–	–	300,000
Total	5,200,000 ¹	–	–	5,200,000

¹ These options are exercisable between the periods from 14 September 2010 to 13 September 2011 at the exercise price of S\$0.117 if the vesting conditions are met.

Since the commencement of the Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company other than Andy Lim and Kwan Chee Seng.
- All directors mentioned above have received 5% or more of the total options available under the Scheme.
- No options other than mentioned above have been granted to directors and employees of the holding company and its subsidiaries.
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.
- No options have been granted at a discount.

Directors' Report

6. Warrants

At the end of the financial year, details of the outstanding warrants are as follow:

Date of issue	Warrants outstanding at 1.1.2009	Warrants issued	Warrants exercised	Warrants expired	Warrants outstanding at 31.12.2009	Date of expiration
16.11.2007	24,394,312	–	(2,659,669)	–	21,734,643	16.11.2010

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at the exercise price of \$0.08 per share. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of any other company. During the financial year, the Company issued 2,659,669 shares pursuant to the exercise of warrants as disclosed above.

7. Audit Committee

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

- Review the audit plans of the internal and external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
- Review the interim and annual financial statements and the auditors' report of the Company before their submission to the Board of Directors;
- Review with the management and the internal auditor the adequacy of the Company's internal controls in respect of management, business and services systems and practices;
- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- Review the cost effectiveness and the independence and objectivity of the external auditors;
- Review the nature and extent of non-audit services provided by the external auditors;
- Review the assistance given by the Company's officers to the auditors;
- Nominate the external auditors; and
- Review interested person transactions in accordance with the requirements of the listing rules of the Singapore Exchange.

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

The AC convened four meetings during the year and the attendances are disclosed in the Report on Corporate Governance. 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' Report

8. Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors:

Lim Andy
Director

Lien Kait Long
Director

19 March 2010

Statement by Directors

We, Lim Andy and Lien Kait Long, being two of the directors of Viking Offshore and Marine Limited, do hereby state that, in the opinion of the directors,

- (a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009, and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year then ended; and
- (b) 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.

On behalf of the board of directors:

Lim Andy
Director

Lien Kait Long
Director

19 March 2010

Independent Auditors' Report

For the financial year ended 31 December 2009

To the members of Viking Offshore and Marine Limited (formerly known as Novena Holdings Limited)

We have audited the accompanying financial statements of Viking Offshore and Marine Limited (formerly known as Novena Holdings Limited) (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2009, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group and the statements of changes in equity of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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 profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors' Report

For the financial year ended 31 December 2009

To the members of Viking Offshore and Marine Limited (formerly known as Novena Holdings Limited)

Opinion

In our opinion,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

19 March 2010

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2009

	Note	2009 \$	2008 \$
Revenue	4	37,569,203	37,761,287
Cost of sales		(30,460,157)	(30,083,677)
		<hr/>	<hr/>
Gross profit		7,109,046	7,677,610
Other items of income			
Other income	6(a)	4,566,742	1,290,738
Interest income – fixed deposits		87,720	275,626
Land compensation	6(e)	–	5,162,698
Other items of expense			
Marketing and distribution		(2,296,185)	(2,285,861)
Administrative expenses		(7,979,268)	(8,554,640)
Other operating expenses	6(b)	(632,105)	(764,199)
Other non-operating expenses	6(c)	–	(47,806,038)
Finance costs	8	(60,317)	(155,477)
Share of results of associate		–	(29,595)
		<hr/>	<hr/>
Profit/(loss) before tax	6(d)	795,633	(45,189,138)
Income tax credit/(expense)	9	204,433	(817,263)
		<hr/>	<hr/>
Profit/(loss) for the year, net of tax		1,000,066	(46,006,401)
		<hr/>	<hr/>
Other comprehensive income:			
Net change in fair value of available-for-sale financial assets transferred to profit or loss		–	19,382,749
Net gain on available-for-sale financial assets		13,100,182	–
Reclassification adjustment on disposal of a foreign subsidiary		(817,356)	–
Foreign currency translation		–	279,846
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		12,282,826	19,662,595
		<hr/>	<hr/>
Total comprehensive income/(loss) for the year		13,282,892	(26,343,806)
		<hr/> <hr/>	<hr/> <hr/>
Profit/(loss) attributable to:			
Owners of the parent		894,962	(47,065,206)
Minority interests		105,104	1,058,805
		<hr/>	<hr/>
		1,000,066	(46,006,401)
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income/(loss) attributable to:			
Owners of the parent		13,177,788	(27,471,510)
Minority interests		105,104	1,127,704
		<hr/>	<hr/>
		13,282,892	(26,343,806)
		<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share (cents)			
- Basic	10	0.21	(12.26)
- Diluted	10	0.21	(12.26)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2009

	Note	Group		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
Non-current assets					
Property, plant and equipment	11	2,802,637	3,154,243	167,418	198,942
Land occupancy rights	12	–	–	–	–
Investments in subsidiaries	13	–	–	5,125,806	5,125,806
Investment in associate	14	–	–	–	–
Quoted equity investments	15	27,291,100	14,190,918	27,291,100	14,190,918
Due from a subsidiary (non-trade)	16	–	–	–	2,360,000
		<u>30,093,737</u>	<u>17,345,161</u>	<u>32,584,324</u>	<u>21,875,666</u>
Current assets					
Inventories	17	5,094,886	5,335,666	–	–
Trade receivables	18	2,759,912	2,949,960	–	–
Prepayments		78,008	111,269	3,071	43,966
Other receivables and deposits	19	1,155,603	1,408,929	183,472	416,715
Due from subsidiaries (non-trade)	20	–	–	340,000	881,420
Quoted equity investments	15	3,533,375	509,411	3,533,375	509,411
Fixed deposits	21	2,589,259	12,110,084	–	1,151,070
Cash and bank balances	32	12,538,753	1,843,085	9,025,464	434,327
		<u>27,749,796</u>	<u>24,268,404</u>	<u>13,085,382</u>	<u>3,436,909</u>
Current liabilities					
Trade payables	22	1,988,446	2,446,577	–	–
Bills payable	23	629,751	–	–	–
Other payables and accruals	24	1,335,046	1,190,298	339,587	217,406
Tax payable		958,721	1,790,497	840,000	886,471
Deferred rental	25	199,714	199,714	–	–
Lease obligations	26	39,105	57,605	–	–
Term loans	27	224,004	224,004	–	–
Unearned revenue		517,354	681,994	–	–
Due to director of a subsidiary (non-trade)	21	–	120,000	–	–
Due to subsidiaries (non-trade)	21	–	–	2,639,442	4,044,936
Bank overdrafts	28	5,473,454	20,046	5,473,454	–
		<u>11,365,595</u>	<u>6,730,735</u>	<u>9,292,483</u>	<u>5,148,813</u>
Net current assets/(liabilities)		16,384,201	17,537,669	3,792,899	(1,711,904)
Non-current liabilities					
Deferred tax liability	9	61,482	65,679	21,919	21,919
Deferred rental	25	632,429	832,143	–	–
Lease obligations	26	79,802	118,093	–	–
Term loans	27	634,662	858,662	–	–
		<u>1,408,375</u>	<u>1,874,577</u>	<u>21,919</u>	<u>21,919</u>
Net assets		<u>45,069,563</u>	<u>33,008,253</u>	<u>36,355,304</u>	<u>20,141,843</u>
Equity attributable to equity holders of the Company					
Share capital	29	44,828,114	44,615,340	44,828,114	44,615,340
Reserves		(492,060)	(13,709,855)	(8,472,810)	(24,473,497)
		<u>44,336,054</u>	<u>30,905,485</u>	<u>36,355,304</u>	<u>20,141,843</u>
Minority interests		733,509	2,102,768	–	–
Total equity		<u>45,069,563</u>	<u>33,008,253</u>	<u>36,355,304</u>	<u>20,141,843</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 31 December 2009

2009 Group	Attributable to equity holders of the parent				Minority interests	Total equity
	Share capital (Note 29)	Accumulated profits	Other reserves (Note 30)	Total reserves		
	\$	\$	\$	\$	\$	\$
At 1 January 2009	44,615,340	(14,456,211)	746,356	(13,709,855)	2,102,768	33,008,253
Total comprehensive income for the year	–	894,962	12,282,826	13,177,788	(1,369,259)	11,808,529
Grant of equity- settled share options (Note 30)	–	–	40,007	40,007	–	40,007
Issue of new shares – exercise of warrants	212,774	–	–	–	–	212,774
At 31 December 2009	44,828,114	(13,561,249)	13,069,189	(492,060)	733,509	45,069,563

2008 Group	Attributable to equity holders of the parent				Minority interests	Total equity
	Share capital (Note 29)	Accumulated profits	Other reserves (Note 30)	Total reserves		
	\$	\$	\$	\$	\$	\$
At 1 January 2008	35,210,275	43,114,020	(18,847,340)	24,266,680	975,064	60,452,019
Total comprehensive income for the year	–	(47,065,206)	19,593,696	(27,471,510)	1,127,704	(26,343,806)
Issue of new shares – exercise of warrants	9,405,065	–	–	–	–	9,405,065
Dividends on ordinary shares (Note 31)	–	(10,505,025)	–	(10,505,025)	–	(10,505,025)
At 31 December 2008	44,615,340	(14,456,211)	746,356	(13,709,855)	2,102,768	33,008,253

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 31 December 2009

2009 Company	Attributable to equity holders of the parent				Total equity
	Share capital (Note 29)	Accumulated profits	Other reserves (Note 30)	Total reserves	
	\$	\$	\$	\$	\$
At 1 January 2009	44,615,340	(24,402,497)	(71,000)	(24,473,497)	20,141,843
Total comprehensive income for the year	–	2,860,498	13,100,182	15,960,680	15,960,680
Grant of equity-settled share options (Note 30)	–	–	40,007	40,007	40,007
Issue of new shares – exercise of warrants	212,774	–	–	–	212,774
At 31 December 2009	44,828,114	(21,541,999)	13,069,189	(8,472,810)	36,355,304

2008 Company	Attributable to equity holders of the parent				Total equity
	Share capital (Note 29)	Accumulated profits	Other reserves (Note 30)	Total reserves	
	\$	\$	\$	\$	\$
At 1 January 2008	35,210,275	31,365,660	(19,453,749)	11,911,911	47,122,186
Total comprehensive income for the year	–	(45,263,132)	19,382,749	(25,880,383)	(25,880,383)
Dividends on ordinary shares (Note 31)	–	(10,505,025)	–	(10,505,025)	(10,505,025)
Issue of new shares – exercise of warrants	9,405,065	–	–	–	9,405,065
At 31 December 2008	44,615,340	(24,402,497)	(71,000)	(24,473,497)	20,141,843

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Profit/(loss) before taxation		795,633	(45,189,138)
Adjustments for:			
Share of results of associate		–	29,595
Gain on disposal of a subsidiary	13	(105,634)	–
Depreciation of property, plant and equipment	11	440,223	568,752
Gain on disposal of plant and equipment (net)		(7,488)	(8,134)
Gain on disposal of land occupancy rights		–	(5,162,698)
Fair value (gain)/loss on quoted equity investments	6(a)(c)	(1,530,080)	1,736,093
Impairment loss on quoted equity investments	6(c)	–	44,922,404
Impairment loss on property, plant and equipment	6(c)	–	453,000
(Write back)/impairment of doubtful debt	6(b)	–	(17,000)
Bad debts written off/(recovered)		21,168	(9,558)
Grant of equity-settled share options	30	40,007	–
Amortisation of deferred rental	25	(199,714)	(199,714)
Stock written off		–	6,941
Interest expense		60,317	131,091
Interest income		(87,720)	(275,626)
Reversal of translation difference on capital reduction of a subsidiary	13	(684,256)	–
Translation difference		–	(19,890)
		<hr/>	<hr/>
Operating loss before working capital changes		(1,257,544)	(3,033,882)
Decrease/(increase) in:			
Inventories		(136,118)	572,227
Trade receivables		(27,511)	1,154,819
Other receivables, deposits and prepayments		150,206	690,146
Increase/(decrease) in:			
Trade payables		(154,679)	(751,907)
Unearned revenue		(164,640)	(52,953)
Bills payable		629,751	(580,032)
Other payables and accruals		249,591	(17,946)
Due to directors of a subsidiary (non-trade)		(120,000)	(80,000)
		<hr/>	<hr/>
Cash flows used in operations		(830,944)	(2,099,528)
Interest paid		(60,317)	(131,091)
Interest received		87,720	274,653
Income taxes paid		(620,652)	(33,055)
		<hr/>	<hr/>
Net cash flows used in operating activities		(1,424,193)	(1,989,021)

Consolidated Cash Flow Statement

for the year ended 31 December 2009 (Cont'd)

	Note	2009 \$	2008 \$
Cash flows from investing activities			
Purchase of property, plant and equipment		(228,310)	(135,264)
Proceeds from disposal of property, plant and equipment		10,390	772,921
Proceeds from disposal of land occupancy rights		–	5,660,825
Purchase of quoted equity investments		(1,493,884)	(12,094,922)
Net cash inflow on disposal of a subsidiary	13	185,718	–
		<hr/>	<hr/>
Cash used in investing activities		(1,526,086)	(5,796,440)
		<hr/>	<hr/>
Cash flows from financing activities			
Repayment of term loans (net)		(224,000)	(224,000)
Issue of new shares-exercise of warrants		212,774	9,405,065
Payment of lease obligations		(56,791)	(93,885)
Payment of dividends		–	(10,505,025)
Dividend paid to minority shareholder of a subsidiary		(199,251)	–
Capital reductions to minority shareholder of a subsidiary		(1,061,018)	–
Fixed deposits (secured)		(138,199)	753,990
		<hr/>	<hr/>
Cash used in financing activities		(1,466,485)	(663,855)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(4,416,764)	(8,449,316)
		<hr/>	<hr/>
Cash and cash equivalents at beginning of year		11,482,063	19,931,379
		<hr/>	<hr/>
Cash and cash equivalents at end of year	32	7,065,299	11,482,063
		<hr/> <hr/>	<hr/> <hr/>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the financial statements

For the financial year ended 31 December 2009

1. Corporate information

The Company is a limited liability Company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The address of the Company's registered office and principal place of business is 3 Philip Street #08-04 Commerce Point, Singapore 048693.

With effect from 12 February 2010, the Company changed its name from "Novena Holdings Limited" to "Viking Offshore and Marine Limited".

The principal activities of the Company are the provision of management and other services to related companies and investment holding. The principal activities of the subsidiaries are as disclosed in Note 13.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet 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 on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 *Presentation of Financial Statements* (Revised)
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements* – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 *Share-based Payment* – Vesting Conditions and Cancellations
- Amendments to FRS 107 *Financial Instruments: Disclosures*
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*
- Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* and FRS 39 *Financial Instruments: Recognition and Measurement* – Embedded Derivatives
- INT FRS 118 *Transfers of Assets from Customers*

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group except for INT FRS 113 Customer Loyalty Programmes.

Notes to the financial statements

For the financial year ended 31 December 2009

2.2 *Changes in accounting policies (cont'd)*

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 35 and Note 37 to the financial statements respectively.

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 *Segment Reporting*. Additional disclosures about each of the segments are shown in Note 39, including revised comparative information.

INT FRS 113 Customer Loyalty Programmes

On 1 January 2009, the Group adopted INT FRS 113 Customer Loyalty Programmes, which is effective for annual periods beginning on or after 1 July 2008.

The Group operates the customer loyalty programme, which allows customers to accumulate points when they purchase products in the Group's stores. The points can be redeemed for free or discounted goods from the Group's stores. The Group historically recognised the full revenue from the sale of goods and a separate liability for the obligation to exchange the points for awards.

On adoption of INT FRS 113, the Group changed its policy for revenue recognition such that consideration received from the sale of goods is allocated to the goods sold and the points issued that are expected to be redeemed.

The consideration allocated to the points issued is measured at the fair value of the points. It is recognised as a liability (deferred revenue) on the balance sheet and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number expected to be redeemed.

The change in the accounting policy has no material impact to the financial statements. The Group has not included extensive disclosure regarding the customer loyalty programme as the amounts are not significant. If the deferred revenue and revenue related to the customer loyalty programme was significant, additional disclosure items may include the number of outstanding points, the period over which the revenue is expected to be recognised, the key assumptions used to determine the period over which revenue is recognised, and the effect of any changes in redemption rates.

Notes to the financial statements

For the financial year ended 31 December 2009

2.2 *Changes in accounting policies (cont'd)*

Improvements to FRSs issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 1 *Presentation of Financial Statements*: Assets and liabilities classified as held for trading in accordance with FRS 39 *Financial Instruments: Recognition and Measurement* are not automatically classified as current in the balance sheet. The Group amended its accounting policy accordingly and analysed whether Management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.
- FRS 16 *Property, Plant and Equipment*: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.
- FRS 23 *Borrowing Costs*: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

Notes to the financial statements

For the financial year ended 31 December 2009

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
Improvements to FRSs issued in 2009:	
– Amendments to FRS 38 Intangible Assets	1 July 2009
– Amendments to FRS 102 Share-based Payment	1 July 2009
– Amendments to FRS 108 Operating Segments	1 July 2009
– Amendments to INT FRS 109 Reassessment of Embedded Derivatives	1 July 2009
– Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation	
– Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
– Amendments to FRS 7 Statement of Cash Flows	1 January 2010
– Amendments to FRS 17 Leases	1 January 2010
– Amendments to FRS 36 Impairment of Assets	1 January 2010
– FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
– Amendments to FRS 108 Operating Segments	1 January 2010

Notes to the financial statements

For the financial year ended 31 December 2009

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

Except for the revised FRS 103 and the amendments to FRS 27, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 103 and the amendments to FRS 27 are described below.

Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 Statement of Cash Flows, FRS 12 Income Taxes, FRS 21 The Effects of Changes in Foreign Exchange Rates, FRS 28 Investments in Associates and FRS 31 Interests in Joint Ventures. The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. 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 are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2.5 *Transactions with minority interests*

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

Notes to the financial statements

For the financial year ended 31 December 2009

2.6 *Functional and foreign currency*

(i) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(ii) *Foreign currency transactions*

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 balance sheet date. 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 balance sheet date 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.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their statement of comprehensive incomes are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold buildings and factory	–	20 to 67 years
Computers and office equipment	–	3 to 6 years
Furniture and fittings	–	3 to 6 years
Motor vehicles	–	6 years
Showroom renovation	–	3 to 8 years
Air-conditioners	–	8 years
Machinery	–	8 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Notes to the financial statements

For the financial year ended 31 December 2009

2.7 *Property, plant and equipment (cont'd)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

2.8 *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 such indication exists, or when annual impairment assessment 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 cash-generating unit's fair value less costs to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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. 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 be recognised previously. Such reversal is recognised in the statement of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.10 *Associates*

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors. The associate is equity accounted for from the date the Group obtains significant influence until the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate.

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

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

Notes to the financial statements

For the financial year ended 31 December 2009

2.11 *Land occupancy rights*

Land occupancy rights are stated at cost less accumulated amortisation.

Land occupancy rights are amortised using the straight-line method to write off the cost over the lease term of 50 years.

2.12 *Financial assets*

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

(a) *Financial assets at fair value through profit or loss*

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss includes unrealised fair value changes in quoted equity investment.

(b) *Loans and receivables*

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. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Notes to the financial statements

For the financial year ended 31 December 2009

2.13 *Impairment of financial assets*

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

(a) *Assets carried at amortised cost*

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. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income.

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. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of comprehensive income.

(b) *Assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income. Reversals of impairment loss in respect of equity instruments are not recognised in the statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed through the statement of comprehensive income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise of fixed deposits, cash and bank balances and bank overdrafts, which are subject to an insignificant risk of changes in value. Bank overdrafts form an integral part of the Group's cash management.

Notes to the financial statements

For the financial year ended 31 December 2009

2.15 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present locations and conditions are accounted for as follows:

- Raw materials: purchase costs determined on a weighted average basis;
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Allowance is made for deteriorated, damaged, obsolete and slow moving inventories.

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date 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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 *Financial liabilities*

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.18 *Deferred rental*

Deferred rental relates to the difference between the selling price and the fair value of the property under a sale and leaseback transaction. This is amortised on a straight line basis over the term of the lease.

2.19 *Unearned revenue*

Unearned revenue relates to service packages entered into with customers to the extent that services have not been rendered and revenue has not been recognised.

Notes to the financial statements

For the financial year ended 31 December 2009

2.20 *Deferred revenue*

The Group operates the customer loyalty programme which allows customers to accumulate points when they purchase products in the Group's stores. The points can be redeemed for free or discounted goods from the Group's stores.

Deferred revenue represents consideration received from the sale of goods that is allocated to the points issued under the customer loyalty programme that are expected to be redeemed but are still outstanding as at the balance sheet date.

2.21 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

2.22 *Employee benefits*

(a) *Defined contribution plan*

As required by law, the Singapore companies in the Group make contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

(c) *Pension scheme*

The subsidiary in the People's Republic of China contributes to defined contribution pension schemes. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

(d) *Employee share option plan*

Employees (including senior executives) of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. 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 that 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 that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Notes to the financial statements

For the financial year ended 31 December 2009

2.23 *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. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *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 rental income. The accounting policy for rental income is set out in Note 2.24(f).

2.24 *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. Revenue is measured at the fair value of consideration received or receivable.

(a) *Sale of goods*

Sales are recognised (net of goods and services tax and discounts) when goods have been delivered and accepted by the customer.

(b) *Rendering of services*

Service income is recognised when services are rendered.

(c) *Management fee*

Management fee income is recognised when management services are rendered.

(d) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(e) *Interest income*

Interest income is recognised using the effective interest method.

Notes to the financial statements

For the financial year ended 31 December 2009

2.24 *Revenue (cont'd)*

(f) *Rental income*

Rental income on the sublet of a leased property is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to leases are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.25 *Income tax*

(a) *Current tax*

Current 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 substantially enacted by the balance sheet date.

Current 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.

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date 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 income 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, associates and interests in 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 income tax assets are recognised for all deductible temporary differences, 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 income 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, associates and interests in joint ventures, deferred income 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 each balance sheet date 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 each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

Notes to the financial statements

For the financial year ended 31 December 2009

2.25 *Income tax (cont'd)*

Deferred income 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.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or service 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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.26 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services 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 review 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 *Share capital and share issue 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.

3. **Significant accounting judgements and estimates**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, Significant accounting judgements and estimates apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) *Impairment of available-for-sale investments*

The Group reviews its debt securities classified as available-for-sale investments at each balance sheet date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 December 2009, the amount of impairment loss recognised for available-for-sale financial assets was \$Nil (2008: \$44,922,405).

Notes to the financial statements

For the financial year ended 31 December 2009

3. Significant accounting judgements and estimates (cont'd)

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax liabilities at 31 December 2009 was \$958,721 (2008: \$1,790,497) and \$61,482 (2008: \$65,679) respectively.

(iii) Finance lease - as lessee

The Group has entered into finance leases for its motor vehicles. The Group has determined, based on an evaluation of the terms and conditions of the arrangements that the risks and rewards incidental to ownership of the leased items have been transferred to the Group and so accounts for the contracts as finance leases.

(b) Key sources of estimation uncertainty

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

(i) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 67 years. The carrying amount of the Group's property, plant and equipment at 31 December 2009 was \$2,802,637 (2008: \$3,154,243). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 receivable at the balance sheet date is disclosed in Note 36 to the financial statements.

Notes to the financial statements

For the financial year ended 31 December 2009

4. Revenue

	Group	
	2009	2008
	\$	\$
Sales of goods	37,066,977	37,270,901
Service income	432,726	267,722
Consultancy and management fee	18,000	12,000
Dividend income	51,500	210,664
	37,569,203	37,761,287
	37,569,203	37,761,287

5. Employee benefits

	Group	
	2009	2008
	\$	\$
Salaries and bonuses	3,219,836	3,511,764
Central Provident Fund contributions	269,732	335,317
Share-based payments	40,000	–
Other short-term benefits	626,016	799,577
	4,155,584	4,646,658
	4,155,584	4,646,658

These include the amount shown as directors' and executive officers' remuneration and fee in Note 6(d).

Employee Share option plan

The Novena Holdings Limited Share Option Scheme

Selected employees, as determined by the committee administering the scheme, are entitled to a grant of options. The options will vest if the employee remains in service for a period of one year from the date of grant. The exercise price of the options is fixed at \$0.117. The contractual life of the options is two years.

The expense recognised in the comprehensive income statement for employee services received during the year ended 31 December 2009 is \$40,007 (2008: \$Nil) and comprise solely of equity-settled options.

The following are the number and weighted average exercise prices (WAEP) of, and movements in share options during the year.

	No. 2009	WAEP 2009 \$	No. 2008	WAEP 2008 \$
Outstanding at beginning of year	–	–	–	–
Granted during the year	5,200,000	0.117	–	–
Expired during the year	–	–	–	–
Outstanding at end of year ⁽¹⁾	5,200,000	0.117	–	–
Exercisable at end of year	5,200,000	0.117	–	–

⁽¹⁾ The exercise prices for options outstanding at the end of the year was \$0.117 (2008: \$Nil). The options expire on 13 September 2011.

Notes to the financial statements

For the financial year ended 31 December 2009

5. Employee benefits (cont'd)

The fair value of share options as at the date of grant is estimated by the Group using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used for the year ended 31 December 2009 are shown below.

	2009	2008
Dividend yield (%)	0%	–
Expected volatility (%)	65%	–
Risk-free interest rate (% p.a.)	2.25%	–
Expected life of option (years)	2	–
Weighted average share price (\$)	0.117	–

The expected life of the 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 is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

6. Profit/(loss) from operations

This is determined after charging/crediting the following:

	Group	
	2009	2008
	\$	\$
(a) <i>Other income includes:</i>		
Gain on disposal of property, plant and equipment	7,488	8,134
Realised gain on disposal of quoted equity investment	49,650	17,160
Unrealised fair value gain on quoted equity investment	1,530,080	–
Rental income	1,532,459	1,078,005
Foreign exchange gain	1,029,641	–
Write back of allowance for doubtful debts	–	17,000
Grant income from job credit scheme	177,576	–
Gain on disposal of a subsidiary	105,634	–
	<hr/> <hr/>	<hr/> <hr/>
(b) <i>Other operating expenses include:</i>		
Depreciation of property, plant and equipment	440,223	568,752
Bad debts written off	21,168	7,442
Allowance for impairment	28,766	–
Closure of outlets	–	71,799
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

For the financial year ended 31 December 2009

6. Profit/(loss) from operations (cont'd)

	Group	
	2009	2008
	\$	\$
(c) <i>Other non-operating expenses include:</i>		
Impairment loss of property	–	453,000
Unrealised fair value loss on quoted equity investments	–	1,736,093
Realised fair value loss on quoted equity investments	–	694,541
Impairment loss on quoted equity investments	–	44,922,404
	<u>–</u>	<u>45,396,038</u>
(d) <i>Other disclosure items:</i>		
Directors' remuneration		
- directors of the Company	370,238	607,608
- directors of the subsidiaries	137,943	131,978
Directors' fees	121,667	125,000
Executive officers' remuneration	242,358	315,589
Operating lease expenses	3,561,754	3,381,677
	<u>3,933,959</u>	<u>4,562,792</u>
(e) <i>Land compensation</i>		
Land compensation	–	5,162,698
	<u>–</u>	<u>5,162,698</u>
<p>This relates to amounts received by a subsidiary for the disposal of its land occupancy rights (Note 12) in prior year.</p>		

7. Directors' remuneration

Number of directors of the Company in remuneration bands

	2009	2008
\$500,000 and above	–	1
\$250,000 to \$499,000	1	–
0 to \$250,000	5	6
	<u>6</u>	<u>7</u>

Notes to the financial statements

For the financial year ended 31 December 2009

8. Finance costs

	Group	
	2009	2008
	\$	\$
Interest expense on:		
- bank overdrafts	23,064	39,729
- bank term loans	697	37,256
- lease obligations	9,938	12,787
- brokerage	4,812	41,319
- bills payable	9,462	6,271
Others	12,344	18,115
	<hr/>	<hr/>
	60,317	155,477
	<hr/> <hr/>	<hr/> <hr/>

9. Income tax (credit)/expense

The major components of income tax expense for the year ended 31 December 2009 and 2008 are:

	Group	
	2009	2008
	\$	\$
Current income tax		
- current year	173,116	924,267
- over provision in respect of prior year	(373,352)	(126,200)
Deferred income tax		
- current year	(4,197)	19,196
	<hr/>	<hr/>
Tax (credit)/expense	(204,433)	817,263
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

For the financial year ended 31 December 2009

9. Income tax (credit)/expense (cont'd)

The reconciliation of the tax (credit)/expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rates for the years ended 31 December 2009 and 2008 are as follows:

	Group	
	2009	2008
	\$	\$
Profit/(loss) before tax	795,633	(45,189,138)
Tax at the domestic rates applicable to profits in the countries where the Group operates	135,258	(7,805,438)
Adjustments:		
Non-deductible expenses/charges	305,173	10,353,283
Income not subject to tax	(338,561)	(1,294,510)
Effect of partial tax exemption	(26,143)	(108,126)
Utilisation of previously unrecognised tax benefits	–	(237,569)
Deferred tax asset not recognised	73,589	14,277
Over provision in respect of previous years	(373,352)	(126,200)
Others	19,603	21,546
	<u>(204,433)</u>	<u>817,263</u>

The corporate income tax rate applicable to Singapore companies in the Group was reduced to 17% for the year of assessment 2010 onwards from 18% for year of assessment 2009.

The Group has unutilised tax losses and capital allowances of approximately \$512,000 (2008: \$79,000) available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate. The potential deferred tax assets arising from these unutilised tax losses have not been recognised in the financial statements in accordance with the Group's accounting policy in Note 2.

Notes to the financial statements

For the financial year ended 31 December 2009

9. Income tax (credit)/expense (cont'd)

Group

Deferred taxation at 31 December relates to the following:

	Consolidated balance sheet		Consolidated statement of comprehensive income	
	2009	2008	2009	2008
	\$	\$	\$	\$
Deferred tax asset				
Differences in depreciation	-	-	-	-
Unutilised tax losses	-	-	-	-
<i>Total deferred tax asset</i>	-	-		
Deferred tax liability				
Differences in depreciation	61,482	65,679	(4,197)	19,196
Provisions	-	-	-	-
<i>Total deferred tax liability</i>	61,482	65,679		
Deferred income tax			(4,197)	19,196

10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the existing warrants of the Company into ordinary shares.

The following tables reflect the profit and loss and share data used in the computation of basic and diluted earnings per share for the years ended 31 December.

	Group	
	2009	2008
	\$	\$
Net profit/(loss) attributable to shareholders	894,962	(47,065,206)
	Number of shares	
	2009	2008
Weighted average number of ordinary shares for the calculation of basic earnings per share	420,790,198	383,872,665
Adjusted weighted average number of ordinary shares for the calculation of diluted earnings per share	420,968,839	394,632,896

Notes to the financial statements

For the financial year ended 31 December 2009

11. Property, plant and equipment

	Leasehold buildings	Computers and office equipment	Furniture and fittings	Motor vehicles	Showroom renovation	Air conditioners	Machinery	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Group									
Cost									
At 1.1.2008	4,009,817	957,523	316,764	993,856	1,231,745	176,505	2,126,733	90,266	9,903,209
Additions	–	66,081	9,668	–	43,148	4,197	12,170	–	135,264
Disposals	(1,165,495)	(23,181)	(8,672)	(135,005)	(86,820)	(12,928)	(63,644)	(93,024)	(1,588,769)
Translation difference	34,277	–	719	7,486	–	–	60,401	2,758	105,641
Written off	–	–	(24,468)	–	–	–	(1,537,183)	–	(1,561,651)
At 31.12.2008 and 1.1.2009	2,878,599	1,000,423	294,011	866,337	1,188,073	167,774	598,477	–	6,993,694
Additions	–	42,265	–	–	141,208	18,040	26,797	–	228,310
Disposals	–	(10,722)	–	(20,391)	–	–	–	–	(31,113)
Disposal of a subsidiary	–	–	–	(113,376)	–	–	(222,205)	–	(335,581)
At 31.12.2009	2,878,599	1,031,966	294,011	732,570	1,329,281	185,814	403,069	–	6,855,310
Accumulated depreciation and impairment loss									
At 1.1.2008	730,448	679,385	237,614	606,172	938,805	117,235	2,088,743	–	5,398,402
Charge for the year	42,964	136,188	78,735	113,534	150,562	18,986	27,783	–	568,752
Disposals	(564,452)	(15,176)	(5,320)	(88,146)	(49,870)	(5,995)	(440,505)	–	(1,169,464)
Translation difference	16,600	–	41	7,059	–	–	61,382	–	85,082
Written off	–	–	(24,468)	(11,016)	–	–	(1,460,837)	–	(1,496,321)
Impairment loss	453,000	–	–	–	–	–	–	–	453,000
At 31.12.2008 and 1.1.2009	678,560	800,397	286,602	627,603	1,039,497	130,226	276,566	–	3,839,451
Charge for the year	42,964	151,823	7,409	96,276	104,641	21,403	15,707	–	440,223
Disposals	–	(7,820)	–	(20,391)	–	–	–	–	(28,211)
Disposal of a subsidiary	–	–	–	(102,040)	–	–	(96,750)	–	(198,790)
At 31.12.2009	721,524	944,400	294,011	601,448	1,144,138	151,629	195,523	–	4,052,673
Net book value									
At 31.12.2009	2,157,075	87,566	–	131,122	185,143	34,185	207,546	–	2,802,637
At 31.12.2008	2,200,039	200,026	7,409	238,734	148,576	37,548	321,911	–	3,154,243

Notes to the financial statements

For the financial year ended 31 December 2009

11. Property, plant and equipment (cont'd)

	Computers and office equipment	Furniture and fittings	Air conditioners	Total
	\$	\$	\$	\$
Company				
Cost				
At 1.1.2008	82,493	133,176	56,648	272,317
Written off	(1,808)	–	–	(1,808)
At 31.12.2008 and 1.1.2009	80,685	133,176	56,648	270,509
Additions	25,218	–	–	25,218
Disposal	(7,462)	–	–	(7,462)
At 31.12.2009	98,441	133,176	56,648	288,265
Accumulated depreciation				
At 1.1.2008	8,016	6,625	3,215	17,856
Written off	(602)	–	–	(602)
Charge for the year	27,196	19,024	8,093	54,313
At 31.12.2008 and 1.1.2009	34,610	25,649	11,308	71,567
Charge for the year	33,768	11,979	8,093	53,840
Disposal	(4,560)	–	–	(4,560)
At 31.12.2009	63,818	37,628	19,401	120,847
Net book value				
At 31.12.2009	34,623	95,548	37,247	167,418
At 31.12.2008	46,076	107,527	45,340	198,942

Assets held under finance leases

The carrying amount of motor vehicles held under finance leases as at 31 December 2009 was \$123,216 (2008: \$202,823).

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold building with a carrying amount of \$2,157,075 (2008: \$2,200,039) is subject to a first charge for term loans and bank overdraft as disclosed in Note 27 and Note 28.

Notes to the financial statements

For the financial year ended 31 December 2009

12. Land occupancy rights

	Group	
	2009	2008
	\$	\$
Cost		
At beginning of year	–	498,127
Disposal	–	(498,127)
	<hr/>	<hr/>
At end of year	–	–
	<hr/> <hr/>	<hr/> <hr/>
Movements in accumulated amortisation during the financial year:		
At beginning of year	–	187,360
(Written off)/amortisation during the year	–	(187,360)
	<hr/>	<hr/>
At end of year	–	–
	<hr/> <hr/>	<hr/> <hr/>

A subsidiary had land use rights over two plots of state-owned land in the People's Republic of China ("PRC") where the subsidiary's manufacturing and storage facilities reside. The land used rights were disposed in prior year when they were acquired by the PRC government authority.

13. Investment in subsidiaries

	Company	
	2009	2008
	\$	\$
(a) Subsidiaries comprise:		
Unquoted equity shares, at cost		
At beginning and end of the year	12,715,432	12,715,432
Impairment losses	(7,589,626)	(7,589,626)
	<hr/>	<hr/>
Carrying amount of investments	5,125,806	5,125,806
	<hr/> <hr/>	<hr/> <hr/>
Movement in impairment loss:		
Balance at beginning of year	7,589,626	1,968,977
Impairment during the year	–	5,620,649
	<hr/>	<hr/>
Balance at end of year	7,589,626	7,589,626
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

For the financial year ended 31 December 2009

13. Investment in subsidiaries (cont'd)

(b) The Company and the Group had the following subsidiaries as at 31 December:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2009	2008
<i>Held by the Company</i>				
Novena Investment Pte Ltd*	Singapore	Investment holding	100	100
Novena Strategic Investments Pte Ltd*	Singapore	Investment holding	100	100
Shine @ Spring Pte Ltd*	Singapore	Retailing of beauty and personal care products	100	100
Fasta International Pte Ltd *	Singapore	Retailing of beauty and personal care products	100	100
Chuan Seng Leong Pte Ltd *	Singapore	Distributing and wholesaling of household, beauty and personal care products	80	80
<i>Held by subsidiaries</i>				
Suzhou Novena Furniture Co. Ltd**	People's Republic of China	Manufacture and retail of office, household and custom-made furniture	–	75
B.S.P. Global Pte Ltd *	Singapore	Provision of beauty and personal care services and sales of beauty and personal care products	100	100
Niclas International Pte Ltd *	Singapore	Retailer, importer and distributor of beauty and personal care products	100	100

* Audited by Ernst & Young LLP, Singapore.

** Disposed during the financial year (Note 13(c)).

Notes to the financial statements

For the financial year ended 31 December 2009

13. Investment in subsidiaries (cont'd)

- (c) Capital reduction in a subsidiary/Disposal of a subsidiary

During the year, the subsidiary, Suzhou Novena Furniture Co. Ltd, undertook a capital reduction exercise. In accordance with the accounting policy stated in Note 2.6(ii), the cumulative foreign currency translation reserve in equity relating to the portion of reduced capital is recognised in the statement of comprehensive income.

Subsequent to the capital reduction exercise, the Group disposed off the entire 75% interest of its interest in the subsidiary on 11 December 2009.

The amount of assets and liabilities recorded in the consolidated financial statements as at date of disposal and the cash flow effect of the disposal were as follows:

	Group 2009
	\$
Property, plant and equipment	153,397
Inventory	376,898
Trade receivables	196,391
Other receivables	136,380
Cash and bank balances	412,487
Trade payables	(303,451)
Other payables	(104,843)
Tax payable	(10,888)
	<hr/>
Attributable net assets disposed	856,371
Minority shareholder's share of equity	(214,093)
	<hr/>
Net assets disposed	642,278
Translation reserve released upon disposal of subsidiary	(149,707)
Gain on disposal of subsidiary	105,634
	<hr/>
Total consideration	598,205
Cash and cash balances of the subsidiary	(412,487)
	<hr/>
Net cash inflow on disposal of subsidiary	<u><u>185,718</u></u>

14. Investment in associate

	Group	
	2009	2008
	\$	\$
(a) Investment in associate comprise:		
Unquoted equity shares, at cost	–	237,250
Share of reserves	–	(237,250)
	<hr/>	<hr/>
Carrying amount	–	–
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

For the financial year ended 31 December 2009

14. Investment in associate (cont'd)

(b) Details of the associate company at the end of the financial year are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2009	2008
Shenzhen Calo Enersave Furniture Co. Ltd *	People's Republic of China	Manufacture and retail of office, household and custom-made furniture	26	26

* Audited by Yuehua Certified Public Accountants Co. Ltd, Shenzhen, PRC in prior year. The associate company is not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.

In current year, comprehensive information is not available to the Group from its associate company as it has been dormant and initiating liquidation proceedings. All investment in the associate company has been fully written off. The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group in prior year, were as follows:

	Group 2008 \$
Assets and liabilities:	
Total assets	2,457,277
Total liabilities	2,103,809
Results	
Revenue	1,342,315
Loss for the year	182,800

15. Quoted equity investments

	Group and Company	
	2009	2008
	\$	\$
<i>Non-current</i>		
Available-for-sale financial assets	27,291,100	14,190,918
<i>Current</i>		
Financial assets at fair value through profit and loss	3,533,375	509,411
<i>Impairment losses</i>		

During the financial year, the Group recognised impairment loss of \$Nil (2008: \$44,922,405) of quoted instruments as there were "significant" or "prolonged" decline in the fair value of these investments below their costs. The Group treats "significant" generally as 30% and "prolonged" as greater than 12 months.

Notes to the financial statements

For the financial year ended 31 December 2009

16. Due from a subsidiary (non-trade)

The balance was stated at cost and had no fixed repayment terms. It was unsecured, non-interest bearing and was intended as quasi-equity. The amount was settled during the year.

17. Inventories

	Group	
	2009	2008
	\$	\$
Balance sheet:		
Raw materials	27,643	151,923
Work-in-progress	–	7,028
Finished goods	5,067,243	5,176,715
	5,094,886	5,335,666
	5,094,886	5,335,666
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	28,772,865	28,175,606
Inclusive of the following debit:		
- inventories written-down	–	6,941
	–	6,941
	–	6,941

18. Trade receivables

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade receivables	2,788,678	2,971,107	–	–
Allowance for doubtful debts	(28,766)	(21,147)	–	–
	2,759,912	2,949,960	–	–
	2,759,912	2,949,960	–	–

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Notes to the financial statements

For the financial year ended 31 December 2009

18. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to \$233,151 (2008: \$486,626) and \$Nil (2008: \$Nil) respectively that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Trade receivables past due:				
Less than 30 days	154,359	347,597	–	–
30 to 60 days	40,483	80,593	–	–
61-90 days	3,997	35,415	–	–
More than 90 days	34,312	23,021	–	–
	<u>233,151</u>	<u>486,626</u>	<u>–</u>	<u>–</u>

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		Individually impaired	
	2009 \$	2008 \$	2009 \$	2008 \$
Trade receivables – nominal amounts	–	–	28,766	21,147
Less: Allowance for impairment	–	–	(28,766)	(21,147)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Movement in allowance accounts:				
At 1 January	–	–	21,147	38,147
Charge for the year	–	–	28,766	(17,000)
Written off	–	–	(21,147)	–
At 31 December	<u>–</u>	<u>–</u>	<u>28,766</u>	<u>21,147</u>

Trade receivables that are individually determined to be impaired at the balance sheet date 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.

Notes to the financial statements

For the financial year ended 31 December 2009

19. Other receivables and deposits

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Deposits	641,028	830,210	20,000	20,000
Other receivables	514,575	578,719	163,472	396,715
	<u>1,155,603</u>	<u>1,408,929</u>	<u>183,472</u>	<u>416,715</u>

20. Due from/(to) subsidiaries (non-trade) Due to director of a subsidiary (non-trade)

Except as disclosed below, these balances are unsecured, interest-free and are repayable on demand.

Due from subsidiary (non-trade)

An amount of \$340,000 (2008: \$400,000) due from a subsidiary is unsecured, bears interest at 3% (2008: 3%) per annum.

21. Fixed deposits

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Secured	2,589,259	2,451,060	–	–
Unsecured	–	9,659,024	–	1,151,070
	<u>2,589,259</u>	<u>12,110,084</u>	<u>–</u>	<u>1,151,070</u>

Secured fixed deposits are pledged with banks to secure performance guarantees, bank loans, bills payable and bank overdrafts granted by the banks.

Fixed deposits are made for varying periods of between 7 days to 3 months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates ranging from 0.025% to 0.388% (2008: 0.23% to 3.15%) per annum.

22. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 - 90 day terms.

23. Bills payable

The interest rate of bills payable ranges from 2.55% to 2.64% (2008: Nil%) per annum. These bills mature within 1 to 3 months from year end.

Notes to the financial statements

For the financial year ended 31 December 2009

24. Other payables and accruals

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Accrued operating expenses	209,338	556,823	31,761	207,642
Deferred revenue	117,130	88,575	–	–
Customers' deposits	177,490	2,308	111,220	–
Other payables	555,463	213,242	196,606	9,764
Rental deposits received	275,625	329,350	–	–
	<u>1,335,046</u>	<u>1,190,298</u>	<u>339,587</u>	<u>217,406</u>

25. Deferred rental

	Group	
	2009 \$	2008 \$
<i>Cost</i>		
At 1 January	1,398,000	1,398,000
Additions	–	–
At 31 December	<u>1,398,000</u>	<u>1,398,000</u>
<i>Accumulated amortization</i>		
At 1 January	(366,143)	(166,429)
Amortisation during the year	(199,714)	(199,714)
At 31 December	<u>(565,857)</u>	<u>(366,143)</u>
<i>Net Book Value</i>		
Current	199,714	199,714
Non-current	632,429	832,143
At 31 December	<u>832,143</u>	<u>1,031,857</u>

In 2007, a subsidiary in the Group entered into an agreement for sale and leaseback of a property. Deferred rental relates to the difference between the selling price and the fair value of the property. This difference is amortised over the lease term of the property of 7 years on a straight line basis.

Notes to the financial statements

For the financial year ended 31 December 2009

26. Lease obligations

	Group		
	Minimum lease payments \$	Interest \$	Present value of payments \$
2009			
1 year to 5 years	53,217	(12,365)	40,852
Later than 5 years	45,950	(7,000)	38,950
	99,167	(19,365)	79,802
Not later than 1 year	48,005	(8,900)	39,105
	147,172	(28,265)	118,907
2008			
1 year to 5 years	101,699	(18,580)	83,119
Later than 5 years	44,774	(9,800)	34,974
	146,473	(28,380)	118,093
Not later than 1 year	68,124	(10,519)	57,605
	214,597	(38,899)	175,698

Obligations under finance lease are secured by a charge over the leased asset (Note 11).

Lease terms range from 1 to 5 years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The average discount rate implicit in the Company's and Group's lease obligations are 3.3% to 6.5% (2008: 3.3% to 6.5%) per annum respectively.

27. Term loans

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Term loans – secured				
Due within 1 year	224,004	224,004	–	–
Due after 1 year	634,662	858,662	–	–
	858,666	1,082,666	–	–

The above secured term loan bears interest at 2.3% (2008: 3.08%) per annum, repayable in 120 equal monthly instalments commencing October 2003. The loan is secured by a first legal mortgage on the subsidiary's building and a corporate guarantee from a subsidiary. The building was disposed subsequent to year end (see Note 40(a)) and the term loan was repaid.

Notes to the financial statements

For the financial year ended 31 December 2009

28. Bank overdrafts

Bank overdrafts are secured by a first legal mortgage on a leasehold building, pledge of fixed deposits and a corporate guarantee from the holding company. Bank overdrafts bear interest of 5.25% (2008: nil) per annum.

29. Share capital

	Group and Company			
	2009	2008	2009	2008
	No. of shares	No. of shares	\$	\$
Issued and fully paid				
At 1 January	420,517,997	302,954,700	44,615,340	35,210,275
Issue of new shares				
- Exercise of warrants	2,659,669	117,563,297	212,774	9,405,065
	<u>423,177,666</u>	<u>420,517,997</u>	<u>44,828,114</u>	<u>44,615,340</u>
At 31 December	<u>423,177,666</u>	<u>420,517,997</u>	<u>44,828,114</u>	<u>44,615,340</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

During the financial year, the Company issued 2,659,669 (2008: 117,563,297) shares at \$0.08 (2008: \$0.08) each upon the exercise of warrants.

Each warrant carries the right to subscribe for one new share in the Company at an exercise price of \$0.08 for each new share.

As at the end of the financial year, there were 21,734,643 (2008: 24,394,312) warrants outstanding of which no further warrants (2008: Nil warrants) were exercised for issuance of new shares as of 19 March 2010. See Note 40(c) for warrants issued subsequent to year end.

30. Other reserves

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Foreign currency translation reserve (a)	-	817,356	-	-
Fair value adjustment reserve (b)	12,894,182	(206,000)	12,894,182	(206,000)
Share options reserve (c)	175,007	135,000	175,007	135,000
	<u>13,069,189</u>	<u>746,356</u>	<u>13,069,189</u>	<u>(71,000)</u>
Closing balance at 31 December	<u>13,069,189</u>	<u>746,356</u>	<u>13,069,189</u>	<u>(71,000)</u>

Notes to the financial statements

For the financial year ended 31 December 2009

30. Other reserves (cont'd)

(a) Foreign currency translation reserve

The foreign currency translation reserve relates to 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.

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
At 1 January	817,356	606,409	–	–
Net effect of exchange differences	–	210,947	–	–
Release upon disposal of subsidiary	(817,356)	–	–	–
At 31 December	–	817,356	–	–

(b) Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
At 1 January	(206,000)	(19,588,749)	(206,000)	(19,588,749)
Net gain/(loss) on fair value changes during the year	13,100,182	(25,539,656)	13,100,182	(25,539,656)
Transfer of impairment loss on quoted equity investments to statement of comprehensive income	–	44,922,405	–	44,922,405
At 31 December	12,894,182	(206,000)	12,894,182	(206,000)

(c) Share options reserve

At 1 January	135,000	135,000	135,000	135,000
Grant of equity-settled share options	40,007	–	40,007	–
At 31 December	175,007	135,000	175,007	135,000

Notes to the financial statements

For the financial year ended 31 December 2009

31. Dividends

	Group and Company	
	2009	2008
	\$	\$
<i>Declared and paid during the year</i>		
Dividends on ordinary shares		
- Final exempt (one-tier) dividend for 2007: 2.5 cents per share	–	10,505,025
<i>Proposed but not recognised as a liability as at 31 December</i>		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2009: 0.3 cents per share (2008: Nil)	1,269,533	–

32. Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash and bank balances	12,538,753	1,843,085	9,025,464	434,327
Fixed deposits (unsecured) – Note 21	–	9,659,024	–	1,151,070
Bank overdrafts	(5,473,454)	(20,046)	(5,473,454)	–
Cash and cash equivalents	<u>7,065,299</u>	<u>11,482,063</u>	<u>3,552,010</u>	<u>1,585,397</u>

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

Notes to the financial statements

For the financial year ended 31 December 2009

33. Related party information

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties, were as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Income				
Management service income from a company related to a director	18,000	12,000	18,000	12,000
Interest income received from a subsidiary	–	–	10,475	12,000
	<u>18,000</u>	<u>12,000</u>	<u>28,475</u>	<u>24,000</u>
Expense				
Rental of office premise from a subsidiary	–	–	30,000	48,000
Rental of office premise from a company related to a director	23,000	–	23,000	–
	<u>23,000</u>	<u>–</u>	<u>53,000</u>	<u>48,000</u>

Company related to a director

One of the directors of the Company holds 50% (2008: 50%) of the equity interest in Premium Capital Pte Ltd (PCPL) while another director holds 100% (2008: Nil) of the equity interest in Blue Ocean Capital Partners (BOCP). During the financial year, the Company provided management services to PCPL and BOCP. No balance with PCPL and BOCP was outstanding at the balance sheet date (2008: Nil).

(b) Compensation of key management personnel

	Group	
	2009	2008
	\$	\$
Short-term employee benefits	826,487	1,133,253
Central Provident Fund contributions	45,719	46,922
	<u>872,206</u>	<u>1,180,175</u>
Total compensation paid to key management personnel	872,206	1,180,175
Comprise amounts paid to:		
- Directors of the Company	491,905	732,608
- Other key management personnel	380,301	447,567
	<u>872,206</u>	<u>1,180,175</u>

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

Notes to the financial statements

For the financial year ended 31 December 2009

33. Related party information (cont'd)

(b) Compensation of key management personnel (Cont'd)

Directors' interests in an employee share option plan

During the financial year:

- 5,200,000 (2008: Nil) share options were granted to six of the Company's directors under the share option scheme (Note 5) at an exercise price of \$0.117 (2008: \$Nil) each.
- None of the directors have exercised their options.

At the balance sheet date, the total number of outstanding share options granted by the Company to the abovementioned directors under the Scheme amounted to 5,200,000 (2008: Nil).

Directors' interests in warrants

During the financial year, the directors exercised nil (2008: 4,108,257) warrants at an exercise price of nil (2008: \$0.08) for issuance of new shares.

34. Commitments

(a) Operating lease commitments – as lessee

The Group has entered into commercial leases for a building (used for office premise and showrooms) and retail outlets. These leases have an average tenure of between 1 to 7 years with options for renewal. The Group is not restricted from subleasing the property and certain of its retail outlets to third parties.

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2009	2008
	\$	\$
- Not later than 1 year	3,501,459	3,841,074
- 1 year through 5 years	9,326,173	11,101,680
- Later than 5 years	216,000	363,899
	13,043,632	15,306,653
	13,043,632	15,306,653

(b) Operating lease commitments – as lessor

The Group has entered into commercial leases on a leased property. These non-cancellable leases have remaining non-cancellable lease terms of 1 to 3 years.

Future minimum rental receivables under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2009	2008
	\$	\$
- Not later than 1 year	1,256,846	1,354,227
- 1 year through 5 years	1,568,828	1,359,679
	2,825,674	2,713,906
	2,825,674	2,713,906

Notes to the financial statements

For the financial year ended 31 December 2009

35. Fair value of financial instruments

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	2009			
	\$			
Financial assets:				
Quoted equity investments (Note 15)				
- Available-for-sale financial assets	27,291,100	-	-	27,291,100
- Financial assets at fair value through profit and loss	3,533,375	-	-	3,533,375
At 31 December 2009	30,824,475	-	-	30,824,475

Fair value hierarchy

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

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

Quoted equity investments (Note 15)

Fair value is determined directly by reference to their published market bid price at the balance sheet date.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents (Note 32) and other current financial assets and liabilities

The carrying amounts of these financial assets and liabilities 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 balance sheet date.

Notes to the financial statements

For the financial year ended 31 December 2009

35. Fair value of financial instruments (con'd)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group			
	2009		2008	
Financial liabilities	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Obligation under finance leases	(118,907)	(133,107)	(175,698)	(186,410)

Due from a subsidiary (non-current, non-trade) (Note 16)

The balance is stated at cost. It is long term, interest-free and given to subsidiaries as quasi-equity. The fair value is not determinable since it has no fixed repayment terms.

Notes to the financial statements

For the financial year ended 31 December 2009

36. Classification of financial assets and liabilities

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Fair value through profit or loss				
<i>Assets</i>				
Quoted equity investments	3,533,375	509,411	3,533,375	509,411
Loans and receivables				
Due from subsidiaries (non-trade) –				
Non-current	–	–	–	2,360,000
Trade receivables	2,759,912	2,949,960	–	–
Deposits	641,028	830,210	20,000	20,000
Other receivables	514,575	578,719	163,472	396,715
Due from subsidiaries (non-trade)				
– Current	–	–	340,000	881,420
Fixed deposits	2,589,259	12,110,084	–	1,151,070
Cash and cash balances	12,538,753	1,843,085	9,025,464	434,327
	<u>19,043,527</u>	<u>18,312,058</u>	<u>9,548,936</u>	<u>5,243,532</u>
Financial liabilities at amortised cost				
Trade payables	1,988,446	2,446,577	–	–
Bills payable	629,751	–	–	–
Other payables	555,463	213,242	196,606	9,764
Accrued operating expenses	209,338	556,823	31,761	207,642
Lease obligations	118,907	175,698	–	–
Term loans	858,666	1,082,666	–	–
Due to a director of a subsidiary (non-trade)	–	120,000	–	–
Due to subsidiary (non-trade)	–	–	2,639,442	4,044,936
Bank overdrafts	5,473,454	20,046	5,473,454	–
	<u>9,834,025</u>	<u>4,615,052</u>	<u>8,341,263</u>	<u>4,262,342</u>
Available-for-sale financial assets				
Quoted equity investments	27,291,100	14,190,918	27,291,100	14,190,918

Notes to the financial statements

For the financial year ended 31 December 2009

37. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Board of Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) *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. For other financial assets (including quoted equity investments and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Assistant General Manager.

Exposure to credit risk

At the balance sheet date, 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 balance sheets.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired are disclosed in Note 18 (Trade receivables) and Note 15 (quoted equity investments).

Notes to the financial statements

For the financial year ended 31 December 2009

37. Financial risk management objectives and policies (cont'd)

(a) Credit risk (Cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follows:

	2009		2008	
	\$	% of total	\$	% of total
Group				
By country:				
Singapore	2,759,912	100%	2,707,352	92%
People's Republic of China	–	–	242,608	8%
	<u>2,759,912</u>	<u>100%</u>	<u>2,949,960</u>	<u>100%</u>
By industry sectors:				
Furniture	–	–	242,608	8%
Retail and distribution	2,759,912	100%	2,707,352	92%
	<u>2,759,912</u>	<u>100%</u>	<u>2,949,960</u>	<u>100%</u>

The Group and the Company have no significant concentration of credit risk.

(b) 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 mismatches 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 liquidity risk management policy is that to maintain sufficient liquid financial assets and stand-by credit facilities with their different bankers. At the balance sheet date, approximately 26% (2008: 21%) of the Group's term loans (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements.

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 balance sheet date based on contractual undiscounted repayment obligations.

Notes to the financial statements

For the financial year ended 31 December 2009

37. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (Cont'd)

	2009			2008		
	1 year or less	1 to 5 years	Total	1 year or less	1 to 5 years	Total
	\$	\$	\$	\$	\$	\$
Group						
Financial assets:						
Quoted equity investments	3,533,375	27,291,100	30,824,475	509,411	14,190,918	14,700,329
Trade receivables	2,759,912	–	2,759,912	2,949,960	–	2,949,960
Other receivables and deposits	1,155,603	–	1,155,603	1,408,929	–	1,408,929
Cash and cash equivalents	9,654,558	–	9,654,558	13,933,123	–	13,933,123
Total undiscounted financial assets	17,103,448	27,291,100	44,394,548	18,801,423	14,190,918	32,992,341
Financial liabilities:						
Trade payables	1,988,446	–	1,988,446	2,446,577	–	2,446,577
Bills payable	629,751	–	629,751	–	–	–
Other payables	764,801	–	764,801	770,065	–	770,065
Lease obligations	39,105	79,802	118,907	57,605	118,093	175,698
Term loans	229,156	678,454	907,610	230,903	964,449	1,195,352
Due to a director of a subsidiary (non-trade)	–	–	–	120,000	–	120,000
Total undiscounted financial liabilities	3,651,259	758,256	4,409,515	3,625,150	1,082,542	4,707,692
Total net undiscounted financial assets/(liabilities)	13,452,189	26,532,844	39,985,033	15,176,273	13,108,376	28,284,649
Company						
Financial assets:						
Quoted equity investments	3,533,375	27,291,100	30,824,475	509,411	14,190,918	14,700,329
Other receivables and deposits	523,472	–	523,472	1,298,135	2,360,000	3,658,135
Cash and cash equivalents	3,552,010	–	3,552,010	1,585,397	–	1,585,397
Total undiscounted financial assets	7,608,857	27,291,100	34,899,957	3,392,943	16,550,918	19,943,861
Financial liabilities:						
Other payables	228,367	–	228,367	217,406	–	217,406
Due to subsidiary (non-trade)	2,639,442	–	2,639,442	4,044,936	–	4,044,936
Total undiscounted financial liabilities	2,867,809	–	2,867,809	4,262,342	–	4,262,342
Total net undiscounted financial assets/(liabilities)	4,741,048	27,291,100	32,032,148	(869,399)	16,550,918	15,681,519

Notes to the financial statements

For the financial year ended 31 December 2009

37. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate 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 and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to a subsidiary, respectively.

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD interest rates had been 75 (2008: 75) basis points lower/higher with all other variables held constant, the Group's profit/(loss) net of tax would have been \$47,000 (2008: \$8,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) Foreign currency risk

In prior year, the Group had transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Renminbi (RMB). The foreign currencies in which these transactions are denominated are mainly U.S Dollars (USD).

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in RMB) is Nil (2008: \$6,055,000).

It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rates (against SGD), with all other variables held constant.

	2009	2008
	\$	\$
	Profit net of tax	Loss net of tax
RMB - strengthened 10% (2008: 10%)	-	(575,000)
- weakened 10% (2008: 10%)	-	575,000

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity investments. These investments are quoted on the SGX-ST in Singapore and the Hang Seng Index in Hong Kong and are classified as held for trading or available-for-sale financial assets.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility as determined by the Board of Directors. All investments are approved by the Board of Directors.

Notes to the financial statements

For the financial year ended 31 December 2009

37. Financial risk management objectives and policies (cont'd)

Sensitivity analysis for equity price risk

At the balance sheet date, if the STI had been 2% (2008: 2%) higher/lower with all other variables held constant, the Group's profit net of tax would have been \$71,000 (2008: \$10,000) lower/higher, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's other reserve in equity would have been \$546,000 (2008: \$284,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Group's policy is to keep the gearing ratio less than 60%. The Group includes within total debt, loans and borrowings, trade and other payables and other liabilities. Capital includes equity attributable to the equity holders of the parent including fair value adjustment reserve.

	Group	
	2009	2008
	\$	\$
Total debt (Note 37 (b))	4,409,515	4,707,692
Equity attributable to the equity holders of the parent	44,336,054	30,905,485
Add/(less): - Fair value adjustment reserve (Note 30(b))	(12,894,182)	206,000
Total capital	31,441,872	31,111,485
Capital and total debt	35,851,387	35,819,177
Gearing ratio	12%	13%

39. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has three operating segments, namely, the Retail and Distribution Division, the Furniture segment and the Corporate segment.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units 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, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the financial statements

For the financial year ended 31 December 2009

39. Segmental information (cont'd)

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

	Retail and Distribution		Furniture		Corporate		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2009	2008	2009	2008	2009	2008	2009	2008		2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
Revenue:											
External customers	35,769,681	35,525,798	1,730,022	1,965,978	69,500	269,511	-	-		37,569,203	37,761,287
Inter-segment	2,678,836	2,606,225	-	-	-	4,502,153	(2,678,836)	(7,108,378)	A	-	-
Total revenue	38,448,517	38,132,023	1,730,022	1,965,978	69,500	4,771,664	(2,678,836)	(7,108,378)		37,569,203	37,761,287
Results:											
Interest income	13,948	81,885	58,420	119,262	15,352	74,479	-	-		87,720	275,626
Dividend income	-	-	-	-	409,372	-	(409,372)	-		-	-
Depreciation and amortisation	386,382	935,719	-	31,719	53,841	54,314	-	-		440,223	1,021,752
Share of results of associates	-	-	-	-	-	(29,595)	-	-		-	(29,595)
Other non-cash expenses	49,934	830,872	-	-	55,048	46,658,498	-	-	B	104,982	47,489,370
Segment profit/(loss)	142,550	(1,367,845)	236,465	4,694,371	4,622,619	(49,962,254)	(4,206,001)	1,446,590		795,633	(45,189,138)
Assets:											
Investment in associates	-	-	-	-	-	15,048	-	(15,048)		-	-
Additions to non-current assets	203,092	135,264	-	-	13,125,400	-	-	-	C	13,328,492	135,264
Segment assets	17,787,587	14,046,699	-	3,918,036	48,664,687	31,026,589	(8,608,741)	(7,377,759)	D	57,843,533	41,613,565
Segment liabilities											
Segment liabilities	(6,804,540)	(7,277,052)	-	(1,230,053)	(9,322,547)	(7,475,967)	3,353,117	(7,377,760)	E	(12,773,970)	(8,605,312)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues are eliminated on consolidation.
- B Other non-cash expenses consist of amortisation of land use rights, share-based payments, inventories written-down, provisions, and impairment of financial assets as presented in the respective notes to the financial statements.
- C Additions to non-current assets consist of additions to property, plant and equipment and investment in quoted equities.
- D The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheet:

	2009	2008
	\$	\$
Investment in associate	-	-
Inter-segment assets	(8,608,741)	(7,377,759)
	(8,608,741)	(7,377,759)

Notes to the financial statements

For the financial year ended 31 December 2009

39. Segmental information (cont'd)

E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2009 \$	2008 \$
Deferred tax liabilities	61,482	65,679
Income tax payable	958,721	1,790,497
Term loans	858,666	1,082,666
Inter-segment liabilities	1,474,248	(10,316,602)
	3,353,117	(7,377,760)
	3,353,117	(7,377,760)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2009 \$	2008 \$	2009 \$	2008 \$
Singapore	35,839,181	35,795,309	30,093,737	17,208,368
People's Republic of China	1,730,022	1,965,978	-	136,793
	37,569,203	37,761,287	30,093,737	17,345,161
	37,569,203	37,761,287	30,093,737	17,345,161

Non-current assets information presented above consist of property, plant and equipment, investment properties, intangible assets, and land use rights as presented in the consolidated balance sheet.

Information about a major customer

There is no revenue from one major customer, arising from sales by the retail and distribution segment.

40. Events occurring after the balance sheet date

- (a) On 5 January 2010, the Group sold a property for a consideration of \$2,500,000. The net carrying value of the property as at 31 December 2009 was \$2,157,000.
- (b) On 12 January 2010, the Company completed the acquisition of all the shares of Viking Airtech Pte Ltd ("VAT") for a consideration of \$20 million in cash and the allotment and issue of 102,000,000 new ordinary shares. Following the completion of the acquisition, VAT and its wholly-owned subsidiary, Viking Airtech (Yantai) Co., Ltd, ("VAY") became subsidiaries of the Company. VAT is in the business of designing, package engineering, sales, servicing, installation and commissioning of all kinds of heating ventilation and air conditioning systems for the marine industry. VAY is in the business of manufacturing and sale of air conditioning equipment, food refrigerating equipment and ventilation facilities.
- (c) On 21 January 2010, the Company issued 105,794,416 warrants. Each warrant was issued at a price of \$0.03 and carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.22 for each new share. These warrants were listed and quoted on Catalist on 26 January 2010. The gross proceeds of \$3,173,832 were credited to share capital.

Notes to the financial statements

For the financial year ended 31 December 2009

41. Authorisation of financial statements

The financial statements for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 19 March 2010.

Statistics of Shareholdings

as at 24 March 2010

Class of shares - Ordinary shares
 Voting rights - On a show of hands, one vote for each member
 - On a poll : one vote for each ordinary share

Analysis of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	203	13.86	26,309	0.00
1,000 - 10,000	359	24.51	1,995,997	0.38
10,001 - 1,000,000	877	59.86	80,235,122	15.28
1,000,001 and above	26	1.77	442,947,073	84.34
	1,465	100.00	525,204,501	100.00

Based on information provided to the Company as at 24 March 2010, approximately 37% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual is complied with

Top 20 Shareholders

S/No.	Name of Shareholder	No. of Shares Held	%
1	Lim Andy	118,141,000	22.49
2	Viking Engineering Pte Ltd	74,256,000	14.14
3	Kwan Chee Seng	61,825,235	11.77
4	Van Der Horst Energy Limited	50,000,000	9.52
5	Ong Choo Guan	20,400,000	3.88
6	Lee Kek Choo	16,528,734	3.15
7	Kim Eng Securities Pte. Ltd.	12,314,759	2.34
8	HL Bank Nominees (S) Pte Ltd	10,587,000	2.02
9	Phillip Securities Pte Ltd	9,414,937	1.79
10	Citibank Nominees Singapore Pte Ltd	9,058,000	1.72
11	Teo Ngiang Heng	8,697,000	1.66
12	Associated Leisure International Pte Ltd	8,000,000	1.52
13	Liu Guang	7,344,000	1.40
14	Chua Swee Wah	6,334,616	1.21
15	OCBC Securities Private Ltd	5,992,998	1.14
16	Yeo Seng Buck	4,078,000	0.78
17	Poh Boon Kher Melvin	3,609,000	0.69
18	DBS Vickers Securities (S) Pte Ltd	2,775,000	0.53
19	DB Nominees (S) Pte Ltd	2,488,286	0.47
20	Peh Book Chuan	2,000,000	0.38
		433,844,565	82.60

Statistics of Shareholdings

as at 24 March 2010

Substantial Shareholders

Name of Substantial Shareholders	Number of shares registered in the name of substantial shareholders	Number of shares in which the substantial shareholder is deemed to have an interest	Total	%
Lim Andy ⁽¹⁾	118,141,000	8,000,000	126,141,000	24.02
Kwan Chee Seng ⁽²⁾	61,825,235	50,000,000	111,825,235	21.29
Viking Engineering Pte Ltd	74,256,000	-	74,256,000	14.14
Van der Horst Energy Limited ⁽²⁾	50,000,000	-	50,000,000	9.52
Ong Choo Guan ⁽³⁾	20,400,000	-	20,400,000	3.88

Notes:

- (1) Mr Lim Andy is deemed interested in the 8,000,000 shares held by Associated Leisure International Pte Ltd.
- (2) Kwan Chee Seng is deemed to have an interest in the shares held by Van der Horst Energy Limited by virtue of the fact that he is a substantial shareholder of Van der Horst Energy Limited.
- (3) Ong Choo Guan, is deemed a substantial shareholder by virtue of his appointment as Chief Executive Officer of Viking Offshore and Marine Limited.

Statistics of Warrantholdings

as at 24 March 2010

W101116

Range of Warrantholdings	No. of Warranholders	%	No. of Warrants	%
1 - 999	35	15.42	22,553	0.10
1,000 - 10,000	97	42.73	525,355	2.42
10,001 - 1,000,000	93	40.97	5,113,225	23.56
1,000,001 and above	2	0.88	16,046,675	73.92
	227	100.00	21,707,808	100.00

Top 20 Warranholders

S/No.	Name of Warranholder	No. of Warrants Held	%
1	Lee Kek Choo	8,264,367	38.07
2	Chua Swee Wah	7,782,308	35.85
3	Ng Ser Miang	525,000	2.42
4	Cheng Wa Sing	379,000	1.75
5	Tay Chin Beng	370,000	1.70
6	Soh Sey Hua @ Soh Tai Ping	341,000	1.57
7	Benny Tay Yew Lim	302,000	1.39
8	United Overseas Bank Nominees Pte Ltd	210,000	0.97
9	Herman Halim	197,000	0.91
10	Tan Suan Kui	120,000	0.55
11	Ong Quee Lan	110,000	0.51
12	Lim Kean Ngan	107,500	0.50
13	Choy Chi Koon Clement @ Choi Chi Koon	89,250	0.41
14	Yap Mee Hua	81,000	0.37
15	Tan Yik Hwee	73,000	0.34
16	Chua Lye Heng	70,000	0.32
17	Goh Geok Lian	70,000	0.32
18	Wong Mary	70,000	0.32
19	Thio Syn Wee	65,500	0.30
20	Tock Ching Sew	60,000	0.28
		19,286,925	88.85

Statistics of Warrantholdings

as at 24 March 2010

W13018

Range of Warrantholdings	No. of Warranholders	%	No. of Warrants	%
1 - 999	73	9.63	13,210	0.01
1,000 - 10,000	342	45.12	1,484,375	1.40
10,001 - 1,000,000	329	43.40	26,923,328	25.45
1,000,001 and above	14	1.85	77,373,503	73.14
	758	100.00	105,794,416	100.00

Top 20 Warranholders

S/No.	Name of Warranholder	No. of Warrants Held	%
1	Lim Andy	29,535,250	27.92
2	Kwan Chee Seng	15,456,308	14.61
3	Phillip Securities Pte Ltd	5,622,200	5.31
4	HL Bank Nominees (S) Pte Ltd	4,250,000	4.02
5	Lee Kek Choo	4,200,000	3.97
6	Kim Eng Securities Pte. Ltd.	3,844,141	3.63
7	Lee Tat Kwong (Li Daguang)	2,380,000	2.25
8	Teo Ngiang Heng	2,274,750	2.15
9	Associated Leisure International Pte Ltd	2,000,000	1.89
10	Lim Cher Khiang	1,936,400	1.83
11	UOB Kay Hian Pte Ltd	1,633,900	1.54
12	Chua Swee Wah	1,541,154	1.46
13	OCBC Securities Private Ltd	1,524,400	1.44
14	Goh We Hong @ Toh We Hong	1,175,000	1.11
15	Tan Eng Chua	1,000,000	0.95
16	Tan Siah Hwee	1,000,000	0.95
17	Low Seng Kee	801,000	0.76
18	Lim Guan Teck	796,000	0.75
19	Neo Wee Sim	738,000	0.70
20	Tan Yue Li	709,000	0.67
		82,417,503	77.91

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on Friday, 16 April 2010 at 10.30 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2009 and the Directors' Report and the Auditors Report thereon. (Resolution 1)
2. To re-elect the following Directors who are retiring in accordance with the provisions of the Company's Articles of Association:-
 - (a) Mr Chong Hon Kuan Ivan (retiring pursuant to Article 104) (Resolution 2)
Mr Chong Hon Kuan Ivan will, upon re-election as a Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of Section B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual (the "Catalist Rules")
 - (b) Mr Tan Wee Peng Kelvin (retiring pursuant to Article 108) (Resolution 3)
Mr Tan Wee Peng Kelvin will, upon re-election as a Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of Section B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual (the "Catalist Rules")
 - (c) Mr Lim Andy (retiring pursuant to Article 108) (Resolution 4)
 - (d) Mr Kwan Chee Seng (retiring pursuant to Article 108) (Please see Explanatory Note 1)
3. To declare a Final (tax-exempt one-tier) Dividend of S\$0.003 per ordinary share for the financial year ended 31 December 2009. (Resolution 5)
4. To approve payment of Directors' fees of S\$148,656 for the financial year ended 31 December 2009. (Resolution 6)
5. To approve payment of Directors' fees of S\$167,000 for the financial year ending 31 December 2010. (Resolution 7)
6. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)

AS SPECIAL BUSINESS

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

7. That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr Tay Beng Chuan be re-appointed as a director of the Company to hold office until the next Annual General Meeting. (Please see Explanatory Note 2)
Mr Tay Beng Chuan will, upon re-election as a Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of Section B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual (the "Catalist Rules")
8. Authority to allot and issue shares
 - (a) "That, pursuant to Section 161 of the Companies Act (Cap. 50), and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to :

Notice of Annual General Meeting

- (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
 - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:
 - a) new shares arising from the conversion or exercise of convertible securities, or
 - b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and
 - c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and
 - (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (Resolution 9)
(Please see Explanatory Note 3)
9. Authority to offer and grant options and to allot and issue shares under The Novena Holdings Limited Share Option Scheme
- "That authority be and is hereby given to the directors of the Company to offer and grant options in accordance with the provisions of the The Novena Holdings Limited Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the issued shares in the capital of the Company from time to time."
(Resolution 10)
(Please see Explanatory Note 4)
10. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

Singapore, 31 March 2010

Notice of Annual General Meeting

Explanatory Notes:-

1. Mr Kwan Chee Seng is due for retirement as a newly appointed director pursuant to Article 108 of the Company's Articles of Association and has indicated he does not wish to seek re-election as a director of the Company at the forthcoming Annual General Meeting.
2. Mr Tay Beng Chuan is due to retire pursuant Section 153(6) of the Companies Act, Cap 50 and has indicated that he does not wish to seek re-appointment as a director of the Company at the forthcoming Annual General Meeting.
3. The ordinary resolution 9 in item no. 8 above is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
4. The ordinary resolution 10 in item no. 9 above is to authorize the Directors of the Company to offer and grant options under The Novena Holdings Limited Share Option Scheme (the "Scheme") and to allot and issue shares up to 15% of the Company's issued shares pursuant to the exercise of the options.

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 21 April 2010 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to 5.00 p.m. on 20 April 2010 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 20 April 2010 will be entitled to the proposed dividend.

Payment of the dividend, if approved by shareholders at the Annual General Meeting to be held on 16 April 2010 will be made on 30 April 2010.

NOTES:

1. If a Member being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) wishes to attend and vote at the Annual General Meeting (the "Meeting"), then he/she/it should complete the Proxy Form and deposit the duly completed Proxy Form at the office of the Singapore Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, at least forty-eight (48) hours before the time of the Annual General Meeting.
2. If a Depositor wishes to appoint a proxy/proxies, then the Proxy Form must be signed and deposited at the office of the Singapore Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, at least forty-eight (48) hours before the time of the Annual General Meeting.

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VIKING OFFSHORE AND MARINE LIMITED

(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy VIKING OFFSHORE AND MARINE LIMITED shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We _____ of

being *a member/members of VIKING OFFSHORE AND MARINE LIMITED (the "Company"), hereby appoint

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

*and/or

--	--	--	--

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at to be held on Friday, 16 April 2010 at Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 at 10.30 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2009 and the Directors' Report and the Auditors Report thereon.		
2.	To re-elect Mr Chong Hon Kuan Ivan pursuant to Article 104 of the Company's Articles of Association		
3.	To re-elect Mr Tan Wee Peng Kelvin pursuant to Article 108 of the Company's Articles of Association		
4.	To re-elect Mr Lim Andy pursuant to Article 108 of the Company's Articles of Association		
5.	To declare a Final (tax-exempt one-tier) Dividend of S\$0.003 per ordinary share for the financial year ended 31 December 2009.		
6.	To approve payment of Directors' fees of S\$148,656 for the financial year ended 31 December 2009.		
7.	To approve payment of Directors' fees of S\$167,000 for the financial year ending 31 December 2010, payable quarterly in arrears.		
8.	To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorize the Directors to fix their remuneration.		
9.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
10.	To authorize Directors to offer and grant options and to issue shares under The Novena Holdings Limited Share Option Scheme.		

Dated this day of 2010

Total Number of Shares Held

--

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

* Delete accordingly

IMPORTANT. Please read notes overleaf



Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 3 Philip Street #08-04 Commerce Point Singapore 048693 not later than 48 hours before the time set for the Annual General Meeting.

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AFFIX
STAMP

The Company Secretary
Viking Offshore and Marine Limited
3 Philip Street
#08-04 Commerce Point
Singapore 048693

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6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

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VO&M
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OFFSHORE&MARINE

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