OTTO MARINE LIMITED

9 Temasek Boulevard #33-01 Suntec Tower Two, Singapore 038989
Tel: 6863 2366 Fax: 6863 1127
Regn No: 197902647M

OTTO MARINE LIMITED & ITS SUBSIDIARIES
Registration Number: 197902647M

THIRD QUARTER 2015 FINANCIAL STATEMENTS ANNOUNCEMENT

TABLE OF CONTENTS

Description		Page
1.	Consolidated Profit and Loss Statement	1 – 2
2.	Balance Sheets	3 – 5
3.	Consolidated Cash Flow Statement	6 – 7
4.	Statements of Comprehensive Income	8
5.	Statements of Changes in Equity	9 – 11
6.	Audit	13
7.	Auditors' Report	13
8.	Accounting Policies	13
9.	Changes in Accounting Policies	13
10.	Earnings and Net Asset Value per Ordinary Shares	14
11.	Review of Group Performance	15 – 19
12.	Variance from Prospect Statement	19
13.	Prospects	19
14.	Dividend Distribution	19 – 20
15.	Interested Person Transactions	20

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OTTO MARINE LIMITED (co regn no : 197902647M)

Unaudited Third Quarter Financial Statements

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Group

	Q3 2015	Q3 2014	+/(-)	9M 2015	9M 2014	+/(-)
	US$'000	US$'000	%	US$'000	US$'000	%
Revenue	62,972	96,823	(35.0)	282,240	285,972	(1.3)
Cost of sales	(53,539)	(81,949)	(34.7)	(256,593)	(242,330)	5.9
Gross profit	**9,433**	**14,874**	**(36.6)**	**25,647**	**43,642**	**(41.2)**
Other income	2,461	1,096	124.5	6,937	14,535	(52.3)
Selling and administration expenses	(7,041)	(9,600)	(26.7)	(22,447)	(29,171)	(23.1)
Other expenses	(40)	1,472	n.m.	(1,846)	(4,296)	(57.0)
Share of profit of associates and joint venture	574	1,646	(65.1)	93	410	(77.3)
Finance costs	(10,510)	(6,762)	55.4	(27,820)	(19,058)	46.0
Profit (Loss) before income tax	**(5,123)**	**2,726**	**n.m.**	**(19,436)**	**6,062**	**n.m.**
Income tax expense	(12)	(705)	(98.3)	(1,449)	(1,438)	0.8
Profit for the period	**(5,135)**	**2,021**	**n.m.**	**(20,885)**	**4,624**	**n.m.**
Attributable to:						
Equity holders of the Company	(5,487)	2,022	n.m.	(21,436)	4,498	n.m.
Non-controlling interests	352	(1)	n.m.	551	126	337.3
	(5,135)	**2,021**	**n.m.**	**(20,885)**	**4,624**	**n.m.**

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1(a)(ii) items, which if significant must be included in the income statement.

	The Group			The Group		
	Q3 2015	Q3 2014	+/(-)	9M 2015	9M 2014	+/(-)
	US$'000	US$'000	%	US$'000	US$'000	%
Depreciation of property, plant and equipment:						
Included in cost of sales	9,070	7,134	27.1	29,262	17,383	68.3
Included in administrative expenses	210	253	(17.0)	545	685	(20.4)
	9,280	7,387	25.6	29,807	18,068	65.0
Capitalised in vessels in construction	442	928	(52.4)	1,464	3,136	(53.3)
	9,722	8,315	16.9	31,271	21,204	47.5
Interest on borrowings:						
Included in finance costs	10,510	6,762	55.4	27,820	19,058	46.0
Capitalised in vessels in construction	243	1,272	(80.9)	1,986	4,668	(57.5)
	10,753	8,034	33.8	29,806	23,726	25.6
Net profit (loss) for the period was stated after crediting (charging):-						
Bad debts written off	-	-	n.m.	-	(89)	n.m.
Gain (Loss) arising from the changes in the fair value of available-for-sale investment	-	-	n.m.	(7)	146	n.m.
Realisation of previously deferred profit on sale of vessels to an associate	-	-	n.m.	3,333	6,983	(52.3)
Gain (Loss) arising from the changes in the fair value of foreign exchange forward contracts	-	-	n.m.	-	5,097	n.m.
Gain arising from disposal of investment in an associate	-	-	n.m.	-	4	n.m.
Gain (Loss) on disposal of property, plant and equipment	(2)	(2)	-	85	383	(77.8)
Interest income	574	226	154.0	1,300	596	118.1
Net foreign exchange gain (loss)	1,713	1,472	16.4	1,814	(4,296)	n.m.
Impairment loss on a vessel	-	-	n.m.	(1,790)	-	n.m.
Share award expenses	-	(1,500)	n.m.	(59)	(1,708)	(96.5)

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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets	The Group		The Company	
	As at 30 Sep 2015	As at 31 Dec 2014	As at 30 Sep 2015	As at 31 Dec 2014
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Current assets				
Cash and bank balances	18,601	16,470	3,059	1,566
Fixed deposits	12,887	13,147	7,502	7,502
Trade receivables	318,922	318,163	305,554	393,375
Gross amount due from customers for contract work	866	5,772	-	-
Current portion of finance lease receivables	9,636	1,268	-	-
Deposits, prepayments and other receivables	123,638	115,711	661,817	446,050
Current portion of loan receivables	1,150	1,550	78,840	78,840
Inventories	58,836	137,051	-	-
Held for sale – assets	165,482	-	-	-
Total current assets	710,018	609,132	1,056,772	927,333
Non-current assets				
Finance lease receivables	4,525	9,013	-	-
Loan receivables	3,800	8,000	-	-
Property, plant and equipment	567,524	547,703	617	882
Goodwill	38,314	38,314	-	-
Investment in subsidiaries	-	-	180,480	180,480
Investment in associates and joint venture	447	467	-	-
Available-for-sale investments	-	7	-	-
Deferred tax asset	739	840	-	-
Total non-current assets	615,349	604,344	181,097	181,362
Total assets	**1,325,367**	**1,213,476**	**1,237,869**	**1,108,695**

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Balance Sheets	The Group		The Company	
	As at 30 Sep 2015	As at 31 Dec 2014	As at 30 Sep 2015	As at 31 Dec 2014
	US$'000	US$'000	US$'000	US$'000
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings from financial institutions	77,563	135,084	202	729
Current portion of finance lease payables	564	12,920	354	407
Loan from related party	-	7,924	-	7,924
Loan payables	94,032	7,819	21,425	-
Trade payables	306,441	307,420	234,969	241,921
Gross amount due to customers for contract work	193	625	-	-
Other payables*	110,177	86,859	687,302	559,736
Deferred gain - short-term	444	675	-	-
Held for sale – liabilities	113,973	-	-	-
Income tax payable	3,951	3,359	3,000	2,400
Total current liabilities	707,338	562,685	947,252	813,117
Non-current liabilities				
Borrowings from financial institutions	157,265	115,930	27,971	27,957
Finance lease payables	156,769	154,259	170	366
Loan and other payable from related party*	40,588	30,301	35,788	30,301
Loan payables	-	74,362	-	-
Deferred gain - long-term	7,590	11,140	-	-
Derivative financial instruments	8,923	4,153	-	-
Total non-current liabilities	371,135	390,145	63,929	58,624
Total liabilities	**1,078,473**	**952,830**	**1,011,181**	**871,741**
Capital, reserves and non-controlling interests				
Share capital	357,183	357,124	357,183	357,124
Capital reserves	1,546	1,546	1,546	1,546
Hedging deficits	(2,012)	(1,159)	-	-
Acquisition deficits	(30,510)	(30,510)	-	-
Translation reserves	29,266	25,289	31,103	31,108
Accumulated losses	(110,658)	(89,222)	(163,144)	(152,824)
Equity attributable to equity holders of the Company	244,815	263,068	226,688	236,954
Non-controlling interests	2,079	(2,422)	-	-
Total equity	246,894	260,646	226,688	236,954
Total liabilities and equity	**1,325,367**	**1,213,476**	**1,237,869**	**1,108,695**

*Amounts due to the controlling shareholder or companies held by the controlling shareholder of US$4,800,000 (2014: US$4,800,000) and US$35,787,910 (2014: US$38,225,000) are included in loan and other payables from related party.

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 Sep 2015		As at 31 Dec 2014	
Secured	**Unsecured**	**Secured**	**Unsecured**
US$'000	**US$'000**	**US$'000**	**US$'000**
94,232	77,927	148,278	15,469

Amount repayable after one year

As at 30 Sep 2015		As at 31 Dec 2014	
Secured	**Unsecured**	**Secured**	**Unsecured**
US$'000	**US$'000**	**US$'000**	**US$'000**
314,034	35,788	285,439	89,413

Details of any collateral

The Group's borrowings are primarily secured by fixed deposits, the mortgage of the relevant vessels and certain property, plant and equipment and inventory, shipyard contracts, insurance taken over the mortgaged vessels, charter agreements and income and proceeds from sale of vessels.

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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		The Group	
	Q3 2015 US$'000	Q3 2014 US$'000	9M 2015 US$'000	9M 2014 US$'000
Cash flow from operating activities:				
Operating activities				
Profit (Loss) before income tax	(5,123)	2,726	(19,436)	6,062
Adjustment for:				
Share of profit of associates and joint venture	(574)	(1,646)	(93)	(410)
Depreciation of property, plant and equipment	9,280	7,387	29,807	18,068
Interest expense	10,510	6,762	27,820	19,058
Interest income	(574)	(226)	(1,300)	(596)
Gain arising from changes in fair value of:				
-Foreign exchange forward contracts	-	-	-	(5,097)
Foreign exchange (gain) loss	(1,491)	29	(2,316)	942
(Gain) Loss on disposal of property, plant and equipment	2	2	(85)	(383)
Gain on disposal of investment in an associate	-	-	-	(4)
Realisation of previously deferred profit on sale of vessels to an associate	-	-	(3,333)	(6,983)
Share awards	-	1,500	59	1,708
Property, plant and equipment written off	-	-	23	-
Impairment loss of property, plant and equipment	-	-	1,790	-
Gain (Loss) arising from the changes in the fair value of available-for-sale investment	-	-	7	(146)
Operating cash flows before movements in working capital	**12,030**	**16,534**	**32,943**	**32,219**
Trade receivables	(9,877)	60,528	5,770	11,132
Construction work-in-progress	1,805	(627)	93,240	63,636
Finance lease receivables	331	315	(3,880)	(10,600)
Other receivables, prepayments and deposits	10,892	(13,921)	11,540	(18,867)
Inventories	(260)	(4,664)	(11,904)	(40,592)
Trade payables	(6,210)	(12,583)	(44,893)	(362)
Other payables	(314)	4,078	6,691	21,268
Cash generated from operations	**8,397**	**49,660**	**89,507**	**57,834**
Income tax paid (credited)	49	(554)	(757)	(301)
Interest received	152	226	1,028	596
Net cash from operating activities	**8,598**	**49,332**	**89,778**	**58,129**

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Group	The Group Q3 2015 US$'000	Q3 2014 US$'000	The Group 9M 2015 US$'000	9M 2014 US$'000
Investing activities				
Purchase of assets and liabilities from companies	-	-	(7,978)	-
Proceeds from capital reduction in available-for-sale investment	-	-	-	281
Loan receivables	-	-	4,600	-
Purchase of property, plant and equipment	(34,911)	(10,665)	(42,481)	(82,095)
Proceeds from disposal of property, plant and equipment	-	3,649	-	9,063
Net cash used in investing activities	**(34,911)**	**(7,016)**	**(45,859)**	**(72,751)**
Financing activities				
Proceeds on borrowings from financial institutions	86,264	74,277	132,360	230,251
Repayment of borrowings from financial institutions	(43,799)	(171,902)	(158,488)	(288,960)
Repayment of finance lease obligations	(3,671)	(1,410)	(10,702)	(4,068)
Proceeds (Repayment) of loan from a related party	92	(643)	(1,921)	29,357
Proceeds from MTN programme	-	53,863	-	53,863
Proceeds from loan payable	-	1,009	30,972	1,009
Repayment of loan payable	(1,037)	(404)	(1,638)	(404)
Repayment of redeemable preference shares	-	-	(7,485)	-
Dividend paid	-	-	-	(3,294)
Interest paid	(7,797)	(6,522)	(24,807)	(14,250)
Deposits released (pledged) for borrowings from financial institutions	(628)	45,788	237	7,787
Net cash from (used in) financing activities	**29,424**	**(5,944)**	**(41,472)**	**11,291**
Net increase (decrease) in cash and bank balances	**3,111**	**36,372**	**2,447**	**(3,331)**
Cash and bank balances at beginning of period	**16,050**	**8,044**	**16,841**	**48,034**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(212)	(1,151)	(339)	(1,438)
Cash and bank balances at end of period	**18,949**	**43,265**	**18,949**	**43,265**
Cash and bank balances at end of period include the following:				
Cash and bank balances	18,601	43,181	18,601	43,181
Fixed deposits	12,887	40,458	12,887	40,458
Less: Deposits pledged for borrowings from financial institutions	(12,539)	(40,374)	(12,539)	(40,374)
Deposits earmarked for refund guarantee and other fixed deposits	**348**	**84**	**348**	**84**
Total	**18,949**	**43,265**	**18,949**	**43,265**

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER

	Q3 2015 US$'000	Q3 2014 US$'000	9M 2015 US$'000	9M 2014 US$'000
The Group				
Profit (Loss) for the period	(5,135)	2,021	(20,885)	4,624
Other comprehensive income (expense):				
Exchange differences on translating foreign operations	2,812	(425)	4,015	(111)
Cash flow hedge	(904)	(622)	(853)	(622)
Other comprehensive income (expense) for the period, net of tax	1,908	(1,047)	3,162	(733)
Total comprehensive income (expense) for the period	(3,227)	974	(17,723)	3,891
Total comprehensive income (expense) attributable to:				
Equity holders of the Company	(3,610)	894	(18,312)	3,767
Non-controlling interests	383	80	589	124
	(3,227)	974	(17,723)	3,891
The Company				
Loss for the period	(782)	(7,746)	(10,320)	(20,318)
Other comprehensive expense:				
Exchange differences on translating foreign operations	(6)	-	(5)	(1)
Other comprehensive expense for the period, net of tax	(6)	-	(5)	(1)
Total comprehensive expense for the period	(788)	(7,746)	(10,325)	(20,319)
Total comprehensive expense attributable to:				
Equity holders of the Company	(788)	(7,746)	(10,325)	(20,319)
Non-controlling interests	-	-	-	-
	(788)	(7,746)	(10,325)	(20,319)

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER

Group	Share Capital	Capital Reserves	Acquisition Deficits	Hedging Reserves (Deficits)	Translation Reserves	Accumulated Loss	Attributable to equity holders of the Company	Non-controlling interests	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2015									
At 1 Jan 2015	357,124	1,546	(30,510)	(1,159)	25,289	(89,222)	263,068	(2,422)	260,646
Share award, net of expense	59	-	-	-	-	-	59	-	59
Non-controlling interest arising through acquisition of assets and liabilities	-	-	-	-	-	-	-	3,912	3,912
Total comprehensive income (expense) for the period	-	-	-	51	1,196	(15,949)	(14,702)	206	(14,496)
At 30 Jun 2015	357,183	1,546	(30,510)	(1,108)	26,485	(105,171)	248,425	1,696	250,121
Q3 2015									
Total comprehensive income (expense) for the period	-	-	-	(904)	2,781	(5,487)	(3,610)	383	(3,227)
At 30 Sep 2015	357,183	1,546	(30,510)	(2,012)	29,266	(110,658)	244,815	2,079	246,894

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER (CONT'D)

Group	Share Capital	Capital Reserves	Acquisition Deficits	Hedging Deficits	Translation Reserves (Deficits)	Accumulated Profit (Loss)	Attributable to equity holders of the Company	Non-controlling interests	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2014									
At 1 Jan 2014	350,416	1,546	(28,015)	-	24,210	(44,265)	303,892	78	303,970
Dividend paid	-	-	-	-	-	(3,294)	(3,294)	-	(3,294)
Share award, net of expense	208	-	-	-	-	-	208	-	208
Total comprehensive income for the period	-	-	-	-	397	2,476	2,873	44	2,917
At 30 Jun 2014	350,624	1,546	(28,015)	-	24,607	(45,083)	303,679	122	303,801
Q3 2014									
Issue of shares, net of expense	5,000	-	-	-	-	-	5,000	-	5,000
Acquisition of additional shares from non-controlling interest	-	-	(2,339)	-	136	-	(2,203)	(2,797)	(5,000)
Share award, net of expense	1,500	-	-	-	-	-	1,500	-	1,500
Total comprehensive income (expense) for the period	-	-	-	(622)	(506)	2,022	894	80	974
At 30 Sep 2014	357,124	1,546	(30,354)	(622)	24,237	(43,061)	308,870	(2,595)	306,275

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER (CONT'D)

COMPANY	Share Capital US$'000	Capital Reserves US$'000	Translation Reserves (Deficits) US$'000	Accumulated Losses US$'000	Total Equity US$'000
2015					
At 1 Jan 2015	357,124	1,546	31,108	(152,824)	236,954
Share award, net of expense	59	-	-	-	59
Total comprehensive expense for the period	-	-	1	(9,538)	(9,537)
At 30 Jun 2015	357,183	1,546	31,109	(162,362)	227,476
Q3 2015					
Total comprehensive expense for the period	-	-	(6)	(782)	(788)
At 30 Sep 2015	357,183	1,546	31,103	(163,144)	226,688

COMPANY	Share Capital US$'000	Capital Reserves US$'000	Translation Reserves (Deficits) US$'000	Accumulated Losses US$'000	Total Equity US$'000
2014					
At 1 Jan 2014	350,416	1,546	31,113	(124,891)	258,184
Dividend paid	-	-	-	(3,294)	(3,294)
Share award, net of expense	208	-	-	-	208
Total comprehensive expense for the period	-	-	(1)	(12,572)	(12,573)
At 30 Jun 2014	350,624	1,546	31,112	(140,757)	242,525
Q3 2014					
Issue of shares, net of expense	5,000	-	-	-	5,000
Share award, net of expense	1,500	-	-	-	1,500
Total comprehensive expense for the period	-	-	-	(7,746)	(7,746)
At 30 Sep 2014	357,124	1,546	31,112	(148,503)	241,279

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration of acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 25 August 2015, the Company has completed the Share Consolidation where every 20 existing shares registered in the name of each shareholder have been consolidated into one Consolidated Share. Prior to the effective date of the Share Consolidation, the issued share capital of the Company comprised 4,247,095,572 shares, and with effect from the effective date of the Share Consolidation, the issued share capital of the Company now comprises 212,354,622 Consolidated Shares, after disregarding any fractions of Consolidated Shares arising from Share Consolidation.

1(d)(iii) and (iv) Statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Information pursuant to clause 1(d)(iii):

	As at 30 Sep 2015	As at 31 Dec 2014
Total number of issued shares excluding treasury shares	212,354,622*	4,244,888,572

*The number of issued shares excluding treasury shares as at 30 Sep 2015 takes into consideration the share consolidation which was completed on 25 August 2015 as described in 1(d)(ii).

Information pursuant to clause 1(d)(iv):

The Company does not have any treasury shares as at end of the immediately preceding financial period and during the current financial period.

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1(e) Negative assurance confirmation on interim financial results pursuant to rule 705(5) of the Listing Manual

We, the undersigned, hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the nine months ended 30 September 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Yaw Chee Siew
Executive Chairman

See Kian Heng
Group Chief Executive Officer and
Group Executive Director

11 November 2015

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2014 except for the changes mentioned in Section 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of, the change

In the current financial year, the Group and the Company have adopted all new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and have no material effect on the financial statements.

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6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

		The Group			The Group		
		3 months ended Sep 2015	3 months ended Sep 2014	+/(-) %	9 months ended Sep 2015	9 months ended Sep 2014	+/(-) %
Earnings (Loss) per ordinary share of the Group for the financial period based on net profit attributable to shareholders:							
(i)	Based on the weighted average number of shares (US cents)	(2.58)	0.96*	n.m.	(10.10)	2.16*	n.m.
	Weighted average number of shares ('000)	212,355	211,268*	0.5	212,284	208,069*	2.0
(ii)	On a fully diluted basis (US cents)	(2.58)	0.96*	n.m.	(10.10)	2.16*	n.m.
	Adjusted weighted average number of shares ('000)	212,355	211,268*	0.5	212,284	208,069*	2.0

*This takes into consideration the effect of the share consolidation of 20 shares into 1 ordinary share to be comparable. See Item 1d(ii) for details.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group			The Company		
	As at 30 Sep 2015	As at 31 Dec 2014	+/(-) %	As at 30 Sep 2015	As at 31 Dec 2014	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (US cents)	116.26	122.80*	(5.3)	106.75	111.64*	(4.4)

*This takes into consideration the effect of the share consolidation of 20 shares into 1 ordinary share to be comparable. See Item 1d(ii) for details.

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on

Review of Group Performance

1. 9M 2015 versus 9M 2014

	Shipyard US$'000	Shipping and chartering US$'000	Subsea services US$'000	Elimination (Note 1) US$'000	Group US$'000
9M 2015					
External revenue	125,665	146,347	10,228	-	282,240
Inter-segment revenue	1,688	-	6,985	(8,673)	-
Total revenue	127,353	146,347	17,213	(8,673)	282,240
Cost of sales	(120,231)	(132,908)	(12,127)	8,673	(256,593)
Gross profit	7,122	13,439	5,086	-	25,647
9M 2014					
External revenue	63,638	198,493	23,841	-	285,972
Inter-segment revenue	2,582	744	-	(3,326)	-
Total revenue	66,220	199,237	23,841	(3,326)	285,972
Cost of sales	(56,341)	(170,849)	(18,466)	3,326	(242,330)
Gross profit	9,879	28,388	5,375	-	43,642
Variance					
External revenue	62,027	(52,146)	(13,613)	-	(3,732)
Inter-segment Revenue	(894)	(744)	6,985	(5,347)	-
Total revenue	61,133	(52,890)	(6,628)	(5,347)	(3,732)
Cost of sales	(63,890)	37,941	6,339	5,347	(14,263)
Gross loss	(2,757)	(14,949)	(289)	-	(17,995)

Note 1 Inter-segment revenue are eliminated upon consolidation.

Revenue

External revenue decreased by US$3.7 million mainly due to the decrease in revenue from the subsea services and shipping and chartering segments, partially offset by an increase in shipyard revenue.

Shipyard – The external revenue increased by US$62.0 million mainly as a result of the sale of a vessel in 9M 2015. The increase was partially offset by a decrease in ship conversion revenue.

Shipping and chartering – The decrease in revenue (US$52.1 million) was mainly due to a reduced fleet size and lower charter rates.

Subsea services – The decrease in external revenue (US$13.6 million) was mainly due to lower charter rate amidst the current challenging market condition and different nature of work undertaken by one of the vessels.

Gross profit

Shipyard – Gross profit decreased by US$2.8 million in 9M 2015 despite the increase in revenue as a result of lower margin projects undertaken.

Shipping and chartering – Gross profit decreased as a result of the decrease in revenue and the increase in depreciation arising from the capitalized dry-docking costs in 2014.

Subsea services – Gross profit decreased by US$0.3 million primarily due to the decrease in revenue.

Other income

Other income decreased by US$7.6 million primarily due to (1) the absence of the gain arising from the changes in the fair value of foreign exchange forward contracts (US$5.1 million), (2) the decrease in gain arising from the changes in the fair value of available-for-sale investment (US$0.1 million), (3) the decrease in realization of previously deferred profit on the sale of vessels to associates (US$3.7 million), (4) the decrease in gain on disposal of property, plant and equipment (US$0.3 million), (5) the decrease in other income (US$0.6 million) and (6) the decrease in scrap sales (US$0.3 million). The decrease was partially offset by the increase in interest income (US$0.7 million) and the increase in net foreign exchange gain (US$1.8 million).

Other expenses

Other expenses decreased by US$2.5 million as a result of the absence of foreign exchange loss (US$4.3 million), partially offset by impairment loss on a vessel (US$1.8 million) in 9M 2015.

Selling and administrative expenses

Selling and administrative expenses decreased by US$6.7 million primarily due to the decrease in salaries and wages (US$6.8 million).

Share of profit of associates and joint venture

Share of profit of associates and joint venture decreased by US$0.3 million primarily due to the lower contribution of an associate.

Finance cost

The finance costs increased by US$8.8 million mainly due to interest incurred on certain loan facilities drawn down subsequent to 1H 2014 and the finance costs arising from held-for-sale liabilities.

2. Q3 2015 versus Q3 2014

	Shipyard	Shipping and chartering	Subsea services	Elimination (Note 1)	Group
	US$'000	US$'000	US$'000	US$'000	US$'000
Q3 2015					
External revenue	3,763	55,080	4,129	-	62,972
Inter-segment revenue	403	-	1,535	(1,938)	-
Total revenue	4,166	55,080	5,664	(1,938)	62,972
Cost of sales	(5,105)	(46,605)	(3,767)	1,938	(53,539)
Gross profit (loss)	(939)	8,475	1,897	-	9,433
Q3 2014					
External revenue	15,569	74,504	6,750	-	96,823
Inter-segment revenue	2,582	744	-	(3,326)	-
Total revenue	18,151	75,248	6,750	(3,326)	96,823
Cost of sales	(16,135)	(62,505)	(6,635)	3,326	(81,949)
Gross profit	2,016	12,743	115	-	14,874
Variance					
External revenue	(11,806)	(19,424)	(2,621)	-	(33,851)
Inter-segment revenue	(2,179)	(744)	1,535	1,388	-
Total revenue	(13,985)	(20,168)	(1,086)	1,388	(33,851)
Cost of sales	11,030	15,900	2,868	(1,388)	28,410
Gross profit (loss)	(2,955)	(4,268)	1,782	-	(5,441)

Note 1 Inter-segment revenue are eliminated upon consolidation.

Revenue

External revenue decreased by US$33.9 million, contributed by all segments.

Shipyard – The external revenue decreased by US$11.8 million mainly due to decrease in shipbuilding, fabrication and ship repair revenue in Q3 2015.

Shipping and chartering – The decrease in revenue of US$19.4 million was contributed primarily by a reduced fleet size and lower charter rate amidst the current challenging market condition.

Subsea services – The decrease in revenue (US$2.6 million) was mainly due to lower charter rate despite increased utilization.

Gross profit (loss)

Shipyard – The gross profit decreased as a result of the decrease in revenue.

Shipping and chartering – The decrease in gross profit was due to the decrease in revenue and increase in depreciation arising from the capitalized dry-docking costs in 2014.

Subsea services – Gross profit increased by US$1.8 million primarily due to the higher utilization of a vessel.

Other income

Other income increased by US$1.4 million primarily due the increase in interest income (US$0.3 million) and the increase in net foreign exchange gain (US$1.7 million). The increase was partially offset by the decrease in other income (US$0.5 million) and the decrease in scrap sales (US$0.1 million).

Other expenses

Other expenses decreased by US$1.5 million as a result of the absence of foreign exchange loss (US$1.5 million) in Q3 2015.

Selling and administrative expenses

Selling and administrative expenses decreased by US$2.6 million primarily due to the decrease in salaries and wages (US$3.1 million). The decrease was partially offset by the increase in sales commission (US$1.3 million).

Share of profit of associates and joint venture

Share of profit of associates and joint venture decreased by US$1.1 million primarily due to the lower contribution of an associate.

Finance cost

The finance costs increased by US$3.7 million mainly due to interest incurred on certain loan facilities drawn down subsequent to 1H 2014 and the finance costs arising from held-for-sale liabilities.

Review of Balance Sheet &/or Cash Flow

ASSETS

The material contributing factors to the increase in total assets of US$1,213.5 million as at 31 December 2014 to US$1,325.4 million as at 30 September 2015 was primarily due to increases in (1) net cash and cash equivalents, (2) trade receivables, (3) finance lease receivables, (4) other receivables and deposits and prepayments to vendors, (5) property, plant and equipment mainly from the completion of a vessel and (6) held for sale assets (classified in accordance with FRS105) attributable to certain vessels whereby the Group has committed sale plans and expects the sales to be completed within one year. The increase was partially offset by decrease in loan receivables, costs incurred under inventories and amounts due from customers for vessels under construction due to the delivery of vessels.

LIABILITIES

The increase in total liabilities from US$952.8 million as at 31 December 2014 to US$1,078.5 million as at 30 September 2015 was due to the increase in (1) other payables, (2) derivative financial instruments arising from the fair value of interest rate swaps entered for term loans and currency swap entered for MTN, (3) loan payables, (4) income tax payables and (5) held for sale liabilities (directly associated with vessels classified under held for sale assets). The increase was partially offset by decreases in (1) borrowings from financial institution due to loan payments, (2) finance lease payables due to lease payments, (3) deferred gain due to realization of previously deferred gain on the sale of vessels to an associate, (4) trade payables and (5) gross amounts due to customers for vessels under construction.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Nil.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Amidst the persistent challenging market conditions, the Group is focused on sustaining the vessels utilization by stepping up efforts in improving its order book, while also concurrently rationalizing its cost structure to remain competitive and relevant in the market. It is unlikely that market conditions in the oil & gas sector will improve significantly over the next 12 months.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommend for the corresponding period of the immediately preceding financial year reported on? No

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(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/(recommended), a statement to that effect

No dividend has been declared/(recommended) in the current financial period reported on.

13. Interested Person Transactions

There is no interested person transaction that falls under a general mandate by shareholders. The Group has not obtained a general mandate by shareholders for interested person transactions.

	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) **9M 2015 US$'000**
Rent expense to Samling Singapore Pte Ltd	462
Interest expense to Brizill International Limited	404
Interest expense to the controlling shareholder for loan extended to Otto Marine Limited *	1,571

* A loan from the controlling shareholder amounting to US$30.0 million as at 30 September 2015 bears interest at 7.0% p.a. and is repayable in December 2018.

BY ORDER OF THE BOARD

CHONG SIEH JIUAN
CHIEF FINANCIAL OFFICER AND JOINT COMPANY SECRETARY

11 NOVEMBER 2015

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes, and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other shipbuilding and chartering companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.