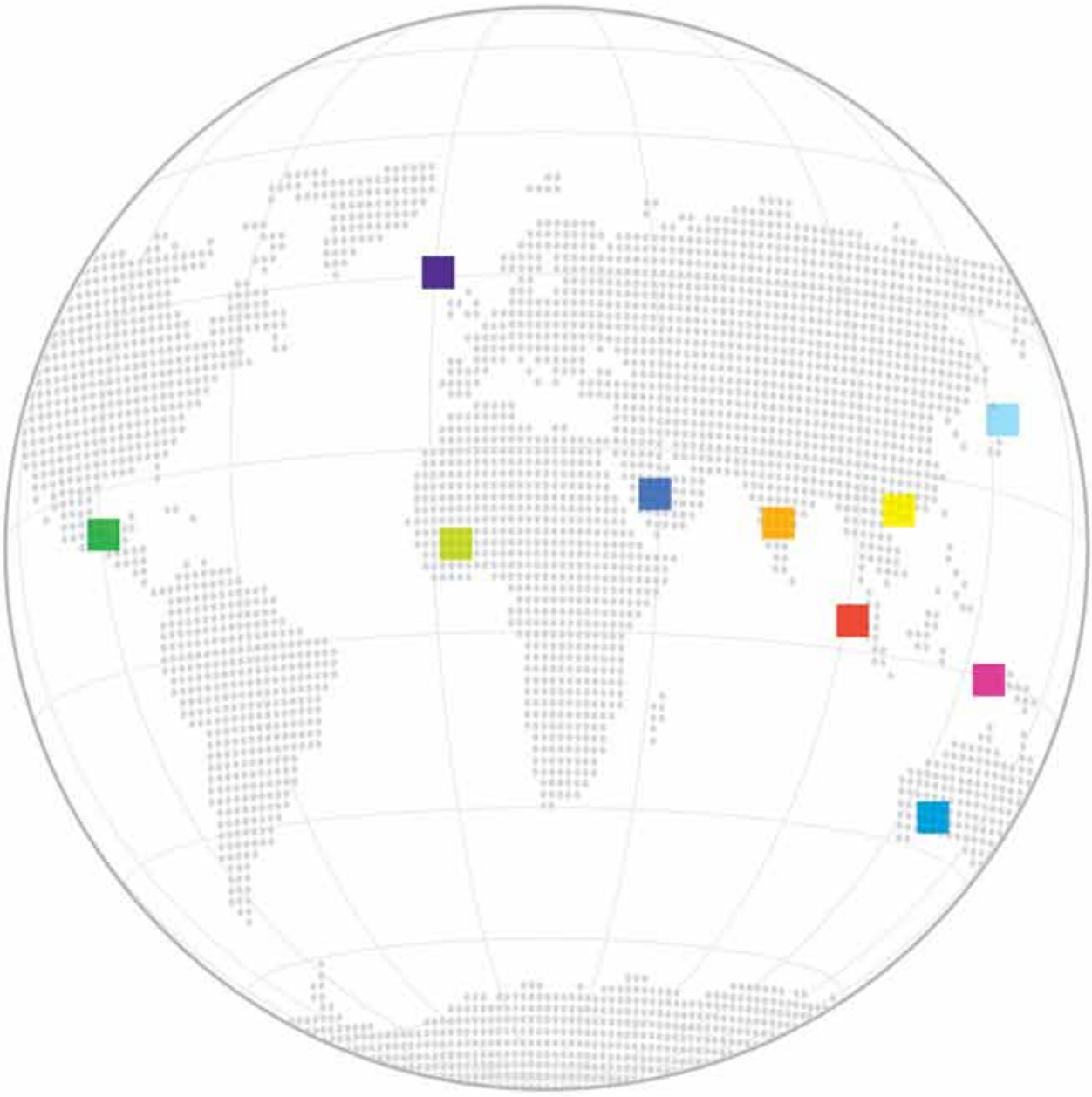
OTTO MARINE LIMITED



PUSHING AHEAD

AS A LEADING OFFSHORE SERVICE PROVIDER

ANNUAL REPORT 2015

CONTENTS

1 Corporate Profile

2 Business Segments

3 Group Structure

4 Corporate Milestones

6 Our Major Vessels

10 Executive Chairman's Statement

12 Group CEO & Group Executive Director's Statement

14 Board of Directors

18 Key Management

20 Financial Highlights

21 Corporate Governance Report

36 Financial Statements

119 Statistics of Shareholdings

121 Notice of Annual General Meeting

Proxy Form

CORPORATE PROFILE







48
vessels

5
average age of vessels

OTTO MARINE LIMITED is a shipping focused offshore marine group. We own and operate a large fleet of offshore support vessels with a worldwide presence, complemented by a technically proven shipyard located in Batam, Indonesia which provide ship repair, maintenance and conversion to both our fleet and third party customers.

Headquartered in Singapore, Otto Marine owns and operates one of the largest fleet of offshore support vessels. Our vessels are deployed globally in the major offshore oil and gas markets, providing quality service and support to national oil companies, international oil majors and other upstream players, with the broader objective of providing global energy solutions.

PROVIDING OFFSHORE SUPPORT VESSELS FOR CHARTER

We have a wide selection of offshore support vessels to cater to various customer requirements, such as Platform Supply Vessels ("PSVs"), Multi-Purpose Support Vessels ("MPSV"), Anchor Handling Tug Supply ("AHTS"), Utility and Work Maintenance vessels. Most of our fleet is deployed on both bareboat and time charters in various parts of the world. As oil and gas exploration moves further offshore, our fleet of vessels has been upgraded to reflect the change in industry dynamics. We are the proud owners of 4 high specification 21,000bhp 250 tonne bollard pull AHTS capable of working in deepwater and harsh environment. As at 31 December 2015, Otto Marine's fleet is comprised 48 vessels with an average age of 5 years. The Group periodically reviews our fleet profile to remain sensitive to customers' needs and to stay ahead of the curve.

OFFSHORE VESSEL AND SERVICES PROVIDER SUPPORTED BY STRONG SHIPYARD

Our shipyard in Batam, Indonesia has one of the best infrastructures in the region including our very own Syncrolift® with Rolls Royce equipment for the efficient and effective dry docking of up to 16 offshore support vessels at any point of time. Our capability is reinforced by our strong team of engineers and naval architects, who will ensure that our vessels get the attention they deserve. Having built a wide range of offshore support vessels including the Norwegian design DNV Class PSV and AHTS, our yard is well-equipped to repair and upgrade a wide range of vessels from simple ocean-going tugs to the sophisticated and complex offshore support vessels. With faster turnaround time, flexibility in scheduling and quality work, our shipyard offers an important advantage in supporting our fleet. Covering an area of 64 hectares, our Batam shipyard is also one of the largest in Indonesia. Apart from servicing our fleet, our yard is also well placed to secure third party vessel construction orders, ship repair and conversion works, as well as, fabrication work.

BUSINESS SEGMENTS

SHIPPING AND CHARTERING

35 vessels operating directly

- 2 x 3600bhp towing tugs
- 2 x flat top barges
- 2 x 40m AHT
- 1 x 3000bhp AHT
- 1 x 5150bhp AHTS
- 1 x 6000bhp AHTS
- 2 x 7200bhp AHTS
- 1 x 8000bhp AHTS
- 2 x 10800bhp AHTS
- 1 x 16000bhp AHTS
- 1 x 16320bhp AHTS
- 3 x 21000bhp AHTS
- 2 x MT6009L MPSV
- 1 x Landing Craft Ship (LCT)
- 1 x 75m WMV
- 1 x 85m WMV
- 1 x Reflect Scorpio
- 1 x Surf Challenger
- 1 x Surf Ranger
- 8 x Inshore vessels

8 vessels chartered in/manned

- 1 x 8000bhp AHTS
- 1 x 16000bhp AHTS
- 2 x Inshore vessels
- 1 x 75m WMV
- 2 x 5164kw PSV
- 1 x 61m WMV

Strategic Partnerships
5 operational vessels

- 2 x 5150bhp AHTS
- 1 x 8000bhp AHTS
- 1 x 21000bhp AHTS
- 1 x 5200kW SPB

SHIPYARD

- Construction of complex, high-spec and environmental friendly offshore support vessels (e.g. AHTS, MPSV, offshore construction vessel)
- Repair & conversion and fabrication of a wide range of vessels (e.g. offshore support vessels, ocean-going tug)
- Sophisticated vessels for North Sea operations that meet the ABS or DNV class
- Owns 64 ha shipyard in Batam
  - Selective outsourcing to China shipyards
  - Build-to-order
- Syncrolift® system that provide dock space for up to 16 offshore support vessels
- Dry dock 44m x 145m
- 2 purpose built slipways of up to 40m x 245m

GROUP STRUCTURE

OTTO MARINE LIMITED

Shipyard



- Otto Strategic Pte Ltd **100%**
- Otto Offshore Limited (Labuan) **100%**
- Otto Marine Newbuild Pte Ltd **100%**
- Otto Marine Shipyard Pte Ltd **100%**
- Pt Batamec **95%**
- Otto Marine Representative Office (Foshan)

Shipping and Chartering



- Otto Fleet Pte Ltd **100%**
- Otto Marine Limited (UAE Branch) **100%**

Investment Companies



- Otto Ventures Pte Ltd **100%**
- Surf Subsea Pte Ltd **100%**
- GO Marine Group Pty Ltd **100%**

CORPORATE MILESTONES

1979

- Incorporation as Otto Industrial Co (Pte) Ltd

1981 - 1986

- Establishment of Singapore shipyard
- Establishment of Batam shipyard

1994 - 1996

- Incorporated PT Batamec
- Construction of Syncrolift

2004 - 2006

- Focused production on offshore vessels
- Delivered first AHTS vessel
- First orders for 10800bhp AHTS vessels

2007

- First orders for 21,000bhp AHTS and diesel electric PSVs and MPSVs
- Commenced chartering operations
- Established branch in UAE
- Commenced strategic partnerships for chartering business

2008 - 2009

- Listed on Mainboard of Singapore Stock Exchange raising S$97.7 mn through IPO
- Established representative office in China
- Partnership with GO Marine Group Pty Ltd
- Completed rights issue and raised net proceeds of S$115.5 mn
- Awarded "FASTEST 50 GROWING COMPANY"

2014

- Delivered multi-purpose drilling vessel “Norshore Atlantic”
- Issued tranche of S$70 mn under MTN programme, with 2-year tenor
- Increased stake in GO Marine Group Pty Ltd to 100%
- Disposed entire 49% in JV GO Marine Services (M) Sdn Bhd.

2011 - 2012

- Acquired 55% of GO Marine Group Pty Ltd and further increased stake to 90%
- Deployed vessels in East and West Africa
- Secured charters in North Sea, Gulf of Mexico, Australia and Africa totalling US$76.5 mn

2010

- Established S$500 mn MTN Programme and a 3-year tranche of S$100 mn under the Programme
- Entered North American and Gulf of Mexico Market

2013

- Secured offshore chartering license in Indonesia
- Secured fabrication work
- Delivered 2 units of 21,000 bhp AHTS

2015 - present

- Built and delivered four vessels for PT Pertamina Trans Kontinental
- Charter contracts and delivery of first 238men work maintenance vessels
- Diversifying Product Portfolio by securing one product oil tanker and two ferries shipbuilding contracts
- Secured 5+5 OSV contract with renowned international E&P company

OUR MAJOR VESSELS







NAME	TYPE	BOLLARD PULL (tons)	YEAR BUILT	CLASS	DYNAMIC POSITIONING SYSTEM
1. GO PHOENIX	21000bhp AHTS	250	2013	DNV	DP 2, FIFI 2
2. GO SPICA	16320bhp AHTS	205	2010	ABS	DP 2, FIFI 2
3. GO SIRIUS	16000bhp AHTS	190	2012	ABS	DP 2, FIFI 1







NAME	TYPE	BOLLARD PULL (tons)	YEAR BUILT	CLASS	DYNAMIC POSITIONING SYSTEM
4. GO PEGASUS	21000bhp AHTS	250	2013	DNV	DP 2, FIFI 2
5. GO CAPELLA	10800bhp AHTS	140	2009	ABS	DP 2, FIFI 1
6. GO RIGEL	8000bhp AHTS	115	2011	ABS	DP 2, FIFI 1

OUR MAJOR VESSELS









NAME	TYPE	BOLLARD PULL (tons)	YEAR BUILT	CLASS	DYNAMIC POSITIONING SYSTEM
7. GO ELECTRA	Multi-purpose IMR Field Support Vessel	–	2012	DNV	DP 2
8. GO EXPLORER	Multi-purpose IMR Field Support Vessel	–	2012	DNV	DP 2
9. GO ACAMAR	5150bhp AHTS	65	2009	ABS	DP 1, FIFI 1
10. SURF RANGER	Multi-purpose IMR Field Support Vessel	–	1993	DNV	DP 2







NAME	TYPE	BOLLARD PULL (tons)	YEAR BUILT	CLASS	DYNAMIC POSITIONING SYSTEM
11. SOC ENDEAVOUR	75m 140men Work Maintenance Vessel	–	2011	ABS	DP 2
12. BELUGA 1	7268bhp AHTS	96	2011	ABS	DP 2, FIFI 1
13. SURF SUPPORTER	Multi-purpose ROV and Support Vessel	–	2014	DNV	DP 2

EXECUTIVE CHAIRMAN'S STATEMENT



Yaw Chee Siew
Executive Chairman

DEAR SHAREHOLDERS,

The cut in capital expenditure of upstream companies resulted in prolonged, depressed demand for offshore vessels, shipbuilding and subsea services. It was a challenging year to secure chartering orders and maintain fleet utilisation, and it required us to be persistent and pragmatic in terms of business and fleet planning. We reported a 31.3% decline in total external revenue to US$244.4 million for the Group. Otto Marine's tenacious team will continue to strive to optimise our business strategy and financial position in a volatile market.

A YOUNG AND DIVERSIFIED FLEET

Since we revamped the strategy to focus on offshore chartering business in 2011, the chartering segment has played an increasingly significant role, contributing to more than 80% of the Group's FY2015 revenue. Over the years, we have expanded our fleet to include vessels that are fuel efficient and capable for a variety of operations.

Our vessels support the entire oil and gas project life cycle and cater to the development, commissioning and production decommissioning stages. Hence, we were able to mitigate the impact of the slowdown in exploration activities in the upstream side. Our fleet are also deployed in other oil and gas projects like dredging, construction etc.

GLOBAL PRESENCE

We aim to create a long-term foothold in high-potential markets, including those protected with the cabotage framework. With the pre-qualification with E&P majors, we gradually build our strong customer network around the world. We established Southeast Asia, Australia and North Sea as our primary markets, and Africa and Mexico as our secondary markets. This global presence has effectively mitigated the impact of the business downturn in a single market. While we continue to secure projects in Australia for our chartering fleet, we strive to strengthen our customer base in other parts of the world.

SYNERGY IN OUR BUSINESS SEGMENTS

Otto Marine started off with shipbuilding business, delivered a series of flagship vessels in the past years and accumulated extensive experience in the construction of high-specification offshore vessels. As a complement to our offshore chartering business, our shipyard has the capabilities of providing ship repair and maintenance and conversion, fabrication to our customers. At the same time, the Shipyard also takes shipbuilding orders from the Indonesian cabotage market.

Since the inclusion of subsea services to our business offering in 2010, we started to offer long-term vessel solutions to clients to support their subsea contracts with the oil majors and first-tier contractors, especially in strategic niche segments in Gulf of Mexico, Australia and the North Sea.

THE OTTO MARINE APPROACH

Otto Marine has a vision to grow into a prominent player with outstanding capabilities in the offshore chartering space. Over the past four years, we upheld the vision and made remarkable progress. Whilst market conditions turned against us, we optimised the fleet size, deployed forward planning, strengthened our customer networks, ensured on-time delivery and enhanced Otto Marine's reputation as a trusted business partner.

OUTLOOK FOR THE INDUSTRY

Although oversupply ensues and oil inventory is still being built up, it is generally believed that the current oil prices are not sustainable for the long term. The investment cuts by upstream companies have raised concerns on insufficient capacity and infrastructure to meet future demand. We are confident that the demand for our chartering and subsea businesses will recover as the capital expenditure and production activities start to increase. We remain confident of the medium and long-term outlook of the industry.

APPRECIATION

As part of the Board Member rotation, Mr Heng Hock Cheng @ Heng Heyok Chiang and Garrick James Stanley will retire as Directors from the Board. It has been our honour to have Mr Heng on board and I would like to express my gratitude for his guidance and invaluable contribution to the Otto Marine Group. I would also like to thank Garrick for his dedication and knowledge he has imparted to the Board during his tenure. Garrick will continue his service as the CEO of GO Marine Group.

Both Michael, the Group CEO since April 2015, and Garrick, have done a remarkable job in their respective roles. We look forward to both Michael and Garrick as the continuing formidable force in driving the Group towards long-term growth.

I would like to extend my sincere appreciation to all our staff and management for your dedication and support throughout the challenging times, and to our directors for your contribution all the way. I would also like to extend my sincere gratitude to our business partners and stakeholders for your continued support and trust in Otto Marine. I look forward to developing the business relationships to another level in the years to come.

Finally, I would like to send my heartfelt thanks to our shareholders and investors. Otto Marine will be strengthened through adversities and will continue to strive for the best possible performance as a return for your continued trust and support.

Yaw Chee Siew
Executive Chairman

GROUP CEO & GROUP EXECUTIVE DIRECTOR'S STATEMENT



Michael See Kian Heng
Group CEO & Group Executive Director

DEAR SHAREHOLDERS,

2015 has been another year of challenges and endurance for the offshore and marine industry, and Otto Marine was not spared. As the market remained weak and competition became increasingly tough, we put substantial effort to stimulate business flow. We focused on maximising charter orders and were engaged in rigorous cost rationalisation throughout the year. We reached out to our client network around the world, mobilised our resources, deployed forward planning in conjunction with the fleet upgrade and renewal programme, and maintained a reasonable utilisation rate.

The Group external revenue decreased 31.3% to US$244.4 million primarily due to a drop of shipyard's revenue of US$49.8 million, chartering revenue of US$45.2 million and subsea revenue of US$16.4 million. Shipyard revenue dropped due to reduction in shipbuilding orders while a reduced fleet size and lower charter rates contributed to the decrease in chartering revenue. The drop in subsea revenue resulted from different scope of work provided in FY2015 vis-à-vis FY2014.

Excluding the doubtful debt provision of US$8.1 million (FY2014: US$0.9 million), selling and administrative costs decreased by 21.5% yoy or US$8.3 million mainly as a result of the rigorous cost rationalisation programme embarked by the Group. The doubtful debt provision, impairment and write offs totalling US$21.6 million and the higher finance cost impacted our bottom line, and we reported a loss of US$62.8 million attributable to equity holders for FY2015.

On a positive note, we generated operating cash flows of US$60.3 million in FY2015, marking the fourth consecutive year of positive and robust operating cash flow. EBITDA, a widely-recognised, more objective measure for analysing capital-intensive companies like us, has remained positive for the past three years, and improved from US$20.3 million in FY2014 to US$22.4 million in FY2015.

OFFSHORE CHARTERING BUSINESS

External chartering revenue decreased by 18.5% to US$198.6 million from US$243.8 million primarily due to a reduction in charter rate and utilisation. The weak demand for offshore chartering presented us with a tricky dilemma in FY2015, and required us to make a choice between utilisation rate and charter rate. After serious deliberation, we decided that securing a healthy utilisation rate was the way to go to optimise financial performance, and was in the best interest of shareholders.

With the benefit of having a combination of our own vessels and chartered-in vessels, we also optimised our fleet structure given the market situation, by returning the chartered-in vessels to ship owners upon the expiry of the charter. The fleet size decreased from 59 as at the end of 2014 to 48 vessels as at the end of 2015.

Our advanced planning and execution have shown their value during challenging times. In June 2015, we secured a 5-year charter contract for the 238-Men DP2 Work Maintenance

Vessel while the vessel was still in construction and it was successfully deployed and chartered out in August 2015. Similarly, its sister vessel, the 2nd unit of 238men, secured a bareboat charter in early December 2015 while in construction. In March 2016, we secured a long-term, 5-year charter with 5-year option from a world renowned E&P company for a FPSO support vessel, with a total value of AU$94.8 million with commencement in May 2017. Given the time horizon, we are able to evaluate the most cost-efficient way to fulfill the contract- either through owning or chartering the vessels.

In January 2016, our wholly owned subsidiary, GO Offshore Pty Ltd, entered into an agreement with a world-renowned port operator to become the latter's preferred offshore and marine service provider, which gave us the priority in receiving and accepting orders for marine or offshore vessel services for its projects. The partner has extensive business scope including logistics support, local and interstate transport, and equipment supply, which would offer significant business opportunities for GO Offshore, and enhance the utilisation rate of our fleets and capabilities.

Our persistent effort have led the utilisation rate of our fleet to improve consistently, from 59% in 1Q2015 to 72% in 4Q2015, despite the decrease in shipping and chartering revenue by 18.5% yoy to US$198.6 million in FY2015 resulting from the deteriorated market. As at 31 December 2015, Group held a strong offshore chartering order book of US$222.5 million.

SHIPYARD

External shipyard revenue decreased by 61.4% to US$31.3 million primarily due to lower newbuilding order in FY2015. In FY2015, we delivered 4 vessels to Indonesia customer. In February 2016, we secured 3 newbuilding orders from our Indonesia clients worth US$23 million. Strategically located to tap on Indonesian cabotage market, our yard of 650m waterfront is one of the largest in Batam, with strong technical capability for building advanced ultra large AHTS, and drilling vessels. As we shifted strategic focus to offshore chartering business, our shipyard is now engaged in lower execution risk projects in the repair and maintenance, conversion and fabrication space, and through providing service and repair to our own fleet, shipyard, supports the Group's fleet renewal, expansion and upgrading program, while securing selected newbuild orders.

In January 2016, our yard entered into a Memorandum of Understanding with a world-renowned port operator to explore the potential development of a Fabrication and Marine Facility, which is expected to be operational by July 2017. The Facility will also provide an avenue to tap on the robust Indonesian oil and gas industry as well as leverage on cabotage opportunities.

[1] Definitive agreement to be entered

[2] https://www.spe.org/ogf/print/subscribers/2015/12/04_GlobalMarket_Dec15.pdf

SUBSEA BUSINESS

Subsea revenue decreased by 53.0% to US$14.6 million from US$31.0 million primarily due to the reduced in charter rates from less complex scope of work required. Demand for subsea services took a hit from the low oil prices and the cut in expenditure. Day rates decreased and the oversupply of vessels, resulted from the new build cycle in the past few years, stayed around. Despite the near-term volatilities, Douglas-Westwood ("DW") expects "the expenditure of subsea vessel operations to begin a gentle upswing" after 2016, "driven by the continued development of deepwater fields off Latin America, North America, and West Africa, and new developments off East Africa", and "vessel day demand for subsea intervention in the North Sea region will remain healthy, due to a high number of mature subsea trees". DW also forecasts that global expenditure on subsea vessel operations will increase by 29% in the next five years, compared with the preceding 5-year period, and the demand for subsea vessels to grow at 5.2% compound annual growth rate.

We provide subsea services through a fleet of three vessels in strategic niche segments such as ROV supply and subsea vessels, with strong field experience in all forms of Deepwater Construction, subsea installation, and IMR Operations, and we have established presence in Gulf of Mexico, Nigeria, Africa and the North Sea. While the current market conditions have weighed on our subsea segment performance last year, our strategic plan to expand the subsea business will not be altered. We will explore the opportunities, and continue to enhance our capabilities to tap on the long-term growth potential in subsea business.

SOCIAL RESPONSIBILITY

The Group strives to be a responsible corporate citizen. We are committed to maximising the protection of people and the environment, and ensure the operational safety of our fleet and offshore assets. We always stick to the principle of building up a fleet with good reputation in safety, reliability, fuel efficiency, and quality trained crews, and we continue to maintain an excellent HSE and safety record of our fleet.

OUTLOOK

While the long-term outlook for the oil prices and related industries is expected to improve eventually, we do see uncertainties and prolonged weak demand, and 2016 will be another challenging year. Internally, the rationalisation of management and cost structure will be on-going. Externally, we will continue to exert our best effort to enhance our fleet capabilities, maintain or improve the utilisation of our fleet, leveraging on its young age profile and high specifications. Our business network, strong reputation and diversified presence in Asia, Australia, Mexico and Africa will help reduce the volatilities in any single market and add to the resilience of Otto Marine in an extremely weak market. Struggles develop strength; our relentless hard work will only lead to a much stronger Otto Marine in the future.

Michael See Kian Heng
Group CEO & Group Executive Director

BOARD OF DIRECTORS



Yaw Chee Siew
Executive Chairman



Michael See Kian Heng
Group CEO & Group Executive Director



Garrick James Stanley
CEO of GO Marine Group & Executive Director



Heng Hock Cheng @ Heng Heyok Chiang
Non-Executive & Lead Independent Director



Ng Quek Peng
Non-Executive & Independent Director



Chin Yoong Kheong
Non-Executive & Independent Director



Craig Foster Pickett
Non-Executive & Non-Independent Director

BOARD OF DIRECTORS

Yaw Chee Siew

Executive Chairman

Mr Yaw Chee Siew is the Executive Chairman of Otto Marine. He is primarily responsible for charting the Group's strategic direction and devising strategies to facilitate the growth of the Group. Prior to joining us in August 2001, Mr Yaw founded and managed SunChase Holdings Inc., a US real estate development company from 1986 to 2006. Mr Yaw is also the Founding Chairman of Perdana Parkcity Sdn Bhd, a Malaysian based developer focusing on master planned community in Kuala Lumpur and other parts of Malaysia, where he was responsible for guiding and steering projects from initial planning stages to the execution of the development.

Mr Yaw holds a Bachelor of Science degree in Real Estate, Land Use Affairs and Finance.

Michael See Kian Heng

Group CEO & Group Executive Director

Mr Michael See is the Group CEO with effect from 2 April 2015 and reports to the Executive Chairman. He joined the Group in March 2007 and held the position as Chief Financial Officer, Group Chief Financial Officer, Executive Director and subsequently as Group Executive Director since February 2014. As the Group CEO, he is responsible for driving the performance of the Group. He also executes the Board's decisions, implements the Group's strategies and policies and oversees the conduct of the Group's day to day operations and the compliance with the Group's corporate governance policies. Prior to joining Otto Marine, Mr Michael See held various senior financial and general management positions including Chief Financial Officer and Managing Director in corporations in Singapore, China and Australia, including listed entities. Since 2008, he is an Independent Director of Nippecraft Limited, where he is also a member of the Audit Committee and Chairman of the Remuneration Committee.

Mr Michael See holds a degree in accounting and a Master of Business Administration. He is a Certified Practising Accountant with CPA Australia and a Chartered Accountant with the Institute of Singapore Chartered Accountants. He is also a member of the Marketing Institute of Singapore and the Singapore Institute of Directors.

Garrick James Stanley

CEO of GO Marine Group & Executive Director

Mr Garrick James Stanley joined Otto Marine as Executive Director in August 2013. Between August 2013 and April 2015, Mr Stanley served as the Group CEO. He is currently the chief executive officer of GO Marine Group Pty Ltd and an Executive Director of the Company. As the CEO of GO Marine Group, Mr Stanley is responsible for driving the performance and profitability of the GO Marine Group. He reports to the Group CEO. Mr Stanley was the founder of GO Marine Group and he has entrenched the GO brand in Australasian offshore oil and gas industry. With over 15 years as a Master Mariner, Mr Stanley has extensive knowledge and understanding of the offshore operational environment – marine, technical and people.

Mr Stanley holds an Advanced Diploma in Marine Distribution and Transport from Fremantle Maritime College, Australia.

Heng Hock Cheng @ Heng Heyok Chiang

Non-Executive & Lead Independent Director

Mr Heng Hock Cheng joined the Otto Marine Board in 2011 and was appointed to the Board as Lead Independent Director in March 2013. He is the Chairman of Nominating and Remuneration Committees and a member of Audit Committee. Mr Heng retired from Shell in 2006 after 34 years of service where he had served in the upstream, downstream and gas & power divisions. He has worked with various Shell entities in Malaysia, UK, Holland and China, holding positions that include Engineering Manager and Technical Director of Sarawak Shell Berhad and Sabah Shell Petroleum Ltd in Malaysia, Managing Director of Shell Gas & Power Malaysia and the Chairman of Shell China based in Beijing.

Mr Heng holds a Bachelor of Science (Honours) Degree in Chemical Engineering.

Ng Quek Peng

Non-Executive & Independent Director

Mr Ng Quek Peng joined the Otto Marine Board in 2012. He serves as the Chairman of Audit Committee and a member of Nominating and Remuneration Committees. Mr Ng has held various positions related to the corporate finance and securities industry in foreign and local financial institutions during his career, including Citicorp Investment Bank, OCBC Securities, ABN Amro Bank and CIMB Bank. Apart from the finance industry, Mr Ng has exposure to the direct investment industry when he was with Temasek Holdings and in project development when he was with GMR International which developed a power plant in Singapore.

Mr Ng holds a Degree in Civil Engineering and is a member of the Institute of Chartered Accountants in England and Wales.

Chin Yoong Kheong

Non-Executive & Independent Director

Mr Chin Yoong Kheong was appointed as Non-Executive and Independent Director of the Group in January 2014. He serves as a member of Audit, Nominating and Remuneration Committees. Mr Chin has over 35 years of vast experience as KPMG's Partner with particular focus on providing business solutions in the area of strategy, human resource, performance improvement to the public and infrastructure sector, consumer and industrial markets, and financial services industry prior to his retirement in December 2013. Through his long career with KPMG, Mr Chin was experienced in the audit function before specialising in taxation for 14 years. He was responsible for setting up the KPMG practice in Vietnam, and subsequently headed KPMG's consulting practice more than 7 years.

Mr Chin graduated with a Bachelor of Arts Honours in Economics and Accounting. He is a member of various professional bodies including the Institute of Chartered Accountants in England and Wales. Mr Chin also sits on the boards of RHB Bank in Malaysia and TAHPS Group Berhad, a company listed in the Kuala Lumpur Stock Exchange.

Craig Foster Pickett

Non-Executive & Non-Independent Director

Mr Craig Pickett is Otto Marine's Non-Executive and Non-Independent Director, and serves as a member of Nominating and Remuneration Committees. Mr Pickett is the President of Sunchase Investments LLC, and coordinates investment planning, taxation strategies and estate matters for Sunchase Investments and selected individuals. Prior to joining Sunchase Investments and Otto Marine's Board in September 2008, he was a Managing Partner at Ernst & Young LLP offices in Sacramento (California, United States) and Reno (Nevada, United States) for over 21 years. His practice focused on public companies, investees of venture capitalists, private equity firms and multinational firms, including several S&P 500 companies.

Mr Pickett holds a Bachelor's Degree in Economics, along with a Master Degree in Business Administration. He is also a Certified Public Accountant with the Department of Consumer Affairs of the State of California, United States.

KEY MANAGEMENT

Chong Sieh Jiuan

Chief Financial Officer – Otto Marine

Ms Chong Sieh Jiuan is currently the Chief Financial Officer cum Joint Company Secretary for Otto Marine Limited. Ms Chong joined the Company in 2008 as Chief Accounting Officer and was promoted to Chief Financial Officer effective 1 January 2015. As Chief Financial Officer, Ms Chong is responsible for the Group's financial and management reporting, treasury, internal system of control and procedures, corporate finance, governance and regulatory compliance and contracts review and administration. Ms Chong is also responsible to provide proactive and timely financial advice and support to the operating businesses units. Reporting to Michael See, Group Executive Director of Otto Marine Limited, Ms Chong will also continue to assume the role as Joint Company Secretary.

Prior to joining Otto, Ms Chong was an auditor with Deloitte for approximately 10 years and CC Yang & Associates for approximately 3 years. She brought to the Group a robust knowledge of the statutory reporting requirements and compliance matters. Ms Chong is a Chartered Accountant and graduated with a Bachelor of Accountancy.

Eric Ang Kim Choon

Senior Vice President, Operations – Otto Marine

Mr Eric Ang Kim Choon joined Otto Marine in 2006 and was then, the General Manager heading our operations in the United Arab Emirates, overseeing the Group's business in the Persian Gulf region. Mr Ang has recently been appointed the Senior Vice President, Operations and is responsible for developing and implementing strategic objectives and operational/financial plans to ensure divisional profitability.

From 1978 till 2006, Mr Ang worked as a General Manager in the Ready Mix Concrete, Quarry, Cement Terminal, Ceramic, Precast and Marine Tug and Barge business in Singapore with exposure to other ASEAN markets. Mr Ang also gained international exposure working for companies like Resources Development Corporation Ltd, Pioneer Concrete International of Australia as well as Eastern Industries Group with National Cement being a Joint Venture with Holcim Group of Switzerland and Partek Corporation of Finland.

During his tenure with NatSteel Ltd subsidiary companies from 1991 to 2006, Mr Ang was the General Manager/ Director of Eastern Concrete Pte Ltd, National Cement Industries Pte Ltd and Eastern Bricks Pte Ltd.

Mr Ang graduated with a Bachelor of Engineering (Civil) degree in 1978 from The University of Singapore and received a Diploma in Business Administration in 1987 from National University of Singapore. Mr Ang also holds a Master in Business Administration in 1992 from Hull University UK. He is a Professional Civil Engineer certified by the Professional Engineers Board of Singapore and a Senior Member of The Institution of Engineers Singapore.

Nick Sum Meng Keet

Vice President, Governance, Risk & Compliance – Otto Marine

Mr Nick Sum Meng Keet joined Otto Marine in October 2015 and is currently the Vice President heading our governance, risk and compliance functions for the Otto Group. Mr Sum has over 15 years of experience encompassing enterprise risk management, commercial and compliance roles in the oil and gas sector. Mr Sum was the Group Risk Manager for Keppel Corporations before based in Brazil as Procurement Manager for Keppel Fels Brazil/Singapore. He later went on to other responsibilities in enterprise risk management, internal audit and compliance for International Baccalaureate and Rotary Engineering.

Mr Nick Sum graduated from the Ottawa University with a Bachelor of Arts (Business Administration) degree.

Michael Sean Kelly

Vice President, Chartering – Otto Marine

Mr Michael Sean Kelly joined Global Workboats (GWB) as Managing Director in July 2010. Since the operations of GWB has been merged with GO Offshore (Asia) Pte Ltd, he is responsible for operating the Accommodation Construction Maintenance Vessels globally and any fleet vessels based in Africa and securing contracts for these vessels. He has been in the maritime industry for more than 36 years, starting as an apprentice officer on offshore vessels in the late 1970s and rising to the position of Master Mariner by the age of 27. He came onshore after 15 years as Master on Anchor handlers and Accommodation workboats and took on management roles for over 15 years in South East Asia and West Africa representing ship owners. Prior to that, he was a Production Superintendent for DeBeers Marine in Cape Town, an Operations Manager in Global Industries and a Business Development Manager in Nautika Sdn Bhd. Mr Kelly also started his first own crewing business and owner operator of workboats back in 2005-Fleetchange and SeaSafe which then he sold the two Companies in 2009.

Mr Kelly graduated with a Masters in Business Administration in 2005.

Ooi Kok Chye

Vice President, Treasury – Otto Marine

Mr Ooi Kok Chye joined Otto Marine in 2002 as the Financial Controller. He was then responsible for financial management, banking and credit facilities, consultation on Indonesian tax matters, legal issues and financial forecast and review. Mr Ooi was appointed the Vice President (Head of Treasury) in 2010 and is responsible for treasury function, banking and credit facilities. Mr Ooi has more than 10 years of experience in accounting, taxation and financial management.

In 1990, Mr Ooi started out as an auditor with Chio Lim & Associates, where he was involved in statutory audit, receivership and consultancy. In 1991, He joined Singapore Shinei Sangyo Pte Ltd as a cost accountant, responsible for product costing, budgetary matters, stock and management reports. From 1992 to 1995, Mr Ooi worked as an accountant at Neptune Orient Lines Limited and his areas of responsibility covered corporate finance, audit, treasury, tax and budgeting. Mr Ooi was a senior accountant at Sembawang Shipyard Pte Ltd from 1996 to 2001 and was primarily responsible for accounting, tax and audit matters.

In November 1989, he successfully completed the examination of the Chartered Institute of Management Accountants. Mr Ooi received a Diploma in Commerce (Management Accounting) in 1990 from Tunku Abdul Rahman College in Malaysia.

FINANCIAL HIGHLIGHTS

CONSOLIDATED BALANCE SHEET (US$' MIL)

	FY11	FY12	FY13	FY14	FY15
Current Assets	734.9	724.6	708.1	609.1	**603.6**
Non-current Assets	526.5	453.2	573.7	604.3	**777.0**
Total Assets	1,261.4	1,177.8	1,281.8	1,213.4	**1,380.6**
Current Liabilities	661.3	688.0	661.8	562.7	**654.1**
Non-current Liabilities	322.5	267.0	316.0	390.1	**519.3**
Total Liabilities	983.8	955.0	977.8	952.8	**1,173.4**
Equity attributable to Otto Marine's shareholders	296.6	239.5	303.9	263.1	**203.5**

CONSOLIDATED STATEMENT OF CASH FLOW (US$' MIL)

	FY11	FY12	FY13	FY14	FY15
Net cash from (used in) operating activities	(87.4)	62.1	114.9	36.2	**60.3**
Net cash from (used in) investing activities	26.3	(24.4)	(42.8)	(64.7)	**(55.6)**
Net cash from (used in) financing activities	15.0	(60.6)	(71.6)	(0.3)	**1.0**
Net increase (decrease) in cash and cash equivalent	(46.1)	(22.9)	0.5	(28.8)	**5.7**
Cash and cash equivalent at the beginning of the year	116.7	69.2	46.8	48.0	**16.8**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1.4)	0.5	0.7	(2.4)	**(0.3)**
Cash and cash equivalent at the end of the year	69.2	46.8	48.0	16.8	**22.2**

REVENUE (US$' MIL)

	FY11	FY12	FY13	FY14	FY15
Shipyard	104.6	55.4	222.8	81.1	**31.3**
Shipping and Chartering	241.8	276.3	265.8	243.8	**198.6**
Specialised Services	68.4	42.7	23.4	31.0	**14.6**
Total	414.8	374.4	512.0	355.9	**244.4**

CONSOLIDATED PROFIT AND LOSS STATEMENTS (US$' MIL)

	FY11	FY12	FY13	FY14	FY15
Revenue	414.8	374.4	512.0	355.9	**244.4**
Gross Profit	3.8	8.4	46.5	20.7	**26.0**
EBITDA	(20.5)	(66.8)	62.6	20.3	**22.4**
EBIT	(37.6)	(89.2)	39.7	(11.3)	**(22.6)**
Net profit (loss) for the year	(56.1)	(113.7)	15.9	(41.6)	**(60.7)**
Net profit (loss) attributable to shareholder	(52.2)	(103.1)	14.1	(41.7)	**(62.9)**

CORPORATE GOVERNANCE REPORT

The Board of Directors of Otto Marine Limited (the "**Board**") recognises the importance of and is committed to maintaining a high standard of corporate governance. The Company is guided in its corporate governance practices by the Code of Corporate Governance 2012 (the "**Code**") so as to protect shareholders' interests and enhance long-term shareholders' value and corporate transparency. This Corporate Governance Report outlines the Group's corporate governance processes and activities during the financial year ended 31 December 2015 ("**FY2015**") with specific reference to the Code.

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

The Board is responsible for the overall direction and management of the Group. Its role involves the protection and enhancement of long-term shareholders' value, the safe-guarding of shareholders' and other stakeholders' interests, and the Company's assets through the enhancement of corporate performance and accountability. The Board oversees and approves the formulation of our Group's overall long-term strategic objectives and directions, and sets its values and standards. It is responsible for the Group's overall performance objectives, long term financial objectives, annual budget, material investments and divestments, public fund raising exercises, quarterly and annual financial performance reviews, risk management, corporate governance practices, and ensuring the Group's compliance with all laws and regulations relevant to the Group's business. The Board also considers sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group's objectives and directions. In addition to the foregoing, the Board also approves the policies and guidelines of the Group, Key Management appointments, an adequate remuneration framework and the nomination of Directors.

The Board has adopted a set of internal controls and guidelines for the Management to operate within. These internal controls and guidelines set authorisation and approval limits for operating matters. In addition, certain matters that specifically require the Board's approval, including material investments and divestments, public fund raising exercises, issues of new shares, and proposed dividends. The Board makes the foregoing decisions with the objective to maximize the returns to shareholders. To assist in the execution of its responsibilities, the Board has established the following three (3) committees:

a. the Audit Committee (the "**AC**");

b. the Nominating Committee (the "**NC**"); and

c. the Remuneration Committee (the "**RC**").

Each committee functions within clearly defined terms of reference and operating procedures.

The Board conducts scheduled meetings on a quarterly basis. Ad-hoc meetings can also be convened when circumstances require. If necessary, Board meetings may be conducted by way of telephone or video conferencing as permitted under the Company's Constitution.

For FY2015, the Company held four (4) meetings of the AC, three (3) meetings of the NC, three (3) meetings of the RC and five (5) meetings of the Board. The attendance of the Directors at meetings of the Board and committees as well as the frequency of such meetings are disclosed below. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or the Board committees. A Director's contribution extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

The Company works closely with a professional corporate secretarial firm, DMS Corporate Services Pte. Ltd., to provide its Directors with regular updates on the latest corporate governance and listing policies. The Directors are provided with updates on changes in the relevant laws and regulations from time to time to enable them to make informed decisions and to ensure that they are competent in carrying out their expected roles and responsibilities. The Board may also request further explanations, briefings or information on any aspect of the Company's operations or business issues from the Management. During the year, the Board was briefed and/or updated on the changes under the Code and on general duties and responsibilities of directors under the relevant legislation.

The Board ensures that each new Director receives an induction upon joining the Board to ensure that they understand their duties as directors and how to discharge such duties. New Directors are encouraged to go to the Company's shipyard and other facilities. Meetings with Key Management are also conducted to familiarise the new Directors with the business activities, strategic directions, policies and corporate governance practices of the Group.

CORPORATE GOVERNANCE REPORT

As part of the Company's continuing education programme for all Directors, the Board encourages Directors to attend relevant seminars and courses conducted by the Singapore Institute of Directors ("**SID**") and the SGX-ST at the Company's expenses.

Directors' Attendance at Board and Board Committee Meetings in FY2015

	Board	AC	NC	RC
	Number of Meetings held: 5	Number of Meetings held: 4	Number of Meetings held: 3	Number of Meetings held: 3
Name of Director	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Yaw Chee Siew	4	4*	3*	3*
Garrick James Stanley	4	4*	2*	2*
Michael See Kian Heng	4	4*	2*	2*
Heng Hock Cheng @ Heng Heyok Chiang	5	3	3	3
Ng Quek Peng	5	4	3	3
Chin Yoong Kheong	5	4	3	3
Craig Foster Pickett	5	4*	3	3

* By invitation.

No new Director had been appointed to the Board of Directors of the Company during FY2015.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board currently has seven (7) Directors, comprising three (3) Executive Directors, three (3) Independent Directors and one (1) Non-Executive Director. The Directors are:

Name of Director	Position	Date of first appointment	Date of last re-appointment
Yaw Chee Siew	Executive Chairman	15 August 2001	30 April 2014
Michael See Kian Heng	Group Chief Executive Officer ("**Group CEO**") and Group Executive Director	18 March 2013	23 April 2015
Garrick James Stanley	Executive Director	6 August 2013	30 April 2014
Heng Hock Cheng @ Heng Heyok Chiang	Lead Independent Director	1 January 2011	30 April 2014
Ng Quek Peng	Independent Director	1 August 2012	23 April 2015
Chin Yoong Kheong	Independent Director	1 January 2014	30 April 2014
Craig Foster Pickett	Non-Executive Director	3 September 2008	23 April 2015

The Board from time to time examines its size and considers the appropriateness of the size and number of Board committees. The Board considers that the current Board size and number of Board committees are appropriate for effective decision-making, taking into account the scope and nature of the operations of the Group in FY2015.

The Board notes that Mr Garrick James Stanley and Mr Heng Hock Cheng @ Heng Heyok Chiang will be retiring by not seeking re-election as Directors of the Company at the forthcoming Annual General Meeting to be held on 3 June 2016 ("**AGM**"). Following their retirement, the Board considers that the smaller Board size of five (5) Directors continues to be appropriate after taking into account the Group's operations. Following the above retirement, the Board shall have five (5) Directors, comprising two (2) Executive Directors, two (2) Independent Directors and one (1) Non-Executive Director. Thus the Company meets the requirement of the Independent Directors making up at least one-third of the Board.

The Management and the Company benefit from the Board's varied and objective perspectives on issues brought before it. The NC and the Board consider that the Directors possess the necessary experience and knowledge to lead the Group effectively. The profile of each of the Directors is provided in the "Board of Directors" section on pages 16 to 17 of this Annual Report.

Non-Executive and Independent Directors

Mr Heng Hock Cheng @ Heng Heyok Chiang, Mr Ng Quek Peng and Mr Chin Yoong Kheong are our Independent Directors and who individually do not have any existing business or professional relationship with our Group, our Directors or Substantial Shareholders. They are individually considered by the NC and affirmed by the Board to be independent pursuant to the definition of independence under the Code.

Mr Heng Hock Cheng @ Heng Heyok Chiang is the Lead Independent Director and is also a member of the AC. Mr Heng Hock Cheng @ Heng Heyok Chiang is also the chairman of the NC and RC. Mr Ng Quek Peng is the chairman of the AC and is also member of the NC and RC. Mr Chin Yoong Kheong is a member of the AC, NC and RC.

Mr Craig Foster Pickett is a Non-Executive Director of our Company and is considered by the NC and affirmed by the Board to be non-independent pursuant to the definition of independence under the Code, owing to his ongoing business relationship with the Executive Chairman, Mr Yaw Chee Siew. Mr Craig Foster Pickett is also a member of the NC and RC.

None of the Non-Executive Directors has served on the Board beyond nine (9) years from the date of his first appointment.

The Non-Executive Directors participate actively in the Board committees. They are free to request further clarification and also have separate and independent access to our Key Management. The profile of each of the Key Management is provided in the "Key Management" section on pages 18 to 19 of this Annual Report. If necessary, the Non-Executive Directors may initiate meetings to address any specific matter involving any other member of our Management. The Non-Executive Directors are also encouraged to meet regularly without the presence of Management.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear separation of the roles and responsibilities of our Executive Chairman, our Group CEO, our Executive Director and our Lead Independent Director.

Role of the Executive Chairman

Mr Yaw Chee Siew is the Executive Chairman of the Board and together with the other members of the Executive Committee, is responsible for the charting of the Group's strategic direction and devising strategies to facilitate the growth of the Group. The Executive Committee comprises of the Executive Chairman, the Group CEO and the Group Executive Director. The Executive Committee, in addition to planning the Group's strategic direction, also meets regularly to decide and execute said strategies. The Executive Chairman may decide to add or replace the members of the Executive Committee from time to time as may be appropriate.

Mr Yaw Chee Siew also facilitates and ensures active and comprehensive Board discussions on Company matters and monitors the translation of the Board's decisions into executive actions. He exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and the shareholders. Discussions between the Board and Key Management and between the Executive Directors and Non-Executive Directors are generally open, frank and constructive.

Role of the Group CEO

Mr Michael See Kian Heng is appointed as the Group CEO of the Company with effect from 2 April 2015. As the Group CEO, he is responsible for driving the performance and profitability of the Group. He also executes the Board's decisions, implements the Group's strategies and policies, and oversees the conduct of the Group's day to day operations. He reports to the Executive Chairman on matters relating to the Board and corporate governance. He is supported by the CFO and other Key Management, including the heads of the various business units within the Group.

Role of the Executive Director

Mr Garrick James Stanley is the chief executive officer of GO Marine Group Pty Ltd and an Executive Director of the Company. GO Marine Group Pty Ltd is a significant wholly-owned subsidiary of the Group. He is responsible for driving the performance and profitability of the GO Marine Group Pty Ltd. He reports to the Group CEO. He is supported by the management of the GO Marine Group Pty Ltd.

Role of the Lead Independent Director

Mr Heng Hock Cheng @ Heng Heyok Chiang as the Lead Independent Director meets periodically with the Non-Executive Directors without the presence of the Executive Directors. After such meetings, he provides feedback to the Executive Chairman. Mr Heng Hock Cheng @ Heng Heyok Chiang is also available to shareholders, in respect of matters where they have concerns and for which, contact through the normal channels of the Executive Chairman, the Group CEO or the Executive Director may not be appropriate or have failed to resolve.

With the establishment of various Board committees with the power and authority to perform key functions beyond the authority of, or without undue influence from the Executive Chairman or the Group CEO or the Executive Director, the appointment of the Lead Independent Director, and the implementation of various internal controls to allow for effective Board oversight, the Board is of the view that there are adequate accountability safeguards to enable the Board to exercise independent decision making and to ensure an appropriate balance of power and authority within the letter and the spirit of good corporate governance.

PRINCIPLE 4: BOARD MEMBERSHIP

Nominating Committee

The Board has set up the NC to ensure that there is a formal and transparent process for the appointment of new Directors to the Board. The NC consists of three (3) Independent Directors and one (1) Non-Executive Director. Its members are Mr Heng Hock Cheong @ Heng Heyok Chiang, Mr Ng Quek Peng, Mr Chin Yoong Kheong and Mr Craig Foster Pickett. The chairman of the NC is Mr Heng Hock Cheng @ Heng Heyok Chiang who is the Lead Independent Director of the Company. The NC is guided by written terms of reference which clearly set out its authority and duties. The NC is responsible for, *inter-alia*:

(i) reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board and on re-nomination of the Directors, taking into account the composition and progressive renewal of the Board and each Director's competencies, commitment, prior contribution and performance;

(ii) making recommendations to the Board on matters relating to the review of board succession plans for Directors including the Executive Chairman and Group CEO, the development of a process for evaluating the performance of the Board, its Board committees and Directors and on the review of training programmes for the Board;

(iii) determining annually and as and when circumstances require whether or not a Director is independent pursuant to the Code;

(iv) deciding whether or not a Director with multiple board representation is able to and has been adequately carrying out his duties as a Director; and

(v) evaluating the effectiveness of the Board, the Board committees and Directors.

The NC appraises the performance of the Board, Board committees and the contribution of each Director to the effectiveness of the Board. The NC will decide how the Board's performance is to be evaluated and will propose objective performance criteria, subject to the approval of the Board, which will address how the Board has enhanced long-term shareholders' value. Each member of the NC is required to abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as Director.

The Company's Constitution requires one-third of our Directors to retire and subject themselves to re-election by shareholders at every Annual General Meeting of the Company (the "**AGM**") (the "**one-third rotation rule**"). Retiring Directors are selected on the basis of their length of service since their last re-election. For Directors who are re-elected on the same day, the Director(s) to retire shall be determined by agreement among themselves or failing which, by lot. Under Regulation 89 of the Company's Constitution, the one-third rotation rule does not apply to the person holding the position of Managing Director or an equivalent position and he shall not be subject to retirement or rotation or taken into account in determining the rotation or retirement of Directors. The appointment of the Managing Director or an equivalent position is for a fixed term not exceeding five (5) years. The NC considers the provision adequate and does not recommend any change to the Company's Constitution. Pursuant to the one-third rotation rule, Mr Garrick James Stanley and Mr Heng Hock Cheng @ Heng Heyok Chiang will submit themselves for retirement at the forthcoming AGM; while Mr Chin Yoong Kheong will offer himself for re-election for shareholders' approval at the forthcoming AGM. Mr Garrick James Stanley will remain as chief executive officer of GO Marine Group Pty Ltd, a significant wholly-subsidiary of the Group.

Following the above retirement, Mr Ng Quek Peng will be appointed as the Lead Independent Director while Mr Chin Yoong Kheong will be elected as the Chairman of the NC and RC.

None of the Directors has appointed an alternate director to the Board of the Company.

The directorships, both present and those held over the preceding three (3) years in other listed companies by the Directors, as well as their other principal commitments[1], are as follows:

Name	Present directorships / other principal commitments	Past directorships
Yaw Chee Siew	Otto Marine Limited Perdana Parkcity Sdn Bhd[2]	Nil
Michael See Kian Heng	Otto Marine Limited Nippecraft Limited	Nil
Garrick James Stanley	Otto Marine Limited	Nil
Heng Hock Cheng @ Heng Heyok Chiang	Otto Marine Limited Malaysia Marine and Heavy Engineering Holdings Berhad AET Tankers Holding Sdn. Bhd.[2] Dialog Group Berhad (as advisor)	Employee Provident Fund (EPF) Malaysia
Ng Quek Peng	Otto Marine Limited Japfa Limited Zico Holdings Inc. Halcyon Capital Pte. Ltd.[2] Asia Pacific Port Holdings Pte. Ltd.[2]	Mapletree Logistics Trust Management Ltd
Chin Yoong Kheong	Otto Marine Limited TAHPS Group Berhad	KPMG Malaysia group of companies
Craig Foster Pickett	Otto Marine Limited Sunchase Investments LLC[3]	Nil

1 Principal commitments as defined in the Code include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, these are not normally considered principal commitments.

2 Principal commitment as director of a private limited company.

3 Principal commitment as the president of a limited liability company.

Save for Mr Yaw Chee Siew who is the controlling shareholder of the Company, none of the Directors above holds more than 5% of the Company's shares and has any relationships including immediate family relationship with other Directors of the Company and the 10% shareholder of the Company.

The NC, from time to time, will also deliberate on whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. To ensure the Directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately, the NC and the Board have determined the maximum number of board representations on listed companies that their Directors may hold is six (6), including a board representation on the Company.

PRINCIPLE 5: BOARD PERFORMANCE

All Directors assess the performance of the Board, Board committees and each Director and the feedback and comments received from the Directors are considered and reviewed by the NC, which has the responsibility of assisting the Board in the evaluation of the Board's and Board committees' effectiveness and individual Director's performance. Factors such as the (1) structure and size of the Board and Board committees, (2) the manner in which the Board and Board committees meetings are conducted, (3) the Board's access to information, (4) access to Key Management (5) Board and Board committees accountability, and (6) access to external experts outside the meetings are applied to evaluate the Board's, Board committees' and each Director's performance. The assessment of the Executive Chairman's performance is also undertaken by each Director.

Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a Director. If a member of the NC has an interest in a matter being deliberated by the NC, he must abstain from participating in the review and the approval process of the NC in relation to that matter. The NC held three (3) meetings during FY2015.

In reviewing the overall Board performance, the NC also took into consideration the Board's ability to monitor Management's achievement of the strategic directions/objectives set and approved by the Board.

Assessment parameters for individual Director's performance include their level of participation at Board and Board committee meetings and the quality of their individual contribution to Board processes and the business strategies and performance of the Group. The NC's evaluation of the individual Directors for FY2015 was facilitated with feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the evaluation process were used by the NC, in its consultation with the Executive Chairman to effect continuing improvements on Board processes.

No external facilitator was engaged by the Group to conduct the performance assessment of the Board, Board committees and individual Director.

PRINCIPLE 6: ACCESS TO INFORMATION

The Board is entitled and free to request further clarification and additional information as needed to make informed decisions during the discharge of their duties and responsibilities as Directors. It also has separate and independent access to Key Management, as well as to the Joint Company Secretaries. In the furtherance of their duties, Directors may consult independent professional advice, if necessary, at the Group's expense.

The Directors are provided with board papers and related materials (the "**Board Papers**") before each meeting of the Board and Board committees to enable them to be properly informed of matters to be discussed and/or approved. Board Papers contain both regular items such as quarterly financial statements, management reports and year-end financial statements, as well as matters for the decision or information of the Board and Board committees. From time to time, our Management will brief the Directors at Board and Board committees meetings when there are changes in regulations and/or accounting standards which may have an impact on the disclosure obligations or the financial position of the Group. Directors are also given analysts' reports, media and market reports so that they are apprised of the market's views and relay to the Group's performance. In addition, the Directors are entitled to request from Management any additional information as may be needed to enable the Directors to make informed decisions.

As a general rule, Board Papers are distributed to the Directors at least two (2) days before each Board and Board committee meeting. When necessary, additional information will be provided during the Board and Board committee meetings. The Joint Company Secretary(ies) attend(s) all Board and Board committee meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with.

Under the direction of the Executive Chairman, the Joint Company Secretaries' responsibilities include ensuring good information flows within the Board and its Board committees and between Key Management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the Joint Company Secretaries is subject to the approval of the Board.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC consists of three (3) Independent Directors and one (1) Non-Executive Director. Its members are Mr Heng Hock Cheng @ Heng Heyok Chiang (also Lead Independent Director), Mr Ng Quek Peng, Mr Chin Yoong Kheong and Mr Craig Foster Pickett. The chairman of the RC is Mr Heng Hock Cheng @ Heng Heyok Chiang. The RC held three (3) meetings during FY2015.

The RC is guided by written terms of reference which clearly set out its authority and duties.

The RC is responsible for (1) recommending to the Board a framework of remuneration for our Directors and Key Management, including our Executive Chairman, Group CEO, the Executive Director, the CFO and other Key Management of equivalent function and responsibility, (2) reviewing and recommending to the Board, remuneration packages for each of them, (3) ensuring the independence and objectivity of the remuneration consultant appointed by the Company, if any, and (4) administering the Share Award Scheme. Recommendations of the RC are submitted to the Board for approval.

Each member of the RC will abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC with respect to his fees or remuneration package. If a member of the RC has an interest in a matter being deliberated by RC, he must abstain from participating in the review and the approval process of the RC in relation to that matter.

The RC also reviews the Company's obligations arising in the appointment, revision and amendments and termination of the Executive Directors' and Key Management's contracts of service, to ensure that such contracts of service contain fair and reasonable terms, and termination clauses which are not overly generous.

The Company had previously engaged Carrot Consulting as consultant to assist in the remuneration-framework and the specific remuneration packages. Carrot Consulting does not have any relationships with the Group.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

In setting the remuneration framework, the RC takes into account the respective performance of the Group and of each individual. In its deliberation, the RC takes into consideration remuneration packages and employment conditions within the industry and benchmark against comparable companies. It also takes into consideration the interest of shareholders. No Director is involved in deciding his own fees, remuneration, compensation, options or any form of benefits to be granted to him, except for providing information and documents specifically requested by the RC to assist in its deliberations.

The RC reviews the service contracts between an Executive Director and the Company to ensure it is comparable to industry standards before giving its recommendations to the Board.

The RC recognises that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Group and should attract, retain and motivate the Directors to provide good stewardship of the Company and to ensure that Key Management successfully manages the Company.

The Company links the remuneration paid to the Executive Directors and Key Management to the Company's and each individual's performances, based on an annual appraisal and using indicators such as core values, competencies, key result areas, performance rating, and potential of the employees.

The Company recognizes the contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors or Key Management Personnel in exceptional circumstances will not effectively deter the occurrence of personnels' misconduct, rather, the Company believes that the internal controls of the Group should be strengthened and the Company will not hesitate to take legal actions against the personnel responsible in the event of such exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group occurs.

Share Award Scheme

To better align the interests of Directors and employees with the interests of the Company, the Company has in place a share-based incentive plan, namely Otto Marine Share Award Scheme (the "**Share Award Scheme**") which allows its Directors and certain of its Key Management and other employees to participate in the Company's growth. It was introduced in order for the Company to provide the Directors (excluding Mr Yaw Chee Siew), Key Management and senior employees (the "**Participants**"), a stronger and more lasting sense of identification with the Company.

Participants who show superior performance in driving the growth of the Company by achieving medium to long term corporate objectives, including market competitiveness, business growth, productivity growth, and quality of returns will be considered by the RC for an award under the Share Award Scheme.

Subject to the endorsement of the RC and approval from the Board, the Participants are conferred rights to be issued or transferred Shares in the Company (the "**Award Shares**") or their cash equivalent or a combination of both (collectively, the "**Award**"). It also strengthens the Company's competitiveness in attracting and retaining talented key executives and aligns the interests of key executives with that of shareholders in improving performance and achieving sustainable growth for the Company and fostering an ownership culture amongst key executives.

PRINCIPLE 9: DISCLOSURE OF REMUNERATION

The Executive Chairman is an executive position and he has a service contract that includes performance bonuses, profit sharing and other employment benefits. The Non-Executive Directors and Independent Directors receive directors' fees for their responsibilities and contributions to the Board. The fees are recommended by the Board of Directors and subject to shareholders' approval at the AGM on a lump-sum basis. The Executive Chairman, Group CEO and Executive Director do not receive any directors' fees.

There is no employee of the Group who is an immediate family member of a Director whose remuneration exceeds S$50,000 for FY2015.

For FY2015, the fees for Non-Executive Directors comprised of a basic retainer fee and additional fees for appointment to a Board committee. The framework for determining the Non-Executive Directors' Fees is as follows:

Type	Position	Amount
Non-Executive Directors' Fees	Basic Retainer Fee for Director	S$32,000 per annum
Fee for Appointment to AC	Committee chairman	S$28,800 per annum
	Committee member	S$16,000 per annum
Fee for Appointment to NC	Committee chairman	S$14,400 per annum
	Committee member	S$ 8,000 per annum
Fee for Appointment to RC	Committee chairman	S$14,400 per annum
	Committee member	S$ 8,000 per annum

The proposed framework for Non-Executive Directors' Fees for FY2015 is the same as that for FY2014.

Remuneration of Executive Directors and Non-Executive Directors

Due to the highly competitive market for executive talent, the Board has on review decided that it is in the best interests of the Group and the shareholders to disclose the remuneration of the Company's Executive Directors in bands.

The Directors' Fees payable to Non-Executive Directors will be paid 70% in cash and 30% in shares under the Share Award Scheme. The purpose of Share Award Scheme is to align interest of Non-Executive Directors with shareholders of the Company and to conserve cash for the Group. The aggregate Directors' Fees paid to Non-Executive Directors for their services for FY2015 is set out in the table below.

Non-Executive Directors	Tenure	Fees FY2015
Heng Hock Cheng @ Heng Heyok Chiang	Full FY2015	S$76,800
Ng Quek Peng	Full FY2015	S$76,800
Chin Yoong Kheong	Full FY2015	S$64,000
Craig Foster Pickett	Full FY2015	S$48,000
TOTAL		S$265,600

Details of remuneration of Directors in percentage

Details (in percentage terms) of the remuneration paid to the Directors for FY2015 are set out below:

Remuneration Bands	Salary	Bonus	Profit Sharing	Shares Awarded	Allowance	Benefits	Fees	Statutory Contribution	Total
Current Directors									
S$500,001 to S$750,000									
Michael See Kian Heng	82%	7%	–	–	7%	1%	–	3%	100%
Garrick James Stanley	56%	9%	–	–	13%	22%	–	–	100%
S$250,000 to S$500,000									
Yaw Chee Siew	95%	–	–	–	–	3%	–	2%	100%
Less than S$250,000									
Heng Hock Cheng @Heng Heyok Chiang	–	–	–	–	–	–	100%	–	100%
Ng Quek Peng	–	–	–	–	–	–	100%	–	100%
Chin Yoong Kheong	–	–	–	–	–	–	100%	–	100%
Craig Foster Pickett	–	–	–	–	–	–	100%	–	100%

Remuneration of Key Management

Details (in percentage terms) of the remuneration paid to Key Management for FY2015 are set out below:

Remuneration Bands	Salary	Bonus	Profit Sharing	Shares Awarded	Allowance	Benefits	Fees	Statutory Contribution	Total
S$250,000 to S$500,000									
Eric Ang Kim Choon	60%	5%	–	–	33%	–	–	2%	100%
Less than S$250,000									
Chong Sieh Jiuan*	87%	7%	–	–	–	1%	–	5%	100%
Ooi Kok Chye	85%	7%	–	–	–	1%	–	7%	100%
Michael Sean Kelly	100%	–	–	–	–	–	–	–	100%
Nick Sum Meng Keet*	88%	–	–	–	–	–	–	12%	100%

* Nick Sum Meng Keet, Vice President, Governance, Risk and Compliance, joined the Company on 6 October 2015.

Summary of remuneration to Directors and Key Management for FY2015

Details of the aggregate remuneration paid to Directors and Key Management for FY2015 are set out below:

	Short-term benefits (S$'000)	Post-employment benefits (S$'000)*	Director's Fee (S$'000)	Share awards (S$'000)	Profit sharing (S$'000)	Total (S$'000)
Directors	1,644	23	266	–	–	1,933
Key Management	904	34	–	–	–	938
Total	2,548	57	266	–	–	2,871

Share Award Scheme

The details of the Share Award Scheme are set out in Principle 8 above.

PRINCIPLE 10: ACCOUNTABILITY

The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 45 days of the end of the quarter. Annual financial results are released within 60 days of the financial year-end. In presenting the quarterly and annual financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's position and prospects with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates.

The Management provides all Directors with a quarterly financial summary of the Group's performance on timely basis.

The Directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group and for the Group's system of internal controls. The Board confirms that, with the assistance of the AC, they review the effectiveness of the Group's financial reporting and internal controls system, which are monitored through a programme of internal and external audits, and is generally satisfied with the adequacy of such internal controls system. The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements by establishing written policies where appropriate.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

As part of the ongoing risk management process, the Management will conduct a risk assessment and evaluation periodically, when deemed appropriate, and provide for significant risks to be managed through regular reviews by the Management, the AC and the Board, and adoption of adequate and cost-effective system of internal controls. The AC reviews the Group's risk management process established by the Management to ensure that there are adequate internal controls in place to manage the significant risks identified.

The Board recognises that they have ultimate responsibility for the governance of risk and overall internal control framework and is fully aware of the value of a sound system of risk management and internal controls within the Group to safeguard shareholders' interests and the Group's assets.

The AC has met with the Key Management, internal and external auditors to review the internal and external auditors' audit plans and the adequacy of risk management mechanisms implemented within the Group. As part of the annual statutory audit on financial statements, the internal and external auditors also report to the AC and the appropriate level of management on any material weaknesses in financial internal controls over the areas which are significant to the audit.

Based on the discussion with the external auditors, internal auditors and management, the reports submitted by external auditors and internal auditors, the internal assessment performed by Management, both the AC and the Board are satisfied and have formed an opinion that the risk management system and internal controls of the Group including financial, operational, compliance and information technology controls are adequate and effective as at 31 December 2015 to safeguard the Group's assets and ensure the integrity of the Group's financial statements.

In addition, the Board has received assurance from the Group CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the effectiveness of the Group's risk management and internal control systems.

The Group recognises that the system of internal controls provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that all risk management and internal control systems contain inherent limitations and no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities. The Management continues to focus on improving the standard of risk management, internal controls and corporate governance.

PRINCIPLE 12: AUDIT COMMITTEE

The AC consists of three (3) Independent Directors. Its members are Mr Ng Quek Peng, Mr Heng Hock Cheng @ Heng Heyok Chiang and Mr Chin Yoong Kheong. The chairman of the AC is Mr Ng Quek Peng. The AC has sufficient recent and relevant financial management expertise and experience amongst its members to discharge its functions within its written terms of reference.

The AC is required to meet periodically to perform the following functions:

(i) assisting the Board in the discharge of its responsibilities on financial and accounting matters;

(ii) reviewing the audit plans, scope of work and results of the Company's audits submitted by the Company's internal and external auditors;

(iii) reviewing the adequacy and the effectiveness of the Group's internal audit function;

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

(v) nominating external auditors for re-appointment;

(vi) reviewing the integrity of any financial information presented to the shareholders;

(vii) reviewing interested person transactions, if any, and approving any repayments or prepayments, as the case may be, to certain interested persons;

(viii) reviewing potential conflicts of interest, if any;

(ix) approving and reviewing all hedging policies and instruments to be implemented by the Company, if any;

(x) approving all derivatives and other financial instruments that are not principally protected, if any; and

(xi) reviewing and evaluating, at least annually, the adequacy and effectiveness of the Group's internal controls and procedures including financial, operational, technology, risk management and compliance.

Each member of the AC is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberation of the AC with respect of matters in which he is interested. If a member of the AC has an interest in a matter being deliberated by the AC, he must abstain from participating in the review and the approval process of the AC in relation to that matter.

Apart from the duties listed above, the AC is required to commission and review the findings of internal investigations into matters of suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operations and/or financial position.

The AC has full access to our Key Management and full discretion to invite any Director or member of the Key Management to attend its meetings, and has been given reasonable resources to enable it to discharge this function. The AC meets with the external auditors and internal auditors, and in the case of the external auditors, at least once a year without the presence of our Executive Directors and Key Management.

The AC held four (4) meetings during FY2015 to perform and discharge their duties and functions mentioned above.

The AC has reviewed the services provided by the external auditors during FY2015, including the non-audit services, and is satisfied that the financial, professional and business relationships between the Group and the external auditors will not prejudice the independence and objectivity of the external auditors. It recommends the re-appointment of the external auditors at the forthcoming AGM of the Company.

The total amount of fees paid and payable to the external auditors for FY2015 is approximately an aggregate of US$ 541,000; US$477,000 for audit services and US$64,000 for non-audit services.

The AC is provided with regular updates on changes to accounting standards and regulations to ensure that they are well-informed and competent in carrying out their expected roles and responsibilities.

There is no member of the AC who was a former partner or director of the Company's existing auditing firm.

In appointing the audit firms for the Group, the AC and the Board are satisfied that the appointment of different auditing firms for its Singapore-incorporated subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Rules 712 and 716 of the Listing Manual.

Whistle-Blowing Policy

The Company has a Whistle Blowing Policy to encourage the reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made, with the confidence that employees and other persons making such reports to the designated persons like Group CEO at email michaelseekh@ottomarine.com and the Lead Independent Director at email henghc@ottomarine.com, and such reports will be treated fairly and, to the extent possible, protected from reprisal.

PRINCIPLE 13: INTERNAL AUDIT

The AC is responsible for (1) establishing an independent internal audit function, (2) reviewing the internal audit program and ensuring coordination between internal auditors, external auditors and the Management, (3) ensuring that the internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies, and (4) and the hiring, removal, evaluation and compensation of the internal auditors.

The Company has appointed Crowe Horwath First Trust Risk Advisory Pte. Ltd. as its internal auditors to carry out the internal audit covering the review of key internal controls in selected areas to mitigate key operational risks and financial risks affecting the operations, as advised by the AC and the Management. They have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The internal auditors report directly to the AC on internal audit matters and to the Executive Chairman and Group CEO on administrative matters. Internal auditors assist the AC and the Board by performing regular evaluations on the Group's internal controls, financial and accounting matters, compliance, business and risk management policies and procedures and ensuring that internal controls are adequate to meet the Group's requirements. The AC is satisfied that the Company's internal audit function is supported by adequate resources and has the full cooperation of the Management.

The internal auditor plans its audit schedules annually in consultation with, but independent of the Management, the internal audit plans are submitted to the AC for approval. The AC reviews the adequacy and effectiveness of the Group's internal audit function at least annually.

The Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors.

PRINCIPLE 14: SHAREHOLDER RIGHTS

The Company is committed to treating all shareholders fairly and equitably and the Company recognises, protects and facilitates the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company strives to facilitate the exercise of ownership rights by all shareholders and to keep them sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares. The Company also ensures that its shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders by providing information on the rules, including voting procedures that govern general meetings of shareholders.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Company adopts the practice of regularly communicating major developments in its businesses and operations through SGXNET and, where appropriate, directly to shareholders, other investors, analysts, the media, the public and its employees. The Management and the Board are committed to regular and proactive communication with shareholders in line with continuous disclosure obligations of the Group pursuant to the Listing Manual of the SGX-ST.

The Group's dedicated Investor Relations ("**IR**") team is tasked with and focuses on facilitating communications between the Company and its shareholders with timely disclosures of material and pertinent information through regular news release and announcements to the SGX-ST. During the year, the IR team and the Management have taken steps to solicit and understand the views of the shareholders through analyst briefings.

The Company makes available all its financial information, its annual reports, briefing materials on a timely basis through:

- SGXNET announcements and news releases;
- Investor road shows;
- Analyst briefings; and
- The Company's website at www.ottomarine.com (ir@ottomarine.com), where shareholders can access information and the corporate profile of the Group.

The Company currently does not have a fixed dividend policy. The dividend that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors:–

(a) the level of the earnings of the Company and of the Group;

(b) the financial condition of the Group;

(c) the projected levels of the Group's capital expenditure and other investment plans;

(d) the restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and

(e) other factors as the Directors may consider appropriate.

In light of the Company and the Group reported a net loss position for FY2015, the Directors does not recommend any dividend in respect of FY2015.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Shareholders of the Company receive notices of general meetings which are also advertised in a major newspaper and issued via SGXNET. The Board recognises that the AGM is an important forum at which shareholders have the opportunity to communicate their views and raise any queries with the Board and the Management regarding the Company's and the Group's operations.

The participation of shareholders is encouraged at the Company's AGM. The Board, including the Executive Chairman, the chairmen of the AC, NC and RC, the Lead Independent Director, and Key Management will be available at the AGM to answer questions. The external auditors are also present to assist the Directors in addressing any relevant queries from the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report. The proceedings of general meetings will be recorded and made available to shareholders upon their request.

The Company's constitution provides that a shareholder may appoint one (1) or two (2) proxies to attend the ensuing AGM and vote on his/her behalf at the AGM. For the upcoming AGM of the Company, a shareholder who is a relevant intermediary defined under the Companies Act may appoint more than two (2) proxies to attend the ensuing AGM and vote at the AGM. Voting in absentia by mail, facsimile or email is not currently permitted due to difficulty in the proper authentication of the identity of shareholders and their voting intentions.

At general meetings, separate resolutions are set out on distinct issues for approval by shareholders via electronic polling. The detailed result of the electronic pollling will be released via SGXNET.

CODE ON DEALING IN SECURITIES AND INTERESTED PERSON TRANSACTIONS POLICY

Dealings in Securities

The Group has adopted a code in relation to dealings in the Company's securities to provide guidance to all its officers pursuant to the SGX-ST Listing Manual. The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Group's financial results for each of the first three quarters of its financial year, or one month before the announcement of our Group's full year financial results, ending on the date of the announcements of the relevant results. Key officers are further reminded from time to time, not to transact in the Company's shares while in possession of unpublished price sensitive information of the Group until such price sensitive information of the Group have been released to SGX-ST. Our officers are also advised not to deal in our Company's securities on short-term consideration and be mindful of the law pertaining to insider trading.

Interested Person Transactions

The Group has established procedures to ensure that all transactions entered into with interested persons are reported in a timely manner to the AC and that such transactions are conducted on an arm's length basis and on terms that are not prejudicial to the interests of the Company and the minority shareholders.

The Company does not have a shareholders' mandate for interested person transactions. Particulars of interested person transactions for FY2015 as required under Rule 907 of the SGX Listing Manual are as follows:

	Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) FY2015 US$'000
Rent expense to Samling Singapore Pte Ltd	610
Interest expense to Brizill International Limited	513
Interest expense to the controlling shareholder for loan extended to Otto Marine Limited *	2,100

* A loan from the controlling shareholder amounting to US$30.0 million as at 31 December 2015 bears interest at 7.0% p.a. and is repayable in December 2018.

Material Contracts

Save for those material contracts previously disclosed to SGX-ST and pages 80, 98 and 99 in the notes of financial statements, there were no other material contracts were between the Company and any of its subsidiaries with any Director or controlling shareholder of the Company during FY2015.

CORPORATE SOCIAL RESPONSIBILITY

Corporate sustainability is a key consideration in the Group's strategic direction. The Group believes that by promoting the importance of sustainability both within its own organisation and to its partners, it will make a substantive difference. The Group highlighted this commitment in December 2013 by initiating its corporate social responsibility ("**CSR**") programme. A CSR committee, comprising of staff from various departments in the Group, was formed in January 2014 to assist the Board in integrating corporate sustainability with the Group's day to day operations.

Contribution to the Community

We are committed to providing funding and resources for meaningful social causes, such as donating money or employee time to charities.

In January 2015, the Company was invited to attend the Psychiatric Rehabilitation and Recovery Services ("**PRRS**") Thanksgiving and 10th Anniversary Celebration of Simei Care Centre to honour the devoted volunteers, partners and committed staff of Community Rehabilitation & Support Service-Pasir Ris branch ("**CRSS-PR**") and Simei Care Centre. Throughout the dinner, the guests were entertained by a group of individuals recovering from psychiatric condition (the "**Clients**"). Every guest's presence is significant as their presence gave the Clients the self-assurance and acceptance that they are welcome back to the society.

In August 2015, the Company signed up for the SGX **Bull Charge Paintball Challenge** in joining SGX for a good cause. It was not only a sporting event for charity but also a perfect opportunity for team-bonding among fellow colleagues. The event concluded successfully with over 100 participants from 18 sponsors and a heartening total of S$171,000 was raised for the Bull Charge beneficiaries with contributions from over 30 sponsors. The donations were used to support the autistic patients through Autism Association (Singapore) and to help the underprivileged – the children, youths and families, the disabled, and the elderly through AWWA, Fei Yue Community Services and Ministry of Culture, Community and Youth (Shared Services for Charities Limited).

Contribution to Building a Positive Workplace Environment

We are committed to building a positive environment for our employees by organising events that can build a sense of community and teamwork which brings everyone together and leads to happier, more productive employees.

Contribution to Mother Nature

We are committed to take up the green initiatives to protect our environment by providing the Company's Annual Reports to our shareholders in CD form. The CD will contain the full audited financial statements of the Group. This green initiative will have several benefits, such as protecting our environment by reducing carbon footprint, the energy consumed for printing and distribution, and the use of papers which directly lead to fewer trees being sacrificed.

Financial Statements

37 Directors' Statement

40 Independent Auditors' Report

41 Balance Sheets

43 Consolidated Profit or Loss Statement

44 Consolidated Statement of Comprehensive Income

45 Statements of Changes in Equity

47 Consolidated Statement of Cash Flows

49 Notes to Financial Statements

The directors present their statement together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 41 to 118 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Yaw Chee Siew
See Kian Heng
Garrick James Stanley
Heng Hock Cheng @ Heng Heyok Chiang
Ng Quek Peng
Craig Foster Pickett
Chin Yoong Kheong

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company – ordinary shares				
Yaw Chee Siew	10,796,700	539,835*	2,598,410,375	129,420,518*
See Kian Heng	24,257,170	1,162,858*	2,000	100*
Garrick James Stanley	95,978,920	4,746,446*	–	–
Heng Hock Cheng @ Heng Heyok Chiang	727,700	68,295*	–	–
Ng Quek Peng	593,270	61,573*	–	–
Craig Foster Pickett	550,740	47,477*	–	–
Chin Yoong Kheong	–	26,590	–	–

*On 25 August 2015, the Company completed the share consolidation where every 20 existing shares registered in the name of each shareholder have been consolidated into one consolidated share, after disregarding any fractions of consolidated shares arising from share consolidation.

By virtue of Section 7 of the Companies Act, Mr Yaw Chee Siew is deemed to have an interest in the Company and all the related corporations of the Company.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

In 2014, a subsidiary, Otto Marine Services Pte. Ltd., issued Series 002 Medium Term Notes ("Notes") amounting to S$70,000,000, unsecured and bearing interest at 7% p.a. with the interest payable semi-annually and the Notes repayable in August 2016. At the time of issue and as at 31 December 2015 and 31 December 2014, S$2,750,000 of the Notes was registered in name of Mr See Kian Heng. Out of the S$2,750,000, Mr See Kian Heng was interested in S$500,000 of the Notes while S$2,000,000 was held on behalf of Mr Yaw Chee Siew. At 31 December 2015, the remaining S$250,000 was held on behalf of an ex-employee of the Company (at the time of issue and as at 31 December 2014: an employee of the Company).

There were no changes in the interest held by directors in the Company and related corporations between the end of the financial year and 21 January 2016.

4 OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

5 OPTIONS EXERCISED

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

6 UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

7 AUDIT COMMITTEE

The Audit Committee carries out its functions in accordance with the principles of corporate governance as prescribed in the Code of Corporate Governance 2012 issued by the Singapore Council on Corporate Disclosure and Governance. The functions carried out are detailed in the Corporate Governance Report.

8 SHARE-BASED INCENTIVE SCHEME

Company

On 2 September 2008, the Company adopted an employee share-based incentive scheme known as the Otto Marine Share Award Scheme (the "Share Award Scheme"). Directors, executives and full time employees (except the Controlling Shareholders or associates of Controlling Shareholders) are eligible to participate in the Share Award Scheme. The Share Award Scheme administered by the Share Award Committee provides that no member of the Share Award Committee shall participate in any deliberation or decision in respect of shares granted or to be granted to him. The Share Award Committee comprises directors, which at all times shall include an independent director, duly authorised and appointed by the Board of Directors. At the end of the reporting period, members of the Share Award Committee have yet to be appointed. Meanwhile, the Remuneration Committee is tasked with the interim administration of the Share Award Scheme.

The Share Award Scheme awards to participants fully paid shares, their equivalent cash value or combinations thereof free-of-charge, upon the participants achieving prescribed performance targets and upon expiry of the prescribed vesting periods. The Share Award Scheme is intended to attract, retain and motivate participants to achieve performance targets which will create and enhance economic value for the Company and to encourage greater commitment, dedication and loyalty.

8 SHARE-BASED INCENTIVE SCHEME (cont'd)

The total number of award shares which may be issued pursuant to the Share Award Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of the award. The Scheme shall continue in force at the discretion of the Share Award Committee, subject to a maximum period of 10 years commencing on the date the Share Award Scheme is adopted by the Company in the general meeting.

In 2015, 2,207,000 shares were issued pursuant to the above share award scheme resulting in an increase in share capital by US$59,000. These shares were issued to current directors in satisfaction of 30% of the directors' fees for the year ended 31 December 2014 pursuant to a resolution passed at the Annual General Meeting of the Company held on 23 April 2015.

9 AUDITORS

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

ON BEHALF OF THE BOARD OF DIRECTORS

Garrick James Stanley

See Kian Heng

13 May 2016

INDEPENDENT AUDITORS' REPORT

To the Members of Otto Marine Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Otto Marine Limited (the "Company") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and the Company as at 31 December 2015, and the consolidated profit and loss statement, consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 118.

Management's Responsibility for the Financial Statements

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

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 about 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 judgement, 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 of financial statements that give a true and fair view 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.

Opinion

In our opinion, 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 financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

13 May 2016

BALANCE SHEETS

31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and bank balances	7	21,830	16,470	4,678	1,566
Fixed deposits	7	12,890	13,147	7,502	7,502
Trade receivables	8	230,063	318,163	259,948	393,375
Gross amount due from customers for contract work	9	67	5,772	–	–
Current portion of finance lease receivables	10	9,341	1,268	–	–
Deposits, prepayments and other receivables	11	80,543	115,711	528,683	446,050
Current portion of loan receivables	12	600	1,550	75,600	78,840
Inventories	13	82,862	137,051	–	–
		438,196	609,132	876,411	927,333
Assets classified as held for sale	37	165,384	–	–	–
Total current assets		603,580	609,132	876,411	927,333
Non-current assets					
Trade receivables	8	47,417	–	–	–
Prepayments and other receivables	11	39,819	–	–	–
Finance lease receivables	10	4,425	9,013	–	–
Loan receivables	12	3,700	8,000	–	–
Property, plant and equipment	14	642,123	547,703	515	882
Goodwill	15	38,314	38,314	–	–
Investment in subsidiaries	16	–	–	180,480	180,480
Investment in associates and joint ventures	17	475	467	–	–
Available-for-sale investments	18	–	7	–	–
Deferred tax assets	19	739	840	–	–
Total non-current assets		777,012	604,344	180,995	181,362
Total assets		1,380,592	1,213,476	1,057,406	1,108,695

See accompanying notes to financial statements.

BALANCE SHEETS

31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		US$'000	US$'000	US$'000	US$'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings from financial institutions	20	165,012	135,084	27,976	729
Current portion of finance lease payables	21	480	12,920	306	407
Loan and other payable from related parties	22	23,880	7,924	–	7,924
Trade payables	23	167,850	307,420	74,042	241,921
Gross amount due to customers for contract work	9	1,486	625	–	–
Other payables	24	105,121	86,859	541,631	559,736
Current portion of loan payable	25	72,230	7,819	–	–
Deferred gain - short-term	26	444	675	–	–
Derivative financial instruments	27	7,547	–	–	–
Income tax payable		955	3,359	–	2,400
		545,005	562,685	643,955	813,117
Liabilities directly associated with assets classified as held for sale	37	109,128	–	–	–
Total current liabilities		654,133	562,685	643,955	813,117
Non-current liabilities					
Borrowings from financial institutions	20	38,617	115,930	–	27,957
Finance lease payables	21	260,623	154,259	120	366
Loan and other payable from related parties	22	40,541	30,301	35,741	30,301
Trade payables	23	149,818	–	149,818	–
Loan payables	25	21,251	74,362	21,251	–
Deferred gain - long-term	26	7,479	11,140	–	–
Derivative financial instruments	27	959	4,153	–	–
Total non-current liabilities		519,288	390,145	206,930	58,624
Capital, reserves and non-controlling interests					
Share capital	28	357,183	357,124	357,183	357,124
Capital reserve	29	1,546	1,546	1,546	1,546
Acquisition deficits		(30,510)	(30,510)	–	–
Hedging deficits		(801)	(1,159)	–	–
Translation reserves		28,138	25,289	31,115	31,108
Accumulated losses		(152,079)	(89,222)	(183,323)	(152,824)
Equity attributable to equity holders of the Company		203,477	263,068	206,521	236,954
Non-controlling interests		3,694	(2,422)	–	–
Total equity		207,171	260,646	206,521	236,954
Total liabilities and equity		1,380,592	1,213,476	1,057,406	1,108,695

See accompanying notes to financial statements.

CONSOLIDATED PROFIT OR LOSS STATEMENT

For the Financial Year ended 31 December 2015

	Note	Group 2015 US$'000	Group 2014 US$'000
Revenue	30	244,436	355,900
Cost of sales		(218,457)	(335,239)
Gross profit		25,979	20,661
Other income	31	9,321	14,093
Selling and administrative expenses		(38,176)	(39,256)
Other expenses	31	(19,889)	(1,645)
Share of profits (losses) of associates and joint ventures	17	185	(5,127)
Finance costs	32	(39,028)	(27,886)
Loss before income tax		(61,608)	(39,160)
Income tax benefit (expense)	33	928	(2,391)
Loss for the year	34	(60,680)	(41,551)
Attributable to:			
Equity holders of the Company		(62,857)	(41,663)
Non-controlling interests		2,177	112
		(60,680)	(41,551)
Loss per share (Cents)			
Basic and diluted	35	(29.61)	(19.92)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 December 2015

	Group	
	2015	2014
	US$'000	US$'000
Loss for the year	(60,680)	(41,551)
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	2,876	972
Fair value changes arising from cash flow hedge	358	(1,159)
Other comprehensive income (expense) for the year, net of tax	3,234	(187)
Total comprehensive expense for the year	(57,446)	(41,738)
Total comprehensive income attributable to:		
Equity holders of the Company	(59,650)	(41,879)
Non-controlling interests	2,204	141
	(57,446)	(41,738)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2015

	Share capital	Capital reserve (Note 29)	Acquisition deficits	Hedging deficits	Translation reserves	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
Balance at 1 January 2014	350,416	1,546	(28,015)	–	24,210	(44,265)	303,892	78	303,970
Total comprehensive income (expense) for the year									
Profit (Loss) for the year	–	–	–	–	–	(41,663)	(41,663)	112	(41,551)
Other comprehensive income (expense) for the year	–	–	–	(1,159)	943	–	(216)	29	(187)
Total	–	–	–	(1,159)	943	(41,663)	(41,879)	141	(41,738)
Transaction with owners, recognised directly in equity									
Issuance of shares pursuant to Share Award Scheme, net of expense (Note 28)	1,708	–	–	–	–	–	1,708	–	1,708
Issuance of shares, net of expense (Note 28)	5,000	–	–	–	–	–	5,000	–	5,000
Acquisition of additional shares from non-controlling interest (Note 16)	–	–	(2,495)	–	136	–	(2,359)	(2,641)	(5,000)
Dividend expense (Note 42)	–	–	–	–	–	(3,294)	(3,294)	–	(3,294)
Total	6,708	–	(2,495)	–	136	(3,294)	1,055	(2,641)	(1,586)
Balance at 31 December 2014	357,124	1,546	(30,510)	(1,159)	25,289	(89,222)	263,068	(2,422)	260,646
Balance at 1 January 2015	357,124	1,546	(30,510)	(1,159)	25,289	(89,222)	263,068	(2,422)	260,646
Total comprehensive income (expense) for the year									
Profit (Loss) for the year	–	–	–	–	–	(62,857)	(62,857)	2,177	(60,680)
Other comprehensive income (expense) for the year	–	–	–	358	2,849	–	3,207	27	3,234
Total	–	–	–	358	2,849	(62,857)	(59,650)	2,204	(57,446)
Transaction with owners, recognised directly in equity									
Issuance of shares pursuant to Share Award Scheme, net of expense (Note 28)	59	–	–	–	–	–	59	–	59
Non-controlling interest arising through acquisition of assets and liabilities (Note 36)	–	–	–	–	–	–	–	3,912	3,912
Total	59	–	–	–	–	–	59	3,912	3,971
Balance at 31 December 2015	357,183	1,546	(30,510)	(801)	28,138	(152,079)	203,477	3,694	207,171

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2015

	Share capital US$'000	Capital reserve (Note 29) US$'000	Translation deficits US$'000	Accumulated losses US$'000	Total US$'000
Company					
Balance at 1 January 2014	350,416	1,546	31,113	(124,891)	258,184
Total comprehensive income (expense) for the year					
Loss for the year	–	–	(5)	(24,639)	(24,644)
Issuance of shares pursuant to Share Award Scheme, net of expense (Note 28)	1,708	–	–	–	1,708
Issuance of shares, net of expense (Note 28)	5,000	–	–	–	5,000
Dividend expense (Note 42)	–	–	–	(3,294)	(3,294)
Balance at 31 December 2014	357,124	1,546	31,108	(152,824)	236,954
Total comprehensive income (expense) for the year					
Loss for the year	–	–	7	(30,499)	(30,492)
Issuance of shares pursuant to Share Award Scheme, net of expense (Note 28)	59	–	–	–	59
Balance at 31 December 2015	357,183	1,546	31,115	(183,323)	206,521

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 December 2015

	Group	
	2015 US$'000	2014 US$'000
Operating activities		
Loss before income tax	(61,608)	(39,160)
Adjustments for:		
Share of (profits) losses of associates and joint ventures	(185)	5,127
Depreciation of property, plant and equipment	44,968	31,569
Interest expense	39,028	27,886
Interest income	(1,689)	(938)
Loss arising from the changes in fair value of receivables	5,832	–
Loss (Gain) arising from the changes in the fair value of available-for-sale investment	7	(146)
Loss arising from the changes in the fair value of interest rate swap contracts	389	–
Gain arising from the changes in the fair value of foreign exchange forward contracts	–	(5,097)
Gain on disposal of investment in associate and joint venture	–	(4)
Foreign exchange loss (gain)	1,409	(2,080)
Allowance for doubtful trade receivables	6,476	897
Allowance for doubtful non-trade receivables	1,605	–
Gain on disposal of property, plant and equipment	(142)	(325)
Property, plant and equipment written off	6,163	–
Impairment loss on vessels	7,314	–
Realisation of previously deferred profit on sale of vessels to associates (Note 26)	(3,333)	(6,983)
Share award expense	59	1,708
Operating cash flows before movements in working capital	46,293	12,454
Trade receivables	25,121	32,120
Construction work-in-progress	8,450	47,376
Finance lease receivables	(3,406)	(10,281)
Other receivables	24,424	(32,228)
Inventories	(28,331)	(5,504)
Trade payables	(23,625)	(9,868)
Other payables	10,951	2,362
Cash generated from operations	59,877	36,431
Income tax paid	(1,375)	(1,112)
Interest received	1,822	852
Net cash from operating activities	60,324	36,171
Investing activities		
Proceeds on cash distribution from available-for-sale investment	–	283
Proceeds from disposal of investment in an associate (Note A)	–	–
Loan receivables	4,600	(550)
Purchases of property, plant and equipment (Note B)	(57,760)	(73,297)
Proceeds from disposal of property, plant and equipment (Note C)	–	8,858
Acquisition of assets and liabilities (Note 36)	(2,463)	–
Net cash used in investing activities	(55,623)	(64,706)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 December 2015

	Group	
	2015 US$'000	2014 US$'000
Financing activities		
Proceeds on borrowings from financial institutions	122,751	281,515
Repayment of borrowings from financial institutions	(183,136)	(359,815)
Repayment of redeemable preference shares	(7,083)	–
Proceeds from finance lessors	65,355	–
Repayment of finance lease obligations	(3,669)	(5,447)
Net proceeds from related parties	24,508	30,000
Loan repayment to related parties	(2,908)	(8,239)
Proceeds from medium term notes	–	54,863
Proceeds from loan payable	22,983	916
Repayment of loan payable	(1,339)	(642)
Dividend paid (Note 42)	–	(3,294)
Interest paid	(36,741)	(25,470)
Deposits released (pledged and earmarked)	236	35,385
Net cash from (used in) financing activities	957	(228)
Net increase (decrease) in cash and cash equivalents	5,658	(28,763)
Cash and cash equivalents at beginning of year	16,841	48,034
Effects of exchange rate changes on the balance of cash held in foreign currencies	(319)	(2,430)
Cash and cash equivalents at end of year	22,180	16,841
Cash and cash equivalents at the end of the year include the following:		
Cash and bank balances (Note 7)	21,830	16,470
Fixed deposits (Note 7)	12,890	13,147
Less: Deposits pledged for borrowings from financial institutions (Note 7)	(12,540)	(12,776)
Deposits earmarked for refund guarantee and other fixed deposits (Note 7)	350	371
Total	22,180	16,841

Note A:

In 2014, the Group disposed an associate for total consideration of US$939,000, which was offset against payable to the associate of US$449,000 and US$490,000 was receivable from the buyer.

Note B:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of approximately US$67,520,000 (2014 : US$83,377,000). Approximately US$6,444,000 (2014 : US$6,607,000) was acquired under finance lease agreement. US$3,271,000 was acquired through exercise of purchase option under finance lease before it was disposed at US$3,250,000, on a net settlement basis.

Note C:

During the financial year, the Group disposed property, plant and equipment with sales proceeds US$10,298,000 (2014 : US$44,334,000), of which US$6,948,000 (2014 : US$Nil) was offset against finance lease payables, US$Nil (2014 : US$304,000) was offset against other payables, US$3,271,000 was used to offset consideration for acquisition of property, plant and equipment and US$79,000 (2014 : US$35,172,000) was receivable from the buyer.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 197902647M) was incorporated in Singapore, with its principal place of business and registered office at 9 Temasek Boulevard, #33-01 Suntec Tower Two, Singapore 038989. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in United States Dollars.

The principal activities of the Company and the Group consist of construction, fabrication, repair and conversion, chartering and provision of subsea services. The Company operates through a branch in United Arab Emirates.

The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 16 and 17 to the financial statements respectively.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015 were authorised for issue by the Board of Directors on 13 May 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Group has incurred a net loss of US$60,680,000 for the financial year ended 31 December 2015. Furthermore, the Group has US$49,585,000 (S$70,000,000) of Medium Term Note which matures on 1 August 2016. Notwithstanding these, the accompanying financial statements for the year ended 31 December 2015 have been prepared using the going concern assumption as the directors are confident that the Group and the Company are able to secure new orders to generate adequate profits and cash flows so as to realise assets and discharge liabilities in the normal course of business for the foreseeable future. The appropriateness of the use of the going concern assumption is dependent on the continued support from a major shareholder, the suppliers, creditors and financial institutions in relation to the credit facilities made available to the Group and Company.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2015, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 115 *Revenue from Contracts with Customers* [2]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* [1]
- FRS 109 *Financial Instruments* [2]
- Amendments to FRS 16 *Property, Plant and Equipments* [1]
- Amendments to FRS 111 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* [1]
- Improvements to Financial Reporting Standards (November 2015) [1]

[1] *Applies to annual periods beginning on or after 1 January 2016, with early application permitted.*

[2] *Applies to annual periods beginning on or after 1 January 2018, with early application permitted.*

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Management is currently evaluating the potential impact of the application of these amendments to FRS 115 on the financial statements of the Group and of the Company in the period of initial application.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

Amendments have been made to the following:

Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

Balance sheet and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

Management is currently evaluating the potential impact of the application of these amendments to FRS 1 on the financial statements of the Group and of the Company in the period of initial application.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

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

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are not classified into any of the other categories. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

Loans and receivables

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

Impairment of financial assets

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

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

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

Derecognition of financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing borrowings and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk including foreign exchange forward contracts and interest rate swaps. Details of derivative financial instruments are disclosed in Note 27 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised liabilities or firm commitments (fair value hedges) or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months from the end of the reporting period and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 27 contains details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the profit or loss statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the profit and loss statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

CONSTRUCTION CONTRACTS - Where the outcome of a long-term construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the completion of a physical proportion of the contract work. For fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

a) total contract revenue can be measured reliably;

b) it is probable that the economic benefits associated with the contract will flow to the Group;

c) both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably; and

d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade and other receivables.

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. At the inception of the lease, revenue under the finance lease arrangement is recognised based on lower of fair value of the asset or the present value of the minimum lease payments computed at a market rate of interest. Subsequently, finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Charter hire income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

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

NON-CURRENT ASSETS HELD FOR SALE - Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Work-in-progress-vessels comprise vessels under construction for future sale. Cost is made up of direct materials, direct labour cost, subcontractors cost, capitalised borrowing costs, appropriate allocation of fixed and variable production overheads.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Property, plant and equipment relating to construction-in-progress includes borrowings costs capitalised.

Depreciation is charged so as to write off the cost of assets, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Vessels	-	12.5 to 25 years, net of the residual value
Leasehold land and building	-	Over the remaining term of lease which is between 20 to 30 years
Office equipment, furniture and fittings	-	2 to 20 years
Motor vehicles	-	4 to 5 years
Machinery and equipment	-	2 to 8 years

Depreciation on property, plant and equipment under construction-in-progress, which includes yard development costs and costs for vessels under construction, commences when these assets are ready for its intended use.

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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

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

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

Provisions for warranty costs are recognised at the date of sale of the vessel, at management's best estimate of the expenditure required to settle the Group's obligation.

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

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

REVENUE RECOGNITION - Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue from long-term construction contracts

Revenue from long-term construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see above).

Revenue from ship repairs, conversion and fabrication, and subsea services

Revenue from rendering of ship repairs, conversion and fabrication, and subsea services is recognised when the services have been rendered.

Charter hire income

Charter hire income is recognised based on a time proportion basis in accordance with the daily charter rate stated in the charter hire agreement for the number of days under charter.

Finance lease income

Revenue from finance lease is recognised in accordance with the Group's accounting policy on leases when the Group is a lessor (see above).

Interest income

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

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

Current and deferred tax are recognised as an expense or income in profit or loss.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserves.

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

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(i) Critical judgement in applying the Group's accounting policies

The critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies, and that have the most significant effect on the amounts recognised in the financial statements are as follows:

(a) Estimation of percentage of completion for construction contracts (Notes 9 and 30)

The Group recognised revenue and costs of construction contracts by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by the completion of a physical proportion of the contract work. Management exercises judgement in determining the percentage of completion assigned to each physical milestone achieved. The physical milestone is supported by either internally generated engineering reports or surveys performed by independent surveyors. Management reviews the internally generated engineer reports and are satisfied that the percentage of completion used for revenue recognition on construction contracts is reasonable.

(b) Classification of charter hire arrangements as finance lease

The Group has entered into charter hire agreements for its vessels. At the inception of these agreements, the management has assessed whether substantially all risks and rewards have been transferred to the lessees in accordance with FRS 17 Leases and concluded that certain of the charter hire arrangements should be accounted for as finance leases (Notes 10 and 21) and the rest as operating leases (Note 39).

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(i) Critical judgement in applying the Group's accounting policies (cont'd)

(c) Classification of sales and lease back transaction under finance lease

The Group has entered into certain sales and lease back transaction for 1 vessel (2014 : Nil) with sale contract value of US$100,000,000. At the inception of the agreement, management has assessed and concluded that the sale and lease back transaction is accounted for as a finance lease on the basis that exercise price of the purchase option under the finance lease arrangement is sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised. Accordingly, no gain on sale of vessel was credited to profit or loss.

(d) Classification of equity investment in a third party

The Group recorded a 19.9% equity investment in a third party amounting to US$3,376,000 (2014 : US$3,376,000). Determining whether the Group exercise significant influence over the third party is a matter of judgement. Management is of the view that they do not participate in the financial and operating policy decision of the third party. Accordingly, the Group accounts for the equity investment as available-for-sale investment (Note 18).

(ii) Key sources of estimation uncertainty

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

(a) Impairment of amount receivable for construction contract and provision for losses on vessels held for sale (classified as inventories) or for charter (classified as property, plant and equipment)

As at 31 December 2015, the Group's net amount due from (to) customers for contract work, inventories, and plant and equipment amounted to (US$1,419,000), US$75,066,000, and US$599,420,000 (31 December 2014 : US$5,147,000, US$128,888,000, and US$498,390,000) respectively are in respect of vessels under construction and completed vessels.

Determining the recoverable amount or net realisable value of the vessels in construction included in the above-mentioned amounts is a matter of management's estimate. In arriving at the estimates, management has evaluated the customers' ability to meet their contractual payment obligations in a timely manner and the possibility of customers amending or cancelling the existing contracts. In addition, management has also considered the recent valuations performed by the valuers on certain vessels and value of the chartering contracts secured. Management is of the view that no provision for losses on vessels with sales contracts and vessels held for sale or charter is required as at year end.

In 2015, management has prepared value in use calculation for some of its vessels, which amounted to US$285,346,000, for impairment assessment purposes. The discounted cash flows valuation technique is used where discounted cash flows are prepared based on the remaining useful lives of vessels, with key assumptions relating to utilisation rates of the vessels, revenue growth rates and weighted average cost of capital. The utilisation rate use averaged at 82%, with revenue growth rates ranging between 3.5% to 10.4%, and weighted average cost of capital at 6.2% per annum.

Sensitivity analysis for value in use assessment

If the utilisation rate is 50 basis points higher (lower), the recoverable amount would increase by US$1,974,000 (decrease by US$2,042,000).

If the revenue growth rate is 50 basis points higher (lower), the recoverable amount would increase by US$4,528,000 (decrease by US$4,443,000).

If the discount rate is 50 basis points higher (lower), the recoverable amount would decrease by US$10,709,000 (increase by US$10,233,000).

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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

(b) Impairment of available-for-sale investments (Note 18), loan receivables (Note 12), trade receivables (Note 8) and net other receivables (Note 11) from a third party

As at 31 December 2015, the Group recorded available-for-sale investment and receivables from third party totalling US$29,341,000 (2014 : US$30,615,000) which comprise the Group's available-for-sale investment, loan, trade and other receivables from third party amounting to US$3,376,000 (2014 : US$3,376,000), US$16,228,000 (2014 : US$16,228,000), US$7,066,000 (2014 : US$8,811,000), US$2,671,000 (2014 : US$2,200,000) respectively. Determining the impairment loss for investments in and amounts receivables from the third party requires estimates to be made by management.

Taking into consideration of the deteriorated financial condition of the third party, management had made a full impairment loss on available-for-sale investments amounting to US$3,376,000 and allowance for loan, trade and net other receivables amounting to US$22,855,000 in 2012. In 2015, a further allowance for trade and net other receivable of US$3,110,000 is made. Management is of the view that allowance made at the end of the reporting period is adequate.

(c) Impairment of investment in associates and joint ventures (Note 17), and trade and other receivables from associates and joint ventures (Notes 8 and 11)

As at 31 December 2015, the Group's investment in associates and joint ventures, trade and other receivables from associates are US$475,000 (2014 : US$467,000), US$80,195,000 (2014 : US$73,737,000) and US$45,911,000 (2014 : US$38,809,000) respectively.

Determining the impairment loss for investments in and amounts receivable from the associates and/or joint venture requires estimates to be made by management.

In estimating the recoverable amount of these associates and joint venture which have been incorporated to own the vessels constructed by the Group, management has considered the recent valuation on certain vessels, the value of the chartering contracts secured and repayment history of these parties.

Management is of the view that no impairment in investment, trade and other receivables from the associates and joint venture is required as at year end.

(d) Impairment of investment in subsidiaries (Note 16) and receivables due from subsidiaries (Note 8, 11 and 12)

As at 31 December 2015, the Company's investment in subsidiaries, trade receivables, other and loan receivables due from subsidiaries amounted to US$180,480,000 (2014 : US$180,480,000), US$259,923,000 (2014 : US$393,357,000), US$532,354,000 (2014 : US$417,783,000) and US$78,840,000 (2014 : US$78,840,000) respectively.

Determining the impairment loss for investments in and amounts receivable from the subsidiaries requires estimates to be made by management.

In estimating the recoverable amount of these subsidiaries, management has considered the financial conditions, the recent valuation on certain vessels owned by the subsidiaries, the value of the chartering contracts secured and repayment history of these subsidiaries.

In 2015, management has made allowance for doubtful debts against other receivables and loan receivables amounting to US$27,048,000 and US$3,240,000 respectively from a subsidiary in view of the uncertainty over the recoverability based on its evaluation of the subsidiary's financial condition. Management is of the view that allowance made at the end of the reporting is adequate.

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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

(e) Impairment of goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that the goodwill might be impaired. The goodwill relates primarily to three cash generating units ("CGU") (Note 15).

Determining whether goodwill is impaired requires an estimation of the fair values less costs to sell or the value in use of the cash generating units to which goodwill has been allocated. The fair values less costs to sell require the Group to estimate based on the best information available the amount that an entity could obtain, at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. Where there are no active markets, management has to exercise judgement in estimating the fair values of these assets.

Management uses the fair value less cost to sell of the two CGUs and the value in use of another one CGU to assess the impairment of goodwill with carrying amount of US$32,871,000 (2014 : US$32,871,000) and US$5,443,000 (2014 : US$5,443,000) respectively. Having considered the above, management is of view that there is no impairment of goodwill is required during the current year.

In 2015, the Group prepares cash flow forecasts derived from the most recent financial budgets prepared by management for the next 5 years with revenue growth rates ranging between 0% to 12%, and weighted average cost of capital at 6.2% per annum.

If the weighted average cost of capital is 50 basis points higher (lower), the recoverable amount would decrease by US$54,405,000 (increase by US$46,296,000).

The key assumptions for the value in use calculations are those regarding the discount rates and growth rates. The values assigned to other key assumptions are based on past performances and expected future market development. Any reasonably possible change to the key assumptions applied (other than disclosed above) is not likely to significantly cause the recoverable amount to be below the carrying amount.

(f) Allowance for doubtful trade receivables (Note 8)

The Group makes allowances for doubtful debts based on an assessment of the recoverability of receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact the carrying value of receivables and doubtful debts expenses in the period in which such estimate has been changed. Including the allowance made in respect of a third party (Note b above), management has assessed the allowance for doubtful trade receivables in respect of third parties as at 31 December 2015 to be US$14,028,000 (2014 : US$7,580,000). The carrying amount of trade receivables is disclosed in Note 8 to the financial statements.

(g) Useful lives and residual values of property, plant and equipment

Management exercises their judgement in estimating the useful lives and residual values of the depreciable assets. The estimated useful lives reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable asset.

Depreciation is provided to write off the cost of property, plant and equipment, adjusted for residual value, over their estimated useful lives, using the straight-line method.The carrying amounts of property, plant and equipment are US$642,123,000 (2014 : US$547,703,000) as disclosed in Note 14 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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

(h) Assets held for sale and liabilities directly associated with assets held for sale

As disclosed in Note 37 to the financial statements, management has assessed that the plans to sell 5 newly acquired vessels, met the presentation and disclosure requirements under FRS 105 - *Non-current assets held for sale and discontinued operations*. Determining whether these assets are measured at the lower of their previous carrying amount and fair value less cost to sell requires significant estimates. Management estimates the fair value less costs to sell based on recent valuation reports prepared by independent valuers.

Management expects the sale to be completed within the next twelve months.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	399,255	456,279	876,273	927,024
Available-for-sale financial assets	–	7	–	–
Financial liabilities				
Derivative financial instruments	8,506	4,153	–	–
Amortised costs	1,016,710	922,243	841,132	869,341

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial Instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

Company

As at 31 December 2015 (US$'000)

Type of financial assets	(a) Gross amounts of recognised financial asset	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position	(c) = (a) + (b) Net amounts of financial assets presented in the statement of financial position
Trade receivables			
Subsidiaries (Note 8)	402,177	(142,254)	259,923
Other receivables			
Subsidiaries (Note 11)	576,654	(44,300)	532,354
Total	978,831	(186,554)	792,277

Type of financial liabilities	(a) Gross amounts of recognised financial liabilities	(b) Gross amounts of recognised financial assets set off in the statement of financial position	(c) = (a) + (b) Net amounts of financial liabilities presented in the statement of financial position
Trade payables			
Subsidiaries (Note 23)	(52,834)	15	(52,819)
Other payables (Note 24)			
Subsidiaries	(711,431)	186,539	(524,892)
Total	(764,265)	186,554	(577,711)

The Group does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Financial risk management policies and objectives*

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

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

i) Foreign currency risk

The Group's foreign currency exposures arise primarily from the exchange rate movement of foreign currencies, namely United States dollars, Singapore dollars, Australian dollars, Indonesian rupiah and other currencies, against the Singapore dollars, United States dollars, Australian dollars and Indonesian rupiah, which are the functional currencies of respective entities within the Group.

The Group assesses and monitors its current and projected foreign currency cash flows and insofar as possible, reduces the exposure of the net position in each currency by borrowing in those foreign currencies and utilises foreign currency forward contracts and a cross currency swap contract to manage the volatility of future cash flows caused by fluctuation in foreign currency exchange rates. The Group does not hold or issue derivative financial instruments for speculative purpose.

The Company has a number of investments in subsidiaries whose functional currencies are different from the presentation currency of the Group. The net assets of these subsidiaries are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Further details of the cross currency swap contract is found in Note 27 to the financial statements.

At the reporting date, the carrying amounts of monetary assets (including intercompany receivables) and monetary liabilities (including intercompany payables) denominated in currencies other than the respective entities' functional currencies, excluding loan payables (Note 25) which are hedged with cross currency swap contract (Note 27) are as follows:

	2015					2014				
	US$-equivalent of amounts denominated in the following foreign currencies									
	$'000 US$	$'000 S$	$'000 AU$	$'000 IDR	$'000 Others	$'000 US$	$'000 S$	$'000 AU$	$'000 IDR	$'000 Others
Group										
Total assets	66,974	54,689	2,011	2,165	13,103	93,297	31,508	6,788	2,321	5,806
Total liabilities	(77,836)	(123,772)	(2,062)	(4,457)	(18,014)	(137,927)	(114,540)	(4,424)	(3,770)	(21,930)
Net total assets (liabilities)	(10,862)	(69,083)	(51)	(2,292)	(4,911)	(44,630)	(83,032)	2,364	(1,449)	(16,124)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

i) Foreign currency risk (cont'd)

	2015			2014		
	US$-equivalent of amounts denominated in the following foreign currencies					
	$'000 US$	$'000 S$	$'000 Others	$'000 US$	$'000 S$	$'000 Others
Company						
Total assets	2,367	864	2,405	102	2,261	414
Total liabilities	(3,548)	(84,834)	(6,094)	–	(69,773)	(11,404)
Net total assets (liabilities)	(1,181)	(83,970)	(3,689)	102	(67,512)	(10,990)

Sensitivity analysis for currency risk

The Group is mainly exposed to fluctuations in United States dollars, Singapore dollars, Australian dollars and Indonesian Rupiah.

The following table details the Group's sensitivity to a 5% increase and decrease in the foreign exchange against the functional currency of each group entity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of the group's entities, loss for the year will increase (decrease) by approximately:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
United States dollars	543	2,232	59	(5)
Singapore dollars	3,454	4,152	4,198	3,376
Australian dollars	3	118	–	–
Indonesian Rupiah	115	72	–	–

If the relevant foreign currency weakens by 5% against the functional currency of the group's entities, the effect on loss for the year will be vice versa.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

ii) Interest rate risk

The Group's interest rate risks arise primarily from its fixed deposits and borrowings with financial institutions and related parties.

The interest rate for fixed deposits is disclosed in Note 7.

The interest rates and terms of repayment of the Group's floating rate borrowings, are disclosed as follows:

	Principal US$'000	Interest rate range
Group		
2015		
Borrowings from financial institutions (Note 20)	184,754	1.1% to 15.0%
Term loan from a related party	29,621	7.5% to 10.9%
2014		
Borrowings from financial institutions	251,014	1.5% to 13.0%
Term loan from a related party	8,225	7.5%
Company		
2015		
Borrowings from financial institutions	27,976	1.1%
Term loan from a related party	5,741	7.5%
2014		
Borrowings from financial institutions	28,686	1.5% to 3.5%
Term loan from a related party	8,225	7.5%

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% with all other variables held constant, the Group's loss before income tax (without taking into effect the capitalisation of finance cost in accordance with FRS 23) would have been higher/lower by approximately US$1,072,000 (2014 : US$1,296,000) and the Company's loss before income tax would have been higher/lower by approximately US$169,000 (2014 : US$185,000) respectively as a result of higher/lower interest expense on floating rate borrowings from financial institutions and related parties.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group.

The Group's principal financial assets are cash and bank balances, fixed deposits, trade, finance lease, loan and other receivables.

The credit risk on liquid funds is limited because the Group has placed bank balances and fixed deposits with reputable international financial institutions.

The Group's credit risk is primarily attributable to its trade and finance lease receivables. The Group has adopted a policy of dealing with creditworthy counterparties and when necessary, will require advance payments and banker guarantee from customers with no track record of credit history.

Typically, there are no credit terms for shipyard customers. The average credit term on shipyard, shipping and chartering and subsea services to customer is 30 days (2014 : 30 days).

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties where aggregate credit exposure is significant in relation to the Group's total credit exposure.

At the end of the reporting period, the Group's top 3 customers for which invoices have been raised accounted for 38.7% (2014 : 36.3%) of the Group's outstanding trade receivables. In addition, 100% (2014 : 100%) of the Group's future revenue for which sales contracts for shipyard have been entered will be contributed by 1 (2014 : 1) of its customers.

At the end of the reporting period, the Group's loan receivables are contributed by a third party (2014 : two third parties and a related party).

The Company's trade, other and loan receivables are mainly due from subsidiaries. Management has assessed the recoverability of these receivables and is of the view that there is no allowance for doubtful debts due from subsidiaries required as at year end.

The Group's maximum exposure to credit risk comprise (i) the sum of the carrying amounts of financial assets recorded in the financial statements, grossed up of any allowance for losses; (ii) credit risk relating to financial guarantee contracts as disclosed in Note 40. The credit risk profile of the Group's trade receivables at the end of the reporting period are as follows:

	Group	
	2015	2014
	US$'000	US$'000
Past due but not impaired:		
Less than 3 months overdue	26,146	36,608
3 to 6 months overdue	16,781	13,563
6 to 12 months overdue	25,532	58,736
More than 12 months overdue	129,670	66,843
	198,129	175,750

The above amount has not been impaired as management believes there has not been a significant change in credit quality and the amounts are still considered recoverable.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

iv) Liquidity risk

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due. The Group's strategy to managing liquidity risk is to ensure that the Group has sufficient funds to meet all its potential liabilities as they fall due, including shareholder distributions. This strategy has not changed from prior periods and the Group's liquidity risk management approach is outlined below:

- Cash flow forecasts are prepared and monitored on a weekly basis, to ensure the utilisation of current facilities is optimised and on a monthly basis to ensure that medium-term liquidity is maintained. Cash flow forecasts on an annual projection basis are also prepared quarterly, for the purpose of identifying strategic funding requirements.

- Management has prepared the one-year business plans and cash flow forecasts of the Group for the year ending 31 December 2016 based on (i) the latest available financial statements of the Group, (ii) the expected financial support from a major shareholder and (iii) the on-going meetings and discussions between management and major customers on their expected orders to the Group in 2016. Such indication by major customers of any expected orders do not represent firm or committed orders. After reviewing the business plans and cash flow forecasts of the Group for the financial year ending 31 December 2016 prepared on the above basis, and taking account of reasonably possible changes in business performance, management is of the view that the Group should be able to operate within the level of its currently available bank facilities, on the assumption that the banks will (i) not demand the immediate repayment of the entire long-term bank loans, (ii) approve the waiver of the financial covenants for the long-term bank loans (where relevant), and (iii) renew the facility for the short-term bank loans upon expiry.

- Management also continually assesses the proportion of capital and debt funding of the Group.

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

iv) Liquidity risk (cont'd)

Non-derivative financial liabilities

	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustments US$'000	Total US$'000
Group					
As at 31 December 2015					
Floating rate - borrowings from financial institutions	170,145	24,674	–	(10,065)	184,754
Fixed rate - borrowings from financial institutions	5,087	17,016	–	(3,228)	18,875
Floating rate - loan from a related party	26,340	6,604	–	(3,323)	29,621
Fixed rate - loan from a related party	2,100	34,200	–	(6,300)	30,000
Fixed rate - finance lease payables	17,578	93,201	277,452	(127,128)	261,103
Fixed rate - loan payables	76,488	21,815	–	(4,822)	93,481
Fixed rate - trade payables	9,738	159,556	–	(19,476)	149,818
Trade payables	167,850	–	–	–	167,850
Accruals, other payables and other current liabilities	76,408	4,800	–	–	81,208
Financial guarantee contracts (Note 40)	27,263	61,792	21,900	(110,955)	–
Total	578,997	423,658	299,352	(285,297)	1,016,710
As at 31 December 2014					
Floating rate - borrowings from financial institutions	148,438	121,786	–	(19,210)	251,014
Floating rate - loan from a related party	8,541	301	–	(617)	8,225
Fixed rate - loan from a related party	2,100	30,525	–	(2,625)	30,000
Fixed rate - finance lease payables	24,001	62,666	140,965	(60,453)	167,179
Fixed rate - loan payables	11,561	89,649	–	(19,029)	82,181
Trade payables	307,420	–	–	–	307,420
Accruals, other payables and other current liabilities	76,224	–	–	–	76,224
Financial guarantee contracts (Note 40)	15,650	64,602	28,200	(108,452)	–
Total	593,935	369,529	169,165	(210,386)	922,243

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

iv) Liquidity risk (cont'd)

Non-derivative financial liabilities (cont'd)

	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustments US$'000	Total US$'000
Company					
As at 31 December 2015					
Floating rate - borrowings from financial institutions	28,288	–	–	(312)	27,976
Floating rate - loan from a related party	647	6,604	–	(1,510)	5,741
Fixed rate - loan from a related party	2,100	34,200	–	(6,300)	30,000
Fixed rate - finance lease payables	324	128	–	(26)	426
Fixed rate - loan payable	1,381	21,815	–	(1,945)	21,251
Fixed rate - trade payables	9,738	159,556	–	(19,476)	149,818
Fixed rate - other payables	58,119	–	–	(4,305)	53,814
Trade payables	74,042	–	–	–	74,042
Accruals, other payables and other current liabilities	478,064	–	–	–	478,064
Financial guarantee contracts (Note 40)	175,597	100,578	21,900	(298,075)	–
Total	828,300	322,881	21,900	(331,949)	841,132
As at 31 December 2014					
Floating rate - borrowings from financial institutions	1,159	28,517	–	(990)	28,686
Floating rate - loan from a related party	8,541	301	–	(617)	8,225
Fixed rate - loan from a related party	2,100	30,525	–	(2,625)	30,000
Fixed rate - finance lease payables	449	387	–	(63)	773
Trade payables	241,921	–	–	–	241,921
Accruals, other payables and other current liabilities	559,736	–	–	–	559,736
Financial guarantee contracts (Note 40)	150,470	153,122	28,200	(331,792)	–
Total	964,376	212,852	28,200	(336,087)	869,341

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

iv) Liquidity risk (cont'd)

Non-derivative financial assets

Except as disclosed below, substantially all financial assets of the Group and the Company are on demand or due within one year.

	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000	Adjustments US$'000	Total US$'000
Group					
As at 31 December 2015					
Trade and other receivables	292,733	59,568	–	(5,832)	346,469
Finance lease receivables	10,514	6,662	–	(3,410)	13,766
Fixed rate – loan receivables	708	3,917	–	(325)	4,300
	303,955	70,147	–	(9,567)	364,535
As at 31 December 2014					
Finance lease receivables	1,825	9,270	–	(814)	10,281
Fixed rate – loan receivables	1,773	8,626	–	(849)	9,550
	3,598	17,896	–	(1,663)	19,831

Management is of the view that the actual realisation of gross amount due from customers for contract work within 1 year is largely dependent on the actual completion of the construction of vessels.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

iv) Liquidity risk (cont'd)

Derivative financial instruments

	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Group			
As at 31 December 2015			
Gross settled:			
Cross currency swap contract			
Gross inflow	48,581	–	48,581
Gross outflow (Note 27)	(56,128)	–	(56,128)
	(7,547)	–	(7,547)
Net settled:			
Interest rate swap contracts (Note 27)	–	(959)	(959)
	(7,547)	(959)	(8,506)
As at 31 December 2014			
Gross settled:			
Cross currency swap contract			
Gross inflow	–	51,975	51,975
Gross outflow (Note 27)	–	(56,128)	(56,128)
	–	(4,153)	(4,153)

v) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

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

v) Fair value of financial assets and financial liabilities (cont'd)

Group

Financial assets/ financial liabilities	Fair value as at (US$'000) 2015 Assets	2015 Liabilities	2014 Assets	2014 Liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Derivative financial instruments (see Note 27)								
1) Cross currency swap	–	7,547	–	4,153	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	NA	NA
2) Interest rate swap	–	959	–	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	NA	NA

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

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

The carrying amounts of cash and bank balances, fixed deposits, trade and other receivables and payables, and short-term borrowings from financial institutions approximate their respective fair values due to the relatively short-term maturity of these financial instruments. For the other class of financial assets and liabilities, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value except for unquoted equity shares recorded at cost where fair value cannot be measured reliably as disclosed in Note 18.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(d) *Capital risk management policies and objectives*

The Group's capital risk management objectives are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. To achieve its capital risk management's objectives, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged from 2014.

The Group monitors capital via the debt–to-equity ratio and the net debt-to-equity ratio which are calculated as total debt divided by equity and total debt net of cash and bank balances and fixed deposits ("Net debt") divided by equity. Total debt comprises "Borrowings from financial institutions", "Finance leases payables", "Loan from related parties" and "Loan payable" as shown in the consolidated balance sheet. Equity is the total equity as shown in the consolidated balance sheet.

In addition, the Group also specifically monitors the financial ratios of its debt covenants stated in the agreement with the financial institutions providing the facilities to the Group. The Group had obtained waivers from lenders of long-term bank loans amounting to US$Nil (2014 : US$25,690,000) in respect of certain financial covenants which are not met. Subsequent to the end of the reporting period, the Group had obtained waivers from lenders of long-term bank loans amounting to US$38,671,000 (2014 : US$Nil). Accordingly, these loans are reclassified to non-current liabilities subsequent to the year end.

The debt-equity ratio as at the end of the reporting period is as follows:

	Group	
	2015	2014
	US$'000	US$'000
Total debt (Notes 20, 21, 22, 25)	617,834	538,599
Cash and bank balances and fixed deposits (Note 7)	(34,720)	(29,617)
Net debt	583,114	508,982
Total equity	207,171	260,646
Debt-to-equity ratio	2.98	2.07
Net debt-to-equity ratio	2.81	1.95

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Business Companion Investments Limited, incorporated in British Virgin Island, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

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

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the transactions and arrangement of the Group are with related parties and the effects of these transactions on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

(a) Related party transactions

	Group	
	2015 US$'000	2014 US$'000
Associates and joint ventures		
Interest expense paid and payable – an associate (Note 32)	(9)	(28)
Sale of vessels – associates	–	37,500
Charter expense – associates	(11,847)	(16,448)
Management fee income – associates	703	350
Sales of material and equipment – associates	12,783	26,672
Purchases of materials and equipment – associates	(497)	–
Other related parties - common shareholders/directors		
Advance from a related party	–	1,875
Loan payable to a director	–	30,000
Loan payable to a related party	26,000	–
Charter expense	(6,230)	(20,450)
Interest expense paid and payable (Note 32)	(3,705)	(2,695)
Interest income	29	111
Rental expense	(610)	(657)

(b) Compensation of directors and key management personnel

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

	Group	
	2015 US$'000	2014 US$'000
Directors' fee	194	210
Short-term benefits	2,152	2,904
Post-employment benefits	44	45
Share-based payment	–	1,611
Total	2,390	4,770

7 CASH AND BANK BALANCES AND FIXED DEPOSITS

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Cash at bank	21,787	16,377	4,651	1,535
Cash on hand	43	93	27	31
Total	21,830	16,470	4,678	1,566
Fixed deposit	350	371	2	2
Fixed deposits pledged for borrowings from financial institutions (Note 20)	12,540	12,776	7,500	7,500
Total	12,890	13,147	7,502	7,502

Cash on hand and cash at bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest at an average rate of 0.82% (2014 : 1.26%) per annum and for an average tenure of approximately 87 days (2014 : 77 days). Non-pledged fixed deposits would be drawn down without having to incur significant cost.

8 TRADE RECEIVABLES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Third parties	211,313	224,206	–	–
Related parties (Note 6)	–	27,800	–	–
Subsidiaries (Note 16)	–	–	259,923	393,357
Associates (Note 17)	80,195	73,737	25	18
Allowance for doubtful receivables	(14,028)	(7,580)	–	–
Total	277,480	318,163	259,948	393,375
Less: Amount due within 12 months (shown under current assets)	(230,063)	(318,163)	(259,948)	(393,375)
Amount due after 12 months	47,417	–	–	–

The related parties are companies owned by a substantial shareholder of the Company.

Movement for allowance for doubtful receivables:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Balance at beginning of the year	7,580	6,819	–	–
Increase in allowance recognised in profit or loss	6,476	897	–	–
Amount written off	(1)	(21)	–	–
Translation adjustments	(27)	(115)	–	–
Balance at end of the year	14,028	7,580	–	–

9 CONSTRUCTION CONTRACTS

	Group	
	2015	2014
	US$'000	US$'000
Contract cost incurred	422	34,610
Profit recognised	44	2,318
	466	36,928
Progress billings	(1,885)	(31,781)
Work-in-progress	(1,419)	5,147
Gross amount due from customers for contract work	67	5,772
Gross amount due to customers for contract work	(1,486)	(625)
	(1,419)	5,147

10 FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Group				
Amounts receivables under finance leases:				
Within one year	10,514	1,825	9,341	1,268
In the second to fifth year inclusive	6,662	9,270	4,425	9,013
	17,176	11,095	13,766	10,281
Less: Unearned finance income	(3,410)	(814)	NA	NA
Present value of minimum lease payments receivable	13,766	10,281	13,766	10,281

Analysed as:

	Present value of minimum lease payments	
	2015	2014
	US$'000	US$'000
Current finance lease receivables	9,341	1,268
Non-current finance lease receivables	4,425	9,013
	13,766	10,281

In 2014, the Group entered into a charter hire agreement containing terms and conditions which transferred significant risks and rewards of the vessel to the lessee. Under the finance lease arrangement, the vessel would be chartered over a 27 month period with an option to extend an additional 12 months after the initial contractual period. The finance lease arrangement included a purchase option that is exercisable throughout the lease period. In the event that the purchase option is not exercised, the third party will have the obligation to exercise the extension and to purchase the vessel at the end of the extension.

The interest rate inherent in the lease is fixed at the contract date for the whole lease term and the average effective interest rate was 5.4% per annum.

10 FINANCE LEASE RECEIVABLES (cont'd)

In 2015, a subsidiary of the Group entered into a new bareboat charter agreement to charter another vessel to a third party for a 5 years charter period. Pursuant to the charter agreement, the third party has an option to purchase the vessel at any time during and prior to expiration of the charter period. The purchase price of the vessel is determined based on the date of exercise. In the event that the purchase option is not exercised, the third party will have the obligation to purchase the vessel at the end of the charter period.

The interest rate inherent in the lease is fixed at the contract date for the whole lease term and the average effective interest rate was 18.9% per annum.

In the event of the default by any of the lessees, the Group shall be entitled to withdraw the vessels from the lessees in default. The legal titles of the vessels rest with the Group and will only be transferred to the respective lessees upon the fulfilment of the obligation at the end of the respective lease term or upon exercise of option to purchase the respective vessels, whichever is earlier.

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Related party (Note 6)	–	10,663	–	–
Subsidiaries (Note 16)	–	–	532,354	417,783
Associates and joint ventures (Note 17)	45,911	38,809	18,788	15,438
Deposits	1,335	2,373	574	580
Prepaid expenses	51,373	27,043	138	309
Other receivables - third parties	51,785	65,910	31,822	38,930
Allowance for doubtful receivables	(30,042)	(29,087)	(54,993)	(26,990)
Total	120,362	115,711	528,683	446,050
Less: Amount due within 12 months (shown under current assets)	(80,543)	(115,711)	(528,683)	(446,050)
Amount due after 12 months	39,819	–	–	–

Prepaid expenses comprise the following:

(a) Prepayments for equipment to be used for the construction of vessels.

(b) Prepayment made for purchase of vessel which is leased by the Group under finance lease. The purchase option is exercisable 3 years from April 2015.

The related party is a company owned by a substantial shareholder of the Company.

In 2015, other receivables from subsidiaries amounting to US$32,534,000 are interest-bearing at 8.5% and repayable on demand.

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (cont'd)

Movement in allowance for doubtful receivables:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Balance at beginning of the year	29,087	29,087	26,990	26,990
Increase in allowance recognised in profit or loss	955	–	28,003	–
Balance at end of the year	30,042	29,087	54,993	26,990

The allowance for doubtful receivables from third parties of US$30,042,000 (2014 : US$29,087,000) are as follows:

a) An allowance for doubtful debt of US$27,371,000 (2014: US$26,887,000) was recognised against other receivables in view of uncertainty over the recoverability with the deconsolidation of a subsidiary since 2013.

b) Allowance for doubtful debt was recognised against the net receivables due from the third party amounting to US$2,671,000 (2014: US$2,200,000) in view of the uncertainty over the recoverability as disclosed in Note 3(ii)(b).

c) The Company also made an allowance for doubtful debt against the other receivables from third parties and a subsidiary amounting to US$955,000 and US$27,048,000 respectively in view of the uncertainty over the recoverability based on its evaluation of their financial conditions.

12 LOAN RECEIVABLES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Third parties	40,088	40,288	18,910	18,910
Allowance for doubtful receivables	(35,788)	(35,138)	(22,150)	(18,910)
Related party (Note 6)	–	4,400	–	–
Subsidiaries (Note 16)	–	–	78,840	78,840
	4,300	9,550	75,600	78,840
Less: Amount due within 12 months (shown under current assets)	(600)	(1,550)	(75,600)	(78,840)
Amount due after 12 months	3,700	8,000	–	–

Movement in allowance for doubtful receivables:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Balance at beginning of the year	35,138	35,138	18,910	18,910
Increase in allowance recognised in profit or loss	650	–	3,240	–
Balance at end of the year	35,788	35,138	22,150	18,910

12 LOAN RECEIVABLES (cont'd)

Group

The terms of the loan receivables are as follows:

a) The loan receivable from a third party of US$16,228,000 (2014 : US$16,228,000) bears a fixed interest rate of 10% per annum and is repayable in January 2013. The Group had a 19.9% equity interest (Note 18) in a third party. At the end of the reporting period, full allowance for doubtful debt was recognised against this loan receivable in view of the uncertainty over the recoverability based on its evaluation of the third party's financial condition as disclosed in Note 3 (ii)(b).

b) The Group has loan receivables from a third party of US$650,000 (2014 : US$650,000), which is interest free, unsecured and repayable on demand. In 2015, full allowance for doubtful debt was recognised against this loan receivable in view of the uncertainty over the recoverability based on its evaluation of the third party's financial condition.

c) The loan receivable from a third party (2014 : a third party and a related party, which is a company owned by a substantial shareholder of the Company) of US$4,300,000 (2014 : US$8,900,000) resulted from extended credit term granted by the Group to these parties. In 2015, the related party is acquired by the Group as disclosed in Note 36. Each of the loans bears a fixed interest rate of 2.5% per annum and is repayable in 16 quarterly instalments of US$100,000 commencing 3 years after August 2011 and January 2012 respectively with a lump sum repayment of US$2,900,000 in August 2018 and January 2019 respectively.

d) The loan receivables from a third party of US$18,910,000 (2014 : US$18,910,000) bears an interest rate of 7.5% per annum and are repayable in January 2013. At the end of the reporting period, full allowance for doubtful debt was made against this loan receivable in view of the uncertainty over the recoverability of the receivable.

Company

The terms of the loan receivables from subsidiaries are as follows:

a) In 2014, the terms of the loan receivables from subsidiary of US$1,400,000 (2014 : US$1,400,000) bears fixed interest rate of 8.4% per annum and is repayable on demand. In 2015, the loan receivable is interest free and repayable on demand.

b) The terms of the loan receivables from subsidiaries of US$76,745,000 (2014 : US$76,745,000) mirror the underlying terms of the Medium Term Notes ("MTN") obtained by another subsidiary (Note 25). The loan receivable from subsidiaries bears a fixed interest rate of 4.845% per annum and payable on a semi-annual basis with maturity on 6 May 2013. In 2013, the underlying MTN matured and consequently, the term of the loan receivables from subsidiaries was amended to interest free and repayable on demand. In 2015, allowance for doubtful debt of US$3,240,000 was recognised against this loan receivable from a subsidiary in view of the uncertainty over the recoverability based on its evaluation of the subsidiary's financial condition.

c) The loan receivable from a subsidiary of US$695,000 (2014 : US$695,000) bears a fixed interest rate of 6.5% per annum and is repayable on demand.

13 INVENTORIES

	Group	
	2015	2014
	US$'000	US$'000
Raw materials and equipment	7,796	8,163
Work-in-progress - vessels	75,066	128,888
Total	82,862	137,051

As at 31 December 2015, the carrying amounts of the Group's inventories amounting to US$35,790,000 (2014 : US$96,104,000) are mortgaged as security for borrowings from financial institutions (Note 20).

14 PROPERTY, PLANT AND EQUIPMENT

	Vessels US$'000	Leasehold land and building US$'000	Office equipment, furniture and fittings US$'000	Motor vehicles US$'000	Machinery and equipment US$'000	Construction-in-progress US$'000	Total US$'000
Group							
Cost:							
At 1 January 2014	502,640	44,382	3,877	738	26,644	9,641	587,922
Additions	81,554	1,199	519	49	56	–	83,377
Disposal/Write off	(50,946)	(3)	(9)	(28)	–	–	(50,986)
Transfer from work-in-progress	22,115	–	–	–	–	–	22,115
Reclassification	964	–	–	–	(964)	–	–
Translation adjustments	(263)	(112)	(76)	(29)	(75)	(58)	(613)
At 31 December 2014	556,064	45,466	4,311	730	25,661	9,583	641,815
Additions	54,244	956	180	27	243	11,870	67,520
Arising from acquisitions (Note 36)	190,485	–	–	–	–	–	190,485
Disposal/Write off	(19,221)	–	(2)	(42)	–	(526)	(19,791)
Transfer from inventories	88,450	–	–	–	–	–	88,450
Transfer to held for sale - assets (Note 37)	(180,485)	–	–	–	–	–	(180,485)
Reclassification	13,761	–	20	–	(20)	(13,761)	–
Translation adjustments	(4,666)	(423)	(101)	(41)	(199)	(107)	(5,537)
At 31 December 2015	698,632	45,999	4,408	674	25,685	7,059	782,457
Accumulated depreciation:							
At 1 January 2014	35,963	11,036	2,349	283	16,866	–	66,497
Depreciation	29,405	2,262	660	187	3,101	–	35,615
Disposal/Write off	(6,950)	(3)	(9)	(15)	–	–	(6,977)
Reclassification	61	–	–	–	(61)	–	–
Translation adjustments	(805)	(60)	(52)	(29)	(77)	–	(1,023)
At 31 December 2014	57,674	13,235	2,948	426	19,829	–	94,112
Depreciation	41,681	2,319	610	104	2,138	–	46,852
Arising from acquisitions (Note 36)	13,075	–	–	–	–	–	13,075
Disposal/Write off	(3,739)	–	(1)	(29)	–	–	(3,769)
Transfer to held for sale - assets (Note 37)	(15,101)	–	–	–	–	–	(15,101)
Translation adjustments	(1,692)	(165)	(67)	(33)	(192)	–	(2,149)
At 31 December 2015	91,898	15,389	3,490	468	21,775	–	133,020
Impairment:							
At 1 January and 31 December 2014	–	–	–	–	–	–	–
Impairment loss	7,314	–	–	–	–	–	7,314
At 31 December 2015	7,314	–	–	–	–	–	7,314
Carrying amount:							
At 31 December 2015	599,420	30,610	918	206	3,910	7,059	642,123
At 31 December 2014	498,390	32,231	1,363	304	5,832	9,583	547,703

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

During 2015, impairment loss of US$7,314,000 is recognised in profit or loss, and included in "other expenses" as a result of the following:

a) The Group carried out a review of the recoverable amount of its vessel based on the higher of fair value less cost to sell and value in use. The review led to the recognition of an impairment loss of $5,524,000. The fair value of the vessel as at 31 December 2015 was based on a valuation report performed by an independent valuer not connected to the Group, who has appropriate qualification and experience in vessel valuation.

b) The Group exercised an option to purchase a vessel that was leased in under a finance lease arrangement. Pursuant to exercising the option, an impairment loss of US$1,790,000 was recognised on the difference between the vessel carrying amount and finance lease payable.

	Vessels US$'000	Leasehold land and building US$'000	Office equipment, furniture and fittings US$'000	Motor vehicles US$'000	Machinery and equipment US$'000	Construction-in-progress US$'000	Total US$'000
Company							
Cost:							
At 1 January 2014	–	–	1,797	315	–	–	2,112
Additions	–	–	312	50	–	–	362
Disposal	–	–	(2)	(28)	–	–	(30)
At 31 December 2014	–	–	2,107	337	–	–	2,444
Additions	–	–	14	27	–	–	41
Disposal	–	–	(2)	(10)	–	–	(12)
At 31 December 2015	–	–	2,119	354	–	–	2,473
Accumulated depreciation:							
At 1 January 2014	–	–	1,142	44	–	–	1,186
Depreciation	–	–	320	72	–	–	392
Disposal	–	–	(1)	(15)	–	–	(16)
At 31 December 2014	–	–	1,461	101	–	–	1,562
Depreciation	–	–	325	74	–	–	399
Disposal	–	–	(1)	(2)	–	–	(3)
At 31 December 2015	–	–	1,785	173	–	–	1,958
Carrying amount:							
At 31 December 2015	–	–	334	181	–	–	515
At 31 December 2014	–	–	646	236	–	–	882

The carrying amounts of the Group's property, plant and equipment mortgaged as security for borrowings from financial institutions (Note 20) are as follows:

	Vessels US$'000	Leasehold land and building US$'000	Machinery and equipment US$'000	Total US$'000
At 31 December 2015	243,602	5,958	25	249,585
At 31 December 2014	229,262	6,821	445	236,528

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The carrying amounts of property, plant and equipment held by the Group and the Company under finance lease arrangements (Note 21) are as follows:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Vessels	287,419	203,078	–	–
Office equipment, furniture and fittings	242	544	242	544
Motor vehicles	126	177	126	177
Total	287,787	203,799	368	721

15 GOODWILL

	Group US$'000
Cost:	
At 1 January 2014, 31 December 2014 and 2015	41,750
Impairment:	
At 1 January 2014, 31 December 2014 and 2015	(3,436)
Carrying amount:	
At 31 December 2014 and 2015	38,314

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group	
	2015 US$'000	2014 US$'000
Shipyard segment		
- CGU 1	31,642	31,642
- CGU 2	1,229	1,229
	32,871	32,871
Shipping and chartering segment (CGU 3)	5,443	5,443
Total	38,314	38,314

16 INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	US$'000	US$'000
Unquoted equity shares at cost	184,891	184,891
Less: Impairment loss	(4,411)	(4,411)
Net	180,480	180,480

The amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand unless stated otherwise.

Management made an assessment and concluded there is no material disclosures arising from FRS 112 as the Group's non-controlling interests are not material to the Group.

Details of the Company's significant subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation (or residence)	Proportion of ownership interest/ voting power held		Principal activities
		Group		
		2015 %	2014 %	
AOS Offshore Private Limited	Singapore	100	100	Ship chartering
Beluga 1 Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel
Beluga 2 Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel
Blue Fin III Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel
Blue Fin V Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel
Coral Trout Fleet Pte. Ltd.	Singapore	100	100	Investment holding
Deep Sea 1 Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel
Dolphin Fleet Pte. Ltd.	Singapore	100	100	Investment holding
Dolphin 1 Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel
Go Emerald Private Limited [(b)]	Singapore	100	100	Owning and chartering of vessel
Go Marine Group Pty Ltd [(b)]	Australia	100	100 [(f)]	Investment holding
Go Inshore Pty Ltd [(b)]	Australia	100	100 [(f)]	Owning and chartering of vessels
Go Offshore Pty Ltd [(b)]	Australia	100	100 [(f)]	Manning and chartering of vessels

16 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation (or residence)	Proportion of ownership interest/ voting power held		Principal activities
		Group		
		2015 %	2014 %	
Go Oranda Limited [b]	British Virgin Island	100	100 [f]	Owning and chartering of vessel
Go Offshore (Asia) Pte. Ltd. [b]	Singapore	100	100 [f]	Ship management services, owning and chartering of vessels
Go Offshore International Private Limited [b]	Singapore	100	100 [f]	Ship chartering
Go Offshore (L) Private Limited [b]	Singapore	100	100 [f]	Ship chartering
Go Offshore (UK) Limited [b]	United Kingdom	100	100 [f]	Ship chartering
Go Marine Investments Private Limited [b]	Singapore	100	100 [f]	Investment holding
Go Marine Ship Management (M) Sdn. Bhd. [b]	Malaysia, Labuan	100	100 [f]	Ship management and crewing services
Go Marine Ship Management (S) Private Limited [b]	Singapore	100	100 [f]	Ship management services
Go Sirius Private Limited [b]	Singapore	100	100 [f]	Owning and chartering of vessels
Go Spica Pte. Ltd. [b]	Malaysia, Labuan	100	100 [f]	Owning and chartering of vessels
Global Karp Pte. Ltd.	Singapore	100	100	Investment holding
Koi Marine Limited [a]	Marshall Islands	100	100	Owning and chartering of vessels
Karp Marine Limited	British Virgin Island	100	100	Chartering of vessels
Marlin Fleet Pte Ltd	Singapore	100	100	Investment holding
Marlin 1 Pte. Ltd.	Singapore	100	100	Chartering of vessel
Marlin 2 Pte. Ltd.	Singapore	100	100	Chartering of vessel
OM Offshore Pte. Ltd.	Singapore	100	100	Investment holding
Oranda 1 Limited. [a]	British Virgin Island	100	100	Owning and chartering of vessel
Otto Explorer 3 Limited [a]	British Virgin Island	100	100	Owning and chartering of vessel
Otto Fleet Pte. Ltd.	Singapore	100	100	Investment holding, owning and chartering of vessels

16 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation (or residence)	Proportion of ownership interest/ voting power held		Principal activities
		Group		
		2015 %	2014 %	
Otto Investment Limited [a]	Malaysia, Labuan	100	100	Investment holding
Otto Marine Services Pte. Ltd.	Singapore	100	100	Treasury management
Otto Marine Supplies Ltd. [a]	British Virgin Island	100	100	Investment holding and trading
Otto Marine Supplies Pte. Ltd.	Singapore	100	100	Procurement and trading of goods
Otto Offshore Limited	Malaysia, Labuan	100	100	Procurement and sale of vessels
Otto Ship Management Pte. Ltd.	Singapore	100	100	Ship management services
Otto Strategic Pte. Ltd.	Singapore	100	100	Investment holding
Otto Ventures Pte. Ltd.	Singapore	100	100	Investment holding
PT Batamec	Indonesia, Batam	95	95	Shipbuilding, ship repair, conversion and fabrication
PT Lestari Utama Nusantara	Indonesia, Jakarta (Operations: Batam)	95	95	Land and equipment rental
Redfish 3 Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel
RSOV Marine Pte. Ltd. [c]	Singapore	71	–	Owning and chartering of vessels
RY Offshore Pte Ltd [c]	British Virgin Island	71	–	Owning and chartering of vessels
Sailfish 3 Limited [a]	British Virgin Island	100	100	Owning and chartering of vessel
Sailfish Supply Limited [a]	British Virgin Island	100	100	Chartering of vessels
Supply Fleet Pte Ltd	Singapore	100	100	Investment holding
Swordfish 4 Pte Ltd	Singapore	100	100	Owning and chartering of vessel
Swordfish 5 Pte Ltd	Singapore	100	100	Owning and chartering of vessel
Surf Ranger Ltd [a]	Marshall Islands	100	100	Owning and chartering of vessel
Surf Subsea Pte. Ltd.	Singapore	100	100	Investment holding

16 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation (or residence)	Proportion of ownership interest/ voting power held		Principal activities
		Group		
		2015 %	2014 %	
Surf Supporter Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel
Surf Ventures Pte. Ltd.	Singapore	100	100	Investment holding
Tarpon 4 Pte. Ltd.	Singapore	100	100	Investment holding
Tetra III Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel
Tetra V Pte. Ltd.	Singapore	100	100	Owning and chartering of vessel

Notes on auditor

The subsidiaries are audited by Deloitte & Touche LLP, Singapore except as described below:

(a) Not audited for consolidation purposes as management is of the opinion that the results of the subsidiaries for the year are insignificant.

(b) Audited by other member firms of Deloitte Touche Tohmatsu Limited.

Notes on shareholding

(c) The entities were acquired in 2015 (Note 36) by way of acquisition of assets and liabilities.

(d) Incorporated during the financial year.

(e) In 2013, when liquidators were appointed for the entity, the Group had deconsolidated the results of the subsidiary due to the loss of control. The liquidation process is not completed at the end of the reporting period.

(f) In 2014, the Group issued and allotted 87,880,281 new shares at the issue price of US$0.057 (S$0.071) per share to Garrick James Stanley, Executive Director in consideration of the acquisition of 10% of Go Marine Group Pty Ltd, amounting to US$5,000,000. This resulted in an increase in shareholding.

(g) The entities were struck off in 2015.

In 2014, the following schedule shows the effects of changes in the Group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent:

	2014 US$'000
Consideration on changes in ownership interest in subsidiary	5,000
Non-controlling interest acquired	(2,641)
Translation reserve	136
Difference recognised in acquisition deficits	2,495

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	Group	
	2015	2014
	US$'000	US$'000
Cost of investment in associates	490	490
Cost of investment in joint ventures	– *	– *
Quasi capital	5,743	5,743
Share of post-acquisition reserves	(5,758)	(5,766)
Net	475	467

*: Less than US$1,000.

Quasi capital pertains to the loans to associates, which is an extension of the Group's net investment in associates. The balance is stated at cost less accumulated impairment. The repayment of the amount is at the discretion of the associates.

The amounts due from/to associates are unsecured, interest-free and repayable on demand unless stated otherwise.

Management made an assessment and concluded there is no material disclosures arising from FRS 112 as the Group's joint ventures and associates are not material to the Group.

Details of the Group's associates and joint ventures at the end of the reporting period are as follows:

Name of associate	Place of incorporation (or registration) and operation	Proportion of ownership interest/ voting power held		Principal activities
		Group		
		2015	2014	
		%	%	
Aries Offshore Singapore Pte Ltd [b] [e]	Singapore	49	49	Investment holding
Eagle 1 Pte Ltd [b] [e]	Singapore	49	49	Ship chartering
Eagle 2 Pte Ltd [b] [e]	Singapore	49	49	Ship chartering
Eagle 3 Pte Ltd [b] [e]	Singapore	49	49	Ship chartering
Go Hartmann Pty Ltd [a] [d]	Australia	49	49	Ship chartering
Pacific Cove International Ltd [b] [e]	British Virgin Island	49	49	Ship chartering

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (cont'd)

Name of joint venture	Place of incorporation (or registration) and operation	Proportion of ownership interest/ voting power held		Principal activities
		Group		
		2015 %	2014 %	
PT Go Marine International [b]	Indonesia	49	49	Owning and chartering of vessels
RY Offshore AS Inc [b]	Bahamas	50	50	Owning and chartering of vessel
GoSeaEnergy Ship Management Ltd. [b]	United Kingdom	49	49	Ship management
RH Otto Pte. Ltd. [b]	Singapore	49	49	Investment holding and trading
RH Otto Limited [b] [c]	Malaysia, Labuan	49	–	Procurement and sale of vessels

Notes on auditors

[a] Audited by other member firms of Deloitte Touche Tohmatsu Limited for consolidation purposes only.

[b] Not audited for consolidation purposes as management is of the opinion that the results of the associates and joint ventures for the year are insignificant.

Notes on shareholdings

[c] Incorporated during the financial year.

[d] In 2014, the Group issued and allotted 87,880,281 new shares at the issue price of US$0.057 (S$0.071) per share to Garrick James Stanley, Executive Director, in consideration of the acquisition of 10% of Go Marine Group Pty Ltd, amounting to US$5,000,000. This resulted in a corresponding increase in shareholding in the associates.

[e] In 2014, the Group, Hoe Leong Corporation Ltd. ("HLC"), Aries Offshore Singapore Pte Ltd ("Aries") and its 4 wholly owned subsidiaries (collectively, the "Aries Group") have entered into a deed of settlement in connection with the termination of their joint venture investment (the "Joint Venture") in the Aries Group (the "Deed").

Pursuant to the Deed, Otto Ventures Pte Ltd will inter alia, acquire HLC's 51% of the shares in Aries for a consideration of US$1 and the mutual release and discharge of any and all claims which the Group and HLC may have against each other (the "Acquisition"). Such consideration was derived from arm's length negotiations between the Group and HLC, taking into account:

a) Mutual desire to terminate the Joint Venture and divide the assets of Aries Group on an amicable basis; and

b) The net asset value of Aries Group.

Upon the completion of the Acquisition, Aries shall become a wholly-owned subsidiary of the Group. As at 31 December 2015, the acquisition conditions have not been met by HLC. The acquisition is expected to be completed in 2016.

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (cont'd)

Summarised financial information in respect of the Group's associates and joint ventures is set out below:

	2015 US$'000	2014 US$'000
Total assets	253,763	266,701
Total liabilities	(280,229)	(279,918)
Net assets	(26,466)	(13,217)
Group's share of associates and joint ventures' net assets	475	467
Revenue	10,917	23,849
Losses for the year	(16,061)	(18,423)
Group's share of associates and joint ventures' losses for the year	(374)	(5,925)
Add: Realisation of deferred gain (Note 26)	559	798
Total Group's share of associates and joint ventures' profits (losses) for the year	185	(5,127)

The Group has not recognised losses amounting to US$7,506,000 (2014 : US$3,079,000), representing the accumulated losses not recognised.

18 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2015 US$'000	2014 US$'000
Quoted equity shares, at fair value	–	7
Unquoted equity shares, at cost	3,376	3,376
Allowance for impairment loss – Unquoted equity shares	(3,376)	(3,376)
Total	–	7

Quoted equity shares offer the Group opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these shares are based on the quoted closing market prices of the latest trade in the shares on the Norwegian Over The Counter system.

As at year end, the fair value of quoted equity shares is fully impaired as the shares are removed from the trading system.

The investment in unquoted equity shares, representing a 19.9% equity interest in a company, present the Group with opportunity for return through dividend income and capital appreciation. Management is of the view that the fair value of unquoted equity shares cannot be measured reliably as the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. Accordingly, this investment is stated at cost.

As at year end, full allowance for impairment loss was recognised against the cost of investment in unquoted equity shares in view of the uncertainty over the recoverability based on its evaluation of the third party's financial condition.

19 DEFERRED TAX ASSETS

The following are the deferred tax assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Tax losses US$'000
At 1 January 2014	919
Translation difference	(79)
At 31 December 2014	840
Translation difference	(101)
At 31 December 2015	739

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of US$91,781,000 (2014 : US$72,139,000) available for offset against future profits. A deferred tax asset has been recognised in respect of US$2,464,000 (2014 : US$2,800,000) of such losses. No deferred tax asset has been recognised in respect of the remaining US$89,317,000 (2014 : US$69,339,000) tax losses due to the unpredictability of future profit streams.

20 BORROWINGS FROM FINANCIAL INSTITUTIONS

		Effective interest rates (per annum)		Group		Company	
		2015 %	2014 %	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
(i)	Current:						
	Floating rate	1.1%–15.0%	1.5%–13.0%	161,137	135,084	27,976	729
	Fixed rate	7.0%–7.5%	–	3,875	–	–	–
				165,012	135,084	27,976	729
(ii)	Non-current:						
	Floating rate	1.1%–15.0%	1.5%–13.0%	23,617	115,930	–	27,957
	Fixed rate	7.0%–7.5%	–	15,000	–	–	–
				38,617	115,930	–	27,957
	Total			203,629	251,014	27,976	28,686

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.

20 BORROWINGS FROM FINANCIAL INSTITUTIONS (cont'd)

Pledged assets

The following assets have been pledged or mortgaged for the facilities obtained from financial institutions:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Fixed deposits (Note 7)	12,540	12,776	7,500	7,500
Trade receivables	3,006	48,217	–	–
Finance lease receivables (Note 10)	13,766	10,281	–	–
Inventories (Note 13)	35,790	96,104	–	–
Property, plant and equipment (Note 14)	249,585	236,528	–	–

21 FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Group				
Amounts payable under finance leases:				
Within one year	17,578	24,001	480	12,920
In the second to fifth year inclusive	93,201	62,666	29,277	26,382
After five years	277,452	140,965	231,346	127,877
	388,231	227,632	261,103	167,179
Less: Future finance charges	(127,128)	(60,453)	NA	NA
Present value of lease obligations	261,103	167,179	261,103	167,179
Less: Amount due for settlement within 12 months (shown under current liabilities)			(480)	(12,920)
Amount due for settlement after 12 months			260,623	154,259

The average effective interest rate ranges from 2.6% to 10.4% (2014 : 2.6 % to 24.1%) per annum. Interest rates are fixed at the contract date and thus expose the Group to fair value interest rate risk.

21 FINANCE LEASE PAYABLES (cont'd)

	Minimum lease payments		Present value of minimum lease payments	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Company				
Amounts payable under finance leases:				
Within one year	324	449	306	407
In the second to fifth year inclusive	128	387	120	366
	452	836	426	773
Less: Future finance charges	(26)	(63)	NA	NA
Present value of lease obligations	426	773	426	773
Less: Amount due for settlement within 12 months (shown under current liabilities)			(306)	(407)
Amount due for settlement after 12 months			120	366

The average effective interest rate ranges from 2.6% to 8.9% (2014 : 2.6% to 8.9%) per annum. Interest rates are fixed at the contract date and thus expose the Company to fair value interest rate risk.

The Group's and the Company's obligation under finance leases are secured by the lessors' title to the leased assets (Note 14).

22 LOAN AND OTHER PAYABLE FROM RELATED PARTIES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Related parties [a] [b] (Note 6)	29,621	8,225	5,741	8,225
Director [c] (Note 6)	34,800	30,000	30,000	30,000
	64,421	38,225	35,741	38,225
Less: Amount due within 12 months (shown under current liabilities)	(23,880)	(7,924)	–	(7,924)
Amount due after 12 months	40,541	30,301	35,741	30,301

[a] As at the end of the reporting period, the term loan from a related party amounting to US$23,880,000 is secured on a vessel owned by the Group and bears interest at a floating interest rate which approximates an effective interest rate of 10.9% per annum. It is repayable in 24 equal monthly instalments of US$361,000 commencing July 2015.

The related party is a director of the Company.

[b] As at the end of the reporting period, the term loan from a related party amounting to US$5,741,000 (2014 : US$8,225,000) is unsecured and bears interest at a floating interest rate which approximates an effective interest rate of 7.5% (2014 : 7.5%) per annum. It is repayable in 20 equal quarterly instalments of US$2,059,000 (S$2,600,000) commencing September 2008 and certain instalments of the term loan have been deferred based on the agreement with the related party.

The related party is a company wholly-owned by a director and substantial shareholder of the Company.

[c] In 2014, the term loan from a director of the Company amounting to US$30,000,000 was unsecured and bore interest at a fixed rate of 7.0% per annum and was due on 31 March 2016. As at the end of the reporting period, the loan has extended to 31 December 2018 and bears interest at a fixed rate of 7.0% per annum.

Advances amounting to US$4,800,000 (2014 : US$Nil) from a director and substantial shareholder is not interest-bearing.

23 TRADE PAYABLES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Related parties (Note 6)	4,459	4,045	4,459	3,419
Subsidiaries (Note 16)	–	–	52,819	52,961
Associates (Note 17)	13,620	6,932	–	–
Accruals	87,638	60,519	9,094	9,316
Third parties [(a)]	211,951	235,924	157,488	176,225
Total	317,668	307,420	223,860	241,921
Less: Amount due within 12 months (shown under current liabilities)	(167,850)	(307,420)	(74,042)	(241,921)
Amount due after 12 months [(a)]	149,818	–	149,818	–

The average credit period on purchases of goods from third parties is 90 to 180 days. Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The related parties mainly pertain to a company wholly-owned by the immediate family of a substantial shareholder of the Company.

[(a)] Trade payables amounting to US$149,818,000 (2014 : US$163,179,000) are interest-bearing at 6.5% (2014 : 6.5%). In 2015, pursuant to a reassignment of trade payables from a third party to another third party, US$149,818,000 is repayable on 31 December 2017 and bears interest at 6.5% per annum as a result of the extended credit terms.

24 OTHER PAYABLES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Advance from related parties (Note 6)	–	6,675	–	–
Subsidiaries (Note 16)	–	–	524,892	546,134
Associates (Note 17)	2,312	8,279	987	7,788
Advance received from customers	28,713	10,635	9,753	–
Other payables	21,183	19,694	364	2,810
Interest payable – third parties	19,929	15,125	912	170
Interest payable – director	3,682	1,582	3,682	1,582
Salary related accruals	29,302	24,869	1,041	1,252
Total	105,121	86,859	541,631	559,736

Salary related accruals include US$686,000 (2014 : US$808,000) due to directors. The amount due to directors is unsecured, interest-free and repayable within 12 months from the end of the reporting period.

In 2014, advance from related parties is unsecured, interest-free, and repayable on demand. The related parties comprise a director who is also a substantial shareholder of the Company and a company controlled by a director of the Company. During the year, US$1,875,000 was repaid and the remaining US$4,800,000 was reclassified to non-current liabilities under "Loan and other payable from related parties" (Note 22).

In 2015, other payables to subsidiaries amounting to US$53,814,000 are interest-bearing at 8% and repayable on demand.

25 LOAN PAYABLES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Unsecured notes [a]	49,157	52,176	–	–
Secured redeemable preference shares [b]	15,250	15,250	–	–
Unsecured redeemable preference shares [b] [c]	7,187	14,481	–	–
Unsecured loan [d]	21,251	–	21,251	–
Secured funding	636	274	–	–
Total	93,481	82,181	21,251	–
Less: Amount due within 12 months (shown under current liabilities)	(72,230)	(7,819)	–	–
Amount due after 12 months	21,251	74,362	21,251	–

[a] In 2014, the Group issued US$54,863,000 (S$70,000,000, net of transaction cost of S$1,800,000) second series unsecured notes (the "Notes"), pursuant to the Group's S$500,000,000 Multi-Currency Medium Term Note Programme. The Notes bear a fixed interest rate of 7.0% per annum which is payable on a semi-annual basis. The Notes mature on 1 August 2016.

The Notes are denominated in Singapore dollars.

[b] On 27 March 2013, investors subscribed for redeemable preference shares in a subsidiary ("Subsidiary A") for a total of US$22,500,000 ("Investment Amount A").

Pursuant to the Option Agreement, the investors have a call option and put option over ordinary shares of another subsidiary ("Subsidiary B") which is the holding company of Subsidiary A at an agreed price upon certain event ("Event A") occurring on or before 26 March 2016 ("Prescribed Date"). In the event that the preference shares are not converted to ordinary shares of Subsidiary B by the Prescribed Date, Subsidiary A has the choice to either redeem all the preference shares equal to the Investment Amount A plus a fixed rate of return at 13% or to not redeem the preference shares but continue to pay quarterly dividend effective from the date of the Event A.

Management has reviewed all information available at the end of the reporting period including the probability of the Event A occurring on or before the Prescribed Date and assessed that the fair value of the options is US$Nil as at 31 December 2015 and 2014.

[c] On 18 September 2013, investors subscribed for redeemable preference shares in a subsidiary ("Subsidiary C") for a total of US$7,619,000 (S$10,000,000) ("Investment Amount B"). Depending on the date of the occurrence of certain events ("Event B") with reference to 18 September 2013, different interest rates, fixed for the applicable period, will apply to the Investment Amount B to be paid by Subsidiary C to the investors.

The preference shares can be redeemed in full at the Redemption Amount at the option of (a) the investor if an event of default or trade sale (subject to certain conditions) occurs prior to May 2015 ("Final Redemption Date"), or (b) Subsidiary C if Event B occurs prior to the Final Redemption Date. Notwithstanding, the redemption of the preference shares including all interest owing and dividend (if any) shall not be later than the Final Redemption Date.

Interest payable is accrued accordingly at the end of each reporting period. The redeemable preference shares were redeemed in May 2015.

[d] On 30 April 2015, the Group obtained a term loan facility of US$21,251,000 (equivalent to S$30,000,000) from a third party. The term loan bears a fixed interest rate of 6.5% per annum which is payable on a monthly basis. The term loan is payable on 29 May 2017 and is denominated in Singapore dollars.

26 DEFERRED GAIN

	Group	
	2015 US$'000	2014 US$'000
Deferred gain	7,923	11,815
Current portion	(444)	(675)
Non-current portion	7,479	11,140

The deferred gain relates to the Group's share of the unrealised profit from the sale of vessels to associates. The deferred gain will be realised over the remaining useful life of the vessels against the results of the associates in profit or loss (Note 17).

The Group recognised US$3,333,000 (2014: US$6,983,000) of previously deferred profit on sales of vessels to an associates.

27 DERIVATIVE FINANCIAL INSTRUMENTS

	2015 Liabilities US$'000	2014 Liabilities US$'000
Group		
Cross currency swap contracts	7,547	4,153
Interest rate swap contracts	959	–
	8,506	4,153
Analysed as:		
Current	7,547	–
Non-current	959	4,153
	8,506	4,153

Cross currency swap contracts

In 2014, Otto Marine Services Pte. Ltd. which is a wholly-owned subsidiary of the Group entered into two cross currency swap contracts, for the purpose of hedging the foreign currency risk on the Notes (Note 25) which are denominated in Singapore dollars as the Group's cash flows are mainly denominated in United States dollars.

The cross currency swap contracts are being used to hedge the foreign currency risk of the firm commitment. Cross currency swap contract is a contractual agreement to exchange the currencies of two different countries at a specified rate of exchange in the future.

The Group documented all relationships between the hedging instruments and the hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions. The Group linked all hedges that were designated as cash flow hedges to forecasted transactions. The Group also assessed, both at the inception of the hedge and on an ongoing basis, whether the derivatives that were used in hedging transactions were highly effective in offsetting changes in cash flows of hedged items. When it was determined that a derivative was not highly effective as a hedge, the Group discontinued hedge accounting on a prospective basis.

At 31 December 2015 and 2014, the total notional amount of outstanding cross currency swap contracts to which the Group is committed to is US$56,128,000 to purchase S$70,000,000.

The fair value loss of the cross currency swap contracts that are designated and effective as cash flow hedges amounting to US$3,394,000 (2014 : US$4,153,000) was deferred in reserves. The foreign exchange gain arising from the revaluation of the Notes (Note 25) amounting to US$3,752,000 (2014 : US$2,994,000) was classified in hedging reserve from profit or loss.

27 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Interest rate swap contracts

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping borrowings from floating rates to fixed rates. As at 31 December 2015, contracts with notional values of approximately US$82,883,000 have fixed interest payments at a fixed rate which ranges from 0.735% to 1.51% per annum for periods up until 13 August 2018 and have floating interest receipts at London Interbank Offered Rate.

The fair value adjustment of the interest rate swaps results in a loss of approximately US$389,000 (2014: US$Nil) for the year ended 31 December 2015, which has been charged to profit or loss (Note 31).

28 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
Issued and paid-up:				
At beginning of year	4,244,889	4,126,940	357,124	350,416
Issuance of ordinary shares pursuant to Share Award Scheme (Note a)	2,207	30,069	59	1,708
Issuance of ordinary shares pursuant to acquisition (Note b)	–	87,880	–	5,000
Total before share consolidation	4,247,096	4,244,889	357,183	357,124
Share consolidation exercise 20 shares to 1 share (Note c) [1]				
At end of year	212,355	212,244[1]	357,183	357,124

[1] This takes into consideration the effect of the share consolidation during 2015 of 20 shares into 1 ordinary share to be comparable. See Note c for details.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

Note a:

On 26 June 2015, 2,207,000 new ordinary shares were issued under Otto Marine Share Award Scheme, resulting in an increase in share capital by US$59,000.

On 13 March 2014, 30 April 2014 and 11 August 2014, 2,000,000, 1,383,500 and 26,685,106 new ordinary shares were respectively issued under Otto Marine Share Award Scheme, resulting in an increase in share capital by approximately US$126,000, US$82,000 and US$1,500,000.

Note b:

Pursuant to a resolution duly approved and passed at an Extraordinary General Meeting held on 4 July 2014, the Company issued 87,880,281 new shares at US$0.057 (S$0.071) per share to Garrick James Stanley, Executive Director, in consideration of the acquisition of 10% of Go Marine Group Pty Ltd, amounting to US$5,000,000. This resulted in an increase in share capital of US$5,000,000 in 2014.

28 SHARE CAPITAL (cont'd)

Note c:

Pursuant to a resolution duly approved and passed at an Extraordinary General Meeting held on 14 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 on 25 August 2015. 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.

29 CAPITAL RESERVE

	Deemed capital contribution US$'000
Group and Company	
At 1 January 2014, 31 December 2014 and 2015	1,546

The capital reserve represents deemed capital contribution arising from the waiver of interest on a related party loan.

30 REVENUE

	Group	
	2015 US$'000	2014 US$'000
Long-term construction contracts	12,153	40,442
Ship repairs, conversion and fabrication	19,155	40,690
Charter income	198,565	243,791
Subsea income	14,563	30,977
Total	244,436	355,900

31 OTHER INCOME/EXPENSES

	Group	
	2015 US$'000	2014 US$'000
Other income		
Net foreign exchange gain	2,721	–
Interest income	1,689	938
Gain on disposal of property, plant and equipment	142	325
Gain on disposal of investment in associate and joint venture	–	4
Gain arising from the changes in the fair value of available-for-sale investment (Note 18)	–	146
Gain arising from the changes in the fair value of foreign exchange forward contracts (Note 27)	–	5,097
Realisation of previously deferred profit on sale of vessels to an associate which is disposed during the year (Note 26)	3,333	6,983
Other income	1,436	600
Total	9,321	14,093
Other expenses		
Net foreign exchange loss	–	1,201
Property, plant and equipment written off	6,163	–
Impairment loss on vessels	7,314	–
Impairment loss on available-for-sale investment (Note 18)	7	–
Loss arising from the changes in the fair value of receivables (Notes 8 and 11)	5,832	–
Loss arising from the changes in the fair value of interest rate swap contracts (Note 27)	389	–
Other expenses	184	444
Total	19,889	1,645

32 FINANCE COSTS

	Group	
	2015	2014
	US$'000	US$'000
Interest expense to related parties (Notes 6 and 22)	3,705	2,695
Interest expense to an associate (Note 6)	9	28
Interest expense to third parties:		
Borrowings from financial institutions	22,227	20,559
Finance leases	15,128	11,993
Loan payables	4,142	1,738
Total borrowing costs	45,211	37,013
Less: Capitalised borrowing costs in:		
Inventories	(6,183)	(3,682)
Gross amount due from/to customers for contract work	–	(1,972)
Property, plant and equipment	–	(3,473)
	39,028	27,886

Capitalised borrowing costs included in the cost of qualifying assets arose from specific project financing.

33 INCOME TAX (BENEFIT) EXPENSE

	Group	
	2015	2014
	US$'000	US$'000
Tax (benefit) expense comprises:		
Income tax		
- Current	37	1,231
- (Over) Under provision in prior years	(965)	1,160
	(928)	2,391

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

33 INCOME TAX (BENEFIT) EXPENSE (cont'd)

The income tax (benefit) expense for the year can be reconciled to the accounting loss as follows:

	Group	
	2015	2014
	US$'000	US$'000
Loss before income tax	(61,608)	(39,160)
Tax at statutory tax rate at 17%	(10,473)	(6,657)
Tax effects of:		
Non-deductible expenses	13,786	9,632
Non-taxable income *	(8,667)	(5,509)
Effect of different tax rates of subsidiaries reporting in other jurisdictions	(1,851)	(1,683)
(Over) Under provision of income tax in prior years	(965)	1,160
Deferred tax asset not recognised	7,242	5,448
Net	(928)	2,391

* Certain of the non-taxable income relates to income derived from shipping and chartering operations which is exempted from income tax under Section 13A of the Singapore Income Tax Act, Cap. 134.

As at the end of the reporting period, deferred tax liability arising from undistributed profits of subsidiaries have not been recognised because the Group controls the dividend policy of the subsidiaries and has determined that profits will not be distributed in the foreseeable future. The amount of undistributed profits, that may give rise to deferred tax liabilities, amounted to US$165,953,000 (2014 : US$165,399,000).

34 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Group	
	2015	2014
	US$'000	US$'000
Depreciation of property, plant and equipment:		
Included in cost of sales	44,248	30,704
Included in administrative expenses	720	865
	44,968	31,569
Capitalised in construction-in-progress and inventories	1,884	4,046
Total depreciation expense	46,852	35,615
Directors' remuneration:		
Directors of the Company	1,409	3,306
Directors' fees	194	210
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	6,186	6,765
Salaries and other benefits	66,480	82,863
Total employee benefits expense	72,666	89,628
Included in cost of sales	57,594	66,172
Capitalised in construction-in-progress	–	–
Included in administrative expenses	15,072	23,456
Total	72,666	89,628
Property, plant and equipment written off	6,163	–
Impairment loss on vessels	7,314	–
Loss arising from the changes in the fair value of receivables (Note 8 and 11)	5,832	–
Share of (profits) losses of associates and joint ventures	(185)	5,127
Gain on disposal of property, plant and equipment	(142)	(325)
Realisation of previously deferred profit on sale of vessels to an associate which is disposed during the year (Note 26)	(3,333)	(6,983)
Audit fees:		
Paid and payable to auditors of the Company	324	328
Paid and payable to other auditors	153	164
Non-audit fees:		
Paid and payable to auditors of the Company	11	166
Paid and payable to other auditors	53	307
Allowance for doubtful receivables:		
Trade receivable	6,476	897
Other receivable	955	–
Loan receivable	650	–

35 LOSS PER SHARE

The calculation of the basic loss per share is based on the loss of US$62,857,000 (2014 : US$41,663,000) attributable to equity holders of the Company for the financial years ended 31 December 2015 and 2014 over the weighted average number of ordinary shares of 212,302,000 (2014 : 209,121,000) respectively. Loss per share for 2014 takes into consideration the effect of the share consolidation of 20 shares into 1 ordinary share to be comparable.

There were no dilution of loss per share for the financial years ended 31 December 2015 and 2014 as there were no potential ordinary shares outstanding.

36 ACQUISITION OF ASSETS AND LIABILITIES

On 20 April 2015, the Group acquired 71% of the issued share capital of RY Offshore Pte Ltd ("RY Offshore") and RSOV Marine Pte. Ltd. ("RSOV") for consideration of US$6,853,000 and US$1,153,000 respectively. The acquisition of RY Offshore and RSOV are in substance acquisition of assets, including the vessels, net of liabilities assumed. The consideration are allocated to the individual assets and liabilities on the basis of their relative fair values at the date of acquisition.

RY Offshore and RSOV is an entity incorporated in the British Virgin Islands and the Republic of Singapore respectively. The principal activities of RY Offshore and RSOV are owning and chartering of vessels. The Group acquired RY Offshore and RSOV for various reasons, the primary reason being to acquire the vessels owned by RY Offshore and RSOV.

Acquisition-related costs amounting to US$17,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'selling and administrative expenses' line item in the consolidated profit or loss statement.

Assets acquired and liabilities assumed at the date of acquisition

	2015 US$'000
Current assets	3,596
Non-current asset	177,410
Current liabilities	(87,615)
Non-current liabilities	(81,473)
Net assets acquired and liabilities assumed	11,918

Net cash outflow on acquisition of assets and liabilities

	Total US$'000
Consideration paid in cash [1]	2,490
Less: cash and cash equivalent balances acquired	(27)
	2,463

[1] US$5,516,000 of consideration remains unpaid as at 31 December 2015 and is disclosed as other payables (Note 18).

37 ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 30 June 2015, management resolved to dispose of five of the group's vessels. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the vessels, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately on the balance sheet. The operations are included in the group's chartering activities for segment reporting purposes (Note 41).

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	2015 US$'000
Vessels, representing total assets classified as held for sale	165,384
Related borrowings from financial institutions and liabilities	(109,128)
Net assets of disposal group	56,256

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale.

38 CAPITAL COMMITMENTS

	Group	
	2015 US$'000	2014 US$'000
Group		
Capital expenditure contracted but not provided for in the financial statements in respect of acquisition of property, plant and equipment	342	239

39 OPERATING LEASE ARRANGEMENTS

The Group as a lessee

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Minimum lease payments under operating leases recognised as an expense in the year	43,881	73,687	682	731

39 OPERATING LEASE ARRANGEMENTS (cont'd)

At the end of the reporting period, the Group and the Company have outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Within one year	29,228	82,498	258	657
In the second to fifth year inclusive	34,844	219,415	2	273
After five years	–	6,003	–	–
Total	64,072	307,916	260	930

Operating lease payments represent rentals payable by the Group for its office premises, staff apartments and vessels. Leases are negotiated and rentals are fixed for an average of 3 years (2014 : 2 years).

The Group as a lessor

At the end of the reporting period, for those vessels on hire, the Group has contracted with charters for the following minimum lease receipts:

	Group	
	2015	2014
	US$'000	US$'000
Within one year	72,619	114,752
In the second to fifth year inclusive	33,744	118,281
Total	106,363	233,033

40 FINANCIAL GUARANTEES

As at 31 December 2015 and 2014, the maximum amount the Group and Company could be forced to settle under the unsecured financial guarantee contract, if the full guaranteed amount is claimed by the counterparties to the guarantee is US$110,955,000 and US$298,075,000 (2014 : US$108,452,000 and US$331,792,000) respectively. Based on expectations at the end of the reporting period, the Group considers that it is more probable that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparties claiming under the guarantee. The earliest period that the guarantee could be called is within 1 year from the end of the reporting period.

Management is of the view that the fair value of the financial guarantee provided by the Group and the Company are not significant.

41 SEGMENT INFORMATION

The Group determines and presents operating segments based on the information that is provided internally to the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

41 SEGMENT INFORMATION (cont'd)

Operating segments

The principal activities of the Group are as follows:

Shipyard - Construction of small, medium and large offshore and other support vessels. Servicing and conversion of wide range of vessels.

Shipping and chartering - Chartering of offshore and inshore support vessels.

Subsea - Chartering of vessel for use in subsea.

a) Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment result represents the profit earned by each segment without allocation of other income and expenses, share of profits (losses) of associates and joint ventures, finance costs and unallocated expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b) Segment assets

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets and liabilities are allocated to reportable segments other than unallocated corporate assets and liabilities. Assets and liabilities used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

41 SEGMENT INFORMATION (cont'd)

Segment information for the financial years ended 31 December 2015 and 2014 are as follows:

Consolidated Profit or Loss Statement and Balance Sheet

	Shipyard US$'000	Shipping and chartering US$'000	Subsea services US$'000	Elimination[a] US$'000	Total US$'000
31 December 2015					
Revenue					
External revenue	31,308	198,565	14,563	–	244,436
Inter-segment revenue	2,227	–	9,307	(11,534)	–
Total revenue	33,535	198,565	23,870	(11,534)	244,436
Cost of sales	(18,827)	(194,464)	(16,700)	11,534	(218,457)
Segment results	14,708	4,101	7,170	–	25,979
Other income	3,333				3,333
Unallocated other income					5,988
Other expenses		(19,308)			(19,308)
Unallocated other expenses					(581)
Share of profits of associates and joint ventures		211	(26)		185
Finance costs					(39,028)
Selling and administrative costs					(38,176)
Loss before income tax					(61,608)
Income tax expense					928
Loss for the year					(60,680)
Assets					
Segment assets	254,218	969,580	88,046	–	1,311,844
Investment in associates and joint ventures		475		–	475
Unallocated corporate assets					68,273
Total assets					1,380,592

41 SEGMENT INFORMATION (cont'd)

Consolidated Profit or Loss Statement and Balance Sheet (cont'd)

	Shipyard US$'000	Shipping and chartering US$'000	Subsea services US$'000	Elimination[(a)] US$'000	Total US$'000
31 December 2015 (cont'd)					
Liabilities					
Segment liabilities	258,260	696,946	63,436	–	1,018,642
Unallocated corporate liabilities					154,779
Total liabilities					1,173,421
Other information					
Additions to non-current assets:					
Allocated	386	25,699	970	–	27,055
Unallocated					43
					27,098
Depreciation:					
Allocated	2,236	37,512	5,220	–	44,968
Allowance for doubtful trade receivables:					
Allocated	267	5,487	–	–	5,754
Unallocated				–	722
					6,476
Allowance for doubtful non-trade receivables				–	1,605
Loss arising from the changes in fair value of receivables (Notes 8 and 11)					5,832

(a) Inter-segment revenue are eliminated upon consolidation.

41 SEGMENT INFORMATION (cont'd)

Consolidated Profit or Loss Statement and Balance Sheet (cont'd)

	Shipyard US$'000	Shipping and chartering US$'000	Subsea services US$'000	Elimination[a] US$'000	Total US$'000
31 December 2014					
Revenue					
External revenue	81,132	243,791	30,977	–	355,900
Inter-segment revenue	25,098	6,277	–	(31,375)	–
Total revenue	106,230	250,068	30,977	(31,375)	355,900
Cost of sales	(99,270)	(243,692)	(23,652)	31,375	(335,239)
Segment results	6,960	6,376	7,325	–	20,661
Other income		6,983			6,983
Unallocated other income					7,110
Other expenses					(1,645)
Share of losses of associates and joint ventures		(4,386)	(741)		(5,127)
Finance costs					(27,886)
Selling and administrative costs					(39,256)
Loss before income tax					(39,160)
Income tax expense					(2,391)
Loss for the year					(41,551)
Assets					
Segment assets	278,130	776,453	84,498	–	1,139,081
Investment in associates and joint ventures		467			467
Unallocated corporate assets					73,928
Total assets					1,213,476

41 SEGMENT INFORMATION (cont'd)

Consolidated Profit or Loss Statement and Balance Sheet (cont'd)

	Shipyard US$'000	Shipping and chartering US$'000	Subsea services US$'000	Elimination(a) US$'000	Total US$'000
31 December 2014 (cont'd)					
Liabilities					
Segment liabilities	272,663	494,077	33,260	–	800,000
Unallocated corporate liabilities					152,830
Total liabilities					952,830
Other information					
Additions to non-current assets:					
Allocated	1,240	56,389	25,387	–	83,016
Unallocated					361
					83,377
Depreciation	4,946	26,309	4,360	–	35,615
Allowance for doubtful trade receivables	–	897	–	–	897

(a) Inter-segment revenue are eliminated upon consolidation.

Geographical segments

The Group's business segments operate mainly in five geographical areas namely Asia Pacific, America, Europe, Middle East and Africa.

41 SEGMENT INFORMATION (cont'd)

The revenue by geographical segments is based on location of the customers. Segment assets (non-current assets excluding finance lease receivables, loan receivables, investment in associates and joint ventures, available-for-sale investments and deferred tax assets) are based on the geographical location of the assets.

	Group	
	2015	2014
	US$'000	US$'000
Revenue		
Asia Pacific	152,964	198,808
America	45,665	63,155
Europe	29,708	60,696
Middle East	3,066	22,499
West Africa	13,033	10,742
	244,436	355,900
Non-current assets		
Asia Pacific	513,139	290,719
America	90,971	107,800
Europe	121,576	120,298
Middle East	7,465	31,238
West Africa	34,522	35,962
	767,673	586,017

Information about major customers

Shipyard segment

Included in shipyard's revenue of US$31,308,000 (2014 : US$81,132,000) are revenues of approximately US$6,956,000, US$5,169,000, US$4,801,000 and US$3,439,000 (2014 : US$27,503,000 and US$20,674,000) respectively which arose from contracted sales of vessels to the Group's four major customers (2014 : two major customers).

Shipping and chartering segment

Included in shipping and chartering revenue of US$198,565,000 (2014 : US$243,791,000) is revenue of approximately US$26,806,000 (2014 : US$31,112,000) which arose from contracted charter hire to one of the Group's customers.

42 DIVIDENDS

For the financial year ended 31 December 2013, the directors proposed that a dividend of 0.1 Singapore cents per ordinary share totalling approximately S$4,100,000 (equivalent to US$3,294,000) to be paid to shareholders. This dividend was approved by shareholders subsequently at the Annual General Meeting on 30 April 2014 and paid in June 2014.

43 CONTINGENT LIABILITY

a) Subsequent to year end, two of the Group's subsidiaries received Notices of Arbitration ("NOA"). In 2012, both subsidiaries sold their respective vessels with bareboat charter contracts to the claimant. These charter contracts were novated by the subsidiaries to the claimant. The claimant was claiming a total sum of US$6 million in relation to the "advance charter" previously paid by the bareboat charterers to the subsidiaries prior to 2012 (the "Claims"). Certain clauses as contained in the novation agreements discharge the subsidiaries from all obligations and liabilities and the claimant shall undertake the obligation and liabilities of the subsidiaries in favour of the bareboat charterers. Management is of the view that the claims are not probable to succeed and no provision has been made. The subsidiaries are seeking legal advice in response to the NOA.

b) In 2015, the claimants had commenced arbitration proceedings against a subsidiary for alleged breach of certain terms and conditions within the term sheet as agreed by both parties. The claim is for damages of approximately US$7,032,000. The subsidiary has engaged external legal counsel to defend against the claims. Based on the legal advice, management is of the view that the Group has a more than even chance of successfully resisting the claims and no provision has been made for such claims.

STATISTICS OF SHAREHOLDINGS

As at 5 May 2016

Total number of issued shares	:	212,354,622 ordinary shares
Class of shares	:	ordinary shares
Voting rights	:	one vote per ordinary share
Total number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS AS AT 5 MAY 2016

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	437	6.88	14,720	0.01
100 – 1,000	1,819	28.63	1,125,516	0.53
1,001 – 10,000	3,242	51.03	13,167,381	6.20
10,001 – 1,000,000	840	13.22	35,260,142	16.60
1,000,001 and above	15	0.24	162,786,863	76.66
Total	**6,353**	**100.00**	**212,354,622**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 5 MAY 2016

No.	Name of Shareholders	No. of Shares	%
1.	RHB Securities Singapore Pte Ltd	100,529,230	47.34
2.	RHB Bank Nominees Pte Ltd	25,678,630	12.09
3.	United Overseas Bank Nominees Pte Ltd	6,611,062	3.11
4.	DBS Nominees Pte Ltd	5,985,210	2.82
5.	Stanley Garrick James	4,746,446	2.24
6.	Phillip Securities Pte Ltd	3,651,645	1.72
7.	CEO Technology Asia Limited	3,243,258	1.53
8.	Raffles Nominees (Pte) Ltd	2,325,572	1.09
9.	Maybank Kim Eng Securities Pte Ltd	1,928,341	0.91
10.	Joseph Lau	1,825,000	0.86
11.	OCBC Securities Private Ltd	1,716,425	0.81
12.	Mercal Corporation (Singapore) Pte Ltd	1,280,000	0.60
13.	See Kian Heng	1,162,858	0.55
14.	UOB Kay Hian Pte Ltd	1,065,660	0.50
15.	Citibank Nominees Singapore Pte Ltd	1,037,526	0.49
16.	Tan Kok Siang	847,800	0.40
17.	Kuang Shihao	747,250	0.35
18.	Ang Ah Kim	700,000	0.33
19.	Loo Siew Lan	640,000	0.30
20.	Bank of Singapore Nominees Pte Ltd	533,550	0.25
	Total	**166,255,463**	**78.29**

PUBLIC SHAREHOLDERS

Based on the register of Directors' shareholdings and register of Substantial Shareholders maintained by the Company as at 5 May 2016, there were approximately 76,258,368 ordinary shares, representing 35.91% of the Company's total number of issued ordinary shares (excluding preference shares, convertible equity securities and treasury shares), held in the hands of the public and therefore, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF SHAREHOLDINGS

As at 5 May 2016

INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at 5 May 2016, the direct interests and deemed interests of the Directors and the Substantial Shareholders of the Company were as follows:

	Direct Interest		Deemed Interest		Total Interest	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Yaw Chee Siew	539,835	0.25	129,420,518[(i)(ii)]	60.95	129,960,353	61.20
Michael See Kian Heng	1,162,858	0.55	100[(iii)]	0.00	1,162,958	0.55
Garrick James Stanley	4,746,446	2.24	–	–	4,746,446	2.24
Heng Hock Cheng @ Heng Heyok Chiang	68,295	0.03	–	–	68,295	0.03
Ng Quek Peng	61,573	0.03	–	–	61,573	0.03
Craig Foster Pickett	47,477	0.02	–	–	47,477	0.02
Chin Yoong Kheong	26,590	0.01	–	–	26,590	0.01

	Direct Interests		Deemed Interests		Total Interests	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
CEO Technology Asia Limited	3,243,258	1.53	–	–	3,243,258	1.53
Business Companion Investments Limited	126,177,260	59.42	–	–	126,177,260	59.42
Yaw Chee Siew	539,835	0.25	129,420,518[(i)(ii)]	60.95	129,960,353	61.20

Notes

(i) CEO Technology Asia Limited ("CEOTA") owns 3,243,258 ordinary shares in the Company and Mr. Yaw Chee Siew is deemed to have interest in shares held by CEOTA.

(ii) RHB Securities Singapore Pte Ltd (100,498,630 shares) and RHB Bank Nominees Pte Ltd (25,678,630 shares) are bare trustees for Business Companion Investments Limited ("BCI"). Mr. Yaw Chee Siew is deemed to have interest in shares held by BCI.

(iii) Mr. Michael See Kian Heng is deemed to have an interest in the shares held by his spouse.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting of Otto Marine Limited (the "**Company**") will be held at the Capricorn Room, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Friday, 3 June 2016 at 3:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To note the retirement of the following Directors of the Company by rotation pursuant to Regulation 89 of the Constitution of the Company:-

   (a) Mr Heng Hock Cheng @ Heng Heyok Chiang
   (b) Mr Garrick James Stanley

   [See Explanatory Note (i)]

3. To re-elect Mr Chin Yoong Kheong, retiring by rotation pursuant to Regulation 89 of the Constitution of the Company and who, being eligible, offers himself for re-election.

   Mr Chin Yoong Kheong, a Non-Executive and Independent Director, will upon re-election as a Director of the Company, remain as a member of the Audit Committee of the Company. Mr Chin Yoong Kheong will be elected as the Chairman of the Nominating Committee and Remuneration Committee of the Company upon re-election. **(Resolution 2)**

4. To approve the payment of Directors' fees of S$265,600 (FY2014: S$265,600) to the Non-Executive Directors of the Company for the financial year ended 31 December 2015 where 70% (S$185,920) of the Directors' fees will be paid in cash and 30% (S$79,680) of the Directors' fees will be paid by the issuance of equivalent number of shares in the capital of the Company, with the number of shares rounded down to nearest hundred and any residual value settled in cash. **(Resolution 3)**

   [See Explanatory Note (ii)]

5. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to issue shares in the capital of the Company

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, the "**instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) 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) shall not exceed fifty per centum (50.0%) of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (2) below), of which the aggregate number of shares and instruments to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20.0%) of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the instruments, made or granted to this Resolution, until the issuance of such shares in accordance with the terms of the instruments. **(Resolution 5)**

[See Explanatory Note (iii)]

7. Authority to grant awards under the Otto Marine Share Award Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to:

(a) offer and grant awards (the "**Awards**") in accordance with the provisions of the Otto Marine Share Award Scheme (the "**Share Award Scheme**"); and

(b) allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of Awards under the Share Award Scheme, provided always that the aggregate number of shares to be issued pursuant to the Awards granted under the Share Award Scheme shall not exceed fifteen per centum (15.0%) of the total number of issued shares in the capital of the Company excluding treasury shares on the day preceding the relevant date of the Awards.

Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 6)**

[See Explanatory Note (iv)]

8. To transact any other business as may properly be transacted at an Annual General Meeting.

By Order of the Board

Ms Chong Sieh Jiuan
Joint Company Secretary
Singapore
19 May 2016

Explanatory Notes:

(i) Both Mr Heng Hock Cheng @ Heng Heyok Chiang and Mr Garrick James Stanley will retire by rotation pursuant to Regulation 89 of the Constitution of the Company at the Annual General Meeting of the Company. Mr Garrick James Stanley remains as chief executive officer of GO Marine Group Pty Ltd, a wholly-owned subsidiary of the Company.

(ii) The breakdown of the Directors' fees for financial year ended 31 December 2015 is as follows:

Mr Heng Hock Cheng @ Heng Heyok Chiang	S$76,800
Mr Ng Quek Peng	S$76,800
Mr Chin Yoong Kheong	S$64,000
Mr Craig Foster Pickett	S$48,000

The 70% (S$185,920) of the Directors' fees will be paid in cash and 30% (S$79,680) of the Directors' fees will be paid by the issuance of equivalent number of shares in the capital of the Company to the Non-Executive Directors of the Company, with the number of shares rounded down to nearest hundred and any residual value settled in cash. The equivalent number of shares to be issued by the Company will consist of the grant of fully paid shares outright with no performance and vesting conditions attached. The Non-Executive Directors of the Company can dispose of all their shares after a moratorium of two (2) years or one (1) year after leaving the Board of the Company, whichever is earlier.

(iii) The Resolution 5 in item 6 above if passed, will authorise the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as options, warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding fifty per centum (50.0%) the total number of the issued shares of the Company excluding treasury shares. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time the Resolution 5 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time the Resolution 5 is passed; and (c) any subsequent bonus issue, consolidation or subdivision of shares.

The authority shall continue in force (i) from the date of this Annual General Meeting of the Company until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earlier; or (ii) in the case of shares to be issued in pursuance of the instruments, made or granted under the Resolution 5, until the issuance of such shares in accordance with the terms of the instruments.

(iv) The Resolution 6 in item 7 above if passed, will authorise the Directors of the Company, from the date of this Annual General Meeting of the Company until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earlier to offer and grant Awards and to issue shares in the capital of the Company pursuant to the exercise of Awards granted under the Share Award Scheme up to fifteen per centum (15.0%) of the total number of issued shares in the capital of the Company excluding treasury shares on the day preceding the relevant date of the Awards.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company who is not a relevant intermediary (defined under Section 181 of the Companies Act, Chapter 50 of Singapore) entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting of the Company. A proxy need not be a member of the Company. Where a member of the Company appoints more than one proxy, the member shall specify the number of shares to be represented by each proxy.

2. A member of the Company who is a relevant intermediary (defined under Section 181 of the Companies Act, Chapter 50 of Singapore) entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting of the Company. A proxy need not be a member of the Company. Where a member of the Company appoints more than one proxy, the member shall specify the number of shares to be represented by each proxy.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company's share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting of the Company.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

OTTO MARINE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197902647M)

PROXY FORM

IMPORTANT

1. For CPF/SRS investors who have used their CPF monies to buy Otto Marine Limited's shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective agents if they have any queries regarding their appointment as proxies.
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of the Annual General Meeting dated 19 May 2016.

I/We _____ NRIC / Passport / Registration No. _____

of _____

being a member/members of Otto Marine Limited (the "**Company**") hereby appoint:

NAME	ADDRESS	NRIC/ PASSPORT NO.	NO. OF SHARES TO BE REPRESENTED BY PROXY

and/or (delete as appropriate)

NAME	ADDRESS	NRIC/ PASSPORT NO.	NO. OF SHARES TO BE REPRESENTED BY PROXY

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held at the Capricorn Room, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 3 June 2016 at 3:00 p.m. and at any adjournment thereof.

I/We have indicated with an "X" against the Ordinary Resolutions set out in the Notice of Annual General Meeting and summarised below how I/we direct my/our proxy/proxies to vote for or against. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.

NO.	ORDINARY RESOLUTIONS	NUMBER OF VOTES FOR*	NUMBER OF VOTES AGAINST*
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon.		
2.	To re-elect Mr Chin Yoong Kheong retiring pursuant to Regulation 89 of the Constitution of the Company as a Director of the Company.		
3.	To approve the payment of Directors' fees of S$265,600 (FY2014: S$265,600) to the Non-Executive Directors of the Company for the financial year ended 31 December 2015 where 70% (S$185,920) of the Directors' fees will be paid in cash and 30% (S$79,680) of the Directors' fees will be paid by the issuance of equivalent number of shares in the capital of the Company, with the number of shares rounded down to nearest hundred and any residual value settled in cash.		
4.	To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.		
5.	To authorise the Directors of the Company to issue shares in the capital of the Company.		
6.	To authorise the Directors of the Company to grant awards under the Otto Marine Share Award Scheme.		

* If you wish to exercise your entire votes "For" or "Against", please mark an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016.

Total Number of Shares

_____

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

Important: Please read notes below

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, you should insert that number of shares.

   If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (defined under Section 181 of the Companies Act, Chapter 50 of Singapore) entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting of the Company. A proxy need not be a member of the Company. Where a member of the Company appoints more than one proxy, the member shall specify the number of shares to be represented by each proxy.

3. A member of the Company who is a relevant intermediary (defined under Section 181 of the Companies Act, Chapter 50 of Singapore) entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting of the Company. A proxy need not be a member of the Company. Where a member of the Company appoints more than one proxy, the member shall specify the number of shares to be represented by each proxy.

4. A corporation which is a member of the Company may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such corporation.

First fold

Please affix postage stamp

OTTO MARINE LIMITED
C/o Share Registrar
M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

Second fold

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing proxy or proxies, failing which, the instrument appointing proxy or proxies may be treated as invalid.

7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company's share registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not less than forth-eight (48) hours before the time appointed for holding the Annual General Meeting of the Company.

General:

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 whose shares are deposited with Depository Register maintained by The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting of the Company, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 19 May 2016.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yaw Chee Siew
Executive Chairman

Michael See Kian Heng
Group CEO & Group Executive Director

Garrick James Stanley
CEO of GO Marine Group & Executive Director

Heng Hock Cheng @ Heng Heyok Chiang
Non-Executive & Lead Independent Director

Ng Quek Peng
Non-Executive & Independent Director

Chin Yoong Kheong
Non-Executive & Independent Director

Craig Foster Pickett
Non-Executive & Non-Independent Director

AUDIT COMMITTEE

Ng Quek Peng (Chairman)
Heng Hock Cheng @ Heng Heyok Chiang
Chin Yoong Kheong

NOMINATING COMMITTEE

Heng Hock Cheng @ Heng Heyok Chiang (Chairman)
Ng Quek Peng
Chin Yoong Kheong
Craig Foster Pickett

REMUNERATION COMMITTEE

Heng Hock Cheng @ Heng Heyok Chiang (Chairman)
Ng Quek Peng
Chin Yoong Kheong
Craig Foster Pickett

JOINT COMPANY SECRETARIES

Chong Sieh Jiuan
Noraini Latiff

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

9 Temasek Boulevard
#33-01 Suntec Tower 2
Singapore 038989
Tel: +65 6863 2366
Fax: +65 6238 6848

COMPANY REGISTRATION NUMBER

197902647M

SHARE REGISTRAR AND SHARE TRANSFER AGENT

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

INDEPENDENT AUDITORS

Deloitte & Touche LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner-in-charge: Tay Hwee Ling
(Since Financial Year Ended 31 December 2013)

LEGAL ADVISER

Duane Morris & Selvam LLP
16 Collyer Quay #17-00
Income At Raffles
Singapore 049318

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
PT Bank Mandiri (Persero) Tbk
United Overseas Bank Limited
The Development Bank of Singapore Limited
Industrial and Commerce Bank of China
RHB Bank Berhad
Standard Chartered Bank

INVESTOR RELATIONS

Michael See Kian Heng (email: ir@ottomarine.com)
Romil Singh (email: romil@financialpr.com.sg)

CORPORATE WEBSITE

www.ottomarine.com



OTTO MARINE LIMITED

9 Temasek Boulevard
#33-01 Suntec Tower Two
Singapore 038989
Tel +65 6863 2366
Fax +65 6238 6848

www.ottomarine.com