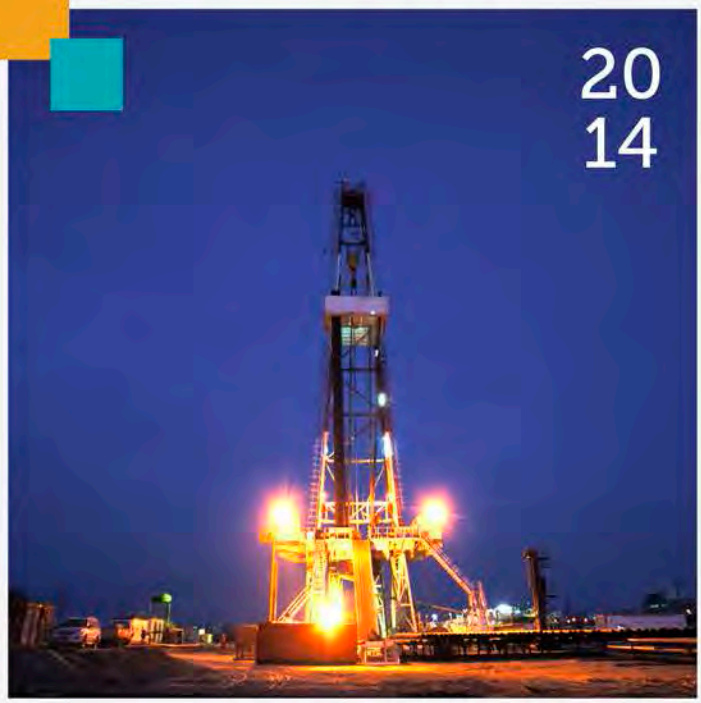
VIKING
OFFSHORE&MARINE

ANNUAL REPORT



DRIVING GROWTH
BUILDING SUSTAINABILITY



This document has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document. This document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Tony Toh, Director, Investment Banking. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone +65 6337 5115.

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OUR PLANS

DRIVING GROWTH
BUILDING SUSTAINABILITY



Driving Growth by strengthening our offshore and marine services capabilities and enhancing our overall value proposition to our customers. Through this strategy, we are increasing customer acquisition and retention; through broadening our offering, expanding our geographical reach and extending our capabilities beyond traditional offshore and marine industry segment. By enhancing our customers' experience and solutioning the needs of the changing and challenging demands of our existing and potential customers, we believe the end result is growth in our business.

Building Sustainability through diversifying our business model to build a more sustainable asset-based chartering services portfolio; one which is predictable, stable and lasting. Our success will be predicated on our ability to seek out attractively valued assets and to provide a solution that meets individual customers' requirements. Our strategy is to partner with operators with experience and expertise, whether through formal ownerships and/or strategic collaborations. To further gain ground, we aspire to grow our asset portfolio, engage in longer tenure contracts and actively seek service extension and drive asset utilisation.

OUR BUSINESS

OFFSHORE AND MARINE SERVICES

ASSET CHARTERING SERVICES



Viking Offshore and Marine is listed on the Singapore Exchange and based in Singapore with presence in the Asia region and customers all over the world. Further complementing our regional presence, we have a network of service agents spanning the globe. Through our wholly-owned subsidiaries, Viking provides offshore and marine system solutions to yards, vessels owners and oil majors around the world. The strength of our products and solutions lies in our robust engineering designs, superior project delivery and many track records over the years.

In 2013, we made a strategic move into the mainstream offshore and marine industry by acquiring offshore and marine assets that can be used to provide chartering services. This initiative saw us acquiring investment stakes in two offshore jack-up drilling rigs which are being built, and to provide charter services when they are operational by end of 2015.

In line with this strategic expansion, we moved into oil and gas segment by acquiring and chartering an operational onshore drilling rig in 2014. With this, Viking has now cemented its business along two major pillars – offshore and marine services and asset chartering services.

CHAIRMAN'S MESSAGE

"We will continue to focus on building this business pillar in mainstream asset ownership which will mitigate risks and slowdown in the global O&M industry, and at the same time diversify revenue mix."

Dear Shareholders

I present this annual report to you amidst a very challenging operating environment. The recent significant downturn in global crude oil prices has led to curtailing of capital expenditure by the oil and gas industry players, delays in projects as well as margin compression across the industry. While these challenges may have had some level of impact on our businesses in 2014, our strategic direction to build a portfolio of offshore and marine ("O&M") assets remains intact and for which we have made progress.

Business Performance In FY2014

This year marked the maiden contribution of our new chartering services business, arising from an acquisition and chartering of a land rig in the fourth quarter of the year. We are excited and encouraged by this being our first operational asset; and further buoyed by the news that the drilling operations have already uncovered natural gases.

While the chartering services business delivered higher margins, this was offset by the more competitive O&M services. Such a scenario was anticipated as we planned our business diversification strategy to gravitate up the value chain and build sustainable revenue streams to cushion the margin-challenged O&M services sector.

Asset Management Strategy Reiterated

We begun this journey through acquiring an investment stake in a jack-up drilling rig and built upon those initiatives. We added further investment to our portfolio in 2014 – a second jack-up drilling rig, and an operational land-drilling rig immediately deployed on charter.

These efforts underscore the Group's commitment to build up a portfolio of earnings accretive assets. We will continue to focus on building this business pillar in mainstream asset ownership which aimed to mitigate risks and slowdown in the global O&M industry, and at the same time diversify revenue mix. We also believe that the current downturn in the global industry provides a good opportunity to acquire assets at attractive valuations.

Building Stronger Value Position of Suite of O&M Services

Concurrent with our recent efforts to build up a portfolio of assets, we continue to develop our suite of specialised O&M services. In the last few years, we sought to position our portfolio of O&M services as a combined service offering, enlarged our capabilities and expanded our reach into key and emerging markets.

This strategy is taking shape as we added complementary capabilities to our offerings by representing leading principal products. Our geographical expansion efforts gained traction as we grew our overseas portfolio – which accounted for 63% of the total new order intake compared to 49% the year before.

In addition, the construction of the new Viking Innovation Centre, a 130,000 square feet enterprise hub at our Kian Teck Road facility, is near completion and we target to receive the Temporary Occupation Permit ("TOP") within first half of 2015. We are excited by the prospects of offering shared infrastructure, combining research and development, collaboration, innovation, and incubation of new concepts to companies and look forward to its completion.

6 Straight Years of Dividend Payout

In this challenging business climate, we remain committed to enhancing shareholder value and have declared a first and final dividend of 0.15 cent per share (subject to shareholders' approval), representing our sixth consecutive year of dividend payment.

We continued our share buyback program which reflects the commitment on our part to enhance shareholder value.

Our Plans to Navigate the Uncertain Climate

Our asset ownership and chartering services strategy allow us to leverage our

assets to derive recurring charter services income and at the same time diversify our revenue mix even as we navigate the new operating environment to deliver sustained shareholder value.

While the current industry climate is challenging, we believe there are still opportunities that we can capitalise on. Essentially, we need to intensify and accelerate our efforts to:

- expand our geographical reach to new and under-served markets;
- extend our capabilities to platforms beyond our traditional oil and gas related customer base; and
- seek out attractive earnings accretive assets for chartering services.



Management Changes

As part of our leadership renewal, we are pleased to announce a number of key appointment changes. Mr. Low Jooi Kok has been appointed as the Chief Operating Officer of the Group while continuing with his duties as Chief Financial Officer.

We have also announced the re-designation of Mr. Ng Yeau Chong from Chief Operating Officer for the Group to Managing Director of Viking Airtech Pte Ltd, in place of Mr. Ong Choo Guan. Mr. Ong will relinquish his earlier dual role in Viking Airtech Pte Ltd and continue as the Chief Executive Officer of the Group.

We would like to welcome Mr. Frederic Louis Serna, who has taken over as Managing Director of Marshal Systems Pte Ltd from Mr. Jeffrey Tay, onto the team. Mr. Tay, who is the founder of Marshal Systems Pte Ltd will now assume the role of the chairman and advisor.

We would like to extend our gratitude to them for their invaluable contributions during their terms of office, and continue to support them in their new responsibilities.

A Word of Appreciation

We would like to thank our customers, partners, suppliers and employees for their unwavering dedication and collaboration during the year. To our shareholders and investors who have stood by us, you have our gratitude for your continued confidence and support.

Andy Lim
Chairman
Viking Offshore and Marine Limited

OUR BUSINESS PORTFOLIO

Offshore and Marine Services

- Heating, Ventilation, Air-Conditioning & Refrigeration
- Fire & Gas Detection
- Control & Instrumentation
- Marine Telecommunication
- Winches, Power Pack & Deck Machinery

Asset Chartering Services

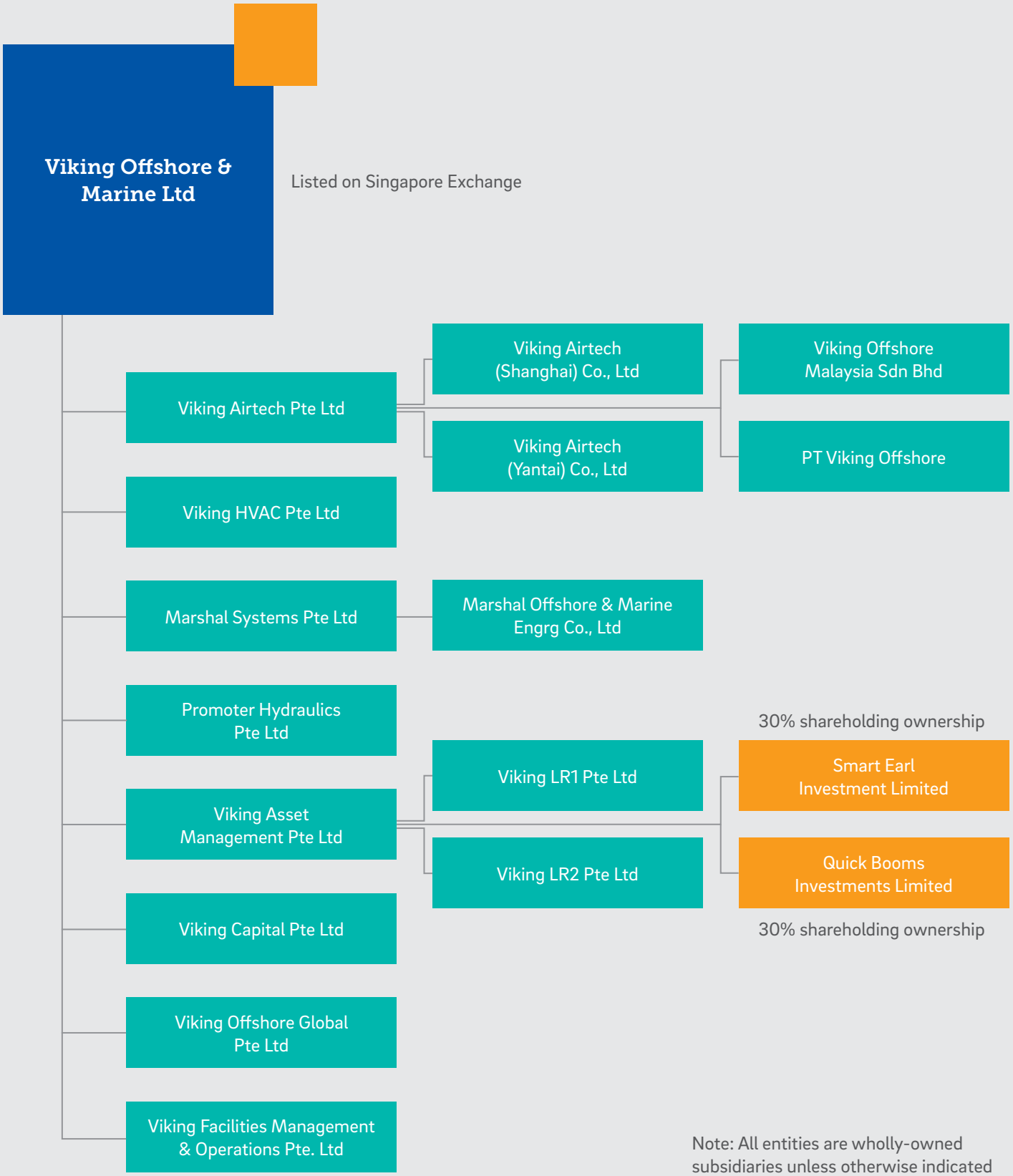
- Chartering Services
- Asset Financing

Ancillary Services

- Venture Capital
- Facility Services
- Strategic Equity Investment

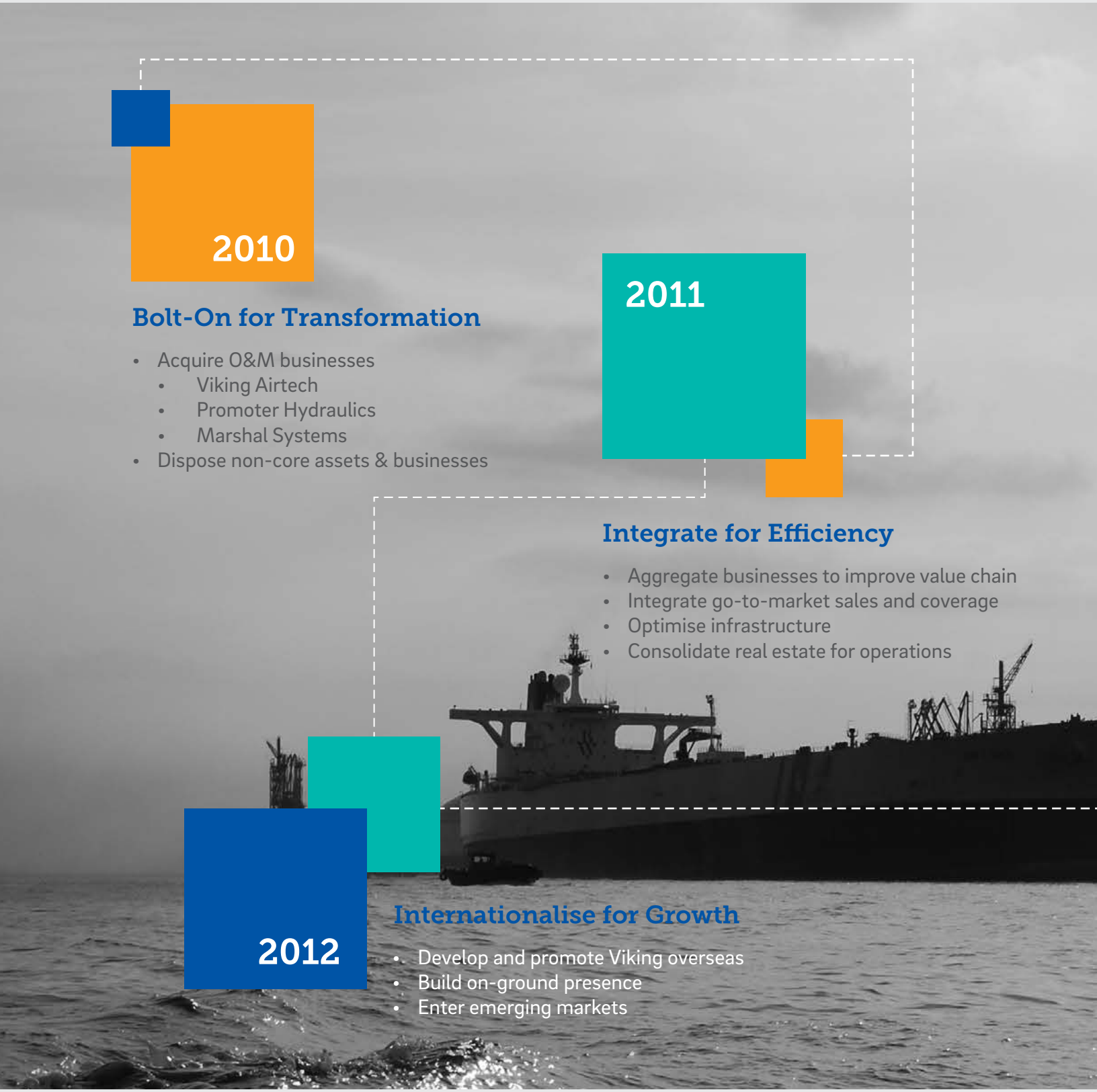


OUR GROUP STRUCTURE



Note: All entities are wholly-owned subsidiaries unless otherwise indicated

OUR TRANSFORMATION



2010

Bolt-On for Transformation

- Acquire O&M businesses
  - Viking Airtech
  - Promoter Hydraulics
  - Marshal Systems
- Dispose non-core assets & businesses

2011

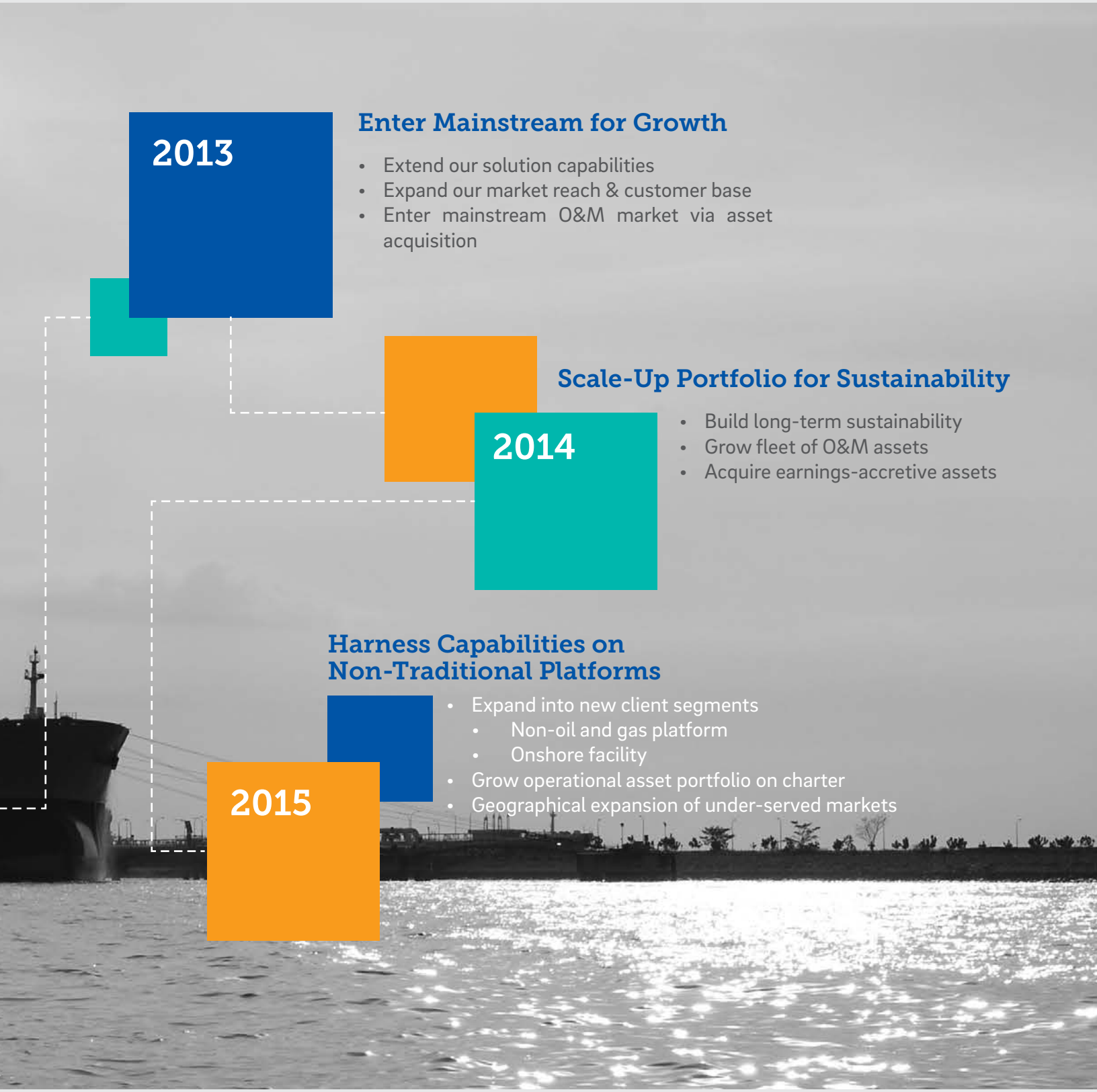
Integrate for Efficiency

- Aggregate businesses to improve value chain
- Integrate go-to-market sales and coverage
- Optimise infrastructure
- Consolidate real estate for operations

2012

Internationalise for Growth

- Develop and promote Viking overseas
- Build on-ground presence
- Enter emerging markets



2013

Enter Mainstream for Growth

- Extend our solution capabilities
- Expand our market reach & customer base
- Enter mainstream O&M market via asset acquisition

2014

Scale-Up Portfolio for Sustainability

- Build long-term sustainability
- Grow fleet of O&M assets
- Acquire earnings-accretive assets

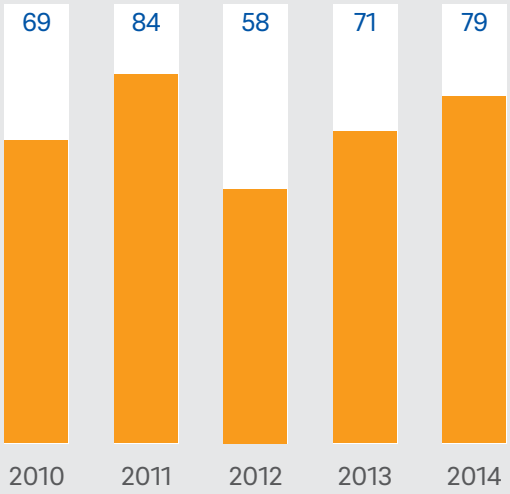
2015

Harness Capabilities on Non-Traditional Platforms

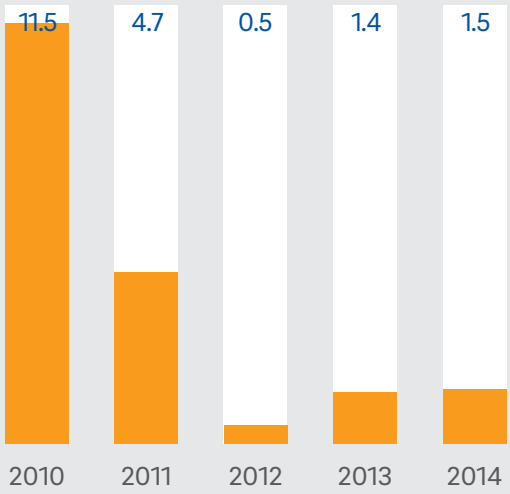
- Expand into new client segments
  - Non-oil and gas platform
  - Onshore facility
- Grow operational asset portfolio on charter
- Geographical expansion of under-served markets

FINANCIAL TRENDS

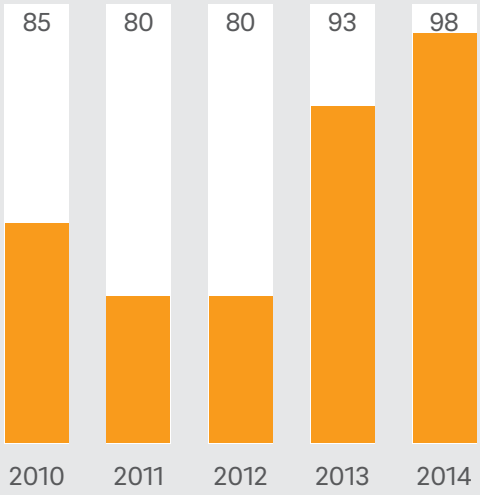
REVENUE ($MILLION)



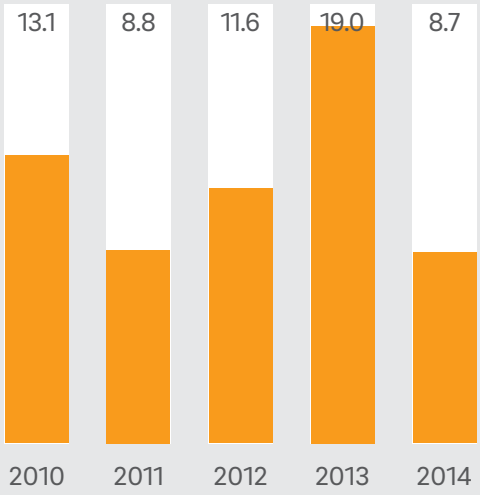
NET PROFIT BEFORE TAX ($MILLION)



NET ASSETS ($MILLION)



CASH AND EQUIVALENTS ($MILLION)



FINANCIAL PERFORMANCE ($MILLION)

	2010	2011	2012	2013	2014
Revenue	68.5	84.0	58.0	70.6	79.0
Gross Profit	20.3	21.2	17.0	21.5	23.5
Gross Margin	30%	25%	29%	30%	30%
Net Profit Before Tax	11.5	4.7	0.5	1.4	1.5
Net Profit After Tax	10.4	5.4	0.7	2.2	1.0

FINANCIAL POSITION ($MILLION)

	2010	2011	2012	2013	2014
Total Assets	155.1	118.1	112.5	123.0	156.7
Total Liabilities	70.3	38.2	32.5	29.8	58.8
Shareholder's Equity	84.8	79.9	80.0	93.2	97.9
Net Current Assets	16.0	35.0	36.8	49.2	32.3
Cash & Cash Equivalents	13.1	8.8	11.6	19.0	8.7

CASH FLOW ($MILLION)

	2010	2011	2012	2013	2014
Opening Cash Balance	7.1	13.1	8.8	11.6	19.0
Net Cash Flow From Operations	2.7	4.5	(0.4)	(1.2)	(11.4)
Net Cash Flow From Investing	(16.7)	(6.2)	7.6	(0.5)	(21.0)
Net Cash Flow From Financing	20.0	(2.6)	(4.4)	9.1	22.1
Ending Cash Balance	13.1	8.8	11.6	19.0	8.7

OPERATIONS REVIEW

"We believe that our mainstream asset ownership and chartering strategy is integral in establishing Viking as a key player, allowing us to migrate up the value chain and capitalise on industry dynamics to build a sustainable future."



We embarked on FY2014 with a refreshed roadmap for the Group in which we had outlined three main strategies: (i) extending capabilities and scaling up the value chain; (ii) expanding our markets and customer base; and (iii) owning and chartering of mainstream offshore and marine ("O&M") vessels. We believe that the execution of these strategies was timely and sets a foundation for the Group, allowing us to show resilience especially amidst the challenging operating environment brought about by the drop in crude oil prices.

Mainstream Asset Ownership and Chartering

In addition to strengthening our core competencies in O&M services in the system engineering area, we started the building blocks of a new business pillar in mainstream asset ownership and chartering services in late 2013. The focus of this strategy was to develop a sustainable and recurring revenue stream that will mitigate increasing margin pressures and the "lumpy" nature of the Group's revenue from the services side.

Building on earlier efforts, we acquired our first operational asset – a newbuild land-drilling rig – and simultaneously secured a 50-month bareboat charter worth US$32 million. This rig was deployed in North Africa and allowed us to recognise four months' revenue in FY2014. We will recognise the full year contribution from this rig in FY2015.

In the latest development on this front, our charterers who are managing the drilling operations have been successful in finding natural gases from the first drill. We hope to grow this business given the early success.

Having entered into a S$12.5 million redeemable exchangeable bond with Luminor Capital Pte Ltd to support the acquisition of the first land-drilling rig, we secured in late 2014 a term loan facility with Tembusu Partners Pte Ltd, a private equity firm, for an aggregate principal amount of up to S$6 million in anticipation of further acquisition of land-







drilling rigs. These proceeds will allow us to accelerate the growth of our portfolio of oil and gas assets with recurring income.

Apart from the land-drilling rig, we had earlier entered into a partnership with the founders of Labroy Marine to own two jack-up drilling rigs which are expected to be completed by the fourth quarter of 2015. Our team is actively sourcing for charter opportunities for the rigs even as they are being built.

We believe that our mainstream asset ownership and chartering strategy is integral in establishing Viking as a key player, allowing us to migrate up the value chain and capitalise on industry dynamics to build a sustainable future.

Expanding Geographical Reach

In 2014, total revenue grew 12% year-on-year with local contracts growing at a faster pace of 19%. Overseas contracts accounted for 53% of total revenue, with China the fastest growing among our overseas markets, at 81% year-on-year. China accounted for 42% of our O&M new order intake, up from 31% in the prior year.

China remains our largest overseas market and we anticipate that investments in China will continue rising in view of the large market size and the opportunities present. In 2014, we made good inroads with new customers in both the Northern and Southern part of China.

We opened an exciting new chapter in Korea through our first win with one of the country's three major shipbuilding yards to supply our ultra-specification HVACR equipment and commissioning. This was followed in quick succession by a second order of similar specification from another Korean offshore platform fabricator. In early 2015, we received a third order, this time from the first yard.

Apart from the elation of penetrating the Korean market, we are equally excited by the fact that the orders were secured through the efforts of our Indonesian team – a testament to our our integration and cross-country collaboration efforts.

In the other geographies, we secured sizeable orders for our fire and gas detection systems and marine telecommunication systems in Brazil. This is a repeat order after the breakthrough we achieved in Brazil in 2012.

While we continued to secure new orders in the other geographies, our performance has been patchy. Given the opportunities

OPERATIONS REVIEW

in these markets, this means we have more work to do and more room to grow.

Extending Our Capabilities

In 2013, we embarked on an initiative to expand our suite of capabilities through strategic collaboration and partnerships with leading product principals. These efforts have yielded early success and validates our strategy. We further capitalised on the momentum in 2014 by expanding these collaborations to more territories.

This is evident in the case of water-mist technology fire-fighting solution for which we expanded representation to other South-East Asian countries beyond Singapore. We were also appointed distributor for a Korean offshore crane, a product that complements our winch technology. These added capabilities will enhance our cross-selling and upselling abilities by expanding our solutions package and improving productivity, leading to higher profits in the long run.

In addition to adding complementary O&M capabilities, we also improved our own product specialisations. Our production plant now has the capability and experience to design and manufacture high-specification explosion-proof HVACR systems. Our self-designed HVACR equipment bearing the Viking logo is increasingly being recognised by shipyards and vessel owners as a good product alternative to other international branded products. This augurs well for our engineering and manufacturing capabilities, and we hope to be able to achieve a wider recognition for our own products so as to be preferred by other HVACR system integrators.

Financial Performance in 2014

The Group's revenue increased 12% to S$79.0 million in FY2014 compared to S$70.6 million in FY2013. We witnessed strong growth in the fire and gas detection systems, marine telecommunication and controls and instrumentation businesses while the winches business recorded marginally higher revenue. This was offset by the HVACR business which experienced delays and project deferrals amid industry-wide uncertainties, leading to lower-than-expected revenue contribution in FY2014.

Gross profit increased in tandem with the revenue rise while gross profit margin was relatively unchanged from the year before. Although our new asset chartering business contributed to a higher gross profit margin, this was offset by the lower margins from the offshore and marine service businesses.

The Group's net profit before tax stood at S$1.5 million, marginally higher compared to the year before while net profit after tax declined to S$1.0 million, in the absence of a one-time tax credit.

Net assets for the Group increased to S$97.9 million as at 31 December 2014 compared to S$93.2 million as at 31 December 2013, attributable to the private share placement to a strategic investor and the Group's earnings contribution.

Going Forward In 2015

Since late 2014, the business climate in the O&M and the oil and gas industry has taken a downturn, impacted largely by the declines in oil prices to levels not seen in the past few years. As a result, we are witnessing curtailed expenditure, delays of ongoing projects and postponement of new ones. As we brace ourselves for this difficult business environment within the industry, we will exercise prudence when evaluating contracting potential projects.

Our new strategy gives us the opportunity to leverage on our assets to derive recurring charter income and at the same time diversify our revenue mix even as we navigate the new operating environment to deliver sustained shareholder value.

Our order book for O&M services totaled S$104 million to be carried forward into 2015; and this is 27% higher than that when we entered 2014. While the order book grew and remained strong, we have to be cautious of potential delays under the current climate. Working closely with customers and suppliers, and careful project resourcing decisions will be key to mitigate the risk of accumulating unbilled purchases and working capital constraints.

The three-pronged strategy executed in early 2014 will continue to be relevant for our business and formed an integral part of our plans for 2015, especially amidst the slowdown on the O&M services side of the business. We believe the key is to continue focus on building up a portfolio of earnings-accretive assets and develop a sustainable revenue stream that will help mitigate revenue and profit pressures in our other businesses.

With the delivery of our two jack-up rigs expected in the fourth quarter of 2015, our team is actively pursuing opportunities to charter both rigs even as they are being constructed, leveraging on the expertise and networks of our partners. The successful delivery of the rigs will mark a significant milestone for the Group and solidifies our position as a mainstream oil and gas player.



We will continue to grow our overseas footprint with focus on new and under-served markets. While our overseas growth has so far been encouraging, there are still many geographies which we have very little reach. We opined that geographies of Middle-East, West Africa and some of the emerging markets continue to offer opportunities, which we will actively engage.

Besides targeting new and under-served markets, we will also leverage our capabilities to engage customers and projects that are less impacted by the slowdown in oil and gas sector. These offshore central process platforms include naval vessels outside of oil and gas related activities, specialised vessels, productions units and onshore oil & gas terminals. Our product solution and resource capabilities for O&M related vessels are portable and can be utilised on fixed platforms that are less impacted by oil price volatility.

The foreseeable cut-backs in new capital expenditure present opportunities for maintenance, services and refurbishments of existing O&M assets, as owners look to stretch usage of their existing assets. We are likely to see more opportunities in these areas. These services-led businesses are not archaic to us, and will even provide us an opportunity to reconfigure our business mix.

Journey On

We wish to thank our employees, business partners and all who have supported us during our journey. As we enter a possibly difficult 2015 year ahead, we look forward to your continued support as we journey on.

Ong Choo Guan
Chief Executive Officer

LAND DRILLING RIG

ACQUIRED AND CHARTERED FIRST OPERATIONAL OIL AND GAS RELATED ASSET WHICH WAS IMMEDIATELY DEPLOYED FOR DRILLING



Viking LR1 Pte Ltd, a wholly-owned subsidiary of Viking Asset Management which in turn is a wholly-owned subsidiary of Viking Offshore and Marine Limited, secured a 50-month bareboat charter for a land rig system worth approximately US$32 million. Under the contract, it acquired and leaseback the newbuild 1500 horsepower train-type land rig and related drilling equipment system to a Chinese land rig specialist.

The Chinese rig builder, which specialises in the design, manufacture and assembly of land rigs, has secured a contract with a major South-Asian energy operator, and the rig is deployed in North-Africa. Drilling commenced immediately on oil exploration sites licensed to the joint venture of the South-Asian energy operator and the local energy authorities.

The land rig, built to a design patented by the Chinese rig specialist, includes key equipment from renowned international suppliers and comes complete with drilling equipment and an 84-man accommodation camp. Similarly configured train-type rigs have been successfully deployed in service with good track records in the Middle-East, Russia, and North-Africa.

Just five months into the contract, the drilling operation has witnessed success with natural gases being uncovered in the first well, and the operators have promised more rigs to be deployed to accelerate the drilling activities.

VIKING INNOVATION CENTRE

VIKING INNOVATION CENTRE NEAR COMPLETION AND WILL BE OPERATIONAL FOR BUSINESS



Since breaking ground in 2013, Viking Innovation Centre is nearing completion and is expected to obtain temporary occupation permit and be ready for use in the second quarter of 2015. This S$15 million facility, occupying 133,000 square-feet of land is built at its current headquartered premises at Kian Teck Road and will be an eye-catching infrastructure in the neighbourhood.

The motivation behind the centre is to improve the plot ratio usage of Viking's existing land and enhance the value of the land parcel. The larger intent of the centre is to serve as an enterprise hub to encourage and attract smaller start-up companies to locate their research and development, collaboration, innovation, technology test-bedding and incubation of new concepts including clustering some companies into product groups to prepare them for the market.

The innovation centre will also provide lodging quarters for close to 400 employees, living and recreational amenities, tenant-shared service infrastructure, flexibly configured space requirements, and more.

VIKING AIRTECH

VIKING AIRTECH IS A LEADING TURNKEY SPECIALIST IN HEATING, VENTILATION, AIR-CONDITIONING, AND REFRIGERATION SYSTEMS FOR GLOBAL OFFSHORE AND MARINE PLAYERS



Many of the regions' biggest shipyards and vessel owners prefer Viking Airtech because we deliver reliable, comprehensive and specialised HVACR solutions. Our turnkey service capabilities include customised design, engineering, manufacturing, installation, supervision, testing and commissioning of HVACR systems. A strong global service network across five continents enables us to respond to service queries promptly anywhere in the world and to provide high quality service and support.

Systems and equipment are designed, engineered and built in-house in our fabrication plant, and we also incorporate renowned international HVACR products in our offerings. We offer a comprehensive range of solutions in energy-efficient, eco-friendly, explosion proof and ruggedised systems to meet varied customer requirements. Designed and built for customers who work under extreme ambient temperatures and capable of meeting stringent NORSOK and European standards.



Capabilities

- Certified ISO14001 Environmental Management System and OSHAS 18001 Safety Management System.
- Manufacturing plant at Yantai China, meeting European Manufacturing Standards.
- More than 15 years Det Norske Veritas (DNV) certified quality management system.

2014 Highlights

- Secured first-ever major high specification HVACR project from one of the largest Korean yard, signifying breakthrough in a new market.
- Entry into Japanese market with orders for HVACR on vessels from Japanese shipyard.
- China accounted approximately half of total order intake in 2014 cementing its place as the largest market for Viking Airtech.
- Secured first-ever electrical house (e-house) module requiring strict compliance with UK-HSE and related standards.

2015 Growth

- Capitalise on e-house win momentum in 2014 to grow walletshare given increasing demand.
- Focus on new emerging markets which we have little to no presence in Middle East, Russia, reactivate under-served markets of Malaysia and Indonesia, and capitalise on success from Korea and Japan.
- Leveraging solutions portability and extend to non-offshore and marine client-base.
- Seek out asset refurbishment opportunities given the expected increased activities in a challenging new-build market.

MARSHAL SYSTEMS



MARSHAL SYSTEMS IS A LEADING SYSTEM INTEGRATOR FOR FIRE AND GAS DETECTION SYSTEMS, TELECOMMUNICATION SYSTEMS, AND CONTROL AND INSTRUMENTATION SYSTEMS PREFERRED BY LEADING GLOBAL OFFSHORE, ONSHORE AND MARINE COMPANIES

Customers are assured that their assets are protected when equipped with systems integrated by Marshal's specialists. Superior systems integration capabilities combined with specialised equipment and systems by leading manufacturers is the reason why Marshal is preferred by leading offshore and marine companies globally.

Every Marshal Systems' solution is designed, engineered and built using tested and proven components from globally-renowned brands. Wide connectivity and interoperability with other subsystems allow for efficient and centralised command and control. The efficient and effective use of mechanical, electrical and electronics systems designed to maximise value, made with multiple redundancies mechanism to minimise risk of single point of failure.

Capabilities

- Certified ISO14001 Environmental Management System and OSHAS 18001 Safety Management System.
- Representing leading international principal brands, where their solution components are widely employed in customer solution propositions.

2014 Highlights

- Step-up investment in China and obtained import/export trading license from Chinese authority to further capitalise under-served growing Chinese market.
- Continued business growth in Brazil and added on-ground service capability collaborating with local established system integrator.
- Added further capability after securing first-ever LAN central server system on a jack-up drilling rig.
- Added service capability for high-pressure water-mist fire-fighting system and cargo-handling units agency representation.

2015 Growth

- Expand client platform beyond traditional offshore and marine onto LNG, FPSO and other oil-and-gas downstream related platforms.
- Leverage portability of solution offering to onshore client platforms; including terminals, facilities, and other oil-and-gas related onshore environment.
- Elevate Marshal Systems up the value chain through pursuing opportunities with major EPCs and renowned global systems players.



PROMOTER HYDRAULICS

PROMOTER HYDRAULICS SUPPLIES A LARGE RANGE OF READY-BUILT AND CUSTOM-DESIGNED WINCHES AND DECK MACHINERIES FOR OFFSHORE AND MARINE CLIENTS GLOBALLY



Promoter offers flexibility and affordability with our range of services that include commissioning, turnkey projects, load testing, maintenance and procurement management. Our promise to customers globally is to provide customised deck machinery to speed up their offshore and marine projects. Our vast experience allows us to efficiently design and engineer customised systems, fabricating and assembling them into finished products.

We are one of the largest suppliers of hydraulic winches and power packs in Southeast Asia. Together with our air and electric winches, we offer a comprehensive suite of products for this category. Every winch manufactured incorporates technologies from various reputable European suppliers.



Capabilities

- Certified ISO14001 Environmental Management System and OSHAS 18001 Safety Management System.
- Wide range of ready-made winch systems of various models and capacities for immediate deployment. Custom-design built winch systems for various offshore and marine uses.
- Upfront sale of winch systems or rental services, with flexible commercial arrangements that meet customers' operating needs.

2014 Highlights

- Secured partnership with renowned Korean offshore crane company to complement existing product line and provide customers with a more complete package.
- Successfully delivered custom-built winch systems on offshore jack-up rig platforms.

2015 Growth

- Expand custom-build capability beyond Chinese yards to other emerging markets.
- Enhance customer proposition through enlarged package of solutions, incorporating newly partnered offshore crane modules and related peripherals.
- Rejuvenate ready-made lower capacity winch systems stock-and-sell business activities.
- Offer customers increased flexibility in usage arrangement for shorter term needs via rentals and instalment-pay arrangements.

VIKING ASSET MANAGEMENT

VIKING ASSET MANAGEMENT BUSINESS SEEKS TO ACQUIRE OFFSHORE AND MARINE, AND OIL AND GAS ASSETS TO PROVIDE CHARTERING SERVICES THROUGH ATTRACTIVE AND CREATIVE PROPOSITIONS THAT MEET CUSTOMER'S NEEDS FOR ASSET USE WITHOUT THE NEED FOR OWNERSHIP

Our new business direction of entering the mainstream via asset chartering services aims to add longevity, stability and predictability to our business portfolio. Our value proposition is one that sees us offering flexibility and tailored commercial and operating arrangements to prospective customers that meet their operating needs.

Our operating mandate focuses mainly on acquiring offshore and marine assets as well as oil and gas assets. We work with customers that are keen to charter, finance, or lease such assets from us. Our experience allows us to explore more complex, non-traditional or client-tailored structures as well. Working closely with industry intermediaries, asset operators, and even owners directly enable us to cast our net wider to seek out acquisition and chartering opportunities across the globe.





Capabilities

- Adopting a tailor-made approach to every opportunity and capable of structuring transaction arrangements that closely mirror customers' operating needs.

2014 Highlights

- Acquired a train-type land drilling rig asset and customising a finance lease commercial arrangement on a 50-month charter with a put option.

2015 Growth

- Expand collaboration with land drilling rig charterer from a single exploration rig to a fleet of operating drilling rigs.
- Actively pursue chartering opportunities for the new-build offshore jack-up drilling rig due for completion by end of 2015.
- Focus on acquiring earnings accretive assets at attractive valuations with concurrent chartering opportunity.

OUR BOARD MEMBERS



Top left to right:
Lien Kait Long,
Lee Suan Hiang,
Tan Wee Peng Kelvin,
Bo Johansson
Bottom left to right:
Ong Choo Guan,
Andy Lim,
Lin Wei Daniel

Andy Lim, 57
Chairman and Executive Director

Mr Lim was appointed Chairman and Executive Director of the Company on 15 June 2009. As the Founder and Chairman of private equity firm Tembusu Partners Pte Ltd, he is currently the Executive Director of Associated Leisure International and Chairman of MoneyWorld Group of Companies. His other board appointments include Chairman of Overseas Experts Council (Singapore branch) of Peking University's China Centre for Strategic Studies, President of Enterprise 50 Association and a member of the Home Affairs Uniformed Service Invest Board of Trustee. His past board appointments include Chairman of Alpha Singapore and Council Member of the National Council for Anti-Drug Abuse. In September 2004, Mr Lim was appointed Honorary Consul to the Republic of Lithuania. Mr Lim holds an Engineering degree (First Class Honours) from Cambridge University and a Masters in Business Administration from University of California at Los Angeles (UCLA).

Ong Choo Guan, 63
Chief Executive Officer and Executive Director

Mr Ong was appointed Chief Executive Officer of the Company on 15 January 2010, and appointed Executive Director on 16 April 2010. With more than 30 years of management experience in the

offshore and marine industry, Mr Ong has been instrumental in driving the growth of Viking Airtech Pte Ltd since its incorporation in 1994 as part of Viking Engineering Group. Since his appointment as Executive Director of Viking Airtech in 2003, he has turned the business around and brought Viking Airtech to new heights as a leading HVACR solutions provider to shipyards and vessel owners in the region. Prior to joining Viking Engineering Group in 1980 where he was General Manager, Mr Ong was with Jurong Shipyard as the Overall-in-charge Engineer for mechanical works onboard the vessels. He is a Mechanical Engineer by profession and received various training in Finance and Accounting, and Marketing Management.

Lin Wei Daniel, 31
Executive Director

Mr Lin is an Executive Director of the Company, and the Managing Director of Viking's wholly-owned subsidiary Viking Asset Management Pte Ltd and Promoter Hydraulics Pte Ltd. In his management role, Mr Lin is responsible for the negotiation of the Group's first land drilling rig charter contract and investment stake in two shallow water CJ46 jack-up rigs. Prior to joining the Company, Mr Lin was an Executive Director of boutique Mergers & Acquisitions advisory firm Blue Ocean Capital Partners, providing bespoke corporate finance advice to high net worth individuals. Prior to Blue Ocean, Daniel was the Special Assistant to the CEO in Singapore-listed company Advance SCT Limited where he was largely responsible for the corporate finance and fund raising activities of the company. Mr Lin also sits on the boards of Singapore-listed companies Nico Steel Holdings Ltd and Ann Aik Ltd as a Non-Executive Director. He graduated with an honours degree in law in 2007 from Bristol University, United Kingdom.

Lee Suan Hiang, 64
Lead Independent Director

Mr Lee was appointed Independent Director of the Company on 16 April 2010. He is the Chief Executive of the Real Estate Developers' Association of Singapore. A Colombo Plan Scholar in Industrial Design (Engineering), he had a varied career in public service as Deputy Managing Director of the Economic Development Board and Chief Executive of SPRING Singapore, National Productivity Board, Singapore Institute of Standards and Industrial Research and National Arts Council. He was also the Chairman of PSB Corporation, Deputy Chairman of the International Federation of Arts Councils and Cultural Agencies and Council Member of the International Standards Organisation. He is the current President of the EDB Society and a Fellow of the UK Chartered Management Institute, Chartered Institute of Marketing, and World Academy for Productivity Science. Mr Lee was awarded the Public Administration (Gold) Medal in 1998, World SME Association Award in 2001, Japan External Trade Organisation Award in 2002 and Chevalier de l'Ordre des Arts et Lettres from France in 2010.

Lien Kait Long, 66
Independent Director

Mr Lien was appointed Non-Executive Director of the Company on 26 May 2008. He was redesignated Independent Director on 4 May 2009. Mr Lien has extensive experience in accounting and finance, corporate management and business investment. He has held a number of senior management positions as well as executive directorships in various public and private corporations in Singapore, Hong Kong and China. He currently serves as an Independent Director on the boards of several Singapore and Chinese companies listed on the Singapore Exchange. The listed companies that he has present and prior experience in are from diverse industries including manufacturing, telecommunications, renewable energy, oil and gas, consumer goods, textile and flexible packaging. Mr Lien holds a Bachelor of Commerce degree from Nanyang University and is a fellow member of the CPA Australia and the Institute of Singapore Chartered Accountants.

Tan Wee Peng Kelvin, 50
Independent Director

Mr Tan was appointed Independent Director of the Company on 25 June 2009. He has more than 20 years of professional experience including senior management positions at AETOS Security Management, PSA International, and Temasek Holdings, the last being the Managing Director of its Private Equity Funds Investment Unit. He was a consultant advising companies investing in China, and also served with the Singapore Police Force. A Local Merit Scholar (Police Service), Mr Tan holds a Bachelor in Accountancy (First Class Honours) and a Master in Business Administration from the National University of Singapore. He also attended the Programme for Management Development at Harvard Business School. Mr Tan currently holds directorship appointments and advisory positions with several other private and public-listed companies.

Bo Johansson, 74
Advisor to Chairman

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OUR EXECUTIVE MANAGEMENT



Top left to right:
Peh Chee Oon Lawrence,
Low Jooi Kok,
Ng Yeau Chong,
Tay Mong Seng Jeffrey,
Frederic Serna
Bottom left to right:
Ong Choo Guan,
Andy Lim,
Lin Wei Daniel

Andy Lim, 57
Chairman and Executive Director

Ong Choo Guan, 63
Chief Executive Officer and Executive Director

Lin Wei Daniel, 31
Executive Director

Low Jooi Kok, 50
Chief Operating Officer and Chief Financial Officer

Mr Low has been appointed Chief Operating Officer of the Group while continuing with his duties as Chief Financial Officer of the Group, a role he has assumed since he joined the Group in March 2010. Mr Low has more than 25 years of commercial experience spanning sales, marketing and line-of-business executive management, financial and operations management. He was the Chief Financial Officer of IBM Singapore in 1998, and then Director of Business Partner Sales for ASEAN and South Asia till 2009. Prior to joining IBM, Mr Low was with Visa International, holding various appointments overseeing financial planning and management of strategic business investments for Visa within Asia-Pacific region. Mr Low holds a Master of Business Administration from Southern Illinois University, Carbondale and a Bachelor of Accounting degree from Nanyang Technological University of Singapore, and is a CPA.

Ng Yeau Chong, 48
Managing Director, Viking Airtech Pte Ltd

Mr Ng was appointed Managing Director of Viking Airtech Pte Ltd in January 2015. Mr Ng joined the Group in August 2010 as the Chief Operating Officer. Mr Ng has more than 20 years of professional experience covering Sales & Marketing, Program Management, and Operations & Training in both public and private sectors. An Overseas Merit Scholar (SAF), Mr Ng was with the Republic of Singapore Navy for more than 10 years. Prior to joining the Group, he served as Asia Consulting Solution Director (Oracle Consulting Services, 2007-2010), Vice President (UOB, 2000-2007), and Assistant Head (Spring Singapore 1999-2000). Mr Ng holds a Master of Arts from University of Oxford and a MBA (Accountancy) from Nanyang Technological University. Mr Ng is a Certified Financial Analyst (CFA), and a Financial Risk Manager (FRM).

Frederic Serna, 57
Managing Director, Marshal Systems Pte Ltd

Mr Serna joined Marshal Systems Pte Ltd in April 2014 as General Manager and was appointed Managing Director of the company in September 2014. Mr Serna spent most of his career in Asia since the mid-1980s and very comfortably assimilated into the business environment and culture in Asia. He started with an assignment as a consortium general manager for a project in South Korea and he then moved into several business management positions with Alstom. After having successfully pioneered and opened the offshore market for propulsion and control systems in South Korea and he moved to Singapore to capture a share of the then untapped offshore business in South East Asia as a regional director leading to a number of successes. Mr Serna was born in France and graduated from various technical and business schools in France, then earned a Master of Business Administration from Macquarie Graduate School of Management in Sydney in 2001.

Tay Mong Seng Jeffrey, 56
Chairman, Marshal Systems Pte Ltd

In 2015, Mr Tay was appointed Chairman of Marshal Systems Pte Ltd. Mr Tay is the founder and was previously the Managing Director of Marshal Systems Pte Ltd. He began his career in the offshore and marine industry in 1981 with Singapore Slipway and Engineering, a subsidiary of Keppel Shipyard. In 1983, he joined Kongsberg (Asia) to handle projects for Far East Levingston Shipbuilding which is now known as Keppel FELS. Mr Tay brings to the Group more than 29 years of industry experience and believes differentiation is the key to outshining competitors in the business world. Mr Tay received various training and certification in the areas of electrical, electronics, communication services, and also sales and marketing management.

Peh Chee Oon Lawrence, 52
General Manager, Viking Airtech Yantai Facility

Mr Peh was appointed General Manager (Yantai-China) of the company on 1 December 2012. Mr Peh has 14 years of international experience, having worked and lived abroad on three continents and four cities since 1998. With more than 22 years of management experience in the contract manufacturing industry (both mechanical and electronics). Mr Peh received various training and certification in the areas of quality, production, procurement, operations management, as well as sales and marketing management.

OUR BUSINESS ADVISORS

Bo Johansson, 74
Advisor to Chairman

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

Jorge Antas Barros, 56
Advisor for Brazil and Latin America Region

Mr Jorge Antas Barros was appointed Advisor to the Group in October 2012 to assist and advise on the Group's internationalisation plan into Brazil and the Latin American region. Mr Barros is a Portuguese citizen and a lawyer by profession practicing at Baba & Mata in Lisbon, Portugal. He is the Honorary Consul of the Republic of Lithuania since 2010 and Vice President of the Chamber of Commerce and Industry Portugal / Baltics since 2011. Between 1985 to 1994, Mr Barros held various key appointments including: European Parliament Officer of European Union in Brussels, Cabinet Minister of National Defence and the Secretary of State for Defense, and Member of the German Marshall Fond/ joined the Marshall Memorial Fellowship Program - United States of America. From 1994 onwards, Mr Barros went into the academic fields holding key appointments as Secretary-General of the University Technology of Viseu and subsequently Professor of European Law at the University Technology of Viseu. Mr Barros graduated with a degree in Law from the Catholic University of Lisbon, majoring in International Relations and European Law. He also has qualifications in European Law at the Free University of Brussels and the Catholic University of Leuven in Belgium.

Jorgen Gismervik, 51
Advisor for Europe Region

Mr Gismervik is a Norwegian citizen who has more than 20 years of experience in worldwide oil and gas, and offshore and marine industries. He was previously a substantial shareholder of Marshal Systems Pte Ltd and has since been appointed Advisor to the Group covering the European region and specialisation in marine telecommunication field. Over the years, Mr Gismervik built-up several telecommunication companies in Europe and since 1999 founded a worldwide telecommunication company in Norway where he is also the Executive Director and Chief Executive Officer. Additionally, since 2006, he is also a Director and substantial shareholder of a Spanish-registered maritime telecommunication company. Mr Gismervik holds a First Class Honours Bachelor Degree in Telecom Engineering from the University of Stavanger and also possesses several relevant and recognised certification for the electronic and telecommunication industry.

Helmi Koh, 58
Advisor for Southeast Asia Region

Mr Helmi Koh is a Singaporean who has more than 30 years of experience in worldwide oil and gas, and offshore and marine industries. He is the Chairman of Samudra Group of Companies consisting of Samudra MPC, Samudra Asia Pacific, Tap Marine and Offshore Services and District Energy Ventures, doing marine and offshore chartering, project managements and supplies in Malaysia. Mr Koh holds a Masters of Business Administration, and has vast experience in handling projects over the past 20 years.

CORPORATE INFORMATION

Company Registration

Viking Offshore and Marine Limited
(listed on the Singapore Exchange)
Registration: 199307300M

Registered Office

Viking Offshore and Marine Limited
21 Kian Teck Road
Singapore 628773
Tel: (65) 6601 9500
Fax: (65) 6601 9600
Email: info@vikingom.com
Website: www.vikingom.com

Bankers

United Overseas Bank Limited
Overseas-Chinese Banking Corporation Limited
Malayan Banking Berhad
Standard Chartered Bank
Australia and New Zealand Banking Group Limited
RHB Bank Berhad

Auditor

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner-In-Charge: Terry Wee Hiang Bing
(wef financial year ended 31 December 2013)

Company's Sponsor

CIMB Bank Berhad
Singapore Branch
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6337 5115
Contact Person: Tony Toh

Share Registrar & Share Transfer Office

M&C Services Pte Ltd
112 Robinson Road #05-01
Singapore 068902

Board of Directors

Andy Lim
Chairman and Executive Director

Ong Choo Guan
Chief Executive Officer and Executive Director

Lin Wei Daniel
Executive Director

Lee Suan Hiang
Lead Independent Director

Lien Kait Long
Independent Director

Tan Wee Peng Kelvin
Independent Director

Audit Committee

Lien Kait Long (Chairman)
Tan Wee Peng Kelvin
Lee Suan Hiang

Nominating Committee

Lee Suan Hiang (Chairman)
Tan Wee Peng Kelvin
Lin Wei Daniel

Remuneration Committee

Tan Wee Peng Kelvin (Chairman)
Lee Suan Hiang
Lien Kait Long

Advisor to Chairman

Bo Johansson

Company Secretary

Lin Moi Heyang
Lotus Isabella Lim Mei Hua



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CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

INTRODUCTION

Viking Offshore and Marine Limited ("VOM" or the "Company" or the "Group") is firmly committed to observing and maintaining high standards of corporate governance in compliance with the principles and guidelines set out in the Code of Corporate Governance 2012 ("Code"). The Company believes that its corporate conduct and growth must be supported by well-defined policies, transparent and consistent processes, a system of stringent internal checks and controls, and accountability.

Guided by the Code, VOM adheres and applies them in both substance and form, and continually seek to modify, improve and keep current to its ever-changing business dynamics. The Company believes that only in doing so, Shareholders' interests are safeguarded, and the Company is better able to deliver its long-term strategic commitments of maximising Shareholder value and returns.

To attain this aim, our well-diversified and qualified Board Members work closely with our experienced Management personnel, drawing upon close adherence to the principles and guidelines prescribed in the Code, and other applicable rules and regulations.

This Report sets out our corporate governance framework and practices with specific reference to guidelines set out in the Code.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the success of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board sets the benchmark and is responsible for VOM's corporate governance standards and policies. Its leadership responsibilities entail oversight on the Group's business performance and operating and financial affairs, providing entrepreneurial leadership, setting its strategic direction and performance objectives, and setting long term goals for VOM and high standards of corporate governance. Specifically, the principal functions of the Board are to:

1. Approve the corporate direction and strategy of the Company and monitor the performance of the Management;

2. Approve the nomination of Directors and appointment of key managerial personnel;

3. Approve the annual budget, major funding proposals and investment proposals, and ensuring the necessary financial and human resources are in place for the Company to meet its objectives;

4. Establish a framework of prudent and effective controls which enables risks to be properly assessed and managed, including safeguarding of Shareholders' interests and Company's assets;

5. Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

6. Review the financial performance and necessary reporting compliance;

7 Set Company values and standards (including ethical standards) and ensure that obligations to Shareholders and other stakeholders are understood and met;

8. Assume responsibility for corporate governance; and

9. Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Besides the formal Board meetings, the Directors also speak on specific subjects. During the year, the Directors consulted one another several times with respect to the Group's business plans.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The key roles of the Board are:

1. Mr Andy Lim, Chairman and Executive Director
2. Mr Ong Choo Guan, Chief Executive Officer and Executive Director
3. Mr Lin Wei Daniel, Executive Director
4. Mr Lee Suan Hiang, Lead Independent Director
5. Mr Lien Kait Long, Independent Director
6. Mr Kelvin Tan Wee Peng, Independent Director

Delegation of Authority on certain Board Matters

To assist the Board to effectively discharge its oversight duties and functions, it delegates specific areas of responsibilities, without abdicating its responsibilities, to three Board Committees namely; the Audit Committee, the Nominating Committee, and the Remuneration Committee, each of which is governed by clear terms of reference which have been approved by the Board. Minutes of all Board Committee meetings are circulated to Board members so that they are kept abreast of proceedings and matters discussed at such meetings. To address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring such Directors to refrain from participating in meetings or discussions (or relevant segments thereof), in addition to abstaining from voting, on any matter in which they are so interested or conflicted.

The Board has delegated the day-to-day operations to the Management while reserving key matters for Board approval. Key functions include approving the consolidated financial statements for the Group, conflict of interest checks for Directors, disposal of assets, strategic planning and material acquisitions, share issuances, dividends, and matters which require Board approval as specified under the Company's Interested Person Transaction Policy.

In addition, the Company also appoints each Director to the Chairman position of the key subsidiaries. These are Non-Executive appointments and serve as the conduit between the Company's Board and the subsidiary's Board primarily for oversight in performance management as well as ensuring additional covers for corporate governance. As at 31 December 2014, the Directors holding Chairman appointments at the subsidiary Board are:

1. Mr Lee Suan Hiang, Chairman of Viking Airtech Pte Ltd
2. Mr Kelvin Tan Wee Peng, Chairman of Marshal Systems Pte Ltd

Beginning 2015, the Company made certain reorganization and personnel changes to these subsidiaries' Board Chairmanship appointments. Notwithstanding the changes to personnel, the structure, role and intent of these subsidiaries' Chairman remained unchanged.

The Board's approval is required for transactions or matters such as major investments, corporate restructuring, mergers and acquisitions, material acquisitions or disposal of assets, the release of the Group's financial results announcements, interested person transactions of a material nature and declaration of dividends.

Management had conducted briefings and orientation programmes to familiarise newly appointed Directors and existing Directors with the various businesses, operations and processes of the Group. There are no new Directors appointed during the year.

Meetings of the Board and Board Committees

The Board convenes regularly for scheduled meetings and any ad-hoc meetings are arranged when required; to review the key activities, financial performance, business plans, corporate strategies, potential acquisitions and divestments, and significant operational and/or management matters of the Group. During Board meetings, the Directors actively participate, discuss, deliberate and appraise the matters requiring its attention and decision. If Directors are unable to attend Board meetings physically, such meetings may be conducted via telephone, video conference or any other form of electronic or instantaneous communications.

The Directors are given direct and full access to the Management team of the Group's three main subsidiaries through attendances at formal Board Meetings as well as ad-hoc meetings during the year.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The number of Board meetings and Board Committee meetings held in the current financial year and the attendance of Directors at these meetings are as follows:

Attendance of Board Members	Board	Audit Committee	Nominating Committee	Remuneration Committee
Meetings held during the financial year ended 31 December 2014	4	4	1	1
Mr Andy Lim	4	NA	NA	NA
Mr Ong Choo Guan	4	NA	NA	NA
Mr Lin Wei Daniel	4	NA	1	NA
Mr Lee Suan Hiang	4	4	1	1
Mr Lien Kait Long	4	4	NA	1
Mr Kelvin Tan Wee Peng	4	4	1	1

Upon appointment, each new Director is put through an orientation program to familiarise new Directors with the Group's business activities, strategic directions, policies, major impending projects as well as corporate governance practices of the Group. In addition, new Directors are also encouraged to attend the relevant courses and programs from the Singapore Institute of Directors ("SID") to be acquainted with the role and responsibilities of a Director in the context of a listed company.

Directors are continually and regularly updated on the Group's businesses and the regulatory and industry-specific environments in which the entities of the Group operate. Updates on relevant legal, regulatory and accounting developments may be in writing or disseminated by way of briefings or presentations. In addition, the Audit Committee Chairman will regularly keep the Board abreast of changes and development within the accounting and financial reporting areas. During the year, briefings were also conducted for the Board and some Directors also attended external briefings on the Director's disclosure obligations, recent developments in the laws on insider trading, and the proposed changes to Code by the regulators. The Company also encourages the Directors to be members of the SID, and for them to receive regular journal updates and training from SID to stay abreast and be apprised of developments in financial, legal, regulatory requirements, and the business environment.

Principle 2: Board Composition and Guidance

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

The Board comprises six members, with Independent Directors comprising 50% of the composition of the Board. The Company conducts an annual review of the size and composition of the Board to ensure that both aspects continue to meet the needs of the Group in managing the businesses as well as maintaining a strong independent element within the composition of the Board. The Board will continuously review this with a view to enhance corporate governance practices in tandem to proposed changes to the Code.

The Nominating Committee is of the view that the current size and composition is appropriate and conducive to the scope and nature of the Group's business, and for facilitating effective exchanges and decision making. The Board proactively seeks to maintain a balanced mix of experiences, competences, and attributes among the Directors, and this is reflected in the diversity of the Board composition in terms of background and competencies. Such experiences and competencies include finance and accounting, sales and marketing, strategic planning, investment management, relevant industry knowledge, entrepreneurial and management experience, familiarity with regulatory requirements and risk management. The Management is provided with full and direct access to the Board which also actively provides guidance and a broad range of views and perspectives.

Since the beginning of 2014, the Board had included gender diversity as one of the discussion topic on the meeting agenda. The Nominating Committee had been charged with the responsibility to drive gender diversity in its Board composition to seek out a suitable woman candidate with the appropriate experience, knowledge and skills to value-add to the Board. The Company expects to appoint a woman Board member no later than 2016.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

There exists active participation and engagement among the Directors in often dynamic and stimulating exchanges of views and opinions at both the Committee and Board meetings. The Directors make decisions using their collective wisdom and exercise their individual opinions whilst at all times acting in the best interest of the Group. No individual or group within the Board dominates or is able to dominate the discussion process and decision making. The Non-Executive Directors also meet regularly without Management's presence to discuss matters such as the Board's effectiveness and Management's performance. As and when required, the Non-Executive Directors are also invited to participate to review and deliberate with Management on the Group's business culture, plans and long-term strategies. In addition, the Non-Executive Directors also actively monitor and provide guidance to the Group's subsidiaries through their appointment as Non-Executive Chairman of the Subsidiaries.

On an annual basis, the Directors are each required to provide information on their current shareholding interests, areas of conflicts (if any), Directorship in other companies; and declare their independence (for Independent Directors) and time commitment towards discharging of their responsibilities. The Nominating Committee will determine the independence of each Director based on the definitions and guidelines of independence set out in the Code. In respect of the financial year ended 31 December 2014, the Nominating Committee is satisfied with the independent status of the Independent Directors and the independent element on the Board is maintained.

The duties and responsibilities of the Executive Directors are clearly set out in their service agreements. The Company has an on-going budget for all Directors to receive relevant training. Board members are encouraged to attend seminars and receive training in connection with their duties as Directors in areas such as accounting and legal knowledge, particularly on latest developments to relevant laws, regulations, accounting standards and changing commercial risks to enable them to make well-informed decision and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities at the top of the Company – the working of the Board and the executive responsibility of the Company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Chairman and the Chief Executive Officer ("CEO") positions are held by separate individuals. This is so that an appropriate balance of power and authority, with clear divisions of responsibilities and accountability, can be attained. This segregation of roles also facilitates a healthy, open exchange of views and opinions between the Board and Management in their deliberation of the business, strategic plans and key activities of the Company. The Chairman is not related to the CEO.

The Chairman bears the primary responsibility for the workings of the Board, ensuring its effective function, sets its agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues. He promotes a culture of openness and debate at the Board. He also ensures that the Board meetings, are held whenever necessary; the Directors receive accurate, clear and timely information, encourages constructive relations between Management and the Board, as well as between Executive and Independent Directors and facilitates the effective contribution of Independent Directors; and ensures effective communication with Shareholders. The Chairman also plays an instrumental role in charting corporate directions and strategies, developing business for the Group and providing the Group with strong leadership and vision. He is responsible for promoting high standards of corporate governance.

The CEO is primarily responsible for the day-to-day management of the operations and performance of the Group; and reports to the Board on the Group's operations and performance. He has overall responsibility for the organisational effectiveness and the implementation of policies and decisions of the Board. The CEO works closely with the Chairman on formulating the Group's operational strategies and matters to be tabled at the Board level.

The presence of a strong, independent and active participation of the Independent Directors ensures the proper functioning of the Board and good check and balance. All major decisions made by the Chairman and CEO are reviewed by the Audit Committee. Their performance and appointment to the Board is reviewed by the Nominating Committee and their remuneration packages are reviewed by the Remuneration Committee periodically. As such, the Board believes that there are adequate safety measures in place against an uneven concentration of power and authority, and the Chairman and CEO do not have unfettered powers of decisions.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

Mr Lee Suan Hiang, as the Lead Independent Director, coordinates and leads the Independent Directors in providing a non-executive perspective and contributing to a balance of viewpoints on the Board. He is the principal liaison on Board issues between the Independent Directors and the Chairman. He is available to shareholders where they have concerns which contact through the normal channels of the Chairman and CEO or CFO has failed to resolve or is inappropriate.

The Lead Independent Director may call for meetings of Independent Directors from time to time without the presence of other Directors and provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Nominating Committee

The majority (being two-thirds) of the members of this Committee, including the Chairman, are independent Non-Executive Directors. The Nominating Committee ("NC") comprises:

1.	Mr Lee Suan Hiang	Lead Independent Director	Chairman
2.	Mr Kelvin Tan Wee Peng	Independent Director	Member
3.	Mr Lin Wei Daniel	Executive Director	Member

The NC is guided by the Terms of Reference approved by the Board and set out the duties and responsibilities of this committee. The NC's principal functions are to:

1. Establish procedures for and make recommendations to the Board on all Board and Committees appointments;

2. Determine orientation programs for new Directors, and recommend opportunities for the continued training and professional development of the Directors;

3. Review and make recommendations to the Board for the re-nomination of Directors, taking into consideration the individual Director's competencies, commitment, contribution and performance, such as his attendance at meetings of the Board and/or Board committees, participation, candour and any special contribution.The NC is able to determine if a Director has adequately and is able to continue carrying out his/her duties as a Director of the Company. Internal guidelines have been set in place to address the competing time commitments faced when Directors serve on multiple boards;

4. Assess a Director's independence annually, bearing in mind the relevant provisions of the Code and all other salient factors;

5. Review the size and composition of the Board with the objective of achieving a balanced Board with a proper mix of experience and expertise and progressive renewal of the Board;

6. Recommend to the Board the performance criteria and processes for appraisals to be used for the evaluation of individual Directors, as well as the effectiveness of the Board as a whole; the criteria and processes are subject to the Board's approval;

7. Review the appointment of relatives of Directors and/or Substantial Shareholders to managerial positions; and

8. Review of board succession plans for Directors, in particular, the Chairman and the CEO.

In its annual review, the NC evaluates and affirms the independent status of the Directors having considered the guidelines set out in the Code. The NC has confirmed the status of the Non-Executive Directors of the Company as follows:

1.	Mr Lee Suan Hiang	Independent
2.	Mr Kelvin Tan Wee Peng	Independent
3.	Mr Lien Kait Long	Independent

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

Although some of the Directors have multiple Board memberships, the NC has considered and is satisfied that each of them is able to and has adequately carried out his duties as a Director of the Company. As time requirements of each director are subjective, the NC has decided not to fix a maximum limit on the number of Directorships a Director can hold. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company.

The Company's Articles of Association ("Articles") provides that at least one-third of its Directors shall retire from office and are subject to re-election at every Annual General Meeting ("AGM"). All Directors are required to retire from office at least once every three years. The NC is satisfied that the Directors who are retiring in accordance with the Articles at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and contribution. Newly appointed Directors must also submit themselves for retirement and re-election at the next AGM immediately following their appointment. The Shareholders approve the appointment or re-appointment of Board members at the AGM.

Description of Nominating Process of New Directors

The search and nomination process for new Directors involves a review of the existing size and composition of the Board. In such reviews, the NC endeavours to ensure that the size of the Board is adequate and not unwieldy to interfere with efficiency in decision-making; and the composition of the Board is appropriately diverse with views and opinions for discussion and decision-making. The NC considers factors such as the ability of the potential candidate to contribute to discussions, deliberations and activities of the Board. In addition, the relevant experience, qualification, competence and attributes of the prospective candidates are evaluated in considering their appointment to the Board. In doing so, where necessary and appropriate, the NC may rely on its networking contacts and/or recommendations from fellow Board members to assist with identifying and short listing of candidates.

Key Information regarding Directors

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

Principle 5: Board Performance

There should be formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

The Board has established and implemented a formal process for assessing the effectiveness of the Board collectively and individually as well as its board committees. Annually, the NC will lead the Board effectiveness review through an open face-to-face meeting where each predetermined attribute and criteria is discussed and challenged rigorously to reach a consensus on the assessment. Each of the attributes will be scored and instances are cited to demonstrate and substantiate against each attribute score as evidential support. Quantitative and qualitative factors are considered in developing the attributes which include areas of evaluation with respect to Board functions, Board meetings, Board structure and communication. In addition, the Board is also measured on its effectiveness in formulating strategic plans for the Management and monitoring the progress and performance against the set objectives. The Board committees are also evaluated for their effectiveness against their respective terms of reference.

When considering the re-appointment of any Director, the NC evaluates the performance of the Director, with the aim of determining the Director's ability to continue to contribute effectively and demonstrate commitment to the role. This assessment will be done on an annual basis. The criteria adopted in the assessment includes whether the Director will continue to demonstrate commitment to the role (including commitment of time for Board and Committee meetings, intensity of participation at meetings and special contributions).

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Principle 6: Access to Information

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

In order for the Board to make an informed decision and to facilitate meaningful deliberated discussions during meetings of the Board and Board Committees, Management provides the Board with adequate and timely information on matters which require the Board's decision or approval, or which the Board should have knowledge of. These include reports relating to the financial and operational performance of the Company, which are circulated to the Board prior to its meetings. Information provided also include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained. For decisions and/or resolutions required on major business plans, the Management provides the Board with detailed Board papers, specifying relevant information and justifications for each proposal for which the Board approval is sought. Such information include relevant historical financial information coupled with future forecasts, opportunities and risk analyses, mitigation plans, and other key integral commercial issues requiring the Board to focus on.

The Board receives from Senior Management quarterly management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects. Besides the provision of such information to the Board, Senior Management also conducts presentations to discuss the information and encourage active exchanges of views and sharing. The Board also delegates the monthly in-depth review and monitoring of the Group and subsidiaries' performance to the respective appointed Chairman of the subsidiary. Monthly meetings are held whereby the Senior Management will present and review monthly performance and associated results. Directors are given separate and independent access to the Company's key management personnel to address any enquiries. Directors are also entitled to request from Management and are provided such additional information as needed in a timely manner to make informed decisions.

Attendance of Senior Management is also required at Board meetings to discuss business units' performances and outlook, challenges, future key business initiatives, and provide additional insights into matters being discussed or respond to queries arising out of these meetings. In addition to Board meetings, the Board also has separate, independent and direct access to the Company's Executive Management team and the Company Secretary. The Audit Committee members are also provided uninterrupted access to the Company's Corporate Sponsor, External and Internal Auditors. Some of the Directors, including Independent Directors are appointed Chairman of the Group's subsidiaries; and in this regard able to keep current and be apprised of the developments within the subsidiaries and the Group.

The Company Secretary, and/or her representatives, attends all Board meetings, ensures that Board procedures are complied with, and provides guidance on corporate governance, and on legal and statutory compliance. Under the direction of the Chairman, the Company Secretary ensures that Board procedures and applicable rules and regulations are complied with. She also acts as a channel of communications for information flow and dissemination to and within the Board and its Committees, as well as between Senior Management and Independent Directors, and consolidates Directors' feedback and evaluation. The minutes of all Board meetings are circulated to the Board for review. The Directors have separate and independent access to the Company Secretary. The Board reviews and determines the appointment and removal of the Company Secretary. The Directors, whether collectively or individually, may, at the expense of the Company, seek and obtain independent professional advice necessary to discharge their duties effectively.

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REMUNERATION MATTERS

Principle 7: Policy for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Remuneration Committee

There is a formal and transparent procedure in place for developing policy on executive remuneration and for fixing the remuneration packages of each Director. Directors are not involved in deciding their own remuneration. The Remuneration Committee ("RC") comprises entirely of Independent Directors. The RC also provides oversight on Executive Management's remuneration packages and policy framework. The RC comprises the following members:

1.	Mr Kelvin Tan Wee Peng	Independent Director	Chairman
2.	Mr Lee Suan Hiang	Lead Independent Director	Member
3.	Mr Lien Kait Long	Independent Director	Member

The principal duties and responsibilities of the RC are to:

a. Recommend for the entire Board's approval an appropriate framework for remuneration (including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind), and specific remuneration packages, of the Board and Senior Management to ensure that it is competitive and sufficient to attract, retain and motivate personnel of the required quality;

b. Determine the policy for establishing the remuneration packages for Executive Directors and the CEO (or equivalent) and review the service contracts of such employees;

c. Review the performance of key senior managers to enable the committee to determine their annual remuneration, bonus rewards, etc;

d. Ensure accountability and transparency in the Company's policies and procedures when determining the remuneration of the Directors and Senior Management; and

e. Review all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration is commensurate with the contribution and responsibilities of the Directors.

The RC reviews the performance objectives (including weightage between quantitative financial performance figures as well as qualitative business development and management attributes). Directors' fees are set according to remuneration framework. All Independent Directors are paid Directors' fees, subject to approval at the AGM.

The RC may, from time to time, and where necessary or required, seek advice from external consultants in designing the remuneration framework and policies, and fixing the remuneration packages of individual Directors and Executive Management of the Company. This is to ensure that competitive compensation and progressive policies, with appropriate mix of short and long term incentives, are in place to attract, retain and motivate competent and committed Management. In 2014, the Company engaged the services of a remuneration external consultant, Freshwater Advisers, to conduct remuneration benchmarking exercise of the directors and senior management of the Company. The results of the benchmarking exercise were tabled, discussed, and used to review the directors and senior management remuneration packages. The remuneration consultant does not have any relationship with the Company.

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Principle 8: Level and Mix of Remuneration

The level of remuneration should be aligned with the long-term interest and risk policies of the Company appropriate to attract, retain and motivate the Directors needed to run the Company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

In making its recommendations to the Board on the level and mix of remuneration, the Remuneration Committee seeks to be competitive in order to attract, motivate and retain high-performing executives to drive the Group's businesses whilst operating within the Group's risk parameters, so as to maximise long-term Shareholder value. In its deliberation of remuneration level and mix, the RC takes into consideration industry practices and benchmarks against relevant industry players as well as comparable positional responsibilities to ensure that its remuneration practices are competitive. The Company adopts a performance-driven and meritocratic approach to compensation, with rewards linked to individual and corporate performance to align interests of Management with those of Shareholders and promote the long-term success of the Company. Such performance-related remuneration should take into account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks.

The Company's remuneration framework comprises a fixed component in the form of a basic salary, a variable component linked to the performance of the individual and the Company, and a long-term incentive. The Executive Director's and Executive Management's service contract is for a fixed period (average and mostly on a 3-year term) which is not excessively long. It also does not contain onerous removal clauses.

The Board is satisfied that there are adequate safeguards in the control and governance framework to ensure the executive directors and key management personnel uphold a high standard of integrity and conduct in the best interest of the Company. The Board also recognize the value of the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company, and will appropriately implement them in the next renewal or revision of their service contract.

Long Term Incentive Plans

The RC also administers the Company's share-based remuneration incentive plans; namely, the Viking Long Term Incentive Plan (the "VLTIP"), and the Viking Offshore and Marine Limited Share Option Scheme (the "VOM Scheme").

Through the VLTIP and VOM Scheme, the Company aims to foster a greater ownership culture within the Group by directly aligning the interests and rewards of key executives with the interest of the Shareholders, and to participate and share in the Group's growth and success.

Under the terms of the VOM Scheme and VLTIP, all employees of the Group companies are eligible to participate in the incentive scheme. The Company plans to use these incentive schemes towards the remuneration mix of Senior Management and Senior Executives. This will afford the Company greater flexibility and effectiveness in designing compensation packages in its efforts to attract, motivate and retain valued talented Senior Executives and to also reward them for the performance of the Company and that of the individual.

While the Company intends to use the VOM Scheme towards efforts to retain talented Senior Executives and Management, the VLTIP is geared towards motivating Senior Executives and Management towards achievement of target-based performance objectives. The VLTIP targets Senior Management in key positions who shoulder the responsibility of the Company's performance as well as influence the growth and performance of the Company through high performance. It also serves as motivation to key Senior Management in delivering high performance and aligning to enhancing longer-term Shareholder value.

Under the VLTIP, most of the grant of share award will be conditional upon the achievement of pre-determined and agreed performance targets for the year for the individuals or collective group of individuals. These share awards represent individual's right to receive fully-paid shares of the Company when and if their predetermined conditions have been met. The number of shares to be released will vary with the achievement level of the individual employee.

In using the VOM Scheme towards the retention of talented employees, the grant of options is made based on the retention value assessed on the individual on whom the options were granted. There are no predetermined performance targets on which the grant is conditional upon, these options are expected to vest after twelve (12) months and exercisable within sixty (60) months from date of grant.

The RC is of the opinion that the current share scheme, including the vesting period and exercise conditions is in line with the remuneration and incentive framework for the directors and key management personnel. The RC will evaluate the use of vesting schedules, whereby only a portion of the benefits can be exercised each year as and when appropriate.

The directors and key management personnel are encouraged to keep their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability.

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The maximum number of Company's shares which can be released under the combined limits of both the VLTIP and VOM Scheme will not exceed ten percent (10%) of the issued share capital of the Company.

Details of employee share schemes which include, size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant and vesting schedule are disclosed in the Directors' Report and the notes to financial statements in this Annual Report.

Principle 9: Disclosure on Remuneration

Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key executives, and performance.

Remuneration of Directors and Key Management Personnel

Although the Code recommends full disclosure in aggregate to the nearest thousand dollars of the total remumeration paid to each individual Director and the CEO on a named basis, the Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of their remuneration due to the competitiveness of the industry for key talent.

The remuneration of Directors and Key Management Personnel (who are not also Directors) of the Group, is set out below:

Directors' Remuneration

Directors	Fee	Salary	Bonus	Allowance	Shares	Total
Between $750,001 and $1,000,000						
Mr Andy Lim	-	70%	6%	10%	14%	100%
Between $500,001 and $750,000						
Mr Ong Choo Guan	-	72%	6%	8%	14%	100%
Between $250,001 and $500,000						
Mr Lin Wei Daniel [(1)]	-	76%	6%	8%	10%	100%
Less than $250,000						
Mr Lee Suan Hiang	91%	-	-	-	9%	100%
Mr Lien Kait Long	85%	-	-	-	15%	100%
Mr Kelvin Tan Wee Peng	91%	-	-	-	9%	100%

Notes:

(1) Mr Lin Wei Daniel is the son of Mr Andy Lim, a Substantial Shareholder and Executive Director of the Company. His remuneration is within the band of $250,000 and $300,000.

Top 5 Key Management Personnel's Remuneration

Key Management Personnel	Salary	Bonus	Allowance	Shares	Others	Total
Between $250,001 and $500,000						
Mr Jeffrey Tay Mong Seng	72%	-	5%	23%	-	100%
Mr Low Jooi Kok	74%	6%	6%	14%	-	100%
Mr Ng Yeau Chong	74%	6%	6%	14%	-	100%
Less than $250,000						
Mr Frederic Louis Serna	85%	7%	8%	-	-	100%
Mr Lawrence Peh Chee Oon	85%	15%	-	-	-	100%

The aggregate total remuneration for the top 5 key management personnel (who are not Directors or CEO) approximate $1.51 million (FY2013 - $1.53 million) for the year ended 31 December 2014.

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Save as disclosed above, there are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds $50,000 during the year.

The Company did not grant any termination, retirement and post-employment benefits to the directors, the CEO and the rest of the key management personnel.

Directors' Fees

The remuneration of Independent Directors takes into account their level and quality of contribution and their respective responsibilities, including committees' appointment holder, attendance and time spent at Board and/or Committee meetings. Directors are paid basic and attendance fees for attending Board meetings. Independent Directors who serve on the respective Board Committees are paid additional basic and attendance fees for such services. Directors who assume Chairmanship appointment at the subsidiary level are paid an advisory fee by the subsidiary for performing such services. The Directors' fees are pro-rated according to their appointment and retirement date for the year, where applicable. No Director decides his own fees.

To ensure competitiveness, the Company conducts periodic reviews of Directors' remuneration to benchmark its Directors' fees against the amounts paid by other comparable listed companies. Following a review conducted by remuneration consultants, Freshwater Advisers, it is proposed that adjustments be made to the Board Committee's fee quantum with effect from the next financial year. The current fee structure and the proposed changes are as set out below:

		Current ($)	Proposed ($)
Board of Directors (Basic fee)		22,000	25,000
Audit Committee	Chairman	15,000	20,000
	Member	7,000	10,000
Remuneration Committee	Chairman	12,000	12,000
	Member	6,000	6,000
Nominating Committee	Chairman	12,000	12,000
	Member	6,000	6,000
Subsidiary Non-Executive Chairman		30,000	-

It remains the practice of the Company to pay Directors' fees throughout the year during their respective tenure of service. In this regard, the Company will be seeking Shareholders' approval at the AGM of the Company on 28 April 2015, for the payment of Directors' fees proposed for the financial year ending 31 December 2015 amounting to $200,000 (2014: $210,000).

For better alignment with Shareholders' interest, Directors and key executives of the Company are encouraged to purchase the Company's shares from the open market and to hold such shares on a long term basis, subject to their compliance with applicable laws and regulations. Independent Directors may purchase and hold Company's shares provided their independence remain uncompromised during the period and at any point in time. All shareholdings of the Company's shares by Directors and key executives will be declared in a timely manner and fully disclosed in compliance with regulations and reporting requirements.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("FRS") prescribed by the Accounting Standards Council. Effective 1 January 2011, the Company disseminates quarterly, half-year and full-year financial results and other related material information of the Group to Shareholders via announcements to the SGX-ST and, where appropriate, press releases, and

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media and analyst briefings. In communicating and disseminating its results, the Company aims to present a balanced and clear assessment of the Group's performance, position and prospects. In addition, where appropriate and necessary, details on the Group's diverse business operations are also discussed to provide Shareholders and public with clarity and better understanding of its business portfolio.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of SGX. Senior Management also provides all members of the Board with management accounts on a quarterly basis and such explanation and information as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

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

RISK MANAGEMENT

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The Company has an Enterprise Risk Management Framework in place for the Group. The said Framework has been reviewed by the Audit Committee ("AC") and approved by the Board of Directors. The AC and the Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

INTERNAL CONTROLS

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard Shareholders' interests and the Group's assets, and to manage risks. The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Company's internal auditor conducts an annual review of the effectiveness of the Company's material internal control systems including financial, operational, compliance and information technology controls and risk assessment to ensure the adequacy thereof. In addition, an annual review is also conducted to ensure that safeguards, checks and balances are put in place to prevent any conflict of interest or any weakening of internal controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditor in this respect.

The Board has also received assurance from the Chief Executive Officer and the Chief Financial Officer that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) the Company's risk management and internal control systems in place are effective.

Based on the internal controls established and maintained by the Group, works performed by external and internal auditors and actions taken by the management on the on-going review and continuing efforts at enhancing controls and processes, the Board with the concurrence of the AC, is of the view that the system of internal control (including financial, operational, compliance and information technology controls, and risk management systems) maintained by the Company's Management is adequate and effective against material financial misstatements or loss, and includes the safeguarding of Shareholders' investments and the Company's assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks.

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Principle 12: Audit Committee

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

On behalf of the Board, AC undertakes the monitoring and review of the system of internal controls. Amongst others, the primary responsibilities are to assist the Board in providing oversight over the Company's performance in areas of internal controls, financial and accounting practices, operational and compliance controls, and corporate and financial risk management. Significant findings are reported to the Board and recommended remedial plans are implemented towards improving overall controls and risk management posture of the Company.

The AC is guided by the established Terms of Reference endorsed by the Board which sets out its duties and responsibilities. It is fully empowered to investigate any matter within the Terms of Reference, and has full access to and the cooperation of the Management, as well as the full discretion to invite any Director or executive officers of the Management to attend its meetings, or provide such information/documents as it may require, and assist in its investigation. The AC is kept abreast by the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The AC comprises the following Independent Directors:

1.	Mr Lien Kait Long	Independent Director	Chairman
2.	Mr Lee Suan Hiang	Lead Independent Director	Member
3.	Mr Kelvin Tan Wee Peng	Independent Director	Member

All the members of the AC, including the Chairman, are Independent Directors. The members of the AC possess the necessary and appropriate attributes and qualifications. Their individual and collective wealth of experience and expertise on accounting and financial management enables them to effectively carry out their duties and discharge their responsibilities competently. The Board is satisfied that the AC has reasonable resources and competencies to perform its functions and to provide effective oversight over the Group's internal controls and risk management.

The principal duties, responsibilities and activities of the AC are to:

1. Review the audit plans of the internal and external auditors of the Company and ensure the adequacy of the Group's system of accounting controls and the co-operation given by the Company's Management to the external and internal auditors;

2. Review the quarterly, half-yearly and annual financial statements and the auditors' report of the Group and the Company before submitting to the Board of Directors; such reviews will also include the review of the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance;

3. Review and report to the Board at least annually, with the management and the internal auditor the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the Management;

4. Review the adequacy and effectiveness of the Group's internal audit function; including the audit plans for the year;

5. Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;

6. Review the cost effectiveness and the independence and objectivity of the external auditors;

7. Review the nature and extent of non-audit services provided by the external auditors;

8. Review the currency of the whistle-blowing policies and the reported incidents, including the appropriate investigations and ensuring appropriate follow-up actions, where necessary;

9. Make recommendations to the Board on the proposals to the Shareholders on the appointment, reappointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor; and

10. Review interested person transactions in accordance with the requirements of the listing rules of the Singapore Exchange.

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The AC also meets with internal and external auditors without the presence of the Management at every half-yearly intervals to obtain feedback on the competency and adequacy of the finance function and to ascertain if there is any material weakness in control effectiveness in the Group's financial reporting and operational systems. Besides scheduled meeting, the external auditors and the AC Chairman have direct and open access channels of communication.

The AC confirms that the Company and the Group complies with Catalist Listing Rule 712, 715 and 716.

The AC reviews and makes recommendations to the Board for approval by Shareholders, the appointment, re-appointment and removal of the Company's external auditors. It also reviews and approves the remuneration and terms of engagement of the external auditors. The AC also reviews the independence and objectivity of the external auditor annually. Having reviewed all non-audit services provided by the external auditors to the Group, the AC is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The amount paid and payable to external auditors for audit and non-audit services fees were $232,365 and $43,781 respectively, for the financial period under review.

The AC also conducts a review of Interested Person Transactions ("IPT") to ensure that there are no improper activities of the Company. The Company does not have any IPT that are entered into pursuant to Shareholders' mandate approved at the AGM. All other IPTs which are not subjected to any Shareholders' mandate are also reviewed by the AC and ensured the proper disclosures made. Accordingly, the AC is satisfied that all material IPTs which warrant disclosure or further discussion have been properly reviewed and announced, where applicable; and there are no improprieties in this area.

Code of Conduct

The Directors, officers and employees of the Company are required to observe, uphold and maintain high standards of integrity and propriety in carrying out their roles and responsibilities, and to comply with applicable laws and regulations as well as the Group's human resource and finance processes. Similarly, such behaviour and conduct is expected of our employees in their dealings with fellow employees, customers, suppliers and business associates.

The Company has in place a whistle-blowing framework where employees of the Company may raise concerns about possible corporate improprieties in matters of financial reporting or other matters in confidence. To ensure an independent investigation of such matters and appropriate follow-up action is taken, all Whistle-blowing reports are sent to the AC Chairman and/or members who are also Independent Directors. Details of Whistle-blowing policy and arrangements have been made available to all employees. As a step-up to its corporate governance initiative, during the year, the Company made further enhancements to the Whistle-blowing policy and framework which incorporated greater areas of reportable impropriety and clarity, including foreign language translation to embrace a greater ethnic composition of its employee population.

Principle 13: Internal Audit

The Company should establish an effective internal audit function that adequately sources and independent of the activities it audits.

The Board recognises that it is its responsibility to maintain a system of internal control processes to safeguard Shareholders' investments and the Group's business and assets. Periodic review and testing of the system of internal controls is an important exercise to ensure that the control mechanism in place is working in the intended manner for which it is designed for. While the importance of working internal controls cannot be discounted, the Board also recognised that the size of the Group may not warrant and it will not be a cost-effective or efficient solution to have an internal audit function and team within the organisational setup.

Accordingly, the Group will achieve the objective of an internal audit function through engaging an outside reputable professional accounting firm, PricewaterhouseCoopers LLP to perform an internal audit on the business operations. The internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The scope of the internal audit as well as the terms of engagement is determined by the AC. The Internal Auditor has unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC. All such internal audit reports, including findings and recommendations, are communicated to the AC for review and concurrence, with the Management provided with similar report for implementation and follow-up actions. Key audit findings and recommendations are tabled for discussion at the AC meetings, and the timeliness and progress of implementing the corrective or improvement actions are measured and reported.

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The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The AC reviews at least annually the internal audit report and approves the annual internal audit plans to ensure the adequacy and effectiveness of this alternate internal audit function. The AC will implement the changes when the Group's operations and size grows to a point whereby a staffed internal audit team will be required. Considering the above condition and solution, the AC and the Board is reasonably assured that the objective of an internal audit function can and is achieved through a balanced and measured manner. The AC has reviewed the internal audit plan and the reported audit findings for FY2014; and is satisfied that the internal audit functions have been adequately carried out.

SHAREHOLDER RIGHTS

Principle 14: Shareholder Rights

Companies should treat all Shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of Shareholders' rights, and continually review and update such governance arrangements.

To facilitate Shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis. The Company recognises that the release of timely and relevant information is central to good corporate governance and enables Shareholders to make informed decisions in respect of their investments in the Company. All Shareholders are entitled to attend the AGM and are accorded the opportunity to participate effectively in the AGM. The Articles allow a Shareholder to appoint up to two proxies to attend and vote in the Shareholders' place at the AGM.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Communication with Shareholders

Companies should actively engage their Shareholders and put in places an investor relations policy to promote regular, effective and fair communication with Shareholders.

The Company aims to provide fair, relevant, comprehensive and timely information regarding the Group's performance and progress, and other pertinent information to Shareholders and investment community to enable them to make informed investment decisions. The Board is mindful of its obligation to provide timely and fair disclosure of any material information in accordance with the Corporate Disclosure Policy of the Singapore Exchange.

The Company engaged an outside professional investor relations firm to plan, coordinate and implement its investor relations initiatives focusing on communications between the Company's Management and its Shareholders, as well as the investment community. In addition, the Company's Management is also active in regular dialogues with investors, analysts, fund managers and the media/press community. Material price sensitive and other pertinent information of interest to these communities and the general public are communicated and/or made publicly available on a timely basis. Material information is simultaneously disseminated to the SGX-ST, and where relevant, the press and posted on the Company's website at www.vikingom.com. Results and Annual Report are announced or issued within the mandatory period and are available on the Company's website.

In addition to regulatory required information disclosures, the Company also makes available briefing materials to the analysts and media, other materials prepared for selected group briefings, road shows are also provided to the public to ensure equal information access and general availability. Contact details and channels of communications with Shareholders and public remain open and relevant information is duly updated and conveyed via the Company's websites and email channels.

The Group does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

Principle 16: Conduct of Shareholder Meetings

Companies should engage greater Shareholder participation at general meetings of Shareholders, and allow Shareholders the opportunity to communicate their views on various matters affecting the Company.

The Board welcomes the view of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an ad hoc basis. The Board encourages active Shareholder participation in general Shareholders meetings, including AGMs and EGMs. It believes that general meetings are an opportune forum and suitable platform for Shareholders and the Board and Management of the Company to engage in active exchange of ideas. In addition, the Company holds such Shareholders' meetings onsite at its premises in order to provide Shareholders with greater opportunity to understand and appreciate the Company's business operations.

The Company sends its Annual Report and Notice of AGM to all Shareholders. The Notice will also be published in either The Straits Times or The Business Times newspapers and will be made available on SGXNET and the Company website.

The Company provides for separate resolutions at general meetings on each distinct issue. All the resolutions at the general meetings are single item resolutions. Detailed information on each item in the AGM agenda is in the explanatory notes to the AGM Notice in the Annual Report.

At its AGM, Shareholders have the opportunity to raise questions to the Board and Senior Management, and clarify with them any issues they may have relating to the resolutions to be passed. Board members and Senior Management are required to attend Shareholders' meetings and are on hand to address any questions raised. The Company's external auditors are also present to address Shareholders' queries on the conduct of audit and the preparation and content of the auditors' report, where necessary and appropriate.

The Company Secretary or her representative prepares minutes of Shareholders' meetings which captures the essence of the comments and queries from Shareholders and responses to them from the Board and management.

The Company will consider conducting the voting for all the resolutions by poll at all the forthcoming AGM and EGMs for greater transparency in the voting process.

DEALINGS IN SECURITIES
Listing Rule 1207 sub-Rule (19)

In line with Listing Rule 1207(19) of the SGX-ST Listing Manual regarding the Dealings in Securities, the Company issues a quarterly circular to its Directors, officers and employees reminding them of the restrictions on dealings in listed securities of the Group during the period commencing (i) two weeks before the announcement of quarterly results and (ii) one month before announcement of full-year results, and ending on the date of such announcements. Directors, officers and employees are also directed to refrain from dealing in listed securities of the Group at any time they are in possession of unpublished price sensitive information, or on short-term considerations.

MATERIAL CONTRACTS

Save for those disclosed under the section "Interested Person Transactions", there were no material contracts entered into by the Company and its subsidiaries involving the interests of its CEO, Directors or Controlling Shareholders.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

USE OF PROCEEDS FROM PRIVATE PLACEMENT

On 29 November 2013, the Company made a private placement of securities to a strategic investor. The placement included the issuance of 40,000,000 new ordinary shares at a price of $0.08 each and an option to subscribe for another 40,000,000 new ordinary shares $0.08 each which is exercisable during a period of 90 days from the date of issue. On 11 March 2014, the Company issued 40,000,000 new ordinary shares at $0.08 each pursuant to the exercise of the option.

The net proceeds raised was approximately $3.2 million and the entire proceeds were used to fund the capital injection of US$5.4 million (equivalent to approximately $6.8 million based on an exchange rate of US$1:$1.27) into Quick Booms Investments Limited. The proceeds raised from the private placement were used for the intended purpose.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

The AC and the Board reviews all transactions conducted with interested person to satisfy themselves that transactions are carried out at arm's length and under normal commercial terms, and the terms of the transactions are not prejudicial to the interests of the Company or its minority Shareholders.

The Company does not have any prior Shareholders' mandate pursuant to Rule 920. There were IPTs conducted during the financial year with the details of these IPTs set out as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year (excluding transactions less than $100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Mr Andy Lim (Chairman and Executive Director, and Controlling Shareholder)	$1,747,620	There is no Shareholders' mandate pursuant to Rule 920

Note:

1. The above IPT relates mainly to financial assistance provided by companies which are controlled by Mr Andy Lim to the Company's subsidiaries in support of funding requirements for specific transactions and purposes.

2. Viking LR2 Pte Ltd (the "LR2"), a wholly-owned subsidiary of Viking Asset management Pte Ltd which in turn is wholly-owned by Viking Offshore and Marine Limited, entered into a loan agreement with Tembusu Growth Fund II Ltd (the "Tembusu") whereby Tembusu will grant a 2-year term loan to LR2 up to an aggregate amount of S$6 million. Mr Andy Lim is the Chairman and Executive Director of the Company, and the Controlling Shareholder of the Company. He is also a director and shareholder of Tembusu Partners Pte Ltd (being the investment vehicle and fund manager of Tembusu). Accordingly, the Company is of the view that Tembusu should be deemed an associate of Mr Andy Lim and thus an "interested person" for the purposes of Chapter 9 of the Listing Manual. The interest on the loan shall be at the rate of 5% per annum and payable every 6-monthly period. LR2 shall repay the loan in full after 24 months from the First Drawdown Date (the "Maturity Date") by way of paying to Tembusu such amount representing an internal rate of return of 15% per annum on the loan (less all interest which have been paid prior to the Maturity Date). The loan is secured via a corporate guarantee provided by Viking Offshore and Marine Limited.

SPONSOR

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor for the financial year ended 31 December 2014.

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Viking Offshore and Marine Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

1. DIRECTORS

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

Andy Lim
Ong Choo Guan
Lin Wei Daniel
Lee Suan Hiang
Lien Kait Long
Tan Wee Peng Kelvin

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES, DEBENTURES AND WARRANTS

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

3. DIRECTORS' INTERESTS IN SHARES, DEBENTURES AND WARRANTS

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

	Direct Interest			Deemed Interest		
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2015**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2015**
Ordinary shares of the Company						
Andy Lim	169,180,800	172,830,800	172,830,800	21,000,000	21,000,000	21,000,000
Ong Choo Guan	25,080,000	25,580,000	25,580,000	60,000	60,000	60,000
Lin Wei Daniel	–	200,000	200,000	–	–	–
Lee Suan Hiang	2,400,000	2,450,000	2,450,000	–	–	–
Lien Kait Long	600,000	650,000	650,000	–	–	–
Tan Wee Peng Kelvin	1,200,000	1,250,000	1,250,000	–	–	–

DIRECTORS' REPORT

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

	Direct Interest			Deemed Interest		
Name of director	At the beginning of financial year	At the end of financial year	At 21 January 2015	At the beginning of financial year	At the end of financial year	At 21 January 2015
Share options of the Company						
Andy Lim	3,500,000	3,690,250	3,690,250	–	–	–
Ong Choo Guan	2,500,000	2,635,892	2,635,892	–	–	–
Lin Wei Daniel	300,000	316,307	316,307	–	–	–
Lee Suan Hiang	300,000	316,307	316,307	–	–	–
Lien Kait Long	300,000	316,307	316,307	–	–	–
Tan Wee Peng Kelvin	300,000	316,307	316,307	–	–	–
Contingent share awards of the Company to be delivered in 2015						
Andy Lim	–	750,000	750,000	–	–	–
Ong Choo Guan	–	550,000	550,000	–	–	–
Lin Wei Daniel	–	200,000	200,000	–	–	–
Lee Suan Hiang	–	50,000	50,000	–	–	–
Lien Kait Long	–	50,000	50,000	–	–	–
Tan Wee Peng Kelvin	–	50,000	50,000	–	–	–
Warrants						
Andy Lim	28,196,800	28,196,800	28,196,800	3,500,000	3,500,000	3,500,000
Ong Choo Guan	4,180,000	4,180,000	4,180,000	10,000	10,000	10,000
Lee Suan Hiang	400,000	400,000	400,000	–	–	–
Lien Kait Long	100,000	100,000	100,000	–	–	–
Tan Wee Peng Kelvin	200,000	200,000	200,000	–	–	–

4. DIRECTORS' CONTRACTUAL BENEFITS

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

DIRECTORS' REPORT

5. OPTIONS

At an extraordinary general meeting held on 3 November 2010, shareholders approved the Viking Offshore and Marine Limited Share Option Scheme (the "VOM Scheme") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible group employees and directors.

The Remuneration Committee (the "Committee") administering the VOM Scheme comprises three directors, Tan Wee Peng Kelvin, Lee Suan Hiang and Lien Kait Long.

During the financial year, no new share options were granted under the VOM Scheme.

Details of the options to subscribe for ordinary shares of the Company pursuant to the VOM Scheme as at 31 December 2014 are as follows:

Grant date	Expiry date	Exercise price	Balance as at beginning of the financial year	Exercised	Forfeited	Adjustment*	Number of options
20.12.2010	19.12.2015	0.1897	2,000,000	–	–	108,714	2,108,714
8.6.2012	7.6.2017	0.1043	13,600,000	(800,000)	(300,000)	679,464	13,179,464
			15,600,000	(800,000)	(300,000)	788,178	15,288,178

* On 24 April 2014, the Group has adjusted the exercise price and number of options as a result of a right issue of 1 to every 5 shares on 26 April 2013.

Grant date	Expiry date	Exercise price	Outstanding number of options	Adjusted exercise price	Number of options
20.12.2010	19.12.2015	0.2000	2,000,000	0.1897	2,108,714
8.6.2012	7.6.2017	0.1100	12,800,000	0.1043	13,495,770
Total			14,800,000		15,604,484

DIRECTORS' REPORT

5. OPTIONS (CONT'D)

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

Name of participant	Aggregate options granted since commencement of Scheme to end of financial year	Options granted during the financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options adjusted since commencement of Scheme to end of financial year	Aggregate options outstanding as at end of financial year
Andy Lim	3,500,000	–	–	190,250	3,690,250
Ong Choo Guan	2,500,000	–	–	135,892	2,635,892
Lin Wei Daniel	300,000	–	–	16,307	316,307
Lee Suan Hiang	300,000	–	–	16,307	316,307
Lien Kait Long	300,000	–	–	16,307	316,307
Tan Wee Peng Kelvin	300,000	–	–	16,307	316,307
Total	7,200,000	–	–	391,370	7,591,370

Details of the options granted to directors and employees of the Company and its subsidiaries pursuant to the VOM Scheme are as follows:

Aggregate options granted since commencement of Scheme to end of financial year	Options granted during the financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options forfeited since commencement of scheme to end of financial year	Aggregate options adjusted since commencement of Scheme to end of financial year	Aggregate options outstanding as at end of financial year
15,600,000	–	(800,000)	(300,000)	788,178	15,288,178

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

- No options have been granted to the controlling shareholders of the Company and their associates other than a director, Andy Lim.
- No participant other than two directors, Andy Lim and Ong Choo Guan mentioned above have received 5% or more of the total options available under the Schemes.
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.
- No options have been granted at a discount.

DIRECTORS' REPORT

6. VIKING LONG TERM INCENTIVE PLAN

The Viking Long Term Incentive Plan (the "VLTIP") was approved by the shareholders at an extraordinary general meeting held on 15 December 2011 and is administered by the Committee. Persons eligible to participate in the VLTIP are selected by Group Employees (including Group Executive Directors) and Group Non-Executive Directors at the absolute discretion of the Committee.

The awards under the VLTIP (the "Awards") give the right to a participant to receive fully-paid ordinary shares free of charge, upon the participant achieving the prescribed performance targets and upon expiry of the prescribed vesting period.

The performance targets to be set shall take into account both the medium-term to long-term corporate objectives of the Group and the individual performance of the participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. In addition, the participant's length of service with the Group, achievement of past performance targets, value-add to the Group's performance and development and overall enhancement to shareholder value, amongst others, will be taken into account.

Details of the Awards of the Company pursuant to the VLTIP are as follows:

Grant date	Balance as at 1.1.2014	Grants during the financial year	Vested during the financial year	Forfeited during the financial year	Balance as at 31.12.2014
26.04.2013	3,300,000	–	(3,100,000)	(200,000)	–
29.04.2014	–	3,300,000	–	–	3,300,000

During the financial year, 1,650,000 awards were granted under the VLTIP to directors of the Company.

7. WARRANTS

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

Date of issue	Warrants outstanding at 1.1.2014	Warrants issued	Warrants exercised	Warrants expired	Warrants outstanding at 31.12.2014	Date of expiration
26.04.2013	119,114,266	–	(1,200)	–	119,113,066	25.04.2018

On 26 April 2013, the Company allotted and issued 119,114,466 new ordinary shares ("Rights Shares") at an issue price of $0.08 for each Rights Share and 119,114,466 free detachable warrants ("Warrants") pursuant to a renounceable and partially underwritten rights issue. Each Warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.138 for each new ordinary share and is exercisable during a five year period from the date of issue.

DIRECTORS' REPORT

8. AUDIT COMMITTEE

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

- Review the audit plans of the internal and external auditors of the Group and the Company and ensure the adequacy of the Group's system of accounting controls and the Group and the co-operation given by the Company's management to the external and internal auditors;
- Review the quarterly, half-yearly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before submitting to the Board of Directors; such reviews will also include the review of the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance;
- Review and report to the Board at least annually, with the management and the internal auditor on the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls, and risk management policies and systems established by the management;
- Review the adequacy and effectiveness of the Group's internal audit function; including the audit plans for the year;
- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Review the cost effectiveness and the independence and objectivity of the external auditors;
- Review the nature and extent of non-audit services provided by the external auditors;
- Review the currency of the whistle-blowing policies and the reported incidents, including the appropriate investigations and ensuring appropriate follow-up actions, where necessary;
- Make recommendations to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor; and
- Review interested person transactions in accordance with the requirements of the listing rules of the Singapore Exchange.

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

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

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

DIRECTORS' REPORT

9. AUDITOR

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

On behalf of the board of directors:

Andy Lim
Director

Ong Choo Guan
Director

2 April 2015

STATEMENT BY DIRECTORS

We, Andy Lim and Ong Choo Guan, being two of the directors of Viking Offshore and Marine Limited, do hereby state that, in the opinion of the directors,

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flows statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year then ended; and

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

On behalf of the board of directors:

Andy Lim
Director

Ong Choo Guan
Director

2 April 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIKING OFFSHORE AND MARINE LIMITED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Report on the financial statements

We have audited the accompanying consolidated financial statements of Viking Offshore and Marine Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2014, the consolidated statement of comprehensive income and consolidated cash flows statement of the Group and the statements of changes in equity of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, Chapter 50 (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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
2 April 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Continuing operations			
Revenue	4	79,013,411	70,643,286
Cost of sales		(55,488,507)	(49,113,812)
Gross profit		23,524,904	21,529,474
Other items of income			
Other income	5	1,675,746	3,565,806
Finance income	8	151,156	1,252
Other items of expense			
Marketing and distribution expenses		(1,279,064)	(1,421,709)
Administrative expenses		(19,079,382)	(19,021,656)
Other operating expenses	6(a)	(2,732,026)	(2,982,530)
Finance costs	8	(752,774)	(306,313)
Share of results of associates, net of tax		(3,730)	–
Profit before tax from continuing operations	6	1,504,830	1,364,324
Taxation	9	(502,174)	812,571
Profit for the year from continuing operations, net of tax		1,002,656	2,176,895
Discontinued operations			
Loss from discontinued operations, net of tax	11	–	(190,071)
		1,002,656	1,986,824
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value reserve of available-for-sale financial assets		226,386	139,880
Foreign currency translation		1,102,371	112,091
Other comprehensive income for the year, net of tax		1,328,757	251,971
Total comprehensive income for the year		2,331,413	2,238,795
Profit attributable to:			
Owners of the Company			
- Profit from continuing operations, net of tax		1,002,656	2,176,895
- Loss from discontinued operations		–	(250,000)
Non-controlling interests			
- Profit from discontinued operation, net of tax		–	59,929
		1,002,656	1,986,824
Total comprehensive income attributable to:			
Owners of the Company			
- Profit from continuing operations, net of tax		2,331,413	2,428,866
- Loss from discontinued operations		–	(250,000)
Non-controlling interests			
- Profit from discontinued operation, net of tax		–	59,929
		2,331,413	2,238,795
Earnings per share (cents per share)			
- Basic	10	0.13	0.28
- Diluted	10	0.13	0.28
Earnings per share (cents per share) from continuing operations			
- Basic	10	0.13	0.32
- Diluted	10	0.13	0.32

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

BALANCE SHEETS
AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
Non-current assets					
Property, plant and equipment	12	24,983,239	16,831,761	69,836	38,163
Intangible assets	13	33,256,412	34,382,689	–	–
Investment in subsidiaries	14	–	–	90,652,520	88,940,189
Investment in associates	15	13,736,482	–	–	–
Quoted equity investments	16	1,557,011	1,330,625	1,551,982	1,320,460
Unquoted equity investments	17	–	–	–	–
Finance lease receivable	18	19,444,662	–	–	–
Deferred tax assets	9	33,616	–	–	–
		93,011,422	52,545,075	92,274,338	90,298,812
Current assets					
Inventories	19	14,750,828	13,577,119	–	–
Trade receivables	20	18,175,367	21,032,249	–	–
Prepayments		215,706	103,707	66,756	55,390
Other receivables and deposits	21	5,170,898	6,358,892	1,119,700	3,524,643
Due from customers for contracts work-in-progress	22	14,296,893	10,317,879	–	–
Finance lease receivable	18	2,339,437	–	–	–
Cash and cash equivalents	23	8,726,454	19,039,380	204,179	11,993,045
		63,675,583	70,429,226	1,390,635	15,573,078
Current liabilities					
Trade payables	24	11,153,800	9,706,774	–	–
Due to customers for contracts work-in-progress	22	4,021,986	1,081,056	–	–
Other payables and accruals	25	10,519,394	6,337,918	1,564,870	1,953,646
Tax payable		950,026	430,940	–	–
Deferred rental	26	–	33,285	–	33,285
Finance lease obligations	28	8,931	17,996	–	–
Term loans	29	3,094,829	3,640,566	–	–
Due to subsidiaries (non-trade)	27	–	–	9,380,413	26,634,377
Derivative liability	30	1,574,579	–	1,574,579	–
		31,323,545	21,248,535	12,519,862	28,621,308
Net current assets/(liabilities)		32,352,038	49,180,691	(11,129,227)	(13,048,230)
Non-current liabilities					
Deferred tax liabilities	9	2,985,847	3,370,263	24,918	24,918
Finance lease obligations	28	21,408	30,339	–	–
Term loans	29	13,452,773	5,149,989	–	–
Redeemable exchangeable bonds	31	11,027,502	–	–	–
		27,487,530	8,550,591	24,918	24,918
Net assets		97,875,930	93,175,175	81,120,193	77,225,664
Equity attributable to owners of the Company					
Share capital	32(a)	94,843,470	91,659,604	94,843,470	91,659,604
Treasury shares	32(b)	(543,774)	(795,472)	(543,774)	(795,472)
Reserves		3,576,234	2,311,043	(13,179,503)	(13,638,468)
Total equity		97,875,930	93,175,175	81,120,193	77,225,664

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

2014 Group	Note	Attributable to owners of the Company					Total equity
		Share capital (Note 32(a))	Treasury shares (Note 32(b))	Accumulated profits	Other reserves (Note 33)	Total reserves	
		$	$	$	$	$	$
At 1 January 2014		91,659,604	(795,472)	1,823,087	487,956	2,311,043	93,175,175
Profit for the year		–	–	1,002,656	–	1,002,656	1,002,656
Other comprehensive income							
Net change in fair value reserve of available-for-sale financial assets	33(b)	–	–	–	226,386	226,386	226,386
Foreign currency translation	33(a)	–	–	–	1,102,371	1,102,371	1,102,371
Other comprehensive income for the year, net of tax		–	–	–	1,328,757	1,328,757	1,328,757
Total comprehensive income for the year		–	–	1,002,656	1,328,757	2,331,413	2,331,413
Contributions by and distribution to owners							
Employee share-based expense	33(c)	–	–	–	454,551	454,551	454,551
Dividends on ordinary shares	34	–	–	(1,196,666)	–	(1,196,666)	(1,196,666)
Purchase of treasury shares	32(b)	–	(160,409)	–	–	–	(160,409)
Issuance of shares pursuant to private placement	32(a)	3,200,000	–	–	–	–	3,200,000
Share options and share awards lapsed	33(c)	–	–	19,403	(19,403)	–	–
Issuance of shares pursuant to warrants exercised	32(a)	166	–	–	–	–	166
Treasury shares reissued pursuant to equity compensation plans		–	412,107	–	(324,107)	(324,107)	88,000
Share issuance expense	32(a)	(16,300)	–	–	–	–	(16,300)
Total transactions with owners in their capacity as owners		3,183,866	251,698	(1,177,263)	111,041	(1,066,222)	2,369,342
At 31 December 2014		94,843,470	(543,774)	1,648,480	1,927,754	3,576,234	97,875,930

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2014

2013 Group	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital (Note 32(a))	Treasury shares (Note 32(b))	Accumulated profits	Other reserves (Note 33)	Total reserves		
		$	$	$	$	$	$	$
At 1 January 2013		79,338,578	(731,244)	610,879	(103,448)	507,431	854,039	79,968,804
Profit for the year		–	–	1,926,895	–	1,926,895	59,929	1,986,824
Other comprehensive income								
Net change in fair value reserve of available-for-sale financial assets	33(b)	–	–	–	139,880	139,880	–	139,880
Foreign currency translation	33(a)	–	–	–	112,091	112,091	–	112,091
Other comprehensive income for the year, net of tax		–	–	–	251,971	251,971	–	251,971
Total comprehensive income for the year		–	–	1,926,895	251,971	2,178,866	59,929	2,238,795
Contributions by and distribution to owners								
Employee share-based expense	33(c)	–	–	–	339,433	339,433	–	339,433
Dividends on ordinary shares	34	–	–	(714,687)	–	(714,687)	–	(714,687)
Purchase of treasury shares	32(b)	–	(64,228)	–	–	–	–	(64,228)
Issuance of shares pursuant to private placement	32(a)	3,200,000	–	–	–	–	–	3,200,000
Issuance of shares pursuant to rights issue	32(a)	9,529,157	–	–	–	–	–	9,529,157
Issuance of shares pursuant to warrants exercised	32(a)	28	–	–	–	–	–	28
Share issuance expense	32(a)	(408,159)	–	–	–	–	–	(408,159)
Total transactions with owners in their capacity as owners		12,321,026	(64,228)	(714,687)	339,433	(375,254)	–	11,881,544
Changes in ownership interest in subsidiary								
Disposal of subsidiary		–	–	–	–	–	(913,968)	(913,968)
Total change in ownership interest in subsidiary		–	–	–	–	–	(913,968)	(913,968)
At 31 December 2013		91,659,604	(795,472)	1,823,087	487,956	2,311,043	–	93,175,175

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2014

2014 Company	Note	Attributable to owners of the Company					Total equity
		Share capital (Note 32(a))	Treasury shares (Note 32 (b))	Accumulated profits	Other reserves (Note 33)	Total reserves	
		$	$	$	$	$	$
At 1 January 2014		91,659,604	(795,472)	(14,156,654)	518,186	(13,638,468)	77,225,664
Profit for the year		–	–	1,293,665	–	1,293,665	1,293,665
Other comprehensive income							
Net change in fair value reserve of available-for-sale financial assets	33(b)	–	–	–	231,522	231,522	231,522
Other comprehensive income for the year, net of tax		–	–	–	231,522	231,522	231,522
Total comprehensive income for the year		–	–	1,293,665	231,522	1,525,187	1,525,187
Contribution by and distribution to owners							
Employee share-based expense	33(c)	–	–	–	454,551	454,551	454,551
Dividends on ordinary shares	34	–	–	(1,196,666)	–	(1,196,666)	(1,196,666)
Purchase of treasury shares	32(b)	–	(160,409)	–	–	–	(160,409)
Issuance of shares pursuant to private placement	32(a)	3,200,000	–	–	–	–	3,200,000
Share options and share awards lapsed	33(c)	–	–	19,403	(19,403)	–	–
Issuance of shares pursuant to warrants exercised	32(a)	166	–	–	–	–	166
Treasury shares reissued pursuant to equity compensation plans		–	412,107	–	(324,107)	(324,107)	88,000
Share issuance expense	32(a)	(16,300)	–	–	–	–	(16,300)
Total transactions with owners in their capacity as owners		3,183,866	251,698	(1,177,263)	111,041	(1,066,222)	2,369,342
At 31 December 2014		94,843,470	(543,774)	(14,040,252)	860,749	(13,179,503)	81,120,193

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2014

2013 Company	Note	Attributable to owners of the Company					Total equity
		Share capital (Note 32(a))	Treasury shares (Note 32(b))	Accumulated profits	Other reserves (Note 33)	Total reserves	
		$	$	$	$	$	$
At 1 January 2013		79,338,578	(731,244)	(14,535,317)	39,408	(14,495,909)	64,111,425
Profit for the year		–	–	1,093,350	–	1,093,350	1,093,350
Other comprehensive income							
Net change in fair value reserve of available-for-sale financial assets	33(b)	–	–	–	139,345	139,345	139,345
Other comprehensive income for the year, net of tax		–	–	–	139,345	139,345	139,345
Total comprehensive income for the year		–	–	1,093,350	139,345	1,232,695	1,232,695
Contribution by and distribution to owners							
Employee share-based expense	33(c)	–	–	–	339,433	339,433	339,433
Dividends on ordinary shares	34	–	–	(714,687)	–	(714,687)	(714,687)
Purchase of treasury shares	32(b)	–	(64,228)	–	–	–	(64,228)
Issuance of shares pursuant to private placement	32(a)	3,200,000	–	–	–	–	3,200,000
Issuance of shares pursuant to rights issue	32(a)	9,529,157	–	–	–	–	9,529,157
Issuance of shares pursuant to warrants exercised	32(a)	28	–	–	–	–	28
Share issuance expense	32(a)	(408,159)	–	–	–	–	(408,159)
Total transactions with owners in their capacity as owners		12,321,026	(64,228)	(714,687)	339,433	(375,254)	11,881,544
At 31 December 2013		91,659,604	(795,472)	(14,156,654)	518,186	(13,638,468)	77,225,664

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

CONSOLIDATED CASH FLOWS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Profit before taxation from continuing operations		1,504,830	1,364,324
Loss before taxation from discontinued operations		–	(148,652)
Adjustments for:			
Amortisation of intangible assets	13	1,128,967	1,285,668
Amortisation of deferred rental	26	(33,285)	(199,714)
Depreciation of property, plant and equipment from continuing operations	6(a)	1,397,011	1,463,296
Depreciation of property, plant and equipment from discontinued operations		–	73,098
Property, plant and equipment written off		44,143	47,987
Employee share-based expense	33(c)	454,551	339,433
Trade receivables written off	6(a)	5,351	1,800
(Gain)/loss on disposal of plant and equipment from continuing operations		(10,418)	21,570
Finance costs	8	752,774	306,313
Interest income		(151,156)	(1,252)
Reversal of provision for foreseeable losses		(24,039)	(548,715)
Inventories written down from continuing operations		59,031	115,870
Share of results of associates, net of tax		3,730	–
Fair value gain of derivative liability		(137,752)	–
Loss on disposal of subsidiary		–	489,717
Operating profit before working capital changes		4,993,738	4,610,743
Changes in working capital:			
Inventories		(1,213,157)	4,015,138
Trade receivables		2,847,611	(10,873,524)
Other receivables, deposits and prepayments		1,083,830	(2,792,360)
Due from customers for contracts work-in-progress		(3,945,080)	(1,939,627)
Finance lease receivables		(21,106,792)	–
Trade payables		1,648,688	3,776,899
Other payables and accruals		1,941,706	2,674,556
Due to customers for contracts work-in-progress		2,940,930	497,793
Cash flows used in operations		(10,808,526)	(30,382)
Interest paid		(364,904)	(306,313)
Interest received		151,156	1,252
Income taxes paid		(401,090)	(852,862)
Net cash flows used in operating activities		(11,423,364)	(1,188,305)

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

CONSOLIDATED CASH FLOWS STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(7,301,356)	(1,688,351)
Proceeds from disposal of property, plant and equipment		48,164	120,917
Purchase of quoted equity investments		–	(475,515)
Investment in associates		(13,740,212)	–
Net cash outflow on acquisition of subsidiary	A	–	(256,320)
Net cash inflow from disposal of subsidiaries	11(d)	–	1,806,072
Cash used in investing activities		(20,993,404)	(493,197)
Cash flows from financing activities			
Proceeds from bank borrowings		12,430,324	2,000,000
Repayment of bank borrowings		(4,673,277)	(4,291,558)
Purchase of treasury shares	32(b)	(160,409)	(64,228)
Net decrease of bills payable		–	(126,764)
Payment of dividends		(1,196,666)	(714,687)
Payment of finance lease obligations		(17,996)	(51,137)
Proceeds from issuance of shares pursuant to private placement	32(a)	3,200,000	3,200,000
Proceeds from issuance of shares under rights issue	32(a)	–	9,529,157
Proceeds from issuance of shares pursuant to warrants exercised	32(a)	166	28
Proceeds from exercise of share options		88,000	–
Proceeds from issuance of redeemable exchangeable bonds		12,450,000	–
Share issuance expense	32(a)	(16,300)	(408,159)
Cash from financing activities		22,103,842	9,072,652
Net (decrease)/increase in cash and cash equivalents		(10,312,926)	7,391,150
Cash and cash equivalents at beginning of year		19,039,380	11,648,230
Cash and cash equivalents at end of year	23	8,726,454	19,039,380

Note A:

Net cash outflow on acquisition of subsidiary:			
Marshal Offshore and Marine Engrg Co., Ltd		–	256,320

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

1. CORPORATE INFORMATION

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

The Company's registered office and principal place of business is located at 21 Kian Teck Road, Singapore 628773.

The principal activities of the Company are the provision of management and other services to related companies and investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 16 *Property, Plant and Equipment and FRS 38 Intangible Assets*	1 July 2014
(e) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(c) Amendments to FRS 40 *Investment Property*	1 July 2014
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Description	Effective for annual periods beginning on or after
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments*, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting period on adoption of FRS 115 and FRS 109 are described below:

FRS 115 *Revenue from Contracts with Customers*

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers.

Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption.

The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations*

(a) Basis of consolidation

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

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

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

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

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

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

(b) Business combinations and goodwill

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

2.5 *Transactions with non-controlling interests*

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

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

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss.

(b) *Consolidated financial statements*

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold buildings	–	24 years
Computers and office equipment	–	3 to 6 years
Renovation, furniture and fixtures	–	3 to 10 years
Motor vehicles	–	5 to 10 years
Machinery	–	5 to 10 years

Asset under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 *Intangible assets (cont'd)*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(i) *Customer relationships*

Customer relationships were acquired in business combination and relate to relationships with both local and overseas shipyards and are amortised over their useful lives ranging 5 to 10 years.

(ii) *Software*

An acquired software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributed cost of preparing the asset for its intended use. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of 10 years. The remaining amortisation period of software is 6 years (2013: 7 years).

(iii) *Club membership*

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 28 years. The remaining amortisation period of club membership is 20 years (2013: 21 years).

2.9 *Impairment of non-financial assets*

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

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

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *Subsidiaries*

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

Investments in subsidiaries are accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 *Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

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

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

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

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

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

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

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) *Financial liabilities at amortised cost*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 *Impairment of financial assets*

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

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 ***Impairment of financial assets (cont'd)***

(a) *Financial assets carried at amortised cost (cont'd)*

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand which are subject to an insignificant risk of changes in value.

2.15 *Inventories*

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

- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first in first out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 *Construction contracts*

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) 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.

When the outcome of a contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date to the estimated costs to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 *Provisions*

General

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.18 *Deferred rental*

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

2.19 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 *Redeemable exchangeable bonds*

Redeemable exchangeable bonds with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract.

On issuance of redeemable exchangeable bonds, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss.

The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *Employee benefits*

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and China companies in the Group make contributions to the defined contribution pension schemes in the respective countries. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) *Employee equity compensation plans*

Employees (including senior executives) of the Group receive remuneration in the form of share options and share awards as consideration for services rendered. The cost of these equity-settled share-based transactions with employees is measured by reference to the fair value of the options and awards at the date on which the options and awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options and awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options and awards that do not ultimately vest, except for options and awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option and award does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share-based payment reserve is transferred to retained earnings upon expiry of the share option.

2.22 *Leases*

(a) *As lessee*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 ***Leases (cont'd)***

(b) *As lessor*

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases. The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheets. The difference between the gross receivable and the present value of the lease payments receivable is recognised as unearned finance income. Each lease payment received is applied against the gross receivable in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net receivable in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(d) and (h). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 ***Non-current assets held for sale and discontinued operations***

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. 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. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the prior reporting period, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.24 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Construction contract revenue*

Revenue from construction contracts is recognised by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 ***Revenue (cont'd)***

(c) *Rendering of services*

Revenue from rendering of services is recognised as and when the services are rendered.

(d) *Rental income from equipment*

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

(e) *Management fee*

Management fee income is recognised as and when the management services are rendered.

(f) *Dividend income*

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

(g) *Interest income*

Interest income is recognised using the effective interest method.

(h) *Rental income from leased property*

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

(i) *Chartering services income*

The chartering services income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

2.25 ***Taxation***

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 ***Taxation (cont'd)***

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 ***Share capital and share issue expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 ***Treasury shares***

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sales, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.29 ***Government grants***

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) *Judgements made in applying accounting policies*

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

(i) Impairment of available-for-sale investments

The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

(a) *Judgements made in applying accounting policies (cont'd)*

(ii) Determination of lease classification

The Group has entered into a lease arrangement on a land rig. Details of the lease arrangement are disclosed in Note 18. The Group has evaluated the terms and conditions of the arrangement and assessed that the Group has the economic compulsion to exercise the put option and the ownership will most probably transfer to the lessee and the minimum lease payments receivable is substantially all of the fair value of the leased asset. The Group determined that it has transferred substantially all the significant risks and rewards of ownership of the rig and so accounts for the arrangement as finance lease.

(b) *Key sources of estimation uncertainty*

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

(i) Impairment of intangible assets

As disclosed in Note 13 to the financial statements, the recoverable amounts of the cash generating units which goodwill and customer relationships have been allocated to have been determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis are disclosed and further explained in Note 13 to the financial statements.

The carrying amount of the intangible assets as at 31 December 2014 is $33,256,412 (2013: $34,382,689).

(ii) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the balance sheet date is disclosed in Note 38 to the financial statements.

(iii) Construction contract revenue

The Group recognises construction contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from contracts at the end of each reporting period are disclosed in Note 22 to the financial statements. If the estimated total contract cost had been 5% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been $1,593,793 (2013: $533,267) lower and $715,866 (2013: $140,388) higher respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

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

(iv) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective countries of the Group's domicile.

4. REVENUE

	Group	
	2014	2013
	$	$
Sale of goods	17,331,429	16,523,966
Construction contract revenue	52,265,343	47,281,521
Rendering of services	7,237,736	6,060,343
Rental of equipment	168,063	777,456
Chartering services	2,010,840	–
	79,013,411	70,643,286

5. OTHER INCOME

	Group	
	2014	2013
	$	$
Rental income from leased property	299,955	2,127,409
Government grants	200,329	266,748
Contract cancellation income	–	572,330
Foreign exchange gain, net	–	45,643
Gain on disposal of property, plant and equipment	10,418	–
Recovery of freight income from customers	5,770	269,126
Recovery of expenses from customers	315,354	174,396
Other income from chartering services	586,811	–
Fair value gain of derivative liability	137,752	–
Others	119,357	110,154
	1,675,746	3,565,806

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before tax from continuing operations:

	Group	
	2014	**2013**
	$	**$**
(a) *Other operating expenses include:*		
Loss on disposal of property, plant and equipment	–	21,570
Depreciation of property, plant and equipment	1,397,011	1,463,296
Amortisation of intangible assets	1,128,967	1,285,668
Trade receivables written-off	5,351	1,800
Foreign exchange loss, net	79,328	–
Inventories written down	59,031	115,870
Property, plant and equipment written off	44,143	47,987
(b) *Other disclosure items:*		
Audit fees paid to:		
- Auditors of the Company	224,000	205,500
- Other auditors	8,365	8,409
Non-audit fees paid to:		
- Auditors of the Company	38,800	33,430
- Other auditors	4,981	41,705
Employee benefits expense (Note 7)	18,302,334	16,277,359
Operating lease expenses	1,479,994	3,376,510

7. EMPLOYEE BENEFITS

	Group	
	2014	**2013**
	$	**$**
Salaries and bonuses	15,204,918	13,569,602
Central provident fund contributions	1,227,014	1,084,150
Share-based payments (employee share options and/or share awards)	454,551	339,433
Other short-term benefits	1,415,851	1,284,174
	18,302,334	16,277,359

These include the amount shown as key management personnel compensation in Note 35(b).

NOTES TO THE FINANCIAL STATEMENTS
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7. EMPLOYEE BENEFITS (CONT'D)

(a) ***Employee share option plans***

Selected employees, as determined by the committee administering the Viking Offshore and Marine Limited Share Option Scheme (the "VOM Scheme"), are entitled to a grant of options. The options will vest if the employee remains in service for a period of one year from the date of grant. The exercise price of the options ranges from $0.1043 - $0.1897 and $0.110 - $0.200 for year 2014 and 2013 respectively. The contractual life of the options is 5 years. There are no cash settlement alternatives.

There has been no cancellation or modification to the VOM Scheme during 2013. On 24 April 2014, the Group has adjusted the exercise price and number of options as a result of a right issue of 1 to every 5 shares on 26 April 2013.

Grant date	Expiry date	Exercise price	Outstanding number of options	Adjusted exercise price	Number of options
20.12.2010	19.12.2015	0.2000	2,000,000	0.1897	2,108,714
8.6.2012	7.6.2017	0.1100	12,800,000	0.1043	13,495,770
Total			14,800,000		15,604,484

The VOM Scheme has a 10-year life from 4 December 2010 to 3 December 2020.

The expense recognised in profit or loss for employee services received under the VOM scheme during the financial year ended 31 December 2014 is $78,519 (2013: $152,433).

Movement of share options during the financial year

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

	Number 2014	WAEP 2014 $	Number 2013	WAEP 2013 $
Outstanding at 1 January	15,600,000	0.122	15,600,000	0.122
- Exercised	(800,000)	0.122	–	–
- Forfeited	(300,000)	0.122	–	–
- Adjustment	788,178	0.116	–	–
Outstanding at 31 December	15,288,178	0.116	15,600,000	0.122
Exercisable at 31 December	15,288,178	0.116	15,600,000	0.122

The weighted average exercise price for options outstanding at the end of the year was $0.116 (2013: $0.122). The weighted average remaining contractual life for these options is 2.24 years (2013: 3.25 years).

NOTES TO THE FINANCIAL STATEMENTS
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7. EMPLOYEE BENEFITS (CONT'D)

(a) ***Employee share option plans (cont'd)***

Fair value of share options granted

The fair value of share options as at the date of grant is estimated by the Group using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. No new share options was granted during the year ended 31 December 2014. The inputs to the model for all grants not vested for the years ended 31 December 2014 and 31 December 2013 are shown below:

	Date of grant	
	08.06.2012	**20.12.2010**
	$	**$**
Dividend yield (%)	0.00	0.00
Expected volatility (%)	48.00	65.00
Risk-free interest rate (% p.a.)	2.25	2.25
Expected life of option (years)	1.50	1.50
Weighted average share price ($)	0.12	0.198

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

(b) ***Viking Long Term Incentive Plan***

The Viking Long Term Incentive Plan (the "VLTIP") is a share-based long-term incentive plan for employees, which was approved by shareholders at an extraordinary general meeting held on 15 December 2011.

The details of the plan are described below:

Plan description – Award of fully-paid ordinary shares of the Company, conditional upon the satisfaction of specific performance target or time-based service conditions or a combination of both.

Performance conditions – Sales growth, growth in earnings and return on investment.

Vesting conditions – Vesting based on achievement of stated performance conditions over one year performance period.

Performance conditions – 0%-100% depending on the achievement of pre-set performance targets over the performance period.

The expense recognised in profit or loss for employee services received under the VLTIP during the financial year ended 31 December 2014 is $376,032 (2013: $187,000).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

7. EMPLOYEE BENEFITS (CONT'D)

(b) ***Viking Long Term Incentive Plan (cont'd)***

Movement of share awards during the financial year

	Group			
	2014 Number	**2014 WAEP $**	**2013 Number**	**2013 WAEP $**
Outstanding at 1 January	3,300,000	0.085	–	–
- Vested	(3,100,000)	0.085	–	–
- Forfeited	(200,000)	0.085	–	–
- Granted	3,300,000	0.131	3,300,000	0.085
Outstanding at 31 December	3,300,000	0.131	3,300,000	0.085

Fair value of share awards granted

The estimated fair value of services received under the VLTIP is measured using the Black-Scholes model, taking into account the terms and conditions upon which the awards were granted. The inputs to the share awards pricing model for the years ended 31 December 2014 and 31 December 2013 are as follows:

	2014	**2013**
Dividend yield (%)	0.00	0.00
Expected volatility (%)	54.90	42.10
Risk-free interest rate (% p.a.)	2.25	0.50
Expected life of awards (year)	1.00	1.00
Share price at date of grant ($)	0.131	0.085

8. FINANCE INCOME/(COSTS)

	Group	
	2014	**2013**
Finance income:	**$**	**$**
Interest income on:		
- fixed deposits	16,027	1,252
- deposits placed for chartering services	135,129	–
	151,156	1,252
Finance costs:		
Interest expense on:		
- term loans	458,911	300,907
- finance lease obligations	4,030	5,406
- redeemable exchangeable bonds	289,833	–
	752,774	306,313

NOTES TO THE FINANCIAL STATEMENTS
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9. TAXATION

The major components of income tax expense/(credit) for the year ended 31 December 2014 and 2013 are:

	Group	
	2014	**2013**
	$	**$**
Current income tax – continuing operations:		
- current year	909,032	912,587
- under/(over) provision in respect of previous years	11,144	(1,361,092)
Deferred income tax – continuing operations:		
- over provision in respect of previous years	(58)	339,131
- movement of temporary differences	(417,944)	(703,197)
Income tax attributable to continuing operations	502,174	(812,571)
Income tax attributable to discontinued operations (note 11)	–	41,419
Income tax expense/(credit) recognised in profit or loss	502,174	(771,152)

The reconciliation of the tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 31 December 2014 and 2013 are as follows:

	Group	
	2014	**2013**
	$	**$**
Profit before tax from continuing operations	1,504,830	1,364,324
Loss before tax from discontinued operations	–	(148,652)
Accounting profit before tax	1,504,830	1,215,672
Tax at the domestic rates applicable to profits in the countries where the Group operates	987,475	969,407
Adjustments:		
Non-deductible expenses/charges	661,995	779,814
Income not subject to tax	(88,674)	(394,864)
Effect of partial tax exemption and tax reliefs	(266,169)	(235,859)
Deferred tax assets not recognised	–	46,580
Utilisation of previously unrecognised deferred tax assets	(345,400)	–
Under/(over) provision in respect of previous years	11,086	(1,021,961)
Tax effect of fair value adjustments	(361,855)	(709,818)
Tax benefits	(73,537)	(173,415)
Others	(22,747)	(31,036)
Income tax expense/(credit) recognised in profit or loss	502,174	(771,152)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

9. TAXATION (CONT'D)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $Nil (2013: $2,031,767) available for offset against future taxable profits of certain subsidiaries in which the losses arose, for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which certain subsidiaries operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2013: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $3,749,000 (2013: $4,672,000). The deferred tax liability is estimated to be $375,000 (2013: $467,000).

Tax consequences of proposed dividends

There are no income tax consequences (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

Group

Deferred taxation at 31 December relates to the following:

	Consolidated balance sheets		Consolidated statements of comprehensive income	
	2014	2013	2014	2013
	$	$	$	$
Deferred tax assets				
Provisions	33,616	–	(33,616)	328,305
Total deferred tax assets	33,616	–		
Deferred tax liabilities				
Differences in depreciation	(240,441)	(263,002)	(22,561)	17,684
Fair value adjustments on acquisition of subsidiaries	(2,745,406)	(3,107,261)	(361,855)	(709,818)
Exchange differences	–	–	30	(237)
Total deferred tax liabilities	(2,985,847)	(3,370,263)		
Deferred income tax			(418,002)	(364,066)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

9. TAXATION (CONT'D)

Company

Deferred taxation at 31 December relates to the following:

	Balance sheet	
	2014	2013
	$	$
Deferred tax liability		
Differences in depreciation	(24,918)	(24,918)

10. EARNINGS PER SHARE

(a) *Continuing operations*

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations amounts are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the existing warrants, share options, share awards and redeemable exchangeable bonds of the Company into ordinary shares.

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

	Group	
	2014	2013
	$	$
Net profit attributable to owners of the Company	1,002,656	1,926,895
Net profit from continuing operations attributable to owners of the Company	1,002,656	2,176,895

NOTES TO THE FINANCIAL STATEMENTS
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10. EARNINGS PER SHARE (CONT'D)

(a) *Continuing operations (cont'd)*

	Number of shares	
	2014	**2013**
Weighted average number of ordinary shares for basic earnings per share computation*	789,138,624	682,319,011
Weighted average number of ordinary shares diluted earnings per share computation*	797,562,555	687,037,816

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

As at year end, 2,108,714 (2013: 2,000,000) share options granted to employees under the existing employee share option plans and warrants of 119,113,066 (2013: 119,114,266), have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

As at year end, the potential conversion of redeemable exchangeable bonds to a maximum of 71,428,571 ordinary shares has not been included in the calculation of diluted earnings per share because it is anti-dilutive.

Since the end of the financial year, senior executives have exercised the options to acquire 800,000 (2013: Nil) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

(b) *Earnings per share computation*

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the tables in Note 10(a) above.

NOTES TO THE FINANCIAL STATEMENTS
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11. DISCONTINUED OPERATIONS

On 14 May 2013, the Group completed the disposal of its 80% interest in subsidiary, Chuan Seng Leong Pte Ltd.

The entire results from the disposal groups are presented separately on the statement of comprehensive income as "discontinued operations".

(a) ***Statement of comprehensive income***

The results of the discontinued operations for the year ended 31 December 2013 are as follows:

	Group 2013 $
Revenue	12,110,313
Other income	163,402
Expenses	(11,909,961)
Profit before interest and taxation	363,754
Interest expense	(22,689)
Profit before taxation	341,065
Taxation	(41,419)
Profit after taxation from discontinued operations	299,646
Loss on disposal of subsidiary	(489,717)
Loss from discontinued operations, net of tax	(190,071)

(b) ***Cash flow statement disclosure***

The cash flows attributable to the discontinued operations are as follows:

	Group 2013 $
Operating	(320,662)
Investing	(46,685)
Financing	(52,266)
Net cash outflows	(419,613)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

11. DISCONTINUED OPERATIONS

(c) ***Loss per share disclosure***

	Group 2013
Loss per share from discontinued operations attributable to the owners of the Company (cents per share)	
Basic	(0.037)
Diluted	(0.036)

The basic and diluted earnings per share are calculated by dividing the loss from discontinued operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and dividing the loss from discontinued operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for diluted earnings per share computation respectively. These loss and share data are presented in Note 10(a).

(d) ***The effect on cash flows is as follows:***

The value of assets and liabilities of the subsidiary recorded in the consolidated financial statements as at date of disposal, and the cash flows effect of the disposal were:

	Group 2013 $
Plant and equipment	400,791
Inventories	5,309,994
Trade receivables	3,341,566
Other receivables, deposits & prepayments	536,009
Cash and cash equivalents	753,928
Trade payables	(1,822,303)
Bills payable	(2,014,280)
Other payables and accruals	(1,284,509)
Deferred income	(393,224)
Finance lease obligations	(196,439)
Tax payable	(61,695)
Net identifiable assets of subsidiaries	4,569,838
Deferred consideration receivable	(606,153)
Non-controlling interests	(913,968)
Loss on disposal of subsidiary	(489,717)
Consideration received	2,560,000
Less: Cash and cash equivalents of subsidiary disposed off	(753,928)
Net cash inflow from disposal of subsidiary	1,806,072

NOTES TO THE FINANCIAL STATEMENTS
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12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold buildings $	Computers and office equipment $	Renovation, furniture and fixtures $	Motor vehicles $	Machinery $	Assets under construction $	Total $
Cost							
At 1.1.2013	15,430,375	1,351,884	2,184,240	1,574,777	2,073,340	–	22,614,616
Additions	–	226,146	67,604	193,014	76,222	1,240,070	1,803,056
Acquisition of subsidiary	–	31,445	10,122	33,215	–	–	74,782
Disposals	–	(24,146)	(256,728)	(192,133)	–	–	(473,007)
Disposal of subsidiary	–	(125,766)	(129,775)	(667,542)	(150,990)	–	(1,074,073)
Written off	–	(19,286)	(56,927)	–	(85,978)	–	(162,191)
Exchange difference	–	6,675	(406)	11,645	12,522	–	30,436
At 31.12.2013 and 1.1.2014	15,430,375	1,446,952	1,818,130	952,976	1,925,116	1,240,070	22,813,619
Additions	–	150,077	93,133	–	2,048	9,377,056	9,622,314
Disposals	–	(24,258)	(50,419)	(51,636)	–	–	(126,313)
Written off	–	(23,233)	(82,554)	–	(1,135)	–	(106,922)
Exchange difference	–	7,992	1,589	5,260	6,527	–	21,368
At 31.12.2014	15,430,375	1,557,530	1,779,879	906,600	1,932,556	10,617,126	32,224,066
Accumulated depreciation and impairment loss							
At 1.1.2013	1,921,676	933,065	864,968	1,136,304	630,346	–	5,486,359
Charge for the year	699,457	220,576	261,315	129,216	225,830	–	1,536,394
Acquisition of subsidiary	–	28,301	7,094	25,120	–	–	60,515
Disposals	–	(22,721)	(176,469)	(131,330)	–	–	(330,520)
Disposal of subsidiary	–	(47,914)	(93,100)	(462,251)	(70,017)	–	(673,282)
Written off	–	(15,549)	(15,351)	–	(83,304)	–	(114,204)
Exchange difference	–	6,038	737	5,548	4,273	–	16,596
At 31.12.2013 and 1.1.2014	2,621,133	1,101,796	849,194	702,607	707,128	–	5,981,858
Charge for the year	699,457	190,864	210,741	76,124	219,825	–	1,397,011
Disposals	–	(17,965)	(42,631)	(27,970)	–	–	(88,566)
Written off	–	(20,871)	(41,350)	–	(558)	–	(62,779)
Exchange difference	–	5,319	525	3,858	3,601	–	13,303
At 31.12.2014	3,320,590	1,259,143	976,479	754,619	929,996	–	7,240,827
Net carrying amount							
At 31.12.2014	12,109,785	298,387	803,400	151,981	1,002,560	10,617,126	24,983,239
At 31.12.2013	12,809,242	345,156	968,936	250,369	1,217,988	1,240,070	16,831,761

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers and office equipment $	Renovation, furniture and fixtures $	Total $
Company			
Cost			
At 1.1.2013	153,961	298,022	451,983
Written off	(8,690)	(242,480)	(251,170)
At 31.12.2013 and 1.1.2014	145,271	55,542	200,813
Additions	69,282	–	69,282
Disposals	–	(44,304)	(44,304)
At 31.12.2014	214,553	11,238	225,791
Accumulated depreciation			
At 1.1.2013	97,568	184,708	282,276
Charge for the year	28,104	30,083	58,187
Written off	(8,130)	(169,683)	(177,813)
At 31.12.2013 and 1.1.2014	117,542	45,108	162,650
Charge for the year	31,169	2,984	34,153
Disposals	–	(40,848)	(40,848)
At 31.12.2014	148,711	7,244	155,955
Net carrying amount			
At 31.12.2014	65,842	3,994	69,836
At 31.12.2013	27,729	10,434	38,163

Assets held under finance leases and other payables

During the financial year, the Group acquired property, plant and equipment amounting to $9,622,314 (2013: $1,803,056) of which $Nil (2013: $114,705) and $2,320,958 (2013: $Nil) were acquired by means of finance leases and other payables respectively. Cash payments of $7,301,356 (2013: $1,688,351) were made to purchase property, plant and equipment.

The carrying amounts of motor vehicles held by the Group under finance leases as at 31 December 2014 were $20,474 (2013: $33,674).

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

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold property and assets under construction with carrying amounts of $12,109,785 (2013: $12,809,242) and $10,617,126 (2013: $Nil), respectively are mortgaged to secure the Group's term loans (Note 29).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

13. INTANGIBLE ASSETS

	Goodwill	Customer relationships	Software	Club membership	Total
	$	$	$	$	$
Group					
Cost					
As at 1.1.2013	29,271,151	9,648,000	133,644	70,000	39,122,795
Acquisition of subsidiary	450,145	–	–	–	450,145
Exchange differences	–	–	9,461	–	9,461
At 31.12.2013 and 1.1.2014	29,721,296	9,648,000	143,105	70,000	39,582,401
Exchange differences	–	–	5,221	–	5,221
At 31.12.2014	29,721,296	9,648,000	148,326	70,000	39,587,622
Accumulated amortisation					
As at 1.1.2013	–	3,862,700	33,401	15,198	3,911,299
Amortisation	–	1,267,900	15,277	2,491	1,285,668
Exchange differences	–	–	2,745	–	2,745
At 31.12.2013 and 1.1.2014	–	5,130,600	51,423	17,689	5,199,712
Amortisation	–	1,110,900	15,576	2,491	1,128,967
Exchange differences	–	–	2,531	–	2,531
At 31.12.2014	–	6,241,500	69,530	20,180	6,331,210
Net carrying amount					
At 31.12.2013	29,721,296	4,517,400	91,682	52,311	34,382,689
At 31.12.2014	29,721,296	3,406,500	78,796	49,820	33,256,412

NOTES TO THE FINANCIAL STATEMENTS
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13. INTANGIBLE ASSETS (CONT'D)

Customer relationships

The economic useful lives of customer relationships as determined by the Group are disclosed in Note 2.8. The average remaining amortisation period of customer relationship is 4 years (2013: 5 years).

Impairment testing of goodwill and customer relationships

Goodwill arising from business combinations has been allocated to two cash-generating units ("CGU") for impairment testing as follows:

- Offshore and Marine Heating, Ventilation and Air-Conditioning segment ("O&M HVAC")
- Offshore and Marine Telecommunication segment ("O&M Tele")

The carrying amounts of goodwill and customer relationship allocated to each CGU as at 31 December are as follows:

	O&M HVAC $	O&M Tele $	Total $
2014			
Goodwill	20,876,918	8,844,378	29,721,296
Customer relationships	3,370,500	36,000	3,406,500
	24,247,418	8,880,378	33,127,796
2013			
Goodwill	20,876,918	8,844,378	29,721,296
Customer relationships	4,324,400	193,000	4,517,400
	25,201,318	9,037,378	34,238,696

The recoverable amounts of the CGUs have been determined based on value in use which is based on cash flow projections from financial budgets approved by management covering a 5-years period. The pre-tax discount rate applied to the 5-years cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5-years period are as follows:

	2014		2013	
	O&M HVAC	O&M Tele	O&M HVAC	O&M Tele
Growth rates	1.0%	1.0%	1.0%	1.0%
Pre-tax discount rates	9.5%	9.5%	9.5%	9.5%

NOTES TO THE FINANCIAL STATEMENTS
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13. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill and customer relationships (cont'd)

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on budgeted margins expected to be achieved in the next 5 years.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment–specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the O&M HVAC and O&M Tele CGUs, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

Amortisation expense

The amortisation of customer relationships is included in the "Other operating expenses" line items in the statements of comprehensive income (Note 6(a)).

Impairment losses

There is no impairment loss recognised during the financial year.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2014	2013
	$	$
Unquoted equity shares, at cost	97,273,170	95,560,839
Less: Impairment losses	(6,620,650)	(6,620,650)
	90,652,520	88,940,189

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14. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2014	2013
Held by the Company				
Viking Offshore Global Pte. Ltd.*	Singapore	Investment holding	100	100
Viking HVAC Pte Ltd*	Singapore	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100
Promoter Hydraulics Pte Ltd*	Singapore	Manufacture and repair of marine engines and ship parts; retail and rental of marine equipment, marine accessories and parts	100	100
Viking Airtech Pte Ltd*	Singapore	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100
Marshal Systems Pte Ltd*	Singapore	Contractors for electronic and electrical engineering works	100	100
Viking Facilities Management & Operations Pte. Ltd.*	Singapore	Facilities management	100	100

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14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2014	2013
Held by the Company				
Viking Asset Management Pte. Ltd.*	Singapore	Investment holding	100	100
Viking Capital Pte. Ltd.*	Singapore	Investment holding	100	100
Held by subsidiaries				
Viking LR1 Pte Ltd*	Singapore	Ownership and charter of assets	100	–
Viking LR2 Pte Ltd***	Singapore	Ownership and charter of assets	100	–
Viking Airtech (Yantai) Co., Ltd **	People's Republic of China	Marine air conditioning, manufacture, installation & design of marine refrigerating equipment maritime HVAC & R	100	100
Viking Offshore Malaysia Sdn Bhd **	Malaysia	Specializes in marine & offshore turkey HVAC & R systems	100	100
Viking Airtech (Shanghai) Co., Ltd**	People's Republic of China	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100
PT Viking Offshore**	Indonesia	Design, manufacture, project management, and commissioning of heating, ventilation, air conditioning systems, and refrigeration systems	100	100
Marshal Offshore and Marine Engrg Co., Ltd **	People's Republic of China	Contractors for electronic and electrical engineering works	100	100

* Audited by Ernst & Young LLP, Singapore.

** Audited by other firms of auditors. The subsidiaries are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual.

*** Not required to be audited as it was incorporated less than six months from financial year end.

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14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Impairment testing of investment in subsidiaries

There was no impairment loss recognised during the financial year (2013: $Nil).

Acquisition of subsidiary

On 2 September 2013, Marshal Systems Pte Ltd, a wholly-owned subsidiary, acquired a 100% interest in Marshal Offshore and Marine Engrg Co., Ltd ("MOME"). Upon the acquisition, MOME became a subsidiary of the Group. The fair values of the identifiable assets and liabilities of MOME as at the date of acquisition were:

	2013 Fair value recognised $
Non-current asset	
Property, plant and equipment	14,267
Current assets	
Inventories	842
Trade receivables	240,249
Other receivables and deposits	21,539
Cash and cash equivalents	43,680
Total assets	320,577
Current liabilities	
Trade payables	(102)
Other payables and accruals	(137,579)
Total liabilities	(137,681)
Total identifiable net assets at fair value	182,896
Goodwill arising from acquisition	450,145
Total purchase consideration	633,041

NOTES TO THE FINANCIAL STATEMENTS
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14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of subsidiary (cont'd)

	2013 $
Consideration for 100% of MOME	
Cash paid	300,000
Deferred cash settlement	333,041
	633,041

The effect of acquisition on cash flows were as follows:

Total consideration for 100% equity interest acquired	633,041
Less: Deferred cash settlement	(333,041)
Less: Cash and cash equivalent of subsidiary acquired	(43,680)
Net cash outflow	256,320

(i) The fair valuation of the identifiable net assets of MOME has been finalised in 2013. The acquisition of the 100% equity interest in MOME on 2 September 2013 resulted in the recognition of goodwill of $450,145.

(ii) Transaction costs related to the acquisition of $666 have been recognised in the "Administrative Expenses" line item in the Group's statement of comprehensive income for the year ended 31 December 2013.

15. INVESTMENT IN ASSOCIATES

	Group	
	2014 $	2013 $
Unquoted equity shares, at cost	13,740,212	–
Share of post-acquisition reserves	(3,730)	–
	13,736,482	–

NOTES TO THE FINANCIAL STATEMENTS
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15. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2014	2013
Held through subsidiaries				
Smart Earl Investment Limited*	Republic of Seychelles	Ownership and charter of assets	30	–
Quick Booms Investments Limited*	British Virgin Islands	Ownership and charter of assets	30	–

* Not required to be audited by its country of incorporation

The summarised financial information in respect of Smart Earl Investment Limited and Quick Booms Investments Limited based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Smart Earl Investment Limited 2014	Quick Booms Investments Limited 2014
Summarised balance sheet	**$**	**$**
Current assets	392,789	16,046
Non-current assets	24,174,952	24,045,570
Total assets	24,567,741	24,061,616
Current liabilities	1,779,389	1,061,695
Net assets	22,788,352	22,999,921
Proportion of the Group's ownership	30%	30%
Group's share of net assets	6,836,506	6,899,976
Carrying amount of the investments	6,836,506	6,899,976
Summarised statement of comprehensive income		
Revenue	–	–
Loss after tax from continuing operations	8,407	4,027
Other comprehensive income	–	–
Total comprehensive income	8,407	4,027

NOTES TO THE FINANCIAL STATEMENTS
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16. QUOTED EQUITY INVESTMENTS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Quoted equity investments, at fair value	1,557,011	1,330,625	1,551,982	1,320,460

17. UNQUOTED EQUITY INVESTMENTS

	Group and Company	
	2014	2013
	$	$
Unquoted equity investments, at cost	2,707,792	2,707,792
Impairment loss	(2,707,792)	(2,707,792)
	–	–

Unquoted equity investments represent equity interest of 19.86% in Marine Accomm Pte Ltd ("MAPL").

The Group regards these investments as available-for-sale financial asset as it does not have significant influence over MAPL. The Group has fully impaired these investments in 2011.

18. FINANCE LEASE RECEIVABLE

	Gross receivable	Unearned finance income	Present value of minimum lease payments receivable
	$	$	$
2014			
Within a year	8,212,938	(5,873,501)	2,339,437
More than a year but not later than five years	31,140,337	(11,695,675)	19,444,662
	39,353,275	(17,569,176)	21,784,099

During the financial year, the Group entered into a 50 months Bareboat Charter Agreement (the "Agreement") with a vendor for a land rig. Under the Agreement, the vendor has irrevocably granted the Group a put option to require the vendor to purchase the land rig from the Group at any time during the period of 90 days prior to the end of the Agreement, for a cash consideration equivalent to i) the value of the land rig as determined by independent valuers or ii) the amount of US$6,000,000, whichever is higher. The Group has transferred substantially all risks and rewards incidental to ownership of the land rig to the vendor at the inception of the lease and the arrangement is classified as finance lease receivable. Interest is earned at effective rate of 2.35% per annum.

NOTES TO THE FINANCIAL STATEMENTS
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19. INVENTORIES

	Group	
	2014	**2013**
	$	**$**
Balance sheets:		
Finished goods (at cost or net realisable value)	14,750,828	13,577,119
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	50,928,728	40,596,097
Inclusive of the following charge:		
- Inventories written-down	59,031	115,870

20. TRADE RECEIVABLES

	Group	
	2014	**2013**
	$	**$**
Trade receivables	18,193,676	21,042,140
Less: Allowance for impairment	(18,309)	(9,891)
	18,175,367	21,032,249

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

At the end of the reporting period, trade receivables of $2,875,490 (2013: $6,844,296) relate to export sales and have been arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based.

Trade receivables denominated in foreign currencies at 31 December are as follows:

	Group	
	2014	**2013**
	$	**$**
United States Dollar	8,780,706	9,154,420
Chinese Renminbi	82,220	201,576
Malaysian Ringgit	134,701	588,204

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20. TRADE RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $9,500,706 (2013: $8,045,501) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2014	**2013**
	$	**$**
Trade receivables past due but not impaired:		
Less than 30 days	5,467,422	3,355,940
30 to 60 days	531,432	2,485,218
61 to 90 days	372,157	881,701
More than 90 days	3,129,695	1,322,642
	9,500,706	8,045,501

Receivables that are impaired

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

	Group	
	Individually impaired	
	2014	**2013**
	$	**$**
Trade receivables – nominal amounts	18,309	9,891
Less: Allowance for impairment	(18,309)	(9,891)
	–	–
Movement in allowance accounts:		
At 1 January	9,891	9,891
Charge for the year	8,418	–
At 31 December	18,309	9,891

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS
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21. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Deposits	126,091	734,963	–	597,000
Advances to employees	31,190	68,131	–	–
Advances to suppliers	1,578,787	1,725,869	–	–
Other receivables	8,436,939	8,832,038	6,121,809	7,929,752
Less: Allowance for impairment	(5,002,109)	(5,002,109)	(5,002,109)	(5,002,109)
	5,170,898	6,358,892	1,119,700	3,524,643

Other receivables are non-interest bearing and are generally on 30 to 90 days' terms.

Included in other receivables is $5,992,208 (2013: $5,992,208) due from a shareholder of Marine Accomm Pte Ltd ("MAPL") (Note 17) and from investee company (MAPL). In 2011, an allowance for impairment of $4,992,000 was made for this amount, net of other payables of $1,000,000 (2013: $1,000,000) (Note 25).

Included in other receivables is a deferred consideration of $Nil (2013: $606,153) in relation to the disposal of a subsidiary (Note 11). The amount was unsecured, non-interest-bearing and repayable within the next twelve months.

22. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACTS WORK-IN-PROGRESS

	Group	
	2014	2013
	$	$
Contract costs incurred to date	73,300,921	54,317,704
Recognised profits less recognised losses to date	17,539,903	8,303,479
	90,840,824	62,621,183
Progress billings	(80,565,917)	(53,384,360)
	10,274,907	9,236,823
Represented as:		
Gross amount due from customers for contracts work-in-progress	14,296,893	10,317,879
Gross amount due to customers for contracts work-in-progress	(4,021,986)	(1,081,056)
	10,274,907	9,236,823
Advances received on contracts (Note 25)	389,030	528,283

NOTES TO THE FINANCIAL STATEMENTS
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23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Cash and bank balances	8,726,454	19,039,380	204,179	11,993,045

Cash at bank earns interest at floating rates based on daily deposit rates.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group	
	2014	2013
	$	$
United States Dollar	4,883,777	2,041,066
Chinese Renminbi	283,997	246,657
Malaysian Ringgit	263,735	1,127,516
Euro	3,386	50,588
Indonesian Rupiah	26,673	6,081

For the purpose of the consolidated cash flows statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2014	2013
	$	$
Cash and bank balances	8,726,454	19,039,380

24. TRADE PAYABLES

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

Trade payable denominated in foreign currencies at 31 December are as follows:

	Group	
	2014	2013
	$	$
United States Dollar	1,749,108	1,825,163
Norwegian Krone	2,324	9,636
Euro	495,319	141,491
Chinese Renminbi	3,917,851	1,766,970
British Pound	–	523,343
Malaysia Ringgit	129,697	271,539

NOTES TO THE FINANCIAL STATEMENTS
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25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Accrued operating expenses	2,587,444	2,637,842	267,461	288,241
Deferred revenue	–	15,865	–	–
Customers' deposits	446,594	447,719	–	–
Advance payments from customers (Note 22)	389,030	528,283	–	–
Other payables	7,088,826	2,433,257	1,297,409	1,390,453
Due to a director	7,500	–	–	–
Rental deposits received	–	274,952	–	274,952
	10,519,394	6,337,918	1,564,870	1,953,646

Other payables are non-interest bearing and are normally settled on 30 - 90 days terms. Included in other payables is an amount due to a shareholder of MAPL of $1,000,000 (2013: MAPL of $1,000,000) (Note 21) and an amount due to contractors amounting to $2,320,958 in relation to the purchase of property, plant and equipment.

26. DEFERRED RENTAL

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Cost				
At 1 January and 31 December	341,176	341,176	341,176	341,176
Accumulated amortisation				
At 1 January	(307,891)	(108,177)	(307,891)	(108,177)
Amortisation during the year	(33,285)	(199,714)	(33,285)	(199,714)
At 31 December	(341,176)	(307,891)	(341,176)	(307,891)
Net Book Value				
Current	–	33,285	–	33,285
At 31 December	–	33,285	–	33,285

In 2007, a subsidiary of the Group entered into an agreement for sale and leaseback of a property. Deferred rental relates to the difference between the selling price and the fair value of the property which is amortised over the lease term of 7 years on a straight line basis. In 2012, the Company disposed off the subsidiary and the lease was novated to the Company.

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27. DUE TO SUBSIDIARIES (NON-TRADE)

Except as disclosed below, these balances are unsecured, interest-free, are repayable on demand and are expected to be settled in cash.

Due to subsidiaries (non-trade)

Included in amounts due to subsidiaries is an amount of $3,102,543 (2013: $2,816,566) which is interest bearing at 2.85% to 2.88% (2013: 2.88%) per annum.

28. FINANCE LEASE OBLIGATIONS

	Group		
	Minimum lease payments	**Interest**	**Present value of payments**
	$	**$**	**$**
2014			
Less than 1 year	11,020	(2,089)	8,931
1 to 5 years	25,861	(4,453)	21,408
	36,881	(6,542)	30,339
2013			
Less than 1 year	22,026	(4,030)	17,996
1 to 5 years	36,881	(6,542)	30,339
	58,907	(10,572)	48,335

Obligations under finance lease are secured by a charge over motor vehicles (Note 12).

Lease terms range from 1 to 5 years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The average discount rate implicit in the Group's finance lease obligations is 5.70% (2013: 6.02%) per annum.

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29. TERM LOANS

	Group	
	2014	2013
	$	$
Current liabilities		
Short-term loans:		
- Loan A	–	1,500,000
- Loan B	646,783	1,316,566
	646,783	2,816,566
Current portion of long-term loans:		
- Loan C	976,894	–
- Loan D	824,000	824,000
- Loan E	647,152	–
	2,448,046	824,000
Total current liabilities	3,094,829	3,640,566
Non-current liabilities		
Long-term loans:		
- Loan C	1,478,866	–
- Loan D	4,325,985	5,149,989
- Loan E	6,147,922	–
- Loan F	1,500,000	–
Total non-current liabilities	13,452,773	5,149,989

(i) Loan A bore interest at 2.88% per annum and was secured by a fixed and floating charge over a subsidiary's assets. The loan was fully repaid during the year.

(ii) Loan B bears interest at 2.88% (2013: 2.88%) per annum and is repayable within the next twelve months. The loan is secured by a corporate guarantee from the Company.

(iii) Loan C bears interest at 2.85% (2013: Nil) per annum and is repayable over 36 months up to 2017. The loan is secured by a corporate guarantee from the Company.

(iv) Loan D bears interest at 2.15% (2013: 2.05%) per annum and is repayable over 120 months up to 2021. The loan is secured by a first legal mortgage on a subsidiary's leasehold properties (Note 12).

(v) Loan E bears interest at 2.21% (2013: Nil%) per annum and is repayable over 84 months up to 2022. The loan is secured by a first legal mortgage on a subsidiary's assets under construction (Note 12).

(vi) Loan F bears interest at 5% (2013: Nil%) per annum and is payable in full upon maturity of the loan in 2016. The loan is secured by a corporate guarantee from the Company.

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30. DERIVATIVE LIABILITY

Derivative liability relates to the conversion option arising from the redeemable exchangeable bonds as disclosed in Note 31 to the financial statements.

31. REDEEMABLE EXCHANGEABLE BONDS

During the financial year, the Group, together with its wholly-owned subsidiary issued redeemable exchangeable bonds in the principal amount of $12,450,000 (the "Bonds") to an investor.

The Bonds carry a simple interest of 5% per annum payable semi-annually and an internal rate of return of 15% per annum on the principal amount, together with any accrued and unpaid Interest, repayable at maturity date, which is two years from date of issue.

The investor may at its absolute discretion request in writing for the Group to redeem all the Bonds then outstanding at the redemption price if, prior to the maturity date, (i) an event of default occurs (unless waived by the investor) or (ii) where the Group fails to obtain certain approvals within the prescribed periods.

Upon the occurrence of an event of default or the failure to obtain certain approvals within the prescribed periods, the Group shall pay an amount giving the investor an internal rate of return of 20% per annum on the principal amount, together with any accrued and unpaid interest.

The investor also has the option to exchange any part of the Bonds (including any accrued and unpaid interest) for shares of the Company at any time during the period after one year from date of issue and before maturity date, at the lower of $0.175 or a 10% discount to the 30-trading day average volume weighted average price of the shares of the Company for each share (Note 30).

The carrying amount of the liability component of the Bonds at the end of the reporting period is arrived at as follows:

	Group	
	2014	**2013**
	$	**$**
Total face value of the Bonds	12,450,000	–
Derivative liability component	(1,712,331)	–
Liability component of the Bonds at initial recognition	10,737,669	–
Add:		
- Amortisation of discount during the financial year	289,833	–
Liability component of the Bonds at the end of the reporting period	11,027,502	–

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32. SHARE CAPITAL AND TREASURY SHARES

(a) *Share capital*

	Group and Company			
	2014	2013	2014	2013
	No. of shares	No. of shares	$	$
Issued and fully paid ordinary shares				
At 1 January	761,403,999	602,289,333	91,659,604	79,338,578
Issue of new shares:				
- Issuance of shares pursuant of right issue	–	119,114,466	–	9,529,157
- Issuance of shares pursuant to warrants exercised	1,200	200	166	28
- Share issuance expense	–	–	(16,300)	(408,159)
- Issuance of share pursuant to private placement	40,000,000	40,000,000	3,200,000	3,200,000
At 31 December	801,405,199	761,403,999	94,843,470	91,659,604

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

On 29 November 2013, the Company issued 40,000,000 new ordinary shares at a price of $0.08 each and an option to subscribe for another 40,000,000 new ordinary shares $0.08 each which is exercisable during a period of 90 days from the date of issue. On 11 March 2014, the Company issued 40,000,000 new ordinary shares at $0.08 each pursuant to the exercise of the option.

During the year, no new warrants were issued by the Company (2013: 119,114,266). As at 31 December 2014, 119,113,066 warrants remained outstanding and will expire on 25 April 2018.

The Company has employee share option plans under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group (Refer to Note 7 for details).

(b) *Treasury shares*

	Group and Company			
	2014	2013	2014	2013
	No. of shares	No. of shares	$	$
At 1 January	(7,528,000)	(6,717,000)	(795,472)	(731,244)
Purchased during the year	(2,000,000)	(811,000)	(160,409)	(64,228)
Transferred upon exercise of share options	800,000	–	84,535	–
Transferred upon share awards vested	3,100,000	–	327,572	–
At 31 December	(5,628,000)	(7,528,000)	(543,774)	(795,472)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 2,000,000 (2013: 811,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $160,409 (2013: $64,228) and this was presented as a component within shareholders' equity.

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33. OTHER RESERVES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Foreign currency translation reserve (a)	1,105,846	3,475	–	–
Fair value adjustment reserve (b)	29,627	(196,759)	68,468	(163,054)
Share-based payment reserve (c)	831,368	681,240	831,368	681,240
Capital reserve (d)	(39,087)	–	(39,087)	–
Closing balance at 31 December	1,927,754	487,956	860,749	518,186

(a) ***Foreign currency translation reserve***

The foreign currency translation reserve relates to exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
At 1 January	3,475	(108,616)	–	–
Net effect of exchange differences	1,102,371	112,091	–	–
At 31 December	1,105,846	3,475	–	–

(b) ***Fair value adjustment reserve***

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
At 1 January	(196,759)	(336,639)	(163,054)	(302,399)
- Net change in fair value	226,386	139,880	231,522	139,345
At 31 December	29,627	(196,759)	68,468	(163,054)

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33. OTHER RESERVES (CONT'D)

(c) ***Share-based payment reserve***

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
At 1 January	681,240	341,807	681,240	341,807
Employee share-based payment	454,551	339,433	454,551	339,433
Forfeiture of share-based payment	(19,403)	–	(19,403)	–
Share-based payment vested	(285,020)	–	(285,020)	–
At 31 December	831,368	681,240	831,368	681,240

(d) ***Capital reserve***

Capital reserve relates to the loss on reissuance of treasury shares.

34. DIVIDENDS

	Group and Company	
	2014	2013
	$	$
Declared and paid during the year		
Dividends on ordinary shares		
- Final exempt (one-tier) dividend for 2013: 0.15 cents per share (2012: 0.1 cents per share)	1,196,666*	714,687*
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2014: 0.15 cent per share (2013: 0.15 cents per share)	1,193,666	1,130,814

* The difference between the proposed dividend and the amount declared and paid is due to the increase in the number of ordinary shares subsequent to year end.

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35. RELATED PARTY TRANSACTIONS

(a) *Sale and purchase of goods and services*

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Income				
Management service income from subsidiaries	–	–	3,441,216	2,319,951
Dividend from subsidiaries	–	–	1,361,978	800,511
Rental of office premise to a company in which a director is also a director and a shareholder	–	1,740	–	1,740
Expenses				
Rental of office premise from subsidiary	–	–	103,164	103,164
Services provided by subsidiary	–	–	–	52,085
Interest on loan from a subsidiary	–	–	108,843	84,344
Loan from a related party (Note 29)	1,500,000	–	–	–

(b) *Compensation of key management personnel*

	Group	
	2014	2013
	$	$
Short-term employee benefits	3,192,293	2,974,268
Central Provident Fund contributions	79,343	73,420
Total compensation paid to key management personnel	3,271,636	3,047,688
Comprise amounts paid to:		
- Directors of the Company	1,758,748	1,518,651
- Other key management personnel	1,512,888	1,529,037
	3,271,636	3,047,688

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

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35. RELATED PARTY TRANSACTIONS (CONT'D)

(b) *Compensation of key management personnel (cont'd)*

Directors' interests in employee share option plan and Viking Long Term Incentive Plan

During the financial year:

- Nil (2013: Nil) share options were granted to the Company's directors under the VOM share option scheme (Note 7).
- 800,000 (2013: Nil) VOM share options were exercised.
- 1,650,000 (2013: 1,500,000) share awards were granted to the Company's directors under the Viking Long Term Incentive Plan (Note 7).
- 3,100,000 (2013: Nil) share awards were vested.

At the balance sheet date, the total number of outstanding share options and share awards granted by the Company to directors under the Scheme amounted to 7,591,370 and 1,650,000 (2013: 7,200,000 and 1,500,000) respectively.

36. COMMITMENTS AND CONTINGENCIES

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2014	**2013**
	$	**$**
Capital commitments in respect of property, plant and equipment	2,035,078	5,463,647

(b) *Operating lease commitments – as lessee*

The Group has entered into commercial leases on certain office and industrial property. These leases have remaining average tenure of between 1 to 17 years (2013: 1 to 18 years) with options for renewal. The Group is not restricted from subleasing the property to third parties.

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

	Group	
	2014	**2013**
	$	**$**
- Not later than 1 year	295,581	1,176,097
- 1 year through 5 years	1,211,254	1,455,687
- Later than 5 years	5,706,261	6,033,194
	7,213,096	8,664,978

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36. COMMITMENTS AND CONTINGENCIES (CONT'D)

(c) *Operating lease commitments – as lessor*

The Group has entered into commercial leases on an industrial property. These non-cancellable leases have a remaining lease term of Nil (2013: 1 year).

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

	Group	
	2014	**2013**
	$	**$**
- Not later than 1 year	–	109,549

(d) *Guarantees*

As at 31 December 2014, the Company has provided corporate guarantees totalling $3,102,543 (2013: $2,000,000) to financial institutions in respect of credit facilities utilised by the subsidiaries.

37. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs as follows:

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

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of financial instruments measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Group				
2014				
Assets measured at fair value				
Assets				
Financial assets:				
Available-for-sale financial assets				
- Quoted equity instruments (Note 16)	1,557,011	–	–	1,557,011
Liability measured at fair value				
Financial liability:				
Derivative liability				
- Conversion option (Note 30)	–	1,574,579	–	1,574,579
2013				
Assets				
Financial assets:				
Available-for-sale financial assets				
- Quoted equity instruments (Note 16)	1,330,625	–	–	1,330,625

(c) *Level 2 fair value measurement*

Derivative liability (Note 30)

The valuation of conversion option are based on binomial option valuation model to estimate the fair value of the conversion option. This model incorporated various inputs including current share price, time to expiry, risk free rate, volatility, dividend yield and exchange price.

NOTES TO THE FINANCIAL STATEMENTS
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37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

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

	Group			
	2014		2013	
	Carrying amount	Fair value (Level 3)	Carrying amount	Fair value (Level 3)
	$	$	$	$
Financial asset				
Unquoted equity investments	–	–	–	–
Finance lease receivable	19,444,662	19,265,339	–	–
Financial liabilities				
Obligation under finance leases	(21,408)	(24,487)	(30,339)	(33,726)

Fair value of unquoted equity investments

Unquoted equity investment represents 19.86% (2013: 19.86%) of total ordinary shares in Marine Accomm Pte Ltd which has been fully impaired in the prior year.

Fair value of obligations under finance leases and finance lease receivables

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

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38. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Available-for-sale financial assets				
Quoted equity investments	1,557,011	1,330,625	1,551,982	1,320,460
Loans and receivables				
Trade receivables	18,175,367	21,032,249	–	–
Other receivables and deposits	3,560,921	4,564,892	1,119,700	3,524,643
Cash and cash equivalents	8,726,454	19,039,380	204,179	11,993,045
	30,462,742	44,636,521	1,323,879	15,517,688
Finance lease receivable	21,784,099	–	–	–
Financial liabilities at amortised cost				
Trade payables	11,153,800	9,706,774	–	–
Other payables and accruals	9,683,770	5,071,099	1,542,055	1,678,694
Term loans	16,547,602	8,790,555	–	–
Due to subsidiaries (non-trade)	–	–	9,380,413	26,634,377
Redeemable exchangeable bonds	11,027,502	–	–	–
	48,412,674	23,568,428	10,922,468	28,313,071
Financial liabilities at fair value through profit or loss				
Derivative liability	1,574,579	–	1,574,579	–
Finance lease obligations	30,339	48,335	–	–

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk, foreign currency risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Board of Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables and finance lease receivable. For other financial assets (including quoted equity investments and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk are represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

Credit risk concentration profile

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

	2014		2013	
	$	**% of total**	**$**	**% of total**
Group				
Trade receivables				
By country:				
Indonesia	338,116	2%	2,438,403	12%
Malaysia	185,334	1%	2,049,362	10%
People's Republic of China	6,579,030	36%	3,879,480	18%
Singapore	9,079,940	50%	10,299,045	49%
Vietnam	73,061	–	700,348	3%
Others	1,919,886	11%	1,665,611	8%
	18,175,367	100%	21,032,249	100%
Finance lease receivable				
By country:				
People's Republic of China	21,784,099	100%	–	–

NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

	2014		2013	
	$	**% of total**	**$**	**% of total**
Group				
By industry sectors:				
Chartering services	21,784,099	55%	–	–
Offshore and marine	18,175,367	45%	21,032,249	100%
	39,959,466	100%	21,032,249	100%

The Group has a significant concentration of credit risk arising from a finance lease receivable which represents 100% of the Group's total finance lease receivable.

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arise primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD interest rates had been 50 (2013: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $28,955 (2013: $43,953) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a lower volatility as in prior years.

(c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that to maintain sufficient liquid financial assets and stand-by credit facilities with their different bankers. At the balance sheet date, approximately 28% (2013: 41%) of the Group's term loans (Note 29) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Liquidity risk (cont'd)*

	1 year or less $	1 to 5 years $	After 5 years $	Total $
Group				
2014				
Financial assets:				
Quoted equity investments	–	–	1,557,011	1,557,011
Trade receivables	18,175,367	–	–	18,175,367
Other receivables and deposits	3,560,921	–	–	3,560,921
Cash and cash equivalents	8,726,454	–	–	8,726,454
Finance lease receivable	8,212,938	31,140,337	–	39,353,275
Total undiscounted financial assets	38,675,680	31,140,337	1,557,011	71,373,028
Financial liabilities:				
Trade payables	11,153,800	–	–	11,153,800
Other payables and accruals	9,683,770	–	–	9,683,770
Finance lease obligations	11,020	25,861	–	36,881
Term loans	3,530,595	10,965,931	3,370,130	17,866,656
Redeemable exchangeable bonds	–	15,144,777	–	15,144,777
Derivative liability	1,574,579	–	–	1,574,579
Total undiscounted financial liabilities	25,953,764	26,136,569	3,370,130	55,460,463
Total net undiscounted financial assets/(liabilities)	12,721,916	5,003,768	(1,813,119)	15,912,565

NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Liquidity risk (cont'd)*

	1 year or less $	1 to 5 years $	After 5 years $	Total $
Group				
2013				
Financial assets:				
Quoted equity investments	–	–	1,330,625	1,330,625
Trade receivables	21,032,249	–	–	21,032,249
Other receivables and deposits	4,564,892	–	–	4,564,892
Cash and cash equivalents	19,039,380	–	–	19,039,380
Total undiscounted financial assets	44,636,521	–	1,330,625	45,967,146
Financial liabilities:				
Trade payables	9,706,774	–	–	9,706,774
Other payables and accruals	5,071,099	–	–	5,071,099
Finance lease obligations	22,026	36,881	–	58,907
Term loans	3,830,249	3,585,168	1,898,183	9,313,600
Total undiscounted financial liabilities	18,630,148	3,622,049	1,898,183	24,150,380
Total net undiscounted financial assets/ (liabilities)	26,006,373	(3,622,049)	(567,558)	21,816,766
Company				
2014				
Financial assets:				
Quoted equity investments	–	–	1,551,982	1,551,982
Other receivables and deposits	1,119,700	–	–	1,119,700
Cash and cash equivalents	204,179	–	–	204,179
Total undiscounted financial assets	1,323,879	–	1,551,982	2,875,861
Financial liabilities:				
Other payables	1,598,120	–	–	1,598,120
Due to subsidiaries (non-trade)	9,379,853	–	–	9,379,853
Derivative liability	1,574,579	–	–	1,574,579
Total undiscounted financial liabilities	12,552,552	–	–	12,552,552
Total net undiscounted financial (liabilities)/ assets	(11,228,673)	–	1,551,982	(9,676,691)

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Liquidity risk (cont'd)*

	1 year or less $	1 to 5 years $	After 5 years $	Total $
Company				
2013				
Financial assets:				
Quoted equity investments	–	–	1,320,460	1,320,460
Other receivables and deposits	3,524,643	–	–	3,524,643
Cash and cash equivalents	11,993,045	–	–	11,993,045
Total undiscounted financial assets	15,517,688	–	1,320,460	16,838,148
Financial liabilities:				
Other payables	1,678,694	–	–	1,678,694
Due to subsidiaries (non-trade)	26,634,377	–	–	26,634,377
Total undiscounted financial liabilities	28,313,071	–	–	28,313,071
Total net undiscounted financial assets/(liabilities)	(12,795,383)	–	1,320,460	(11,474,923)

(d) *Foreign currency risk*

The Group had transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD, Chinese Renminbi (RMB) and Malaysian Ringgit (MYR). The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD). Approximately 28% (2013: 38%) of the Group's sales are denominated in foreign currencies whilst almost 38% (2013: 44%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, the People's Republic of China (PRC), Indonesia, Republic of Seychelles and British Virgin Islands. The Group's net investments in Malaysia, the PRC, Indonesia are not hedged as currency positions in Malaysian Ringgit, RMB, Indonesian Rupiah and USD are considered to be long-term in nature.

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

(d) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

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

		Group	
		2014	2013
		Profit net of tax	Profit net of tax
		$	$
USD	- strengthened 5% (2013: 5%)	1,741,263	473,045
	- weakened 5% (2013: 5%)	(1,741,263)	(473,045)
RMB	- strengthened 5% (2013: 5%)	(187,886)	(90,141)
	- weakened 5% (2013: 5%)	187,886	90,141
Euro	- strengthened 5% (2013: 5%)	(24,028)	(4,545)
	- weakened 5% (2013: 5%)	24,028	4,545
MYR	- strengthened 5% (2013: 5%)	12,996	52,694
	- weakened 5% (2013: 5%)	(12,996)	(52,694)

(e) *Market price risk*

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

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

Sensitivity analysis for equity price risk

At the balance sheet date, if the STI had been 5% (2013: 5%) higher/lower with all other variables held constant, the Group's other reserve in equity would have been $77,851 (2013: $66,531) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

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40. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 60%. The Group includes within net debt, loans and borrowings, trade and other payables and other liabilities based on contractual undiscounted repayment obligation less cash and short term deposits. Capital includes equity attributable to the owners of the Company including fair value adjustment reserve.

	Group	
	2014	**2013**
	$	**$**
Total debt (Note 38)	50,017,592	23,616,763
Less: - Cash and short term deposits (Note 23)	(8,726,454)	(19,039,380)
Net debt	41,291,138	4,577,383
Equity attributable to the owners of the Company	97,875,930	93,175,175
Less: - Fair value adjustment reserve (Note 33(b))	(29,627)	196,759
Total capital	97,846,303	93,371,934
Capital and net debt	139,137,441	97,949,317
Gearing ratio	30%	5%

41. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four operating segments, namely, the Distribution segment, the Offshore and Marine segment, Chartering Services segment and the Corporate segment. In prior year, the Group has disposed off its Distribution segment.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

41. SEGMENTAL INFORMATION (CONT'D)

	Offshore and Marine		Chartering Services		Corporate		Retail & Distribution (Discontinued operations)		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		2014	2013
	$	$	$	$	$	$	$	$	$	$		$	$
Revenue:													
External customers	77,002,571	70,643,286	2,010,840	–	–	–	–	12,110,313	–	(12,110,313)		79,013,411	70,643,286
Inter-segment	–	–	–	–	6,852,903	5,170,170	–	–	(6,852,903)	(5,170,170)	A	–	–
Total revenue	77,002,571	70,643,286	2,010,840	–	6,852,903	5,170,170	–	12,110,313	(6,852,903)	(17,280,483)		79,013,411	70,643,286
Results:													
Interest income	2,451	1,252	135,129	–	13,576	–	–	–	–	–		151,156	1,252
Dividend income	–	–	–	–	1,361,979	800,511	–	–	(1,361,979)	(800,511)		–	–
Depreciation and amortisation	513,676	544,212	–	–	427,455	463,060	–	73,098	1,584,847	1,668,594		2,525,978	2,748,964
Share of associate result	–	–	3,730	–	–		–	–	–			3,730	
Other non-cash expenses	16,131	10,061	–	–	496,332	378,294	–	865	–	(865)	B	512,463	388,355
Segment profit/(loss)	2,014,877	7,420,085	2,465,026	–	1,510,175	(376,906)	–	299,646	(4,485,248)	(5,978,501)		1,504,830	1,364,324
Assets:													
Additions to non-current assets	196,791	434,628	–	–	9,446,338	1,281,820	–	161,389	–	(161,389)	C	9,643,129	1,716,448
Segment assets	80,710,709	76,106,965	40,964,343	–	117,775,361	120,911,112	–	–	(82,763,408)	(74,043,776)	D	156,687,005	122,974,301
Segment liabilities	(27,113,449)	(23,324,806)	(37,795,977)	–	(28,832,173)	(35,916,476)	–	–	34,930,524	29,442,156	E	(58,811,095)	(29,799,126)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

41. SEGMENTAL INFORMATION (CONT'D)

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

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses consist share-based payments, inventories written-down, provisions, and impairment of financial assets as presented in the respective notes to the financial statements.

C Additions to non-current assets consist of additions to property, plant and equipment, intangible assets, investment in subsidiaries and investment in quoted and unquoted equities.

D The following items are added to/(deducted from) segment profit to arrive at "profit before tax from continuing operations" presented in the consolidated statement of comprehensive income:

	2014	2013
	$	$
Segment results of discontinued operations	–	341,065
Share of results of associates	(3,730)	–
Finance costs	(752,774)	(306,313)

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheets:

	2014	2013
	$	$
Investment in associates	13,736,482	–
Deferred tax assets	33,616	–
Inter-segment assets	(82,763,408)	(74,043,776)

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

	2014	2013
	$	$
Deferred tax liabilities	2,985,847	3,370,263
Income tax payable	950,026	430,940
Loans and borrowings	16,547,602	8,790,555
Inter-segment liabilities	(34,930,524)	(32,549,417)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

41. SEGMENTAL INFORMATION (CONT'D)

Geographical information

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

	Revenues		Non-current assets	
	2014	2013	2014	2013
	$	$	$	$
Australia	31,548	857,079	–	–
Europe	1,043,369	1,864,053	–	–
Indonesia	1,986,285	5,462,661	11,492	8,951
Malaysia	1,095,883	5,309,948	17,573	24,960
Middle East	2,726,149	761,284	–	–
People's Republic of China	31,323,974	17,271,950	324,088	330,383
Singapore	37,155,857	31,273,575	57,886,498	50,850,156
Vietnam	1,366,855	924,567	–	–
Others	2,283,491	6,918,169	–	–
	79,013,411	70,643,286	58,239,651	51,214,450

Non-current assets information presented above consist of property, plant and equipment and intangible assets as presented in the consolidated balance sheets.

Information about major customer

Revenue from one customer amounting to $2,010,840 (2013: $Nil), arise from chartering services income by the Chartering Services segment.

42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 2 April 2015.

SHAREHOLDING STATISTICS
AS AT 25 MARCH 2015

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

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	229	8.79	3,593	0.00
100 - 1,000	114	4.37	60,539	0.01
1,001 - 10,000	363	13.93	2,115,945	0.26
10,001 - 1,000,000	1,838	70.53	190,021,321	23.71
1,000,001 and above	62	2.38	609,203,801	76.02
	2,606	100.00	801,405,199	100.00

Based on information available to the Company as at 25 March 2015, approximately 51.4% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

TOP 20 SHAREHOLDERS

S/No.	Name of Shareholder	No. of Shares Held	%*
1	Raffles Nominees (Pte) Ltd	145,318,000	18.33
2	DBS Nominees Pte Ltd	87,047,880	10.98
3	Viking Engineering Pte Ltd	85,989,200	10.85
4	Hong Leong Finance Nominees Pte Ltd	32,820,000	4.14
5	Yeo Seng Buck	27,535,200	3.47
6	Ong Choo Guan	25,580,000	3.23
7	Citibank Nominees Singapore Pte Ltd	20,900,000	2.64
8	Terry Tan Soon Lee	17,166,050	2.17
9	Maybank Kim Eng Securities Pte Ltd	13,720,000	1.73
10	Chiang Tin Tiah	11,967,000	1.51
11	UOB Kay Hian Pte Ltd	8,362,020	1.05
12	Xue Chunxia	7,344,000	0.93
13	OCBC Securities Private Ltd	7,295,247	0.92
14	United Overseas Bank Nominees Pte Ltd	5,677,950	0.72
15	HL Bank Nominees (S) Pte Ltd	5,559,600	0.70
16	Wong Poh Hwa @ Kwai Seng	5,500,000	0.69
17	Phillip Securities Pte Ltd	5,016,863	0.63
18	Choo Piang Wong	4,200,000	0.53
19	Siaw Ten Ten	4,100,000	0.52
20	GKE Corporation Limited	3,500,000	0.44
		524,599,010	66.18

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 25 March 2015 of 792,788,199 shares (which excludes 8,617,000 shares which are held as treasury shares representing approximately 1.09% of the total number of issued shares excluding treasury shares).

SHAREHOLDING STATISTICS
AS AT 25 MARCH 2015

SUBSTANTIAL SHAREHOLDERS AS AT 25 MARCH 2015

Name	Number of shares registered in the name of Substantial Shareholders	Number of shares in which the Substantial Shareholder is deemed to have an interest	Total	%
Andy Lim [1]	172,830,800	21,000,000	193,830,800	24.45
Viking Engineering Pte Ltd	85,989,200	-	85,989,200	10.85
Johansson Bo Robert [2]	-	85,989,200	85,989,200	10.85
Sune Gustaf Sigvard Andersson [2]	-	85,989,200	85,989,200	10.85
Tan Boy Tee	80,000,000	-	80,000,000	10.09

Notes:

(1) Mr Andy Lim has a direct interest in 172,830,800 shares, of which 650,000 shares are registered in his own name and 172,180,800 shares are registered and held through the following Nominees:

Nominees	Shares
HSBC (Singapore) Nominees Ptd Ltd	141,769,200
Citibank Nominees Singapore Pte Ltd	17,211,600
Hong Leong Finance Nominees Pte Ltd	13,200,000

Mr Andy Lim is the beneficial owner of the above shares. Mr Andy Lim is further deemed interested in the remaining 21,000,000 shares held by Associated Leisure International Pte Ltd whereby he holds a 99% shareholding interest.

(2) Mr Johansson Bo Robert and Mr Sune Gustaf Sigvard Andersson are the Substantial Shareholders (50% each) of Viking Engineering Pte Ltd and are deemed interested in the 85,989,200 shares held by Viking Engineering Pte Ltd.

WARRANTHOLDING STATISTICS
AS AT 25 MARCH 2015

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	108	10.72	1,136	0.00
100 - 1,000	116	11.52	38,094	0.03
1,001 - 10,000	380	37.74	2,200,567	1.85
10,001 - 1,000,000	386	38.33	39,443,233	33.11
1,000,001 and above	17	1.69	77,430,036	65.01
	1,007	100.00	119,113,066	100.00

TOP 20 WARRANTHOLDERS

S/No.	Name of Warrantholder	No. of Warrants Held	%
1	Raffles Nominees (Pte) Ltd	25,278,600	21.22
2	Viking Engineering Pte Ltd	14,851,200	12.47
3	Yeo Seng Buck	7,222,200	6.06
4	Ong Choo Guan	4,180,000	3.51
5	Associated Leisure International Pte Ltd	3,500,000	2.94
6	Citibank Nominees Singapore Pte Ltd	2,870,000	2.41
7	CIMB Securities (S) Pte Ltd	2,589,000	2.17
8	Maybank Kim Eng Securities Pte Ltd	2,565,441	2.15
9	Koh Wan Tiong	2,024,000	1.70
10	Chiang Tin Tiah	1,966,000	1.65
11	Yap Kon Yin	1,788,000	1.50
12	Andy Lim	1,700,000	1.43
13	Fong Peg Hong	1,562,000	1.31
14	OCBC Securities Private Ltd	1,465,595	1.23
15	Khong Kin Hung	1,400,000	1.18
16	Tan Peng Soon	1,268,000	1.06
17	Poh Chew Pou	1,200,000	1.01
18	Lin Meifeng	1,000,000	0.84
19	Wong Poh Hwa @ Kwai Seng	1,000,000	0.84
20	HL Bank Nominees (S) Ltd	926,600	0.78
		80,356,636	67.46

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 21 Kian Teck Road, Singapore 628773 on Tuesday, 28 April 2015 at 9.30 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2014 and the Directors' Report and the Auditor's Report thereon. (Resolution 1)

2. To re-elect the following Directors who are retiring in accordance with the provisions of the Company's Articles of Association:-

   (a) Mr Andy Lim (retiring pursuant to Article 93)
   (Resolution 2)
   (Please see Explanatory Note 1)

   (b) Mr Tan Wee Peng Kelvin (retiring pursuant to Article 93) (Resolution 3)
   (Please see Explanatory Note 2)

3. To declare a Final (tax-exempt one-tier) Dividend of S$0.0015 per ordinary share for the financial year ended 31 December 2014. (Resolution 4)

4. To approve payment of Directors' fees of $200,000 for the financial year ending 31 December 2015. (2014: $210,000) (Resolution 5)

5. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

AS SPECIAL BUSINESS

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

6. Authority to allot and issue shares

   (a) "That, pursuant to Section 161 of the Companies Act (Cap. 50), and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

      (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (Notwithstanding the authority conferred by the Shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed one hundred per cent (100%) of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to Shareholders of the Company does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (Resolution 7)

(Please see Explanatory Note 3)

7. Authority to offer and grant options and share awards and to allot and issue shares pursuant to the Viking Offshore and Marine Limited Share Option Scheme (the "**VOM Scheme**") and the Viking Long Term Incentive Plan (the "**VLTIP**").

"That:

(a) authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions the VOM Scheme and/or to grant share awards in accordance with the VLTIP; and

(b) approval be and is hereby given to the Directors to exercise full powers of the Company to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the VOM Scheme, and/or such number of shares as may be required to be allotted and issued pursuant to the award of shares under the VLTIP:

provided that the aggregate number of shares to be issued pursuant to the VOM Scheme and the VLTIP shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares in the capital of the Company from time to time."

(Resolution 8)

(Please see Explanatory Note 4)

8. Grant of Share Awards to Mr Andy Lim

"That, subject to and contingent upon the passing of Resolution 7, the proposed grant of a share award to Mr Andy Lim, a Controlling Shareholder of the Company, in accordance with the provisions of the VLTIP on the following terms:

(a)	Proposed date of grant	:	29 April 2015
(b)	Number of shares which are the subject of the share award to be granted	:	450,000

NOTICE OF ANNUAL GENERAL MEETING

(c) Vesting period of the share award : The shares will vest on the date falling 12 months from the date of grant of the share award be and is hereby approved." (Resolution 9)

9. Grant of Share Awards to Mr Lin Wei Daniel

"That, subject to and contingent upon the passing of Resolution 7, the proposed grant of a share award to Mr Lin Wei Daniel, an associate of Mr Andy Lim who is a Controlling Shareholder of the Company, in accordance with the provisions of the VLTIP on the following terms:

(a) Proposed date of grant : 29 April 2015

(b) Number of shares which are the subject of the share award to be granted : 200,000

(c) Vesting period of the share award : The shares will vest on the date falling 12 months from the date of grant of the share award be and is hereby approved." (Resolution 10)

10. The Proposed Renewal of the Share Buyback Mandate

That:

(a) for the purposes of the Rules of Catalist and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or acquire its issued and fully paid-up Shares representing not more than ten per cent (10%) of the total number of issued Shares of the Company at such price(s) as may be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company from time to time up to the Maximum Price (as defined below), whether by way of:

(i) an on-market purchase ("**Market Purchase**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(ii) an off-market purchase ("**Off-Market Purchase**"), effected otherwise than on the SGX-ST pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Rules of Catalist as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Shareholders in a general meeting, purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate may be made, at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105 per cent (105%) of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent (120%) of the Average Closing Price,

where:

"**Average Closing Price"** means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution. (Resolution 11)

11. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary

Singapore, 13 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

1. The key information of Mr Andy Lim can be found on page 26 in the Annual Report.

2. The key information of Mr Tan Wee Peng Kelvin can be found on page 27 in the Annual Report.
   Mr Tan, will, upon re-election as a Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of Section B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual (the "Catalist Rules").

3. The ordinary resolution 7 in item no. 6 above is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 100 per cent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing Shareholders shall not exceed 50 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

4. The ordinary resolution 8 in item no. 7 above is to authorise the Directors of the Company to offer and grant options under the VOM Scheme, as well as to award shares pursuant to the VLTIP, provided that the aggregate number of shares to be issued shall not exceed 15 per cent of the Company's issued shares, excluding treasury shares in the capital of the Company from time to time.

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 13 May 2015 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 12 May 2015 will be registered to determine Shareholders' entitlements to the proposed final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 12 May 2015 will be entitled to the proposed dividend.

Payment of the dividend, if approved by Shareholders at the Annual General Meeting to be held on 28 April 2015, will be made on 29 May 2015.

NOTE:

If a Member being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) wishes to appoint a proxy or proxies, he should complete and sign the Proxy Form and deposit the duly completed Proxy Form at the office of the Singapore Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, at least forty-eight (48) hours before the time of the Annual General Meeting.

This document has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore branch ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document.The document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Tony Toh, Director, Investment Banking. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.

APPENDIX
13 APRIL 2015

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

This Appendix is circulated to the shareholders ("**Shareholders**") of Viking Offshore and Marine Limited (the "**Company**") together with the Annual Report 2014 (as defined herein). The purpose of this Appendix is to provide Shareholders with information relating to, and seek their approval for, the proposed renewal of the Share Buyback Mandate (as defined herein) and the proposed Grant of Awards (as defined herein) at the Annual General Meeting of the Company to be held on 28 April 2015 at 9.30 a.m. at 21 Kian Teck Road, Singapore 628773.

This Appendix forms part of the Annual Report 2014.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2014.

VIKING OFFSHORE AND MARINE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199307300M)

APPENDIX TO THE ANNUAL REPORT 2014

in relation to

(1) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

(2) THE PROPOSED GRANT OF AWARDS TO MR. ANDY LIM, A CONTROLLING SHAREHOLDER, AND MR. LIN WEI DANIEL, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, UNDER THE VIKING LONG TERM INCENTIVE PLAN

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

This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix including the correctness of any of the statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Mr Tony Toh, Director, Investment Banking. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"**ACRA**"	:	Accounting and Corporate Regulatory Authority of Singapore
"**AGM**"	:	Annual general meeting of the Company. Unless the context otherwise requires, "AGM" shall refer to the annual general meeting to be held on 28 April 2015
"**Annual Report 2014**"	:	The Company's annual report for the financial year ended 31 December 2014
"**Appendix**"	:	This appendix to the Annual Report 2014
"**associate**"	:	(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent (30%) or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent (30%) or more
"**associated company**"	:	A company in which at least twenty per cent (20%) but not more than fifty per cent (50%) of its shares are held by the Company or the Group
"**Average Closing Price**"	:	Has the meaning ascribed to it in Section 2.2(d) of this Appendix
"**Award**"	:	A contingent award of Shares granted under the VLTIP
"**Award Date**"	:	In relation to an Award, the date on which the Award is granted pursuant to the VLTIP
"**Board**"	:	The board of Directors of the Company for the time being
"**Catalist**"	:	The sponsor-supervised listing platform of the SGX-ST
"**Catalist Rules**"	:	The Listing Manual, Section B: Rules of Catalist of the SGX-ST, as amended or modified from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time

DEFINITIONS

"**Company**"	:	Viking Offshore and Marine Limited
"**Controlling Shareholder**"	:	A person who holds directly or indirectly fifteen per cent (15%) or more of the issued Shares (excluding treasury shares) (subject to the SGX-ST determining that such a person is not a Controlling Shareholder) or a person who in fact exercises control over the Company
"**Director(s)**"	:	The director(s) of the Company
"**EGM**"	:	Extraordinary general meeting of the Company
"**EPS**"	:	Earnings per Share
"**FRS**"	:	Singapore Financial Reporting Standard
"**FY**"	:	Financial year ended or ending 31 December
"**Grant of Awards**"	:	Has the meaning ascribed to it in Section 1 of this Appendix
"**Group**"	:	The Company, its subsidiaries and associated companies
"**Group Employee**"	:	An employee of the Company or its subsidiaries or of an associated company over which the Company has control, including any Group Executive Director
"**Group Executive Director**"	:	A director of the Company or its subsidiaries or of an associated company over which the Company has control, who performs an executive function
"**Group Non-Executive Director**"	:	A director of the Company or its subsidiaries or of an associated company over which the Company has control, other than a Group Executive Director, and including an Independent Director
"**Independent Director**"	:	An independent director of the Company
"**Latest Practicable Date**"	:	27 March 2015, being the latest practicable date prior to the printing of this Appendix
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Market Purchase**"	:	Has the meaning ascribed to it in Section 2.2(c) of this Appendix
"**Maximum Price**"	:	Has the meaning ascribed to it in Section 2.2(d) of this Appendix
"**NTA**"	:	Net tangible assets
"**Off-Market Purchase**"	:	Has the meaning ascribed to it in Section 2.2(c) of this Appendix
"**Performance Condition**"	:	In relation to an Award, a condition or conditions specified on the Award Date in relation to that Award
"**Performance Period**"	:	In relation to an Award, a period, the duration of which is to be determined by the Plan Committee on the Award Date, during which the Performance Condition is to be satisfied

DEFINITIONS

"**Plan Committee**"	:	The committee, comprising Directors, duly authorised and appointed to administer the VLTIP pursuant to the rules of the VLTIP
"**Plan Participant**"	:	A person who is selected by the Plan Committee to participate in the VLTIP in accordance with the rules thereof
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Buyback Mandate**"	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set out in the Companies Act and the Catalist Rules
"**Shareholders**"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Accounts maintained are credited with Shares
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Sponsor**"	:	CIMB Bank Berhad, Singapore Branch
"**Substantial Shareholder**"	:	A Shareholder who has an interest in not less than five per cent (5%) of the issued Shares
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"**VLTIP**"	:	The performance share plan known as the Viking Long Term Incentive Plan, approved by the Shareholders on 15 December 2011, as amended or modified from time to time
"**$**" and "**cents**"	:	Dollars and cents respectively of the currency of Singapore
"%" or "**per cent**"	:	Per centum or percentage

The terms "Depositors", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them, respectively, in Section 130A of the Companies Act. The term "subsidiary" shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

Directors:

Mr Andy Lim (Chairman and Executive Director)
Mr Ong Choo Guan (Chief Executive Officer and Executive Director)
Mr Lin Wei Daniel (Executive Director)
Mr Lee Suan Hiang (Lead Independent Director)
Mr Lien Kait Long (Independent Director)
Mr Kelvin Tan Wee Peng (Independent Director)

Registered Office:

21 Kian Teck Road
Singapore 628773

13 April 2015

To: The Shareholders of Viking Offshore and Marine Limited

Dear Sir / Madam,

(1) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

(2) THE PROPOSED GRANT OF AWARDS TO MR. ANDY LIM, A CONTROLLING SHAREHOLDER, AND MR. LIN WEI DANIEL, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, UNDER THE VLTIP

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1. INTRODUCTION

The purpose of this Appendix is to provide the Shareholders with information relating to, and to seek Shareholders' approval for:

(a) the proposed renewal of the Share Buyback Mandate; and

(b) the proposed grant of (i) an Award in respect of 450,000 Shares to Mr. Andy Lim, a Controlling Shareholder and (i) an Award in respect of 200,000 Shares to Mr. Lin Wei Daniel, an associate of a Controlling Shareholder, under the VLTIP (the "**Grant of Awards**"),

as further described in Sections 2 and 3 of this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Rationale

At the EGM held on 15 December 2011, the Company obtained the approval of the Shareholders for the Share Buyback Mandate. The Share Buyback Mandate was renewed at the AGMs held on 30 April 2012, 26 April 2013 and 23 April 2014. The rationale for, the authority and the limitations on and the financial effects of, the Share Buyback Mandate were set out in the circular to Shareholders dated 23 November 2011.

As the Share Buyback Mandate renewed at the last AGM held on 23 April 2014 will be expiring on 28 April 2015, being the date of the forthcoming AGM, the Company intends to seek the approval of the Shareholders for the renewal of the Share Buyback Mandate at such AGM.

The renewal of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to ten per cent (10%) limit described in Section 2.2(a) of this Appendix at any time during the period when the Share Buyback Mandate is in force.

LETTER TO SHAREHOLDERS

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

(a) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, inter alia, the return on equity of the Group. In addition to growth and expansion of the business, share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced;

(b) the Company has at present two (2) share-based incentive schemes for its employees, namely, the Viking Offshore and Marine Limited Share Option Scheme (the "**VOM Scheme**") and the Viking Offshore and Marine Limited Long Term Incentive Plan (the "**VLTIP**"). Share buybacks by the Company will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to satisfy the Company's obligation to furnish VOM Shares to participants under the VOM Scheme and the VLTIP, thus giving the Company greater flexibility to select the method of providing Shares to its employees which would be most beneficial to the Company and its Shareholders;

(c) share buybacks by the Company will also enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to be sold for cash or transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, which may be less dilutive than if new Shares were issued for this purpose; and

(d) the Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the proposed Share Buyback Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return surplus cash and/or funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, inter alia, the Company's share capital structure and its dividend policy.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said ten per cent (10%) limit during the period referred to in Section 2.2(a) of this Appendix, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full ten per cent (10%) limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Group, or result in the Company being delisted from Catalist. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on Catalist.

2.2 Authority and limits

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than ten per cent (10%) of the total number of issued Shares of the Company as at the date of the forthcoming AGM at which the Share Buyback Mandate is renewed. Any Shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent (10%) limit.

For illustrative purposes only, on the basis of 792,788,199 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, and that the Company does not reduce its share capital, not more than 79,278,819 Shares (representing ten per cent (10%) of the issued ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate during the duration referred to in Section 2.2(b) of this Appendix.

LETTER TO SHAREHOLDERS

(b) Duration of authority

Purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the forthcoming AGM, at which the Share Buyback Mandate is renewed, up to:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of shares of the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase Shares may be renewed at the next AGM or any other general meeting of the Company. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose certain information, including details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, the total consideration paid for the purchases or acquisitions.

(c) Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(i) an on-market purchase ("**Market Purchase**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(ii) an off-market purchase ("**Off-Market Purchase**"), effected otherwise than on the SGX-ST pursuant to an equal access scheme in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Companies Act and the Catalist Rules, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the above-mentioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of the offers are the same, except that there shall be disregarded:

(1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

LETTER TO SHAREHOLDERS

Pursuant to the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed purchase or acquisition of Shares;

(iv) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(v) whether the purchases or acquisitons of shares, if made, would have any effect on the listing of the Shares on Catalist;

(vi) details of any purchases or acquisitions of shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acqusitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions; and

(vii) whether the Shares purchased by the issuer will be cancelled or kept as treasury shares.

(d) Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(i) in the case of a Market Purchase, 105 per cent (105%) of the Average Closing Price (as defined herein); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent (120%) of the Average Closing Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3 Status of purchased or acquired Shares

All Shares purchased or acquired by the Company (other than Shares held in treasury by the Company to the extent permitted under the Companies Act and the Articles of Association of the Company) will be automatically delisted from Catalist, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

The Company intends to hold all Shares purchased or acquired pursuant to the Share Buyback Mandate as treasury shares.

LETTER TO SHAREHOLDERS

2.4 Treasury Shares

Under the Companies Act, where ordinary shares of the Company are purchased or acquired by the Company in accordance with Sections 76B to 76G of the Companies Act, the Company may hold or deal with such shares as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum holdings

The number of shares held as treasury shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares of the Company.

(b) Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.5 Reporting requirements

Pursuant to Rule 871 of the Catalist Rules, a listed company shall announce all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The announcement of such purchases or acquisitions of Shares shall be in such form and shall include such details as may be prescribed under the Rules of Catalist. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company, in a timely fashion, the necessary information which will enable the Company to make the relevant announcement.

LETTER TO SHAREHOLDERS

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

(i) date of the sale, transfer, cancellation and/or use;

(ii) purpose of such sale, transfer, cancellation and/or use;

(iii) number of treasury shares sold, transferred, cancelled and/or used;

(iv) number of Shares before and after such sale, transfer, cancellation and/or use;

(v) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Sources of funds

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in its Articles of Association and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, the Company is permitted to purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.7 Financial effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NTA and EPS of the Group and the Company as the resultant effect would depend on, inter alia, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total issued share capital will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

LETTER TO SHAREHOLDERS

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions.

For illustrative purposes only, the financial effects of the Share Buyback Mandate on the Group and the Company, based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2014 are based on the assumptions set out below:

(a) based on 792,788,199 Shares in issue as at the Latest Practicable Date, and assuming no further Shares are issued on or prior to the AGM and no Shares are held by the Company as treasury shares on or prior to the AGM, not more than 79,278,819 Shares (representing ten per cent (10%) of the issued ordinary share capital of the Company (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires the 79,278,819 Shares at the Maximum Price of $0.074 for one (1) Share (being the price equivalent to five per cent (5%) above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 79,278,819 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately $5,866,633; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 79,278,819 Shares at the Maximum Price of $0.084 for one (1) Share (being the price equivalent to 20 per cent (20%) above the Average Closing Price of the Shares on the five (5) consecutive Market Days on which the Shares were traded on Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 79,278,819 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately $6,659,421.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed by internal sources of funds and/or external borrowings, (ii) the Share Buyback Mandate had been effective on 1 January 2014 and (iii) the Company had purchased or acquired the 79,278,819 Shares (representing ten per cent (10%) of its issued ordinary share capital at the Latest Practicable Date), the financial effects of the purchase or acquisition of the 79,278,819 Shares by the Company pursuant to the Share Buyback Mandate:

(1) by way of purchases made entirely out of profits and held as treasury shares;

(2) by way of purchases made entirely out of capital and held as treasury shares;

(3) by way of purchases made entirely out of profits and cancelled; and

(4) by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2014 pursuant to the Share Buyback Mandate are as follows:

LETTER TO SHAREHOLDERS

(1) Purchases made entirely out of profits and held as treasury shares

	Group			Company		
	Before Share Purchase $'000	After Share Purchase assuming Market Purchase $'000	After Share Purchase assuming Off-Market Purchase $'000	Before Share Purchase $'000	After Share Purchase assuming Market Purchase $'000	After Share Purchase assuming Off-Market Purchase $'000
As at 31 December 2014						
Share capital	94,844	94,844	94,844	94,844	94,844	94,844
Capital and other reserve	1,926	1,926	1,926	860	860	860
Retained earnings	1,649	1,649	1,649	(14,041)	(14,041)	(14,041)
	98,419	98,419	98,419	81,663	81,663	81,663
Treasury shares	(543)	(6,410)	(7,202)	(543)	(6,401)	(7,202)
Shareholders' funds	97,876	92,009	91,217	81,120	75,253	74,461
Net tangible assets	64,619	58,752	57,960	81,120	75,253	74,461
Current assets	63,676	57,809	57,017	1,391	(4,476)	(5,268)
Current liabilities	31,324	31,324	31,324	12,520	12,520	12,520
Working capital	32,352	26,485	25,693	(11,129)	(16,996)	(17,788)
Number of issued shares ('000) (net of treasury shares)	792,788	713,509	713,509	792,788	713,509	713,509
Financial ratios						
Net tangible assets/Shares (cents)	8.2	8.2	8.1	10.2	10.5	10.4
Current ratio (times)	2.0	1.8	1.8	0.1	(0.4)	(0.4)
Earnings per Share (cents)	0.13	0.14	0.14	-	-	-

LETTER TO SHAREHOLDERS

(2) Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	Before Share Purchase $'000	After Share Purchase assuming Market Purchase $'000	After Share Purchase assuming Off-Market Purchase $'000	Before Share Purchase $'000	After Share Purchase assuming Market Purchase $'000	After Share Purchase assuming Off-Market Purchase $'000
As at 31 December 2014						
Share capital	94,844	94,844	94,844	94,844	94,844	94,844
Capital and other reserve	1,926	1,926	1,926	860	860	860
Retained earnings	1,649	1,649	1,649	(14,041)	(14,041)	(14,041)
	98,419	98,419	98,419	81,663	81,663	81,663
Treasury shares	(543)	(6,410)	(7,202)	(543)	(6,410)	(7,202)
Shareholders' funds	97,876	92,009	91,217	81,120	75,253	74,461
Net tangible assets	64,619	58,752	57,960	81,120	75,253	74,461
Current assets	63,676	57,809	57,017	1,391	(4,476)	(5,268)
Current liabilities	31,324	31,324	31,324	12,520	12,520	12,520
Working capital	32,352	26,485	25,693	(11,129)	(16,996)	(17,788)
Number of issued shares ('000) (net of treasury shares)	792,788	713,509	713,509	792,788	713,509	713,509
Financial ratios						
Net tangible assets/Shares (cents)	8.2	8.2	8.1	10.2	10.5	10.4
Current ratio (times)	2.0	1.8	1.8	0.1	(0.4)	(0.4)
Earnings per Share (cents)	0.13	0.14	0.14	-	-	-

LETTER TO SHAREHOLDERS

(3) Purchases made entirely out of profits and cancelled

	Group			Company		
	Before Share Purchase $'000	**After Share Purchase assuming Market Purchase $'000**	**After Share Purchase assuming Off-Market Purchase $'000**	**Before Share Purchase $'000**	**After Share Purchase assuming Market Purchase $'000**	**After Share Purchase assuming Off-Market Purchase $'000**
As at 31 December 2014						
Share capital	94,844	94,844	94,844	94,844	94,844	94,844
Capital and other reserve	1,926	1,926	1,926	860	860	860
Retained earnings	1,649	(4,218)	(5,010)	(14,041)	(19,908)	(20,700)
	98,419	92,552	91,760	81,663	75,796	75,004
Treasury shares	(543)	(543)	(543)	(543)	(543)	(543)
Shareholders' funds	97,876	92,009	91,217	81,120	75,253	74,461
Net tangible assets	64,619	58,752	57,960	81,120	75,253	74,461
Current assets	63,676	57,809	57,017	1,391	(4,476)	(5,268)
Current liabilities	31,324	31,324	31,324	12,520	12,520	12,520
Working capital	32,352	26,485	25,693	(11,129)	(16,996)	(17,788)
Number of issued shares ('000) (net of treasury shares)	792,788	713,509	713,509	792,788	713,509	713,509
Financial ratios						
Net tangible assets/Shares (cents)	8.2	8.2	8.1	10.2	10.5	10.4
Current ratio (times)	2.0	1.8	1.8	0.1	(0.4)	(0.4)
Earnings per Share (cents)	0.13	0.14	0.14	-	-	-

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(4) Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Purchase $'000	After Share Purchase assuming Market Purchase $'000	After Share Purchase assuming Off-Market Purchase $'000	Before Share Purchase $'000	After Share Purchase assuming Market Purchase $'000	After Share Purchase assuming Off-Market Purchase $'000
As at 31 December 2014						
Share capital	94,844	88,977	88,185	94,844	88,977	88,185
Capital and other reserve	1,926	1,926	1,926	860	860	860
Retained earnings	1,649	1,649	1,649	(14,041)	(14,041)	(14,041)
	98,419	92,552	91,760	81,663	75,796	75,004
Treasury shares	(543)	(543)	(543)	(543)	(543)	(543)
Shareholders' funds	97,876	92,009	91,217	81,120	72,253	74,461
Net tangible assets	64,619	58,752	57,960	81,120	72,253	74,461
Current assets	63,676	57,809	57,017	1,391	(4,476)	(5,268)
Current liabilities	31,324	31,324	31,324	12,520	12,520	12,520
Working capital	32,352	26,485	25,693	(11,129)	(16,996)	(17,788)
Number of issued shares ('000) (net of treasury shares)	792,788	713,509	713,509	792,788	713,509	713,509
Financial ratios						
Net tangible assets/Shares (cents)	8.2	8.2	8.1	10.2	10.5	10.4
Current ratio (times)	2.0	1.8	1.8	0.1	(0.4)	(0.4)
Earnings per Share (cents)	0.13	0.14	0.14	-	-	-

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Shareholders should note that the financial effects set out above are **purely for illustrative purposes** and based only on the abovementioned assumptions. In particular, it is important to note that the above financial analysis is based on the Group's and the Company's historical numbers for the financial year ended 31 December 2014, and is not necessarily representative of the future financial performance of the Group and the Company. The Company will take into account both financial and non-financial factors (for example, equity market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution. Although the proposed Share Buyback Mandate would authorise the Company to purchase or acquire up to ten per cent (10%) of the total number of its issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent (10%) of the total number of its issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

2.8 Catalist Rules

While the Catalist Rules do not expressly prohibit purchases of shares by a Catalist company during any particular time or times, a Catalist company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase any Shares pursuant to the Share Buyback Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such price-sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealing issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) one (1) month immediately preceding the announcement of the Company's full-year results; and

(b) two (2) weeks immediately preceding the announcement of the Company's first three (3) quarterly results.

The Company is required under Rule 723 of the Catalist Rules to ensure that at least ten per cent (10%) of its Shares (excluding preference shares, convertible equity securities and treasury shares) are in the hands of the public. The "public", as defined under the Catalist Rules, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Group, as well as the associates of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 407,651,692 Shares, representing approximately fifty one per cent (51%) of the issued Shares (excluding treasury shares), are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases up to the full ten per cent (10%) limit pursuant to the Share Buyback Mandate, and there is no other change to the capital structure of the Company and no change to the Shares held by the Directors and the Substantial Shareholders, the number of Shares in the hands of the public would be reduced to approximately 328,372,873 Shares, representing approximately forty six per cent (46%) of the reduced issued share capital of the Company. If the Shares in the hands of the public falls below ten per cent (10%) of the reduced issued share capital of the Company, the SGX-ST may suspend trading of the Shares.

Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full ten per cent (10%) pursuant to the proposed Share Buyback Mandate without affecting the listing status of the Shares on Catalist, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on Catalist, cause market illiquidity or adversely affect the orderly trading of the Shares.

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2.9 Take-over Code implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

(a) Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

(b) Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, inter alia, the following individuals and companies to be persons acting in concert:

(i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent (10%) or more of the client's equity share capital;

(vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

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For this purpose, ownership or control of at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 to the Take-over Code.

(c) Effect of Rule 14 and Appendix 2 to the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 to the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares:

(i) the voting rights of such Directors and persons acting in concert with them would increase to thirty per cent (30%) or more; or

(ii) in the event that such Directors and persons acting in concert with them hold between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, if the voting rights of such Directors and persons acting in concert with them would increase by more than one per cent (1%) in any period of six (6) months (commonly referred to as the "one per cent (1%) creeper rule").

In calculating the percentages of voting rights of such Directors and persons acting in concert with them, treasury shares shall be excluded.

Under Appendix 2 to the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares:

(i) the voting rights of such Shareholder would increase to thirty per cent (30%) or more; or

(ii) if such Shareholder holds between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months.

Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on the information in the Company's register of members as at the Latest Practicable Date, none of the Directors or Substantial Shareholders are obliged to make a general offer to other Shareholders under Rule 14 and Appendix 2 to the Take-over Code as a result of a purchase or acquisition of Shares by the Company pursuant to the proposed Share Buyback Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.10 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buyback Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

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2.11 Previous Share buybacks

For the period of 12 months immediately preceding the Latest Practicable Date, the Company had purchased or acquired a total of 4,989,000 Shares by way of Market Purchases pursuant to the Share Buyback Mandate, and the 4,989,000 Shares were kept as treasury shares. The particulars of such share purchases and acquisitions are as follows:

Number of Shares purchased	Highest price paid	Lowest price paid	Total consideration paid (excluding transaction costs)
4,989,000	$0.08	$0.069	$375,618

3. THE PROPOSED GRANT OF AWARDS TO MR. ANDY LIM AND MR. LIN WEI DANIEL UNDER THE VLTIP

3.1 Introduction

The VLTIP is a share incentive plan which increases the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance. The adoption of the VLTIP was approved by Shareholders at an EGM held on 15 December 2011. The participation of Mr. Andy Lim, a Controlling Shareholder, and Mr. Lin Wei Daniel, an associate of a Controlling Shareholder, in the VLTIP was also approved by independent Shareholders at the EGM.

Pursuant to Rule 852 of the Catalist Rules, a separate resolution must be passed by independent Shareholders to approve the Awards to be granted to Mr. Andy Lim and Mr. Lin Wei Daniel.

3.2 Summary of the rules of the VLTIP

Please refer to Annex A for a summary of the rules of the VLTIP.

3.3 Grant of an Award to Mr. Andy Lim, a Controlling Shareholder, under the VLTIP

The Company is proposing to grant an Award to Mr. Andy Lim under the VLTIP on the following terms:

(a)	Proposed date of grant	:	29 April 2015
(b)	Number of shares which are the subject of the Award to be granted	:	450,000
(c)	Vesting period of the Award	:	The Shares will vest on the date falling 12 months from the date of grant of the Award

3.4 Rationale and justification for granting an Award to Mr. Andy Lim under the VLTIP

As Executive Director and Chairman of the Company, Mr. Andy Lim plays a major role in the overall management of the corporate affairs and business opportunities of the Group. With his wealth of business experience, the Group will benefit much from his strategic directions and looks to him to actively lead the Group. Under his leadership, the Group is set to achieve growth in revenue, profits and scale of operations.

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The Directors are of the view that Mr. Andy Lim's leadership and management skills, as well as his experience and contribution towards the growth of the Group, is invaluable, and his continuing contribution is required for the success of the Group. The grant of an Award under the VLTIP to him will serve not only as recognition of his past contributions to the Group but also give him a stronger stake in the future performance of the Group. The grant will also serve as a means to motivate him to continue to achieve and maintain a high level of performance which is vital to the success of the Group.

3.5 Grant of an Award to Mr. Lin Wei Daniel, an associate of a Controlling Shareholder, under the VLTIP

The Company is proposing to grant an Award to Mr. Lin Wei Daniel under the VLTIP on the following terms:

(a)	Proposed date of grant	:	29 April 2015
(b)	Number of Shares which are the subject of the Award to be granted	:	200,000
(c)	Vesting period of the Award	:	The Shares will vest on the date falling 12 months from the date of grant of the Award

3.6 Rationale and justification for granting an Award to Mr. Lin Wei Daniel under the VLTIP

As an Executive Director of the Company, Mr. Lin Wei Daniel is part of the key management of the Group which is responsible for the management and driving the growth of the Group. Given his legal and fund raising background, the Directors believe his skill set adds to the diversity and expertise of the Board in the areas of his experience, and provides management oversight in business development, corporate actions and any other corporate initiatives where his experience and skills will be relevant to the Company and its subsidiaries.

Mr. Lin Wei Daniel is also spearheading the development and growth of the new business venture of offshore and marine asset, ownership and chartering services.

The Directors believe that Mr. Lin Wei Daniel has made, and will continue to make, important contributions to the Group. The grant of Awards under the VLTIP to Mr. Lin Wei Daniel will strengthen the Company's competitiveness in retaining his services. The grant of Awards will also help to encourage greater dedication and loyalty by recognising Mr. Lin Wei Daniel's past contributions and services, and to motivate him to continue to contribute to the long-term growth and development of the Group.

3.7 Costs arising from the grant of Awards

FRS 102 relating to share-based payment takes effect for all listed companies beginning 1 January 2005. The Awards if settled by way of issue of new Shares or the purchase of existing Shares, would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and where there are non-market conditions attached (see the following paragraph), the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement will be made. This accounting treatment has been referred to as the modified grant date method because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest but no adjustment is made to changes in the fair value of the Shares since the grant date.

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The amount charged to the profit and loss account would be the same whether the Company settles the Awards by issuing new Shares or by purchasing existing Shares. The amount of the charge to the profit and loss account also depends on whether or not the performance target attached to an Award (if any) is a "market condition", that is, a condition which is related to the market price of the Shares. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Shares granted at the grant date, and no adjustments to amounts charged to the profit and loss account are made if the market condition is not met. On the other hand, if the performance target is not a market condition, the probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the grant date. Instead, it is subsequently considered at each accounting date in assessing whether the Awards would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the profit and loss account if the Awards do not ultimately vest.

3.8 Awards granted under the VLTIP

As at the Latest Practicable Date, the Company has granted (i) an Award in respect of 750,000 Shares to Mr. Andy Lim on 29 April 2014 and (ii) an Award in respect of 200,000 Shares to Mr. Lin Wei Daniel on 29 April 2014, under the VLTIP.

The VLTIP shall continue to be in force at the discretion of the Plan Committee, subject to a maximum period of 10 years, commencing on 15 December 2011, provided that the VLTIP may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares, based on the registers of Directors' interests in Shares and Substantial Shareholders' interests in Shares, respectively, are as follows:

	Number of Shares			
Directors	**Direct Interest**	**%[1]**	**Deemed Interest**	**%[1]**
Andy Lim[2]	172,830,800	21.80	21,000,000	2.65
Ong Choo Guan	25,580,000	3.23	60,000	0.01
Lin Wei Daniel	200,000	0.02	-	-
Lee Suan Hiang	2,450,000	0.31	-	-
Lien Kait Long	650,000	0.08	-	-
Kelvin Tan Wee Peng	1,250,000	0.16	-	-

	Number of Shares			
Substantial Shareholders (other than Directors)	**Direct Interest**	**%[1]**	**Deemed Interest**	**%[1]**
Tan Boy Tee	80,000,000	10.09	-	-
Viking Engineering Pte Ltd[3]	85,989,200	10.85	-	-
Johansson Bo Robert[3]	-	-	85,989,200	10.85
Sune Gustaf Sigvard Andersson[3]	-	-	85,989,200	10.85

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Notes:

(1) The percentage shareholding interest is based on the existing issued and paid-up share capital of 792,788,199 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Mr Andy Lim has a direct interest in 172,830,800 Shares, of which 650,000 Shares are registered in his own name and 172,180,800 Shares are registered and held through the following nominees:

Nominees	Shares
HSBC Nominees (Singapore) Pte Ltd	141,769,200
Citibank Nominees Singapore Pte Ltd	17,211,600
Hong Leong Finance Nominees Pte Ltd	13,200,000

He is also deemed interested in 21,000,000 Shares held by associated Leisure International Pte Ltd in which he holds a 99% shareholding interest.

(3) Mr Johansson Bo Robert and Mr Sune Gustaf Sigvard Andersson are the Substantial Shareholders (50% each) of Viking Engineering Pte Ltd and are deemed interested in the 85,989,200 Shares held by Viking Engineering Pte Ltd.

5. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed Share Buyback Mandate is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed Share Buyback Mandate, at the forthcoming AGM.

The Directors are all eligible to participate in and are therefore interested in the VLTIP. They have accordingly abstained from making any recommendations to the Shareholders in respect of ordinary resolutions relating to the grant of Awards to Mr. Andy Lim and Mr. Lin Wei Daniel under the VLTIP.

6. ABSTENTION FROM VOTING

The Directors are all eligible to participate in and are therefore interested in the VLTIP. In the case of Directors who are Shareholders, they shall abstain from voting on ordinary resolutions relating to the grant of Awards under to Mr. Andy Lim and Mr. Lin Wei Daniel under the VLTIP.

The Directors shall also decline to accept any appointment as proxies or nominees, as the case may be, for any Shareholder, as the case may be, to vote in respect of the ordinary resolutions unless the Shareholder appointing them has given specific instructions in the Proxy Form as to how he or she wishes his or her votes to be cast in respect of the said ordinary resolutions.

In addition, all Shareholders who are eligible to participate in the VLTIP shall abstain from voting in respect of the said ordinary resolutions and shall also decline to accept any appointment as proxy for any Shareholder to vote in respect of the said ordinary resolutions unless the Shareholder concerned has given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the said ordinary resolutions.

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7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the proposed Grant of Awards, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by Shareholders at the registered office of the Company at 21 Kian Teck Road, Singapore 628773 during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Memorandum and Articles of Association of the Company; and

(b) the rules of the VLTIP.

Yours faithfully,

For and on behalf of the Board of Directors
Viking Offshore and Marine Limited

Mr Ong Choo Guan
Chief Executive Officer and Executive Director

ANNEX A - SUMMARY OF THE RULES OF THE VLTIP

(1) Eligibility

The VLTIP allows confirmed Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or prior to the relevant date of grant of the Award, provided that such persons are not undischarged bankrupts and have not entered into compositions with their respective creditors at the relevant time, and who, at the absolute discretion of the Plan Committee, will be eligible to participate in the VLTIP.

There shall be no restriction on the eligibility of any Plan Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the VLTIP may be amended from time to time at the absolute discretion of the Plan Committee, which would be exercised judiciously.

(2) Awards

Awards represent the right of a Plan Participant to receive fully paid Shares free of charge, upon the Plan Participant achieving the prescribed performance targets and upon the expiry of the prescribed vesting periods. The selection of the Plan Participants and the number of Shares which are the subject of each Award to be granted to a Plan Participant in accordance with the VLTIP shall be determined at the absolute discretion of the Plan Committee, which shall take into account criteria such as, inter alia, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

In the case of a performance-related Award, the performance targets will be set by the Plan Committee depending on each individual Plan Participant's job scope and responsibilities. The performance targets to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Plan Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The performance targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Plan Participant's length of service with the Group, achievement of past performance targets, value-add to the Group's performance and development and overall enhancement to Shareholder value, amongst others, will be taken into account.

Awards may be granted at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

An Award letter confirming the Award will be sent to each Plan Participant as soon as reasonably practicable after the Award is finalised, specifying, inter alia, the following:

(i) in relation to a performance-related Award, the performance targets and the performance period during which the prescribed performance targets shall be met;

(ii) the number of Shares to be vested on the Plan Participant;

(iii) the prescribed vesting period;

(iv) the release schedule setting out the extent to which Shares, which are the subject of the Award, shall be vested at the end of the vesting period; and

(v) the date by which the Award shall be vested.

ANNEX A - SUMMARY OF THE RULES OF THE VLTIP

The Plan Committee will take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the predetermined dollar amount which the Plan Committee decides that a Plan Participant deserves for meeting his performance targets. For example, Shares may be awarded based on pre-determined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Plan Committee may decide absolute numbers of Shares to be awarded to Plan Participants irrespective of the price of the Shares. The Plan Committee shall monitor the grant of Awards carefully to ensure that the size of the VLTIP will comply with the relevant rules of the Catalist Rules.

(3) Size and duration of the VLTIP

The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of all Awards granted under the VLTIP and all other Shares issued and/or issuable under any other share based incentive schemes or share plans of the Company, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) of the Company on the day preceding the date on which the Award shall be granted.

The Directors believe that the size of the VLTIP will give the Company sufficient flexibility to decide the number of Shares to be offered under the VLTIP. However, it does not indicate that the Plan Committee will definitely issue Shares up to the prescribed limit. The Plan Committee will exercise its discretion in deciding the number of Shares to be granted to each Plan Participant under the VLTIP. This, in turn, will depend on and be commensurate with the performance and value of the Plan Participant to the Group.

The VLTIP shall continue in force at the discretion of the Plan Committee, subject to a maximum period of ten (10) years commencing on the date on which the VLTIP is adopted by the Company in general meeting, provided always that the VLTIP may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the VLTIP, any Awards made to Plan Participants prior to such expiry or termination will continue to remain valid.

(4) Operation of the VLTIP

The Plan Committee shall have the discretion to determine whether performance targets have been met (whether fully or partially) or exceeded and/or whether the Plan Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Plan Committee shall have the right to make reference to the audited results of the Group or the Company, as the case may be, to take into account such factors as the Plan Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance targets if the Plan Committee decides that a changed performance target would be a fairer measure of performance.

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Plan Committee being satisfied that the Plan Participant has achieved the prescribed performance targets, if any.

Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will be delivering Shares to Plan Participants upon vesting of their Awards by way of an issue of new Shares or the transfer of existing Shares held as treasury shares to the Plan Participants. In determining whether to issue new Shares or to purchase existing Shares for delivery to Plan Participants upon the vesting of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing new Shares or purchasing existing Shares.

ANNEX A - SUMMARY OF THE RULES OF THE VLTIP

New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award, shall be subject to all the provisions of the Memorandum and Articles of Association of the Company and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the vesting date of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

(5) Administration of the VLTIP

The VLTIP shall be administered by the Plan Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Plan Committee shall participate in any deliberation or decision in respect of Awards to be granted to or held by him or his associate.

(6) Winding Up and other Events

If before the vesting of the Shares in respect of an Award, any of the following occurs:

(i) a take-over offer for the Shares becomes or is declared unconditional;

(ii) the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies under the Companies Act; or

(iii) the Shareholders pass a resolution for a members' solvent voluntary winding-up (other than for amalgamation or reconstruction),

the Plan Committee will consider, at its discretion, whether or not to release any Award, and will take into account all relevant circumstances on a case-by-case basis, including (but not limited to) the contributions made by that participant. If the Plan Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Plan Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the Performance Condition has been satisfied. Where Awards are released, the Plan Committee will, as soon as practicable after the Awards have been released, procure the allotment or transfer to each participant of the number of Shares so determined, such allotment or transfer to be made in accordance with the VLTIP. If the Plan Committee so determines, the release of Awards may be satisfied in cash as provided in the VLTIP.

VIKING OFFSHORE AND MARINE LIMITED
(Incorporated in the Republic of Singapore)

IMPORTANT
1. For investors who have used their CPF monies to buy VIKING OFFSHORE AND MARINE LIMITED shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We _____ of

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

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

*and/or

or failing whom, the Chairman of the Meeting, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Tuesday, 28 April 2015 at 21 Kian Teck Road, Singapore 628773 at 9.30 a.m. and at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2014 and the Directors' Report and the Auditor's Report thereon.		
2.	To re-elect Mr Andy Lim pursuant to Article 93 of the Company's Articles of Association.		
3.	To re-elect Mr Tan Wee Peng Kelvin pursuant to Article 93 of the Company's Articles of Association.		
4.	To declare a Final (tax-exempt one-tier) Dividend of S$0.0015 per ordinary share for the financial year ended 31 December 2014.		
5.	To approve payment of Directors' fees of $200,000 for the financial year ending 31 December 2015, payable quarterly in arrears.		
6.	To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to allot and issue shares.		
8.	To authorise Directors to offer and grant options and share awards and to allot and issue shares pursuant to the Viking Offshore and Marine Limited Share Option Scheme and the Viking Long Term Incentive Plan.		
9.	To approve the Grant of Share Awards to Mr Andy Lim.		
10.	To approve the Grant of Share Awards to Mr Lin Wei Daniel.		
11.	To approve the proposed renewal of the Share Buyback Mandate.		

Dated this _____day of _____ 2015

Total Number of Shares Held

_____
Signature(s) of Member(s)/Common Seal
* Delete accordingly

IMPORTANT. Please read notes overleaf

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Share Registrar, M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

VIKING OFFSHORE AND MARINE LIMITED

AFFIX STAMP

The Share Registrar
Viking Offshore and Marine Limited
c/o M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902



VIKING
OFFSHORE&MARINE

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