OTTO MARINE LIMITED

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

OTTO MARINE LIMITED & ITS SUBSIDIARIES
Registration Number: 197902647M

2015 FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMEN T

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OTTO MARINE LIMITED (co regn no : 197902647M)

Unaudited Full Year Financial Statements

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

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

Group

	FY2015	FY2014	+/(-)
	US$'000	US$'000	%
Revenue	244,436	355,900	(31.3)
Cost of sales	(231,163)	(335,239)	(31.0)
Gross profit	**13,273**	**20,661**	**(35.8)**
Other income	9,321	14,093	(33.9)
Selling and administration expenses	(36,352)	(39,256)	(7.4)
Other expenses	(7,702)	(1,645)	368.2
Share of loss of associates and joint venture	185	(5,127)	n.m.
Finance costs	(39,028)	(27,886)	40.0
Loss before income tax	**(60,303)**	**(39,160)**	**54.0**
Income tax expense	(272)	(2,391)	(88.6)
Loss for the year	**(60,575)**	**(41,551)**	**45.8**
Attributable to:			
Equity holders of the Company	(62,752)	(41,663)	50.6
Non-controlling interests	2,177	112	1,843.8
	(60,575)	**(41,551)**	**45.8**

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

	The Group		
	FY2015	FY2014	+/(-)
	US$'000	US$'000	%
Depreciation of property, plant and equipment:			
Included in cost of sales	44,247	30,704	44.1
Included in administrative expenses	721	865	(16.6)
	44,968	31,569	42.4
Capitalised in construction in progress and inventories	1,885	4,046	(53.4)
	46,853	35,615	31.6
Interest on borrowings:			
Included in finance costs	39,028	27,886	40.0
Capitalised in construction in progress, inventories and property, plant and equipment	6,461	9,127	(29.2)
	45,489	37,013	22.9
Net profit (loss) for the year was stated after crediting (charging):-			
Bad debts written off	-	(89)	n.m.
Allowance for doubtful debts:			
Trade	(4,846)	(897)	440.2
Non-trade	(1,605)	-	n.m.
Gain (Loss) arising from the changes in the fair value of available-for-sale investment	(7)	146	n.m.
Realisation of previously deferred profit on sale of vessels to an associate	3,333	6,983	(52.3)
Gain arising from the changes in the fair value of foreign exchange forward contracts	-	5,097	n.m.
Loss arising from the changes in the fair value of interest rate swap contracts	(389)	-	n.m.
Gain on disposal of investment in associate/ joint ventures	-	4	n.m.
Gain on disposal of property, plant and equipment	142	325	(56.3)
Over (Under) provision of taxation in respect of prior years	965	(1,160)	n.m.
Interest income	1,689	938	80.1
Net foreign exchange gain (loss)	2,721	(1,201)	n.m.
Impairment loss on vessels	(4,490)	-	n.m.
Property, plant and equipment written off	(2,632)	-	n.m.
Share award expenses	(59)	(1,708)	(96.5)

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

Balance Sheets	The Group		The Company	
	As at 31 Dec 2015	As at 31 Dec 2014	As at 31 Dec 2015	As at 31 Dec 2014
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Current assets				
Cash and bank balances	21,830	16,470	4,678	1,566
Fixed deposits	12,890	13,147	7,502	7,502
Trade receivables	285,136	318,163	259,948	393,375
Gross amount due from customers for contract work	67	5,772	-	-
Current portion of finance lease receivables	9,341	1,268	-	-
Deposits, prepayments and other receivables	86,862	115,711	555,731	446,050
Current portion of loan receivables	600	1,550	78,840	78,840
Inventories	82,862	137,051	-	-
Held for sale - assets	165,384	-	-	-
Total current assets	664,972	609,132	906,699	927,333
Non-current assets				
Other receivable	33,500	-	-	-
Finance lease receivables	4,425	9,013	-	-
Loan receivables	3,700	8,000	-	-
Property, plant and equipment	648,478	547,703	515	882
Goodwill	38,314	38,314	-	-
Investment in subsidiaries	-	-	180,480	180,480
Investment in associates and joint venture	475	467	-	-
Available-for-sale investments	-	7	-	-
Deferred tax asset	739	840	-	-
Total non-current assets	729,631	604,344	180,995	181,362
Total assets	**1,394,603**	**1,213,476**	**1,087,694**	**1,108,695**

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Balance Sheets	The Group		The Company	
	As at 31 Dec 2015	As at 31 Dec 2014	As at 31 Dec 2015	As at 31 Dec 2014
	US$'000	US$'000	US$'000	US$'000
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings from financial institutions	95,945	135,084	-	729
Current portion of finance lease payables	480	12,920	306	407
Loan from related party*	1,770	7,924	-	7,924
Loan payables	93,481	7,819	21,251	-
Trade payables	180,556	307,420	86,748	241,921
Gross amount due to customers for contract work	1,486	625	-	-
Other payables*	105,121	86,859	541,631	559,736
Deferred gain - short-term	444	675	-	-
Derivative financial instruments	7,547	-	-	-
Held for sale - liabilities	109,128	-	-	-
Income tax payable	2,155	3,359	1,200	2,400
Total current liabilities	598,113	562,685	651,136	813,117
Non-current liabilities				
Borrowings from financial institutions	107,684	115,930	27,976	27,957
Finance lease payables	260,623	154,259	120	366
Loan and other payable from related party*	62,651	30,301	35,741	30,301
Loan payables	-	74,362	-	-
Trade payable	149,818	-	149,818	-
Deferred gain - long-term	7,479	11,140	-	-
Derivative financial instruments	959	4,153	-	-
Total non-current liabilities	589,214	390,145	213,655	58,624
Total liabilities	**1,187,327**	**952,830**	**864,791**	**871,741**
Capital, reserves and non-controlling interests				
Share capital	357,183	357,124	357,183	357,124
Capital reserves	1,546	1,546	1,546	1,546
Hedging deficits	(801)	(1,159)	-	-
Acquisition deficits	(30,510)	(30,510)	-	-
Translation reserves	28,138	25,289	31,115	31,108
Accumulated losses	(151,974)	(89,222)	(166,941)	(152,824)
Equity attributable to equity holders of the Company	203,582	263,068	222,903	236,954
Non-controlling interests	3,694	(2,422)	-	-
Total equity	207,276	260,646	222,903	236,954
Total liabilities and equity	**1,394,603**	**1,213,476**	**1,087,694**	**1,108,695**

*Amounts due to the controlling shareholder or companies held by the controlling shareholder of US$4,800,000 (2014: US$4,800,000) and US$35,741,000 (2014: US$38,225,000) are included in loan and other payables from related party.

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2015		As at 31 Dec 2014	
Secured	**Unsecured**	**Secured**	**Unsecured**
US$'000	**US$'000**	**US$'000**	**US$'000**
114,081	77,595	148,278	15,469

Amount repayable after one year

As at 31 Dec 2015		As at 31 Dec 2014	
Secured	**Unsecured**	**Secured**	**Unsecured**
US$'000	**US$'000**	**US$'000**	**US$'000**
390,417	35,741	285,439	89,413

Details of any collateral

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

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

	The Group	
	FY2015 US$'000	**FY2014 US$'000**
Cash flow from operating activities:		
Operating activities		
Loss before income tax	(60,303)	(39,160)
Adjustment for:		
Share of loss of associates and joint venture	(185)	5,127
Depreciation of property, plant and equipment	44,968	31,569
Interest expense	39,028	27,886
Interest income	(1,689)	(938)
(Gain) Loss arising from changes in fair value of:		
-Interest rate swap contracts	389	-
-Foreign exchange forward contracts	-	(5,097)
Gain on disposal of investment in associate or joint venture	-	(4)
Foreign exchange (gain) loss	(2,817)	(2,080)
Gain on disposal of property, plant and equipment	(142)	(325)
Realisation of previously deferred profit on sale of vessels to an associate	(3,333)	(6,983)
Share awards	59	1,708
Allowance for doubtful debt:		
Trade	4,846	897
Non-trade	1,605	-
Property, plant and equipment written off	2,632	-
Impairment loss on vessels	4,490	-
Gain arising from the changes in the fair value of available-for-sale investment	7	(146)
Operating cash flows before movements in working capital	**29,555**	**12,454**
Trade receivables	54,513	32,120
Construction work-in-progress	10,957	47,376
Finance lease receivables	(3,406)	(10,281)
Other receivables, prepayments and deposits	11,393	(32,228)
Inventories	(42,433)	(5,504)
Trade payables	(1,213)	(9,868)
Other payables	(1,744)	2,362
Cash generated from operations	**57,622**	**36,431**
Income tax paid	(1,376)	(1,112)
Interest received	1,832	852
Net cash from operating activities	**58,078**	**36,171**

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Group	The Group FY2015 US$'000	FY2014 US$'000
Investing activities		
Proceeds from capital reduction in available-for-sale investment	-	283
Loan receivables	4,600	(550)
Purchase of property, plant and equipment	(46,128)	(73,297)
Proceeds from disposal of property, plant and equipment	-	8,858
Net cash used in investing activities	**(41,528)**	**(64,706)**
Financing activities		
Proceeds on borrowings from financial institutions	122,751	281,515
Repayment of borrowings from financial institutions	(183,137)	(359,815)
Repayment of redeemable preference shares	(7,083)	-
Proceeds from finance lessors	65,355	-
Repayment of finance lease obligations	(11,321)	(5,447)
Net proceeds from related parties	24,508	30,000
Repayment of loan from related parties	(2,908)	(8,239)
Proceeds from MTN programme	-	54,863
Proceeds from loan payable	23,012	916
Repayment of loan payable	(3,830)	(642)
Dividend paid	-	(3,294)
Interest paid	(38,475)	(25,470)
Deposits released for borrowings from financial institutions - net	236	35,385
Net cash used in financing activities	**(10,892)**	**(228)**
Net increase (decrease) in cash and bank balances	**5,658**	**(28,763)**
Cash and bank balances at beginning of year	**16,841**	**48,034**
Effects of exchange rate changes on the balance of cash held in foreign currencies	(319)	(2,430)
Cash and bank balances at end of year	**22,180**	**16,841**
Cash and bank balances at end of year include the following:		
Cash and bank balances	21,830	16,470
Fixed deposits	12,890	13,147
Less: Deposits pledged for borrowings from financial institutions	(12,540)	(12,776)
Deposits earmarked for refund guarantee and other fixed deposits	**350**	**371**
Total	**22,180**	**16,841**

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	FY2015 US$'000	FY2014 US$'000
The Group		
Loss for the year	(60,575)	(41,551)
Other comprehensive income (expense):		
Exchange differences on translating foreign operations	2,876	972
Fair value changes arising from cash flow hedge	358	(1,159)
Share of other comprehensive income of associates	-	-
Other comprehensive expense for the year, net of tax	3,234	(187)
Total comprehensive expense for the year	(57,341)	(41,738)
Total comprehensive income (expense) attributable to:		
Equity holders of the Company	(59,545)	(41,879)
Non-controlling interests	2,204	141
	(57,341)	(41,738)
The Company		
Loss for the year	(14,117)	(24,639)
Other comprehensive (income) expense:		
Exchange differences on translating foreign operations	7	(5)
Other comprehensive expense for the year, net of tax	(14,110)	(24,644)
Total comprehensive expense for the year	(14,110)	(24,644)
Total comprehensive expense attributable to:		
Equity holders of the Company	(14,110)	(24,644)
Non-controlling interests	-	-
	(14,110)	(24,644)

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

Group	Share Capital	Capital Reserves	Acquisition Deficits	Hedging Deficits	Translation Reserves (Deficits)	Accumulated Losses	Attributable to equity holders of the Company	Non-controlling interests	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2015									
At 1 Jan 2015	357,124	1,546	(30,510)	(1,159)	25,289	(89,222)	263,068	(2,422)	260,646
Share award, net of expense	59	-	-	-	-	-	59	-	59
Non-controlling interest arising through acquisition of assets and liabilities	-	-	-	-	-	-	-	3,912	3,912
Total comprehensive income (expense) for the year	-	-	-	358	2,849	(62,752)	(59,545)	2,204	(57,341)
At 31 Dec 2015	357,183	1,546	(30,510)	(801)	28,138	(151,974)	203,582	3,694	207,276

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)

Group	Share Capital	Capital Reserves	Acquisition Deficits	Hedging Deficits	Translation Reserves (Deficits)	Accumulated Losses	Attributable to equity holders of the Company	Non-controlling interests	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2014									
At 1 Jan 2014	350,416	1,546	(28,015)	-	24,210	(44,265)	303,892	78	303,970
Dividend paid	-	-	-	-	-	(3,294)	(3,294)	-	(3,294)
Share award, net of expense	1,708	-	-	-	-	-	1,708	-	1,708
Issue of shares, net of expense	5,000	-	-	-	-	-	5,000	-	5,000
Acquisition of additional shares from non-controlling interest	-	-	(2,495)	-	136	-	(2,359)	(2,641)	(5,000)
Total comprehensive income (expense) for the year	-	-	-	(1,159)	943	(41,663)	(41,879)	141	(41,738)
At 31 Dec 2014	357,124	1,546	(30,510)	(1,159)	25,289	(89,222)	263,068	(2,422)	260,646

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)

COMPANY	Share Capital US$'000	Capital Reserves US$'000	Translation Reserves (Deficits) US$'000	Accumulated Losses US$'000	Total Equity US$'000
2015					
At 1 Jan 2015	357,124	1,546	31,108	(152,824)	236,954
Share award, net of expense	59	-	-	-	59
Total comprehensive expense for the year	-	-	7	(14,117)	(14,110)
At 31 Dec 2015	357,183	1,546	31,115	(166,941)	222,903

COMPANY	Share Capital US$'000	Capital Reserves US$'000	Translation Reserves (Deficits) US$'000	Accumulated Losses US$'000	Total Equity US$'000
2014					
At 1 Jan 2014	350,416	1,546	31,113	(124,891)	258,184
Dividend paid	-	-	-	(3,294)	(3,294)
Share award, net of expense	1,708	-	-	-	1,708
Issue of shares, net of expense	5,000	-	-	-	5,000
Total comprehensive expense for the year	-	-	(5)	(24,639)	(24,644)
At 31 Dec 2014	357,124	1,546	31,108	(152,824)	236,954

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

Pursuant to the Otto Marine Share Award Scheme, 2,207,000 new shares were issued resulting in an increase in share capital by US$59,000. These shares were issued to current non-executive directors in satisfaction of 30% of the directors' fees for the year ended 31 December 2014 pursuant to a resolution passed at the Annual General Meeting of the Company held on 23 April 2015.

Pursuant to a resolution duly approved and passed at an Extraordinary General Meeting held on 14 August 2015, the Company has completed the Share Consolidation where every 20 existing shares registered in the name of each shareholder have been consolidated into one Consolidated Share on 25 August 2015. Prior to the effective date of the Share Consolidation, the issued share capital of the Company comprised 4,247,095,572 shares, and with effect from the effective date of the Share Consolidation, the issued share capital of the Company now comprises 212,354,622 Consolidated Shares, after disregarding any fractions of Consolidated Shares arising from Share Consolidation.

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

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

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

*The number of issued shares excluding treasury shares as at 31 Dec 2015 takes into consideration the share consolidation which was completed on 25 August 2015 as described in 1(d)(ii).

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

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

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

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

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

Not applicable.

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

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

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

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

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

		The Group		
		FY2015	**FY2014**	**+/(-) %**
Earnings (Loss) per ordinary share of the Group for the financial year based on net profit attributable to shareholders:				
(i)	Based on the weighted average number of shares (US cents)	(29.56)	(19.92)*	48.4
	Weighted average number of shares ('000)	212,302	209,121*	1.5
(ii)	On a fully diluted basis (US cents)	(29.56)	(19.92)*	48.4
	Adjusted weighted average number of shares ('000)	212,302	209,121*	1.5

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

	The Group			The Company		
	As at 31 Dec 2015	**As at 31 Dec 2014**	**+/(-) %**	**As at 31 Dec 2015**	**As at 31 Dec 2014**	**+/(-) %**
Net asset value per ordinary share based on issued share capital at the end of the financial year (US cents)	97.61	122.80*	(20.5)	104.97	111.64*	(6.0)

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

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

Review of Group Performance

1. FY2015 versus FY2014

	Shipyard US$'000	Shipping and chartering US$'000	Subsea services US$'000	Elimination (Note 1) US$'000	Group US$'000
FY2015					
External revenue	31,308	198,565	14,563	-	244,436
Inter-segment revenue	2,227	-	9,307	(11,534)	-
Total revenue	33,535	198,565	23,870	(11,534)	244,436
Cost of sales	(31,533)	(194,464)	(16,700)	11,534	(231,163)
Gross profit	2,002	4,101	7,170	-	13,273
FY2014					
External revenue	81,132	243,791	30,977	-	355,900
Inter-segment revenue	25,098	6,277	-	(31,375)	-
Total revenue	106,230	250,068	30,977	(31,375)	355,900
Cost of sales	(99,270)	(243,692)	(23,652)	31,375	(335,239)
Gross profit	6,960	6,376	7,325	-	20,661
Variance					
External revenue	(49,824)	(45,226)	(16,414)	-	(111,464)
Inter-segment revenue	(22,871)	(6,277)	9,307	19,841	-
Total revenue	(72,695)	(51,503)	(7,107)	19,841	(111,464)
Cost of sales	67,737	49,228	6,952	(19,841)	104,076
Gross loss	(4,958)	(2,275)	(155)	-	(7,388)

Note 1 Inter-segment revenue are eliminated upon consolidation.

Revenue

External revenue decreased by US$111.5 million contributed by all segments.

Shipyard – The external revenue decreased by US$49.8 million due to lower shipbuilding and ship repair and conversion revenue in FY2015. This decrease is partially offset by an increase in fabrication revenue.

Shipping and chartering – The decrease in external revenue (US$45.2 million) was mainly due to (1) a reduced fleet size as the Group returned to external owners the leased-in vessels upon maturity of charters; (2) reduced charter rates as a result of the current weakened market condition; and (3) the mix of charters which saw a higher proportion of bareboat charters in FY2015.

Subsea services - The decrease in external revenue (US$16.4 million) was mainly due to lower charter rate amidst the current challenging market condition and different nature of work undertaken by one of the vessels.

Gross profit (loss)

Shipyard – Gross profit decreased by US$5.0 million in FY2015 mainly due to decrease in revenue and lower margin projects undertaken.

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

Subsea services – Gross profit decreased by US$0.2 million primarily due to the decrease in revenue amidst higher utilization for one of the vessels.

Other income

Other income decreased by US$4.8 million primarily due to (1) the absence of the gain arising from the changes in the fair value of foreign exchange forward contracts (US$5.1 million), (2) the decrease in gain arising from the changes in the fair value of available-for-sale investment (US$0.1 million), (3) the decrease in realisation of previously deferred profit on the sale of vessels to associates (US$3.7 million), (4) the decrease in gain on disposal of property, plant and equipment (US$0.2 million), (5) the decrease in scrap sales (US$0.2 million). The decrease was partially offset by the increase in interest income (US$0.8 million), the increase in other income (US$1.0 million) and the increase in net foreign exchange gain (US$2.7 million).

Other expenses

Other expenses increased by US$6.1 million as a result of the impairment loss on vessels (US$4.5 million), property, plant and equipment written off (US$2.6 million) and loss arising from the changes in fair value of interest rate swap contracts (US$0.4 million). The increase is partially offset by the absence of foreign exchange loss (US$1.2 million).

Selling and administrative expenses

Selling and administrative expenses decreased by US$2.9 million primarily due to the decrease in salaries and wages (US$8.7 million), partially offset by allowances for doubtful receivables (US$6.5 million)

Share of profit of associates and joint venture

In FY2014, the Group shared associates' loss of US$5.1 million while in FY2015 the Group shared associates' profit of US$0.2 million. The losses in FY2015 was contributed by one of the associates.

Finance cost

The finance costs increased by US$11.1 million mainly due to interest incurred on certain loan facilities drawn down towards the end of FY2014 and the finance costs arising from held-for-sale liabilities.

Review of Balance Sheet &/or Cash Flow

ASSETS
The material contributing factors to the increase in total assets of US$1,213.5 million as at 31 December 2014 to US$1,394.6 million as at 31 December 2015 are (1) increase in held for sale assets (classified in accordance with FRS105) attributable to certain vessels whereby the Group has committed sale plans and expect the sales to be completed within one year; (2) increase in vessels in use and under-construction (including inventories, gross amount due from customers for contract work and property, plant and equipment) as a result of the two completed vessels which joined the chartering fleet during the year; and (3) other receivables (non-current) increase arising from balance receivable from the financier for one of the vessels.

This decrease is partially offset by (1) decrease in deposits, prepayments and other receivables (current) mainly due to reduction in prepayments/advance payments to vendors; and (2) decrease in trade receivables mainly due to collection and doubtful debt provision.

LIABILITIES
The increase in total liabilities from US$952.8 million as at 31 December 2014 to US$1,187.3 million as at 31 December 2015 was due to the increase in (1) trade and other payables as a result of slower payments; (2) increased in debt obligations resulting from the new financing facilities obtained from two vessels that joined the chartering fleet during the year; (3) increase in held for sale liabilities (directly associated with vessels classified under held for sale assets) and increase in derivative financial instruments (mainly interest rate and currency swaps) from fair value adjustment to these instruments.

This increase is partially offset by (1) decrease in deferred gain due to realization of gain on the sale of vessels to an associate previously deferred; and (2) decrease in income tax payable.

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

Nil.

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

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

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

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PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) By business segment: FY2015

	Shipyard	Shipping and chartering	Subsea Services	Elimination	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
External revenue	31,308	198,565	14,563	-	244,436
Inter-segment revenue	2,227	-	9,307	(11,534)	-
Total revenue	33,535	198,565	23,870	(11,534)	244,436
Cost of sales	(31,533)	(194,464)	(16,700)	11,534	(231,163)
Segment results	2,002	4,101	7,170	-	13,273
Other income	3,333				3,333
Unallocated other income					5,988
Other expenses		(7,121)			(7,121)
Unallocated other expenses					(581)
Share of loss of associates and joint venture		211	(26)		185
Finance costs					(39,028)
Selling and administrative costs					(36,352)
Loss before income tax					(60,303)
Income tax expense					(272)
Loss for the year					(60,575)

(b) By business segment: FY2014

	Shipyard	Shipping and chartering	Subsea Services	Elimination	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
External revenue	81,132	243,791	30,977	-	355,900
Inter-segment revenue	25,098	6,277	-	(31,375)	-
Total revenue	106,230	250,068	30,977	(31,375)	355,900
Cost of sales	(99,270)	(243,692)	(23,652)	31,375	(335,239)
Segment results	6,960	6,376	7,325	-	20,661
Other income		6,983			6,983
Unallocated other income					7,110
Other expenses					(1,645)
Share of loss of associates and joint venture		(4,386)	(741)		(5,127)
Finance costs					(27,886)
Selling and administrative costs					(39,256)
Loss before income tax					(39,160)
Income tax expense					(2,391)
Loss for the year					(41,551)

(c) By geographical area

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	FY2015 US$'000	FY2014 US$'000
Revenue		
Asia Pacific	152,964	198,808
America	45,665	63,155
Europe	29,708	60,696
Africa	13,033	10,742
Middle East	3,066	22,499
	244,436	355,900

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

15. A breakdown of sales

		FY2015 US$'000	FY2014 US$'000	+/(-) %
(a)	Sales reported for first half year	219,268	189,149	15.9
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	(15,750)	2,603	n.m.
(c)	Sales reported for second half year	25,168	166,751	(84.9)
(d)	Operating loss after tax before deducting non-controlling interests reported for second half year	(44,825)	(44,154)	1.5

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2015 US$'000	FY2014 US$'000
Ordinary	-	3,294
Preference	-	-
Total	-	3,294

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17. Interested Person Transactions

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

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

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

18. Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

Pursuant to Rule 704 (13) of the Listing Manual, we confirm that there is no person occupying managerial position in the Company or its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

CHONG SIEH JIUAN
CHIEF FINANCIAL OFFICER AND JOINT COMPANY SECRETARY

26 FEBRUARY 2016

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