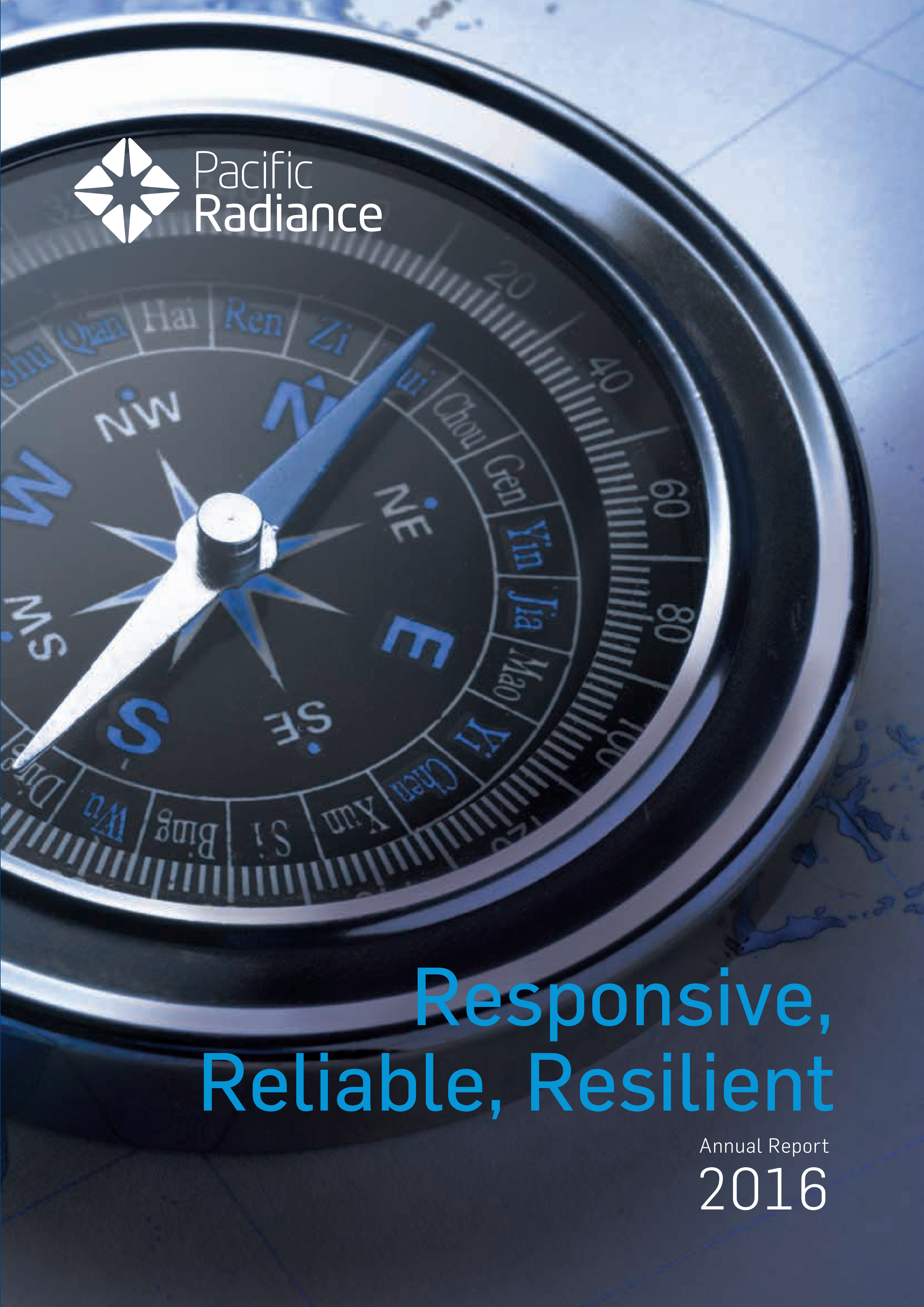
Pacific Radiance



Responsive, Reliable, Resilient

Annual Report

2016

Contents

Responsive, Reliable, Resilient

Ever nimble and **responsive** to changes in the competitive landscape, Pacific Radiance was quick to roll out initiatives to keep our businesses viable and sustainable since the onset of the oil & gas industry downturn in 2014.

While we have implemented various measures across the board to improve cost efficiency and productivity as well as strengthen our liquidity position, we are careful to ensure that these do not hamper our operations and affect our established reputation as a **reliable** offshore support services provider with high safety standards.

We have also pressed on with our targeted marketing efforts, keeping the Pacific Radiance flag flying high in Asia, Latin America and Africa. We do not expect the course ahead to be easy to navigate, but we shall stay **resilient** amid the headwinds, steer our way to safe harbour and capture opportunities once the industry recovers.

Corporate Milestones

2002

Birth of the Group as it entered into provision of ship chartering services.

2005

Initiated a strategic fleet building programme to facilitate its long-term growth plans.

2006

Incorporated Pacific Radiance Ltd. to advance its offshore support services business. Ended the year as the owner and operator of nine vessels.

2007

Entered into project logistics with a minority stake in Consolidated Pipe Carriers, which boosted its ability to provide logistics services for project cargo.

2009

Diversified into marine equipment business to reduce vessel outfitting time and improve service reliability, by establishing Titan Offshore Equipment and investing in Fleetwinch Control.

2010

Invested in Malaysia – a cabotage-protected market with the largest offshore exploration & production (E&P) spending in Asia – through a 49%-owned JV with Alam Maritim Resources Bhd in Alam Radiance (L).

More than tripled the fleet to 50 vessels from 16 in 2007.

2011

Moved into subsea inspection, repair and maintenance (IRM) business with two newly delivered diving support vessels (DSVs), to build new recurrent income stream.

Expanded into Indonesia – another cabotage-protected market that is Asia's fastest-growing E&P market – by acquiring 49% each in two established local ship-owning and chartering companies, PT Jawa Tirtamarin and PT Logindo Samudramakmur Tbk.

2012

Moved into high-growth Brazil market through wholly owned Radiance Offshore Navegacao (Alagoas), which will spearhead drive to grow its presence in South America.

Owner and operator of 124 wholly and jointly owned offshore vessels.

2013

Successfully listed on Mainboard of the Singapore Exchange. Indonesian joint venture, PT Logindo, was also successfully listed on the Indonesia Stock Exchange.

Further expanded fleet to 131 wholly and jointly owned offshore vessels at the end of 2013.

Relocated to new corporate office building on 15 Pandan Road, where its ship-repair yard is currently under construction.

2014

Entered into Mexico – a high-growth and cabotage-protected market – through joint ventures with local players.

Included in widely followed MSCI Global Small Cap Indexes from close of 30 May.

Fleet size expanded to 135 wholly and jointly owned offshore vessels at the end of 2014.

2015

Accorded the Special Mention Award at the Singapore International Maritime Awards 2015.

Included in the SGX Offshore Services Index and SGX Oil & Gas Index which are part of the new SGX Thematic Indices launched in December.

Fleet size increased to 141 wholly and jointly owned offshore vessels at the end of 2015.

2016

Successfully reprofiled existing term loans and renewed revolving credit facilities with key lenders, amounting to about US$185m. Extension of loan profiles from seven to 12 years will reduce Group's principal payments by US$103m over the next three years through 2019.

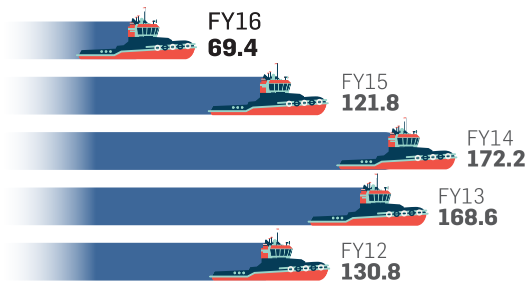
Secured contract worth US$73m including options from new client in Mexico for maintenance work boat delivered in 1HFY16.

Transferred key operations and assets to Navigatis Radiance Pte. Ltd., a 50%-owned indirect joint venture in Mexico to seize opportunities in the fast liberalising offshore oil & gas market there.

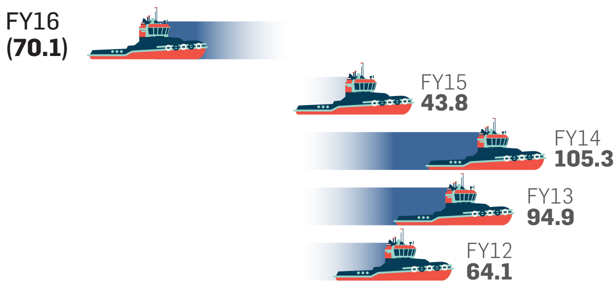
Fleet size of 139 wholly and jointly owned offshore vessels at the end of 2016.

Financial Highlights

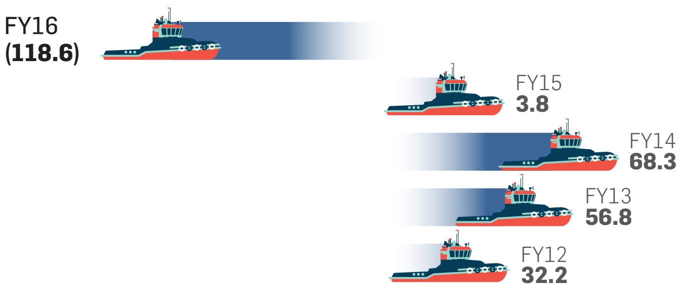
Revenue
US$ millions : Year



Ebitda
US$ millions : Year



Net Profit/(Loss) Attributable To Equity Holders Of The Company
US$ millions : Year



KEY FINANCIAL METRICS	FY12	FY13	FY14	FY15	FY16
Earnings per Share[(1)] (US cents)	5.8	9.9	9.4	0.5	(16.6)
Net Asset Value per Share[(1)] (US cents)	37.4	52.0	59.5	57.3	40.8
Net Gearing (%)	1.2	0.6	0.5	0.9	1.6
Return on Equity (%)	16.9	19.6	17.2	0.9	(40.8)
Return on Asset (%)	5.9	8.6	8.8	0.4	(13.4)

FINANCIAL POSITION (US$'m)	FY12	FY13	FY14	FY15	FY16
Fixed Assets	445.8	548.8	572.1	606.2	613.8
Total Assets	570.4	745.9	839.5	916.6	904.3
Total Liabilities	364.4	368.4	407.6	500.6	615.3
Shareholders' Equity	204.6	375.6	428.0	413.4	290.8
Non-controlling interests	1.8	1.8	4.0	2.6	(1.8)

Notes:

(1) The Shareholders had approved the sub-division of each share into 11 shares (share split) at an extraordinary general meeting held on 28 October 2013. For comparative purposes, earnings per share and net asset value per share for FY12 have been computed based on number of issued shares in the respective years adjusted for the share split.


CREST ODYSSEY 2

Prudent Cost Management

Efforts to mould a sustainable cost structure have led the Group to fully review its operations, seeking new ways to reduce costs on multiple fronts without affecting operational effectiveness.

Executive Chairman's Statement

DEAR SHAREHOLDERS,

Throughout the prolonged downturn in the oil and gas (O&G) industry since 2014, Pacific Radiance has never lost its focus on remaining lean and efficient while maintaining the highest standards in providing offshore support services to clients and extending its market reach.

During the year, we continued to implement various strategic initiatives to support our ongoing efforts to build a sustainable business for the long term. Cost-cutting measures were employed across the board to enable the Group to stay competitive without hindering our ability to quickly seize opportunities as they arise. We have worked to shore up our balance sheet and conserve our operating cashflows. We have also been able to strengthen our presence in key markets, especially in Mexico and the Middle East.

FINANCIAL REVIEW FOR FY2016

Lower vessel charter rates and utilisation in our Offshore Support Services segment were largely the reason behind the 43% fall in Group revenue to US$69.4million for the financial year ended 31 December 2016 (FY2016).

Continuous efforts to rein in costs enabled the Group to reduce its general and administrative expenses by 12% to US$21.0 million, notwithstanding that we have commenced operation of the new ship repair yard in August 2016.

Apart from cost-cutting measures, the Group also adopted a prudent approach in provisions and made impairment charges totalling US$52.2 million, of which US$28.7 million was for its directly owned fleet and US$23.5 million was for doubtful debt. These charges widened the Group's net loss to US$121.7 million against the previous year's net profit of US$3.7 million.

RESPONSIVE, RELIABLE, RESILIENT

In late 2016, the Singapore government unveiled financing support measures for the Offshore & Marine (O&M) sector through the International Enterprise Singapore's Internationalisation Finance Scheme and Spring Singapore's Bridging Loan. These measures provide assurance to the sector that additional financing options remain available for qualifying local O&M companies. Even so, these positive developments will take time to filter through, and the next 12 months will still be challenging.

In the meantime, we will continue to stay responsive to the ever-changing dynamics in the sector, provide reliable and quality service to our clients, and ensure that we stay focused and resilient during this challenging period.

In this respect, we have pushed ahead with further efforts to improve cost efficiency, and exercise prudence in cost management. On this front, our ship repair yard will help us to better manage the repair and maintenance costs of our fleet.

Always upholding high standards in corporate transparency and governance through our proactive capital management efforts, we are appreciative of the support shown by our bankers to reprofile the Group's debt, thereby enhancing our liquidity position and preserving our cashflows in the near to medium term.

As a result of our good standing with existing financiers, we have successfully reprofiled our outstanding term loans and renewed revolving credit facilities totalling about US$185 million. The extension of the term loans profile from seven to 12 years with no change in interest rates will reduce the Group's principal repayments by approximately US$103 million over the next three years through 2019.

Recently, we reaped the fruits of our progressive marketing efforts in targeted regional markets, which will improve our cashflow over the near to medium term. We clinched a multi-year US$73 million contract (including options) to deploy our maintenance work boat for a project in the Gulf of Mexico. Moreover, we have repositioned ourselves there to capture new opportunities arising from efforts by the Mexican government to swiftly liberalise the offshore O&G market. Our key operations and assets have since been transferred to Navigatis Radiance Pte. Ltd., a 50%-owned indirect joint venture with Navigatis S. De. R.L. De C.V., a special-purpose entity set up by Mexican private equity firm Axis Capital Management.

In early 2017, the Group announced that it re-established its presence in the Middle East through multi-year contracts worth up to US$68 million, including extension options, from both independent and national oil companies. These contracts for five support vessels will help to lift the Group's overall fleet utilisation.

PROSPECTS AND OUTLOOK

FY2017 will be another challenging year for the sector, and improving the Group's operating cashflow position remains a key focus. This means that we will trim our costs further to sharpen our competitive edge while pressing on with our marketing efforts.

However, the Group believes that the longer-term outlook for the O&G sector has turned for the better as oil production cuts by OPEC and certain non-OPEC producers are widely expected to balance supply and demand by the second half of 2017.

I am pleased with the progress we have made thus far, and we will continue our relentless efforts to remain cost-efficient and relevant to our clients and the industry.

ACKNOWLEDGMENTS AND APPRECIATION

On behalf of the Board, I would like to thank our people for their hard work and dedication to the Group, which have enabled us to ride out two very trying years. To our shareholders, bondholders and business partners, I must extend our appreciation for your understanding and unwavering confidence in our ability to weather the headwinds in the sector. Your continued support in FY2017 will be crucial as we sharpen our focus on overcoming the hurdles ahead.

PANG YOKE MIN
Executive Chairman

Board of Directors and Executive Officers

MR PANG YOKE MIN
Executive Chairman

MR MOK WENG VAI
Executive Director

MR PANG WEI MENG
Executive Director

MR LAU BOON HWEE
Executive Director

MR PANG YOKE MIN
Executive Chairman

Mr Pang Yoke Min was named Executive Chairman of Pacific Radiance in 2013, after having served as its principal adviser in 2012. He was a Non-Executive Director from 2007 to 2011. He is currently responsible for the Group's overall strategic direction and growth, and has led its swift transformation into a promising player in the provision of offshore vessels.

A veteran of the offshore oil and gas industry with more than 30 years of experience, he co-founded Jaya Holdings Limited in 1981 and was its managing director until 2006.

Mr Pang is a non-independent and non-executive director of Global Yellow Pages Limited listed on the SGX-ST. He sits on the audit, nomination and remuneration committees at Global Yellow Pages Limited.

MR MOK WENG VAI
Executive Director

Mr Mok Weng Vai became an Executive Director in 2006. One of the Group's co-founders, he currently heads the Offshore Support Services Division, which represents its core business segment.

Mr Mok began his career in 1989 as a commercial and business development executive at Maritime Pte. Ltd.. He then joined Jaya Holdings Limited as a marketing executive and spent nine years there.

Mr Mok graduated with a Bachelor of Arts from the National University of Singapore.

MR PANG WEI MENG
Executive Director

Mr Pang Wei Meng was named an Executive Director in 2006. He heads our Subsea Division and Project Logistics Division, and is also responsible for dealing with new charter clients for our vessels.

He played a key role in the Group's formative years, during which his responsibilities included marketing, business development and finance.

Mr Pang earned a Diploma in Mechanical Engineering from Singapore Polytechnic and a Bachelor of Commerce in Finance and Accounting from the University of New South Wales in Australia.

MR LAU BOON HWEE
Executive Director

Mr Lau Boon Hwee was appointed an Executive Director in 2013. He is responsible for the Group's newbuilding projects, as well as for the management and development of its marine equipment operation. He is also overseeing the construction of the Group's ship-repair yard facility.

A veteran with more than 20 years of experience in shipbuilding and ship repair, he has worked in various Singapore shipyards, including Asian Shipbuilding Industries Pte. Ltd. and Singapore listed Jaya Holdings Limited, where he was responsible for the growth of its newbuilding and ship-repair activities.

Mr Lau graduated with a Diploma in Offshore and Shipbuilding from Ngee Ann Polytechnic.

Board of Directors and Executive Officers

MR YONG YIN MIN
Non-Executive Director

Mr Yong Yin Min became a Non-Executive Director in 2006. A 20-year veteran of the financial sector, he brought with him invaluable expertise in private, corporate and investment banking.

He has held senior positions at Chase Manhattan Bank, NZI Bank, Standard Chartered Bank, Keppel Bank, GE Capital and KBC Bank. At various points in his career, he headed teams in private and corporate banking, and served as a regional operations manager and a general manager for commercial and investment banking.

He graduated with a Bachelor of Science from the University of Singapore. He later earned a Master in Business Administration from the University of Toronto in Canada and a Master in Financial Engineering from the National University of Singapore.

MR NG TIONG GEE
Lead Independent Director

Mr Ng Tiong Gee was appointed as the Lead Independent Director in 2013. He has substantial experience in the information technology sector and in strategic human resource management. He was senior vice-president for innovation and technology at Resorts World Sentosa, which he joined in 2013.

He has held key appointments at MNCs such as Hewlett-Packard, Siemens Microelectronics Asia Pacific Pte Ltd. (now known as Infineon Technologies Asia Pacific), Gateway Incorporated, STATS ChipPAC and United Test and Assembly Center Ltd. His roles included director of information systems and services, chief information officer and chief human resource officer, among others.

Mr Ng is currently an independent director of Global Yellow Pages Singapore Ltd., chairing its remuneration committee and serving on its nomination committee.

He graduated with a Bachelor of Mechanical Engineering from the National University of Singapore and holds a Master of Business Administration from Nanyang Technological University. He attended the Advanced Management Program at Harvard Business School in the United States of America.

MS OOI CHEE KAR
Independent Director

Ms Ooi Chee Kar was appointed an Independent Director in 2013. An auditor for more than 30 years, she was an audit partner at PricewaterhouseCoopers (PWC) in Singapore for two decades. While there, she was the audit partner for various listed entities and actively involved in their audit committees. Her professional experience is broad-based, covering sectors that range from financial services to retail, shipping and oil trading.

Ms Ooi is an independent director of AusGroup Limited, Singapore Eye Research Institute, Tokio Marine Life Insurance Singapore Ltd., Tokio Marine Insurance Singapore Ltd and Singapore Pools (Private) Limited. She also currently serves on the audit committee of the National Council of Social Service.

She is a fellow of both the Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants. She graduated with a Bachelor of Accountancy (Hons) from the University of Singapore.

MR GOH CHONG THENG
Independent Director

Mr Goh Chong Theng was named an Independent Director in 2013. He is currently corporate finance director at PT Central Cipta Murdaya.

He has garnered more than 30 years of experience in the banking and finance sector, mostly at international banks such as Citigroup, Standard Chartered Bank, ABN AMRO Bank, Rabobank International and OCBC Bank, where he held key appointments as head of wholesale corporates and general manager, among others.

Mr Goh studied in Canada, where he graduated with a Bachelor of Computer Science from the University of Windsor and earned a Master in Business Administration (finance and accounting) from McGill University.

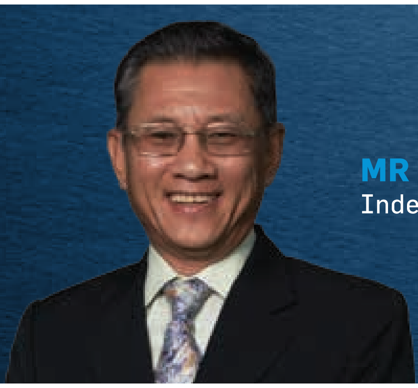
MR YONG YIN MIN
Non-Executive Director

MR NG TIONG GEE
Lead Independent Director

MS OOI CHEE KAR
Independent Director

MR GOH CHONG THENG
Independent Director

Board of Directors and Executive Officers



MR WONG MENG HOE
Independent Director

MR CHOO BOON TIONG
Independent Director

MR PANG WEI KUAN, JAMES
Executive Officer

MR LOO CHOO LEONG
Executive Officer

MR WONG MENG HOE
Independent Director

Mr Wong Meng Hoe became an Independent Director in 2013. He has been in the marine and offshore oil and gas industry since 1970 and is currently managing director of MH Wong Marine Pte. Ltd., a consultancy he established in 1993.

He spent more than 15 years at Noble Denton and Associates (S) Pte. Ltd., where he eventually became a director and general manager. Today, his consultancy firm provides consultancy and supervision services relating to the transportation and offshore installation of platforms, heavy plants, FSOs, FPSOs and mooring systems. He also serves as an expert witness and arbitrator in dispute resolutions.

Mr Wong is a fellow and past council member of the Society of Naval Architects and Marine Engineers of Singapore, the Singapore Institute of Arbitrators and the Singapore Maritime Arbitrators Association. He is also a member of the Royal Institution of Naval Architects in the UK and a Chartered Engineer. In addition, he sits on the marine and offshore technology advisory committee at Ngee Ann Polytechnic.

Mr Wong, who was a Colombo Plan Scholar, graduated with a Bachelor of Science (naval architecture) from the University of Newcastle upon Tyne in the United Kingdom.

MR CHOO BOON TIONG
Independent Director

Mr Choo Boon Tiong was appointed an Independent Director in 2013, bringing with him more than 25 years of experience in the finance sector. He is currently a director of Kyra Capital Pte. Ltd. and executive chairman of Personnel Link JobHub Pte Ltd., an executive search and recruitment company. He also serves on the board of Goldbell Corporation Pte. Ltd., a commercial vehicle leasing and car rental group, as well as several other private companies.

Mr Choo held management posts at Heller Factoring (S) Ltd.(later known as GE Commercial Financing (Singapore) Ltd.) and Export Credit Insurance Corporation of Singapore Ltd. At International Factors (Singapore) Ltd. (now known as IFS Capital Limited), a regional financial services group listed on the SGX-ST, he served as managing director between 1993 and 2004. During his term of office, he was seconded to PB International Factors Sdn. Bhd. (a joint venture between IFS and Public Bank) for about a year as the company's chief executive officer during its start up.

Mr Choo had also been elected to the board of the International Factors Group SCRL, a global association of factoring companies and financial institutions based in Brussels, and was chairman of its Asian Chapter.

Mr Choo graduated with a Bachelor of Arts from the National University of Singapore.

MR PANG WEI KUAN, JAMES
Executive Officer

Mr Pang Wei Kuan, James joined Pacific Radiance in 2011 and now serves as Managing Director for Commercial and Business Development. He has focused on actively extending the Group's global footprint by building up and strengthening its marketing and business development activities. Spearheading its ventures into markets such as Indonesia, Latin America and Africa, he also drives its investment activities by developing and executing its strategy and business plans.

Mr Pang started his career at Standard Chartered Bank in Singapore in 2009, where his responsibilities included managing client relationships and assisting in originating deals related to the Asian conglomerates portfolio as well as negotiating and executing financing transactions. He earned a Bachelor of Arts with a Major in Economics (summa cum laude) and a Bachelor of Science in Business Administration with a Major in Finance (summa cum laude) from Boston University in the United States of America.

MR LOO CHOO LEONG
Executive Officer

Mr Loo Choo Leong joined Pacific Radiance in 2010 and is now its Group Finance Director. He oversees its overall financial, accounting, taxation, corporate finance and treasury matters, ensuring compliance with financial reporting requirements. He was Chief Investment Officer from 2010 to 2011, and has been instrumental in driving the Group's investment activities. Mr Loo has more than 25 years of experience in general management, financial and management reporting and accounting, corporate planning and finance, treasury, taxation, internal audit, and implementation of information technology systems. He started out at Arthur Andersen & Co and later joined the Sime Darby group, where he was head of its regional finance office and group head of its global services centre. While at Sime Darby, he took on a wide range of responsibilities at its offshore engineering and construction, property development and investment, plantation and trading businesses.

Mr Loo has been a fellow of the Association of Chartered Certified Accountants, United Kingdom, since 1991. He is also a non-practising member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. He obtained a Master of Business Administration (distinction) from the University of Strathclyde, United Kingdom.

Proactive Capital Management

While we have taken steps to reprofile our debt facilities, we remain committed to managing our working capital and loan repayments in a sustainable fashion without affecting operational needs.

Financial & Operations Review

FINANCIAL REVIEW

Challenging operating conditions persisted in the offshore oil and gas (O&G) sector for the financial year ended 31 December 2016 (FY2016). Even so, at Pacific Radiance, we remained undeterred by this difficult backdrop, focusing instead on executing strategies that will ensure the viability and sustainability of our businesses for the long term.

REVENUE AND PROFIT

The Group reported revenue of US$69.4 million for FY2016, against US$121.8 million for the previous corresponding year. The decline in revenue was due mainly to a smaller contribution from our Offshore Support Services segment, which saw lower charter rates and utilisation for its vessels. As a result, the Group posted US$121.7 million in net losses, which included impairment charges of US$52.2 million. These charges comprised of US$23.5 million in provisions for doubtful receivables and US$28.7 million in impairments taken in FY2016 for our directly owned fleet.

Our joint ventures (JVs) also put in a weaker performance over the year. The Group's share of results from JVs declined from gains of US$4.5 million in FY2015 to a loss of US$4.8 million in FY2016. The main reason was a decrease in contributions from our 35%-owned listed Indonesian JV, PT Logindo Samudramakmur Tbk, which posted a loss of US$19.9 million after factoring impairment losses of US$10.1 million for vessels.

SEGMENTAL PERFORMANCE

Our Offshore Support Services arm reported a 45.1% drop in revenue to US$58.7 million, while revenue at the Subsea Services segment came to US$9.9 million, up from US$8.6 million previously.

During the year, we disposed of our marine and offshore equipment arm, which led to a fall in the overall revenue contribution from non-core complementary businesses.

Geographically, Asia remains the key contributor to Group revenue, having contributed US$52.3 million in sales[1]. Progressive marketing and business development efforts to strengthen our presence in the promising Mexican O&G market have resulted in a 13.4% higher contribution from Latin America, where revenue came to US$14.8 million in FY2016.

OPERATIONS REVIEW

To achieve the strategic objectives we have laid out, despite the headwinds, we have taken measures to control our costs and active steps to manage the cash flow. These moves will enable us to bolster our operations, preparing us to capture fresh opportunities when the market recovers.

CONTAINING COSTS

Faced with softer demand, we continued to rationalise costs, but without curtailing our ability to deploy resources crucial to effectively respond to the market when it picks up. We have made cuts across the board, trimming general and administrative expenses as well as staff and overhead costs. By carefully managing our fleet, we have strived to reduce operating and maintenance costs while keeping vessels at the ready to return to active service.

Moreover, the Group has not committed to any additional capital expenditure for fleet expansion since mid-2014. Of the newbuilds we committed to previously, we expect the last two vessels to be delivered in 2017, after having taken delivery of three vessels in 2016.

Our ship repair yard, which commenced operations in August 2016, will play a growing role in helping to reduce our vessel maintenance and repair costs as well as dry docking expenses, while allowing us to turn vessels around quickly when the industry recovers. We also plan to grow third-party revenue from the yard.

IMPROVING LIQUIDITY

In October 2016, Pacific Radiance successfully negotiated with its key lenders to reprofile term loans and renew revolving credit facilities

[1] Geographical information about sales is based on the location in which the services are performed.

amounting to about US$185 million. Under the agreements, the Group's term loans have been reprofiled to 12 years from an average of seven years previously, while the loan maturities have been extended from 2019 to 2021. This move will reduce our principal repayments by about US$103 million in the next three years through 2019.

The Group is working on further improving its liquidity position by tapping government-backed financing schemes that will provide up to S$85 million in loans. These schemes aim to help the local marine and offshore sector cope with working capital and financing needs amid challenging market conditions. Pacific Radiance is one of the few marine and offshore services firms in Singapore to qualify for these schemes.

FORTIFYING FOOTHOLD IN KEY MARKETS

Even while working to increase cost efficiency and strengthen cashflows, we have not lost sight of our long-term goals and the need to keep the Group primed to seize opportunities that will open up when the market recovers. With this agenda in mind, we have pressed forward with plans to deepen and widen our presence in targeted markets.

In late 2016, we clinched a multi-year contract worth US$73 million (including options) for our recently delivered maintenance workboat to carry out platform, diving and subsea maintenance work as well as construction work in the Gulf of Mexico.

To sharpen our edge in the Mexican offshore O&G market, where the government recently ended its ban on foreign involvement in the sector, we have transferred our key operations and assets in the country to Navigatis Radiance Pte. Ltd., our jointly owned indirect JV with Navigatis S. De. R.L. De C.V. The latter is a special-purpose vehicle set up by Axis Capital Management, a Mexican private equity firm that manages US$1.5 billion in assets.

Backed by its enlarged operations and balance sheet as well as a modern and efficient fleet, Navigatis Radiance is well-poised to tap offshore projects, which are expected to increase in number now that foreign companies can take greater part in developing Mexico's large and untapped O&G sector.

In addition, in early 2017 the Group announced that it re-entered the Middle East market by securing multi-year contracts worth up to US$68 million, including options, for five of its offshore support vessels. Under the agreements with both independent and national oil companies, these vessels will support key production campaigns in the Arabian Gulf.

OUTLOOK AND STRATEGY

The Group believes the outlook for the sector over the longer term has improved because of oil production cuts, which should enable supply and demand to balance by the second half of 2017. However, we expect market conditions for the coming 12 months to remain challenging because these developments will take time to flow through.

Even so, we will not veer from the targeted objectives we have set for the journey ahead, having implemented strategic initiatives since the downturn started in 2014 that are already bearing fruit which will support our efforts to maintain the Group's standing in the industry. Continued efforts to refine our cost structure and streamline operations will enable us to move forward with plans to extend our reach in key markets across Asia, Latin America and Africa.


CREST APOLLO 1
SINGAPORE
IMO 9647033

Progressive Marketing Efforts

To position the Group well to seize opportunities when the sector picks up, we have continued our marketing and business development efforts to deepen our footprint in selected emerging markets with good growth potential.

Sustainability Report

Every caring corporate citizen has a responsibility to safeguard the world's natural resources for future generations, by limiting its ecological footprint and promoting practices to reduce waste and energy consumption. More and more, both corporations and governments are fostering efforts to shape responsible businesses that share these ideals.

Here, the Singapore Exchange will require locally listed companies to report their environmental, social and governance practices for the financial year ending on 31 December 2017 and onwards. We have already engaged a sustainability and climate change team from an international professional services firm with us to ensure full compliance with this requirement.

STRIVING FOR EXCELLENCE IN QHSSE

At Pacific Radiance, safety first remains a top priority as we work to enhance our systems and processes in ways that will raise quality, health, safety, security and environment (QHSSE) standards. Proactive commitment to these goals has enabled us to minimise incidents while meeting project budgets and deadlines.

Periodic reviews of practices and procedures have ensured compliance with statutory and industry requirements. Meanwhile, crews are kept abreast of key findings and developments through regular meetings and management visits. Emphasis on behaviour-based safety has boosted workplace alertness, while staff feedback has helped fine-tune QHSSE initiatives. Extensive audits of teams and vessels have allowed us to adjust and improve our systems.

Pacific Radiance continues to seek ways to run its business in a sustainable manner that will aid environmental efforts, rolling out key initiatives to minimise our corporate footprint on the world around us.

As part of our PRL Climate Change Pledges, we are reducing energy usage and carbon emissions at all our operations. To heighten awareness across the Group, we continue to engage both staff and management, while regularly assessing the effectiveness of our programmes.

Meanwhile, performing to international benchmarks remains a prerequisite for strengthening customer confidence. Our quality management systems (QMS) and environmental management systems (EMS) are certified to ISO 9001:2008 and ISO 14001:2014 standards respectively. For our occupational health and safety management systems (OHSMS), we are now working to achieve OHSAS 18001:2007.

Our resolve to uphold the highest standards was recognised when Pacific Radiance received an award from existing client for outstanding safety performance during an installation campaign for an oil major.

TAKING CARE OF OUR PEOPLE AND OUR COMMUNITY

To move forward, we must embrace goals that will unite our people in their desire to secure a brighter future for all. That is why our programmes focus not just on skills upgrading but also on fostering employee satisfaction and lifestyle balance.

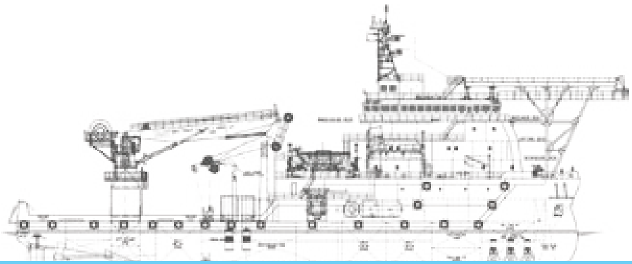
Our Human Capital Strategy initiative has enabled us to advance the Group's vision and values, as well as harness assets more efficiently. We have nurtured stronger teams through targeted workshops and coaching initiatives, while developing resources for improving our performance management system.

To keep our people strong in mind and body, we have held lunch events through the PRL Health Series that promote a healthy lifestyle and mindset. Favourite talks included Emotional Intelligence at the Workplace and Financial Literacy: 10 Tips on Wise Financial Management. Also popular was a talk on how to ease headaches, while many flocked to a cooking demonstration on making healthy chicken rendang.

As in previous years, our people were delighted to volunteer for activities to help the less fortunate and keep Singapore's eco-systems alive, working with organisations such as Lakeside Family Services and the Waterways Watch Society to bring change to the community.

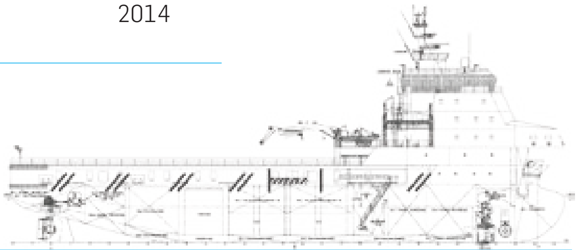
Vessel Portfolio

Directly Owned Vessels As At 31 December 2016



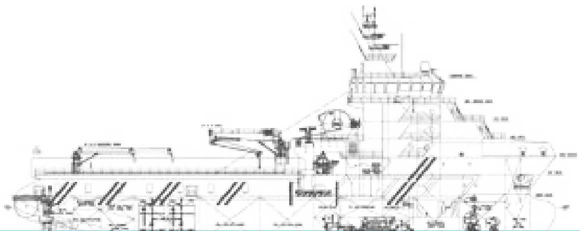
DIVING SUPPORT VESSELS

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Odyssey 2	Singapore	12 men saturation dive system, 100 ton AHC subsea crane	ABS	2011
Crest Hydra	Singapore	Air dive & ROV, 24 ton AHC crane	BV	2014



PLATFORM SUPPLY VESSELS

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Alpha 1	Singapore	3,000 DWT	ABS	2013
Crest Aries 1	Singapore	3,500 DWT	ABS	2013
Crest Argus 1	Singapore	4,000 DWT	BV	2014
Crest Argus 2	Singapore	4,000 DWT	BV	2014
Crest Apollo	Singapore	4,900 DWT	ABS	2014
Crest Victoria	Singapore	4,900 DWT	ABS	2014
Crest Argus 3	Singapore	4,000 DWT	BV	2015
Crest Argus 5	Singapore	4,000 DWT	BV	2015

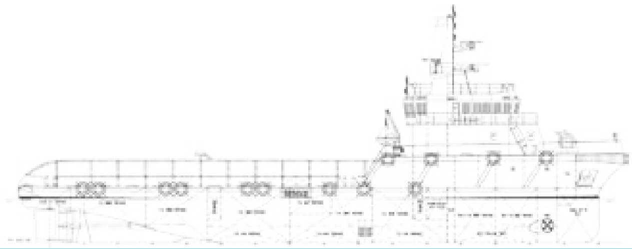


ANCHOR HANDLING TUG & SUPPLY VESSELS

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Amethyst	Singapore	5,150 BHP	ABS	2012
Crest Tourmaline	Singapore	5,150 BHP	ABS	2012
Crest Mercury One	India	6,000 BHP	IRS	2015
Crest Mercury Two	India	6,000 BHP	IRS	2015
Crest Mercury 3	Singapore	6,000 BHP	BV	2015
Crest Mercury 5	Singapore	6,000 BHP	BV	2015
Crest Optimus	Singapore	17,500 BHP	ABS	2015
Crest Meridian 1	Singapore	8,000 BHP	ABS	2016

Vessel Portfolio

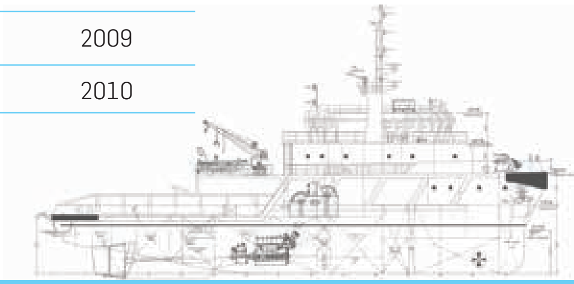
Directly Owned Vessels As At 31 December 2016



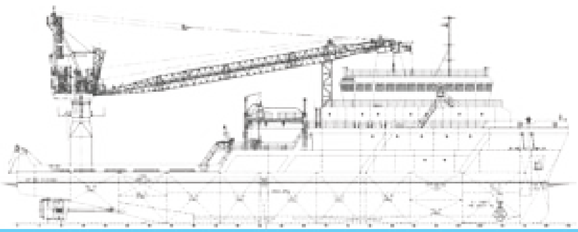
MULTI-PURPOSE SUPPORT VESSELS

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Radiant 1	Singapore	3,200 BHP	BV	2008
Crest Radiant 3	Singapore	3,200 BHP	BV	2008
Crest Radiant 5	Singapore	3,200 BHP	BV	2009
Crest Radiant 7	Singapore	3,200 BHP	BV	2010

ANCHOR HANDLING TUGS

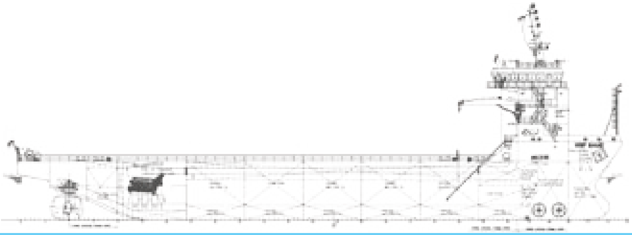


NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Spartan 1	Singapore	4,400 BHP	BV	2009
Crest Spartan 2	Singapore	4,400 BHP	BV	2009
Crest Spartan 3	Singapore	4,400 BHP	BV	2010
Crest Spartan 8	Singapore	4,400 BHP	BV	2010
Crest Titan 2	Singapore	5,150 BHP	ABS	2010
Crest Apache	Singapore	5,150 BHP	ABS	2013



MAINTENANCE WORK VESSELS

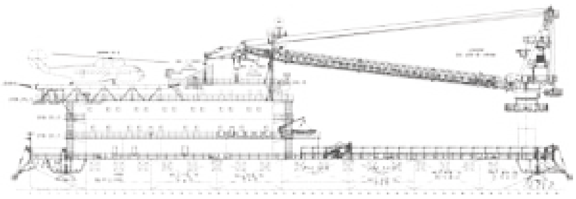
NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Nautilus 1	Singapore	120 men, 40 ton crane	ABS	2010
Crest Nautilus 2	Singapore	120 men, 40 ton crane	ABS	2010
Crest Athena 1	Singapore	208 men, 64 ton crane	ABS	2014
Crest Athena 2	Singapore	208 men, 64 ton crane	ABS	2014
Crest Centurion 2	Singapore	239 men, 100 ton crane	ABS	2016



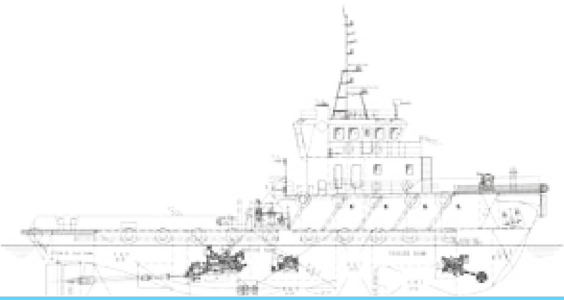
SPECIAL CARRIER VESSEL

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Angelica	Singapore	8,264 DWT	ABS	2012

ACCOMMODATION WORK BARGES



NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Support 1	Panama	120 men	BV	2008
Crest Support 5	Panama	200 men, 50 ton crane	BV	2009
Crest Provider (Warehouse Accommodation Work Barge)	Panama	200 men, 40 ton crane 70 ton crane	ABS	2011

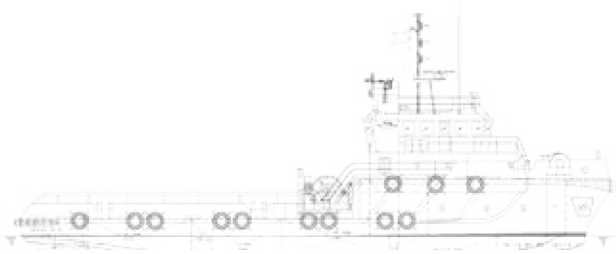


OCEAN TOWING TUGS

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Ocean	Singapore	3,500 BHP	BV	2006
Crest Gold 1	Singapore	3,200 BHP	BV	2008
Crest Gold 2	Singapore	3,200 BHP	BV	2008
Crest Jade 1	Singapore	3,200 BHP	BV	2009
Crest Opal	Singapore	3,200 BHP	ABS	2011
Crest Crystal	Brazil	3,200 BHP	ABS	2012

Vessel Portfolio

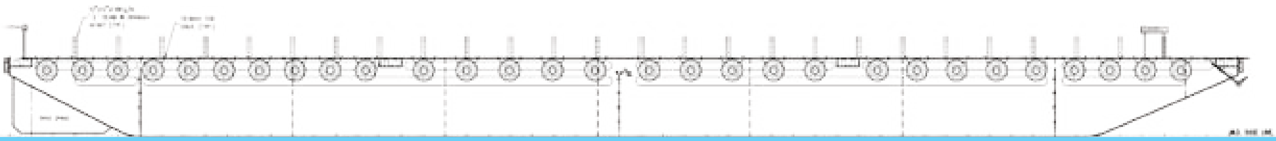
Directly Owned Vessels As At 31 December 2016



UTILITY SUPPLY VESSELS

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Voyager	Singapore	2,000 BHP	BV	2006
Crest Adventurer	Singapore	2,000 BHP	BV	2009

OFFSHORE BARGES



NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest 255	Singapore	5,300 DWT	BV	2006
Crest 282	Singapore	6,000 DWT	BV	2006
Crest 259	Singapore	5,300 DWT	BV	2007
Crest 250	Singapore	5,300 DWT	BV	2008
Crest 251	Singapore	5,300 DWT	BV	2008
Crest 259A	Singapore	5,300 DWT	ABS	2008
Crest 289	Singapore	6,000 DWT	BV	2008
Crest 257C	Singapore	5,300 DWT	BV	2010
Crest 287	Singapore	6,000 DWT	BV	2010
Crest 2821	Singapore	8,490 DWT	ABS	2010
Crest 2822	Singapore	8,490 DWT	ABS	2010
Crest 301	Singapore	9,000 DWT	ABS	2010
Crest 148	Singapore	960 DWT	ABS	2010
Crest 2801	Singapore	6,000 DWT	BV	2011
Crest 2802	Singapore	6,000 DWT	BV	2011
Crest 2823	Singapore	8,490 DWT	ABS	2013
Crest 2825	Singapore	8,490 DWT	ABS	2013

Corporate Governance Report

Pacific Radiance Ltd. (the Company) and its subsidiaries (the Group) are committed to maintaining a high standard of corporate governance to protect shareholders' interests and enhance shareholders' value. The Group adopts practices based on the revised Code of Corporate Governance 2012 (the Code) issued on 2 May 2012. This report describes the Group's corporate governance practices that were in place throughout the financial year ended 31 December 2016 (FY2016), with specific reference made to the principles and guidelines as set out in the Code and Mainboard listing manual of Singapore Exchange Securities Trading Limited (the Listing Manual) where applicable except where otherwise stated.

BOARD MATTERS

Principle 1: The Board's conduct of its affairs

The primary function of the Board of Directors (the Board) is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board has the overall responsibility for reviewing the strategic plans and performance objectives and financial plans, key operational initiatives, major funding and investment proposals, financial performance reviews, and corporate governance practices.

In addition, the principal duties of the Board include:

- Reviewing the Group's strategic objectives, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives.
- Overseeing the process for evaluating the adequacy of internal control, risk management, financial reporting, and compliance.
- Reviewing the performance of senior management.
- Reviewing the Group's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.
- Considering sustainability issues, e.g., environmental and social factors, as part of the strategic formulation.

The Board has delegated certain functions to various board committees, namely the Audit Committee (AC), Nominating Committee (NC), and Remuneration Committee (RC). Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Directors' attendance at Board and board committee meetings in FY2016 is set out below:

	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
Name of Director	**No. held**	**No. attended**	**No. held**	**No. attended**	**No. held**	**No. attended**	**No. held**	**No. Attended**
Pang Yoke Min	4	4						
Mok Weng Vai	4	4						
Pang Wei Meng	4	3			1	1		
Lau Boon Hwee	4	4						
Yong Yin Min	4	4	4	4			1	1
Ng Tiong Gee	4	3			1	1	1	1
Ooi Chee Kar	4	4	4	4				
Goh Chong Theng	4	4	4	4				
Wong Meng Hoe	4	3			1	1		
Choo Boon Tiong	4	4					1	1

Matters specifically reserved for the Board's approval are those involving major acquisitions and disposal of assets not in the ordinary course of business, corporate or financial restructuring, share issuances, dividends to shareholders, and interested person transactions. Clear directions have been imposed on Management that such matters must be approved by the Board. Apart from the matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to management so as to optimise operational efficiency.

Corporate Governance Report

The Board ensures that incoming new Directors are familiarised with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties. Directors are constantly kept abreast of developments in regulatory, legal, and accounting frameworks that are of relevance to the Group through participation in the relevant training courses, seminars, and workshops.

Principle 2: Board size and board composition

The Board comprises ten Directors, five of whom are Independent Non-Executive Directors, one is a Non-Executive Director, and four are Executive Directors. Taking into account the nature and scope of the Group's businesses and the number of board committees, the Board considers its current board size as appropriate.

Each year, the NC will review the size and composition of the Board and board committees and the skills and core competencies of its members to ensure an appropriate balance of skills, experience and gender. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

A director who has no relationship with the Group, its related corporations, officers, or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Group, is considered to be independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent, bearing in mind the guidelines set forth in the Code and any other salient factor which would render a director to be deemed not independent. For the purpose of determining directors' independence, every Independent Director has provided declaration of their independence which is deliberated upon by the NC and the Board.

The Board also recognises that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuation contribution objectively to the Board as a whole. When there are such directors, the Board will conduct a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these directors. Presently, none of the Independent Directors has served as Independent Director of the Group for more than nine years.

The Independent Directors make up half of the Board, which complies with the requirements set out in the Code. This provides a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

The Non-Executive Directors participate actively in the Board meetings. Well equipped with their expertise, experience and knowledge, the Non-Executive Directors constructively challenge and help develop directions on strategy and review the performance of Management in achieving agreed targets and objectives and monitor the reporting of performance. Where necessary, the Non-Executive Directors will meet and discuss on the Group's affairs without the presence of Management.

Principle 3: Chairman and Chief Executive Officer

Mr. Pang Yoke Min is currently the Executive Chairman of the Board and the Company. Given the nature of business activities of the Group, the Board is of the view that with Mr. Pang's extensive knowledge and experience in the industry, it is more effective for him to guide the Board on the discussions on issues and challenges facing the Group and in view of the strong element of independence of the Board, it is not pertinent to separate the functions of the Chairman and CEO.

The Chairman is responsible for:

- Leading the Board to ensure its effectiveness;
- Managing the Board's business, including supervising the work of the Board committees;
- Setting the Board agenda and ensuring the information flow and timing are adequate for discussion of all set agenda items, in particular strategic issues;
- Setting the tone of Board discussion to promote open and frank debate and effective decision-making;
- Facilitating the effective contribution of Non-Executive Directors;
- Ensuring effective communication with shareholders;
- Encouraging constructive relations with the Board and between the Board and Management; and
- Continuous pursuance of high standards of corporate governance.

Corporate Governance Report

As recommended by the Code, the Board has appointed Independent Non-Executive Director, Mr. Ng Tiong Gee, as the Lead Independent Director.

Principle 4: Board membership

The NC comprises the following three members, two of whom are Independent Non-Executive Directors:

- Ng Tiong Gee (NC Chairman), Lead Independent Director
- Wong Meng Hoe, Independent Director
- Pang Wei Meng, Executive Director

Our Nominating Committee is responsible for:

- Nomination and re-nomination of the directors of our Company having regard to their contribution, performance, and ability to commit sufficient time and attention to the affairs of our Group, taking into account their respective commitments outside our Group;
- Determining annually whether or not a director is independent;
- Deciding whether or not a director is able to and has been adequately carrying out his duties as a director;
- Review of board succession plans for directors, and in particular, the Executive Chairman;
- Development and implementation of a process for evaluation of the performance of the Board, its committees and directors;
- Formal assessment of the effectiveness of the Board as a whole and individual director;
- Review of training and professional development programs for the Board;
- Review and approval of new employment of persons related to the Directors and Controlling Shareholders and the proposed terms of their employment; and
- Appointment and re-appointment of directors.

The task of assessing the independence of directors is delegated to the NC. The NC reviews the independence of each Director annually, and as and when circumstances require.

Annually, each Director is required to complete a Director's Independence Checklist (Checklist) to confirm his/her independence. The Checklist is drawn up based on the guidelines provided in the Code.

Each director must also confirm in the Checklist whether he/she considers himself/herself independent despite not having any relationships identified in the Code.

Thereafter, the NC reviews the Checklist completed by each Director, assess the independence of the Directors, and recommends its assessment to the Board.

The Board, after taking into account the views of the NC, determined that all the Independent Non-Executive Directors are independent.

Under the guideline 4.4 of the Code, the NC should decide if a director is able to and had been adequately carrying out his/her duties as a Director of the company, taking into consideration of the director's number of listed company board representations and other principal commitments. Presently, the NC believes that each Director's contribution and devotion of time and attention to the Company's affairs, having regarded to his/her other commitments, are adequate and effective. The NC and the Board are of the view that, setting a maximum number of listed company board representations a director should have is not meaningful currently, as the contribution of each Director would depend on many factors, including whether they have a full time vocation or other responsibilities. The Board will determine the maximum number of listed company board representations which any director may hold upon recommendation by the NC at an appropriate juncture.

In determining whether a director is able to and had been adequately carrying out his/her duties as a Director of the Group, the NC also takes into account the results of the assessment of individual director, and the respective directors' actual conduct on the Board, in making this determination.

Corporate Governance Report

The NC has put in place a formal process for the selection of new directors to increase transparency of the nomination process in identifying and evaluating nominees for directors. The NC leads the process as follows:

- NC evaluates the balance, skills, knowledge, and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and the key attributes that an incoming director should have.
- After endorsement by the Board of the key attributes, the NC taps on the resources of directors' personal contacts and recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed in the search process.
- NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- NC recommends the most suitable candidate to the Board for appointment as director.

The NC is responsible for re-appointment of directors. In its deliberations on the re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance (including his or her contribution and performance as an Independent Director, if applicable).

The assessment parameters include attendance record and preparedness at meetings of the Board and board committees as well as the quality of input to matters arising and any other special contribution.

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 111 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office by rotation and be subject to re-appointment at the Company's AGM.

In addition, Article 115 of the Company's Constitution provides that a newly appointed director during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. Thereafter, he or she is subject to be re-appointed at least once every three years.

Pursuant to Article 111 of the Company's Constitution, Mr. Yong Yin Min, Mr. Lau Boon Hwee, Mr. Choo Boon Tiong, and Mr. Goh Chong Theng are retiring as a Director of the Company at the forthcoming AGM. Except for Mr Choo, all the retiring Director submit themselves for re-election at the forthcoming AGM. The NC is satisfied that the Directors retiring in accordance with the Article 111 of the Company's Constitution at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations.

The key information on Directors and Proposed Directors for re-election at the forthcoming AGM is set out in the section entitled "Board of Directors and Executive Officers" of the Annual Report.

Principle 5: Board performance

A review of the Board's performance is conducted by the NC annually. On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole. The Company has also put in place a process to access the performance of individual Directors as well as the Board Committees. Each board member will be required to complete an appraisal form to be returned to the NC Chairman for evaluation. Based on the evaluation results, the NC Chairman will present his recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance. The Chairman, in consultation with the NC, proposes, where appropriate, new directors to be appointed to the Board or seeks the resignation of directors.

Principle 6: Access to information

Management recognises the importance of ensuring the flow of information to the directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. All Board and board committee papers are distributed to Directors in advance to allow sufficient time for Directors to prepare for the meetings.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. To facilitate direct access to the senior management, Directors are also provided with the names and contact details of the management team.

Corporate Governance Report

Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Listing Manual, are complied with. She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The Company Secretary and/or her representative attend and prepare minutes for all Board meetings. As secretary for all board committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the board committees and management. The Company Secretary assists the Chairman of the Board, the Chairman/Chairperson of board committees and management in the development of the agendas for the various Board and board committee meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Should Directors, whether as a group or individually, require professional advice, the Group, upon direction by the Board, shall appoint a professional advisor selected by the Group or the individual, approved by the Chairman, to render the advice. The cost of such service shall be borne by the Group.

REMUNERATION MATTERS

Principle 7: Procedures for developing remuneration policies

The RC comprises the following three members, two of whom are Independent Non-Executive Directors:

- Choo Boon Tiong (RC Chairman), Independent Director
- Ng Tiong Gee, Lead Independent Director
- Yong Yin Min, Non-Executive Director

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No member of the RC is involved in deliberations in respect of any remuneration, compensation, options, or any form of benefits to be granted to him.

The members of the RC carried out their duties in accordance with the terms of reference which include the following key terms:

- Review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspect of remuneration, including but not limited to, director's fees, salaries, allowances, bonuses, grant of shares, and share options and benefits in kind.
- Review and recommend to the Board, the specific remuneration packages for each director as well as for the key management personnel.
- Consult professional consultancy firms where necessary in determining remuneration packages.
- Consider the various disclosure requirements for directors' remuneration and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

Principle 8: Level and mix of remuneration

Executive Directors are paid a basic salary and a performance-related bonus linked to the performance of the Company. Key management personnel are paid a basic salary and a performance bonus based on their achievement of key performance indicators. The RC does consider long-term incentive schemes for the Executive Directors and key management personnel. In this connection, the RC shall at the relevant time look into granting of shares under the Pacific Radiance Performance Share Plan which was approved by the shareholders of the Company on 28 October 2013.

The performance-related element of the Executive Directors' remuneration is designed to align their interests with the interests of shareholders and promote the long-term success of the Company.

The RC also ensures that the remuneration of the Non-Executive Directors is appropriate to their level of contribution taking into account factors such as effort and time spent, and their responsibilities. Non-Executive Directors receive a basic fee for their services and are eligible to participate in the Pacific Radiance Performance Share Plan. The RC ensures that the Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.

Corporate Governance Report

Principle 9: Disclosure of remuneration

The remuneration of each individual Director and aggregate of top key management personnel of the Group is not disclosed as the Company believes that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

The breakdown of the Directors' and key management personnel's remuneration in bands of S$250,000 should, in the Board's assessment, provide adequate overview of the remuneration of the Directors and key management personnel.

The remuneration paid to or accrued to each individual Director for FY2016 is as follows:

	Fees %	Salary(1) %	Bonus(1) %	Other Benefits(2) %	Total %
S$500,001 to S$750,000					
Pang Yoke Min	8.89	67.99	0	23.12	100
S$250,001 to S$500,000					
Mok Weng Vai	9.14	68.99	0	21.87	100
Pang Wei Meng	11.49	68.52	0	19.99	100
Lau Boon Hwee	9.78	68.25	0	21.97	100
Below S$250,000					
Yong Yin Min	100	–	–	–	100
Ng Tiong Gee	100	–	–	–	100
Ooi Chee Kar	100	–	–	–	100
Goh Chong Theng	100	–	–	–	100
Wong Meng Hoe	100	–	–	–	100
Choo Boon Tiong	100	–	–	–	100

(1) Salary and bonus include employer's contributions to Central Provident Fund

(2) Other benefits refer to benefits-in-kind such as car, housing allowances, club membership etc. made available to directors as appropriate.

There are only two top key management personnel (who are not directors or the CEO) whom the Company considers to be key executives of the Group. The remuneration paid to or accrued to the top key management personnel (who are not directors or the CEO) for FY2016 is as follows:

	Salary(1) %	Bonus(1)	Other Benefits(2)	Total
S$250,001 to S$500,000				
Pang Wei Kuan, James	67.55	0	32.45	100
Loo Choo Leong	68.64	0	31.36	100

(1) Salary and bonus include employer's contributions to Central Provident Fund

(2) Other benefits refer to benefits-in-kind such as car, housing allowances, club membership etc. made available to key management personnel as appropriate.

There are only two employees who are considered to be immediate family members of a director or a CEO, and whose remuneration exceeds S$50,000 in FY2016:

- Mr. Pang Wei Meng, the son of Mr. Pang Yoke Min, Executive Chairman of the Company, is employed by the Company as Executive Director and has received remuneration in that capacity.

- Mr. Pang Wei Kuan, James, the son of Mr. Pang Yoke Min, Executive Chairman of the Company, and brother of Mr Pang Wei Meng, Executive Director of the Company, is employed by the Company as Managing Director of Commercial and Business Development and has received remuneration in that capacity.

Corporate Governance Report

For FY2016, save as disclosed in the above table which shows the breakdown of the remuneration (in percentage terms) of Mr. Pang Wei Meng and Mr. Pang Wei Kuan, James, the Company and its subsidiaries do not have any other employee who is an immediate family member of a director and whose remuneration exceeds S$50,000.

The Company has opted to disclose the remuneration of Mr. Pang Wei Meng and Mr. Pang Wei Kuan, James, in incremental bands of S$250,000, in line with the disclosure of other Directors and top key management personnel, instead of S$50,000 according to Guideline 9.4 of the Code, due to the highly competitive industry condition, and the confidential and sensitive nature of the remuneration of its top key staff.

Details of the Pacific Radiance Performance Share Plan can be found on the Directors' Statement.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with management accounts, operations reviews and related explanations together with the financial statements on a quarterly basis and as the Board may require from time to time. The Audit Committee reviews the financial statements and reports to the Board for approval.

The Board reviews and approves the results before its release. The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters and full financial year are released to shareholders within the timeframe in line with Rule 705 of the Listing Manual. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board also provides negative assurance confirmation to shareholders on the integrity of the quarterly financial statements.

Principle 11: Risk management and internal controls

The Board is responsible for the governance of risk. It should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group'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.

Management is responsible to the Board for the design, implementation, and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies.

The Company has engaged an external professional firm as the internal auditors who will assist the Board and the AC in their review of the Group's risk management and internal control systems. The Board and the AC also work with the internal auditors, external auditors, and the Management on their recommendations to institute and execute relevant controls with a view to managing such risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, AC, and the Board, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks, and information technology controls and risk management systems were adequate as at 31 December 2016. This is in turn supported by assurance from the Executive Chairman and the Group Finance Director (i) that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) regarding the effectiveness of the Group's risk management and internal control systems.

The Board acknowledges that it is responsible for maintaining a sound system of internal control and risk management, but recognises that no cost effective internal control system and risk management will preclude all errors and irregularities. Internal controls and risk management can provide only reasonable and not absolute assurance against material misstatement, losses, human errors, fraud or other irregularities.

Corporate Governance Report

Principle 12: Audit committee

The AC comprises the following three members, all of whom are Non-Executive Directors:

- Goh Chong Theng (AC Chairman), Independent Director
- Ooi Chee Kar, Independent Director
- Yong Yin Min, Non-Executive Director

The duties of the AC include:

- review with the external auditors the audit plan, their audit result report, their management letter, and the management's response;
- review with the internal auditors the internal audit plan and their evaluation of the adequacy of the internal controls and accounting system;
- monitor and review the implementation of the external auditor's and internal auditor's recommendations concurred with management in relation to the adequacy of the internal controls and accounting system addressing financial, operational and compliance risks;
- review the quarterly and annual financial statements before submission to the Board for approval;
- consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors and approve the compensation of the external auditor;
- review interested person transactions in accordance with the requirements of the Listing Manual; and
- review any potential conflict of interest as and when the need arises and resolve such conflict of interest.

During the course of review of the financial statements for the financial year ended 31 December 2016, AC discussed with the Management and the external auditor on the significant issues that were brought to AC's attention. These material issues which the external auditor assessed to be most significant in its audit of the financial statements for the year under review, namely going concern assumption, assessment of vessel impairment, assessment of impairment of trade receivables and amount due from related companies, and evaluation of financial effect arising from group reorganisation have been highlighted in the key audit matters section of Independent Auditor's Report.

AC reviewed the work performed by the Management and made enquiries relevant to the key audit matters. In addition, AC also reviewed and discussed the findings presented and related work performed by the external auditor. AC was satisfied that these material issues have been properly addressed and appropriately adopted and disclosed in the financial statements.

The AC reviews the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. An analysis of fees paid in respect of audit and non-audit services provided by breakdown for FY2016 is disclosed in Note 7 to the financial statements. The AC has reviewed all non-audit services provided by the external auditors and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditors.

The Group has complied with Rule 712, Rule 715, and Rule 716 of the Listing Manual in the appointment of its auditors. The AC recommends to the Board the reappointment of Messrs Ernst & Young LLP as the external auditors of the Group at the forthcoming AGM.

In the course of financial year 2016 and since its appointment, the AC carried out the following activities:

- Reviewing quarterly and full year financial statements (audited and unaudited), and recommending to the Board for approval;
- Reviewing and approving the interested/related parties transactions;
- Reviewing and approving the annual audit plan of the external auditors;
- Reviewing and approving the internal audit plan and appointment of internal auditors; and
- Reviewing the annual re-appointment of the external auditors and determining their remuneration, and making a recommendation for Board approval.

The AC has also met with the auditors, without the presence of management.

Corporate Governance Report

The AC is kept abreast by the Management, Company Secretaries and the independent auditor 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 Company has adopted a Whistle Blowing Policy since 2014 which sets the framework to encourage the reporting in good faith of serious concerns or escalate serious matters on a confidential basis without fear of reprisal, dismissal, or discriminatory treatment. The Whistle-Blowing Policy provides procedures to validate concerns and for investigation to be carried out independently. The Whistle-Blowing Policy has been circulated to all employees of the Group.

Principle 13: Internal audit

The Company has outsourced its internal audit function to RSM Ethos Pte Ltd. The internal auditor's primary line of reporting is to the AC Chairman. Administratively, the internal auditor reports to the Executive Chairman. The internal auditor carries out its function in accordance to the standards set by the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC ensures that Management provides good support to the internal auditors and provide them with access to documents, records, properties, and personnel when requested in order for the internal auditors to carry out their function accordingly.

The AC will review the adequacy and effectiveness of the internal audit function at least annually.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders, are protected.

The Group is committed to providing shareholders with adequate, timely, and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the AGM which will be held at its office premise in Singapore. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance, and other business related matters.

Principle 15: Communication with shareholders

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective, and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in an adequate, accurate, and timely manner via SGXNET, press release, and corporate website. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

The Group's corporate website is the key resource of information for shareholders. In addition to the quarterly financial results materials, it contains a wealth of investor related information on the Group, including investor presentations, annual reports, shares and dividend information and factsheets.

The Group participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate developments and financial performance. Such engagements provide invaluable insights to the Board and management on investors' views and also help the Group to identify areas of improvement for investor communication.

The Company does not have a formal dividend policy. The Company may declare an annual dividend with the approval of the shareholders in a general meeting, but the amount of such dividend shall not exceed the amount recommended by the Board. The Board may also declare an interim dividend without the approval of the shareholders.

Corporate Governance Report

Principle 16: Conduct of shareholders meetings

The Group supports and encourages active shareholder participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the company website.

The Company's Constitution allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

At the upcoming AGM, a member who is a relevant intermediary which provide nominee or custodial services is entitled to appoint more than two proxies to attend, speak and vote at the meeting, so shareholders who hold shares through such intermediary can attend and participate in general meeting as proxies.

The Company will conduct a poll voting for all the proposed resolutions at the AGM for greater transparency in the voting process. The total numbers of votes cast for or against the resolutions will also be announced after the meeting via SGXNET.

The Company provides for separate resolutions at general meetings on each distinct issue. All the resolutions at the general meetings are single item resolutions.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management, and to make these minutes, subsequently approved by the Board, available to shareholders during office hours.

INTERESTED PERSON TRANSACTIONS

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

Save for the services provided by an associate of Mr. Pang Yoke Min to the Group, of which the aggregate value did not exceed S$100,000, there was no other interested person transaction entered into by the Group for FY2016.

MATERIAL CONTRACTS

Save for the service agreements entered into between the Executive Directors and the Company, there was no material contract entered into by the Company and its subsidiaries involving the interests of any director or controlling shareholders subsisting at the end of the financial year ended 31 December 2016.

DEALING IN SECURITIES

The Company has adopted an internal code on dealings in securities. Directors and Officers are not allowed to deal in the Company's shares during the periods commencing two weeks before announcement of the Group's quarterly results and one month before the announcement of the Group's full year results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Company are advised not to deal in the Company's securities on short term considerations and are expected to observe the insider trading rules at all times even when dealing in the Company's securities within the permitted trading periods.

Financial Contents

Directors' Statement

The directors present their statement to the members together with the audited consolidated financial statements of Pacific Radiance Ltd. (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 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) 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.

2. DIRECTORS

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

Pang Yoke Min
Mok Weng Vai
Pang Wei Meng
Lau Boon Hwee
Yong Yin Min
Ng Tiong Gee
Ooi Chee Kar
Goh Chong Theng
Wong Meng Hoe
Choo Boon Tiong

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in Paragraph 5 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 or debentures of the Company or any other body corporate.

Directors' Statement

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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 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 the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Pang Yoke Min	18,951,744	18,951,744	465,470,000	466,638,700
Mok Weng Vai	46,896,256	46,896,256	–	–
Pang Wei Meng	40,000	40,000	–	–
Lau Boon Hwee	1,609,970	1,609,970	–	–
Yong Yin Min	27,713,000	27,713,000	–	–
Ng Tiong Gee	25,000	25,000	–	–
Goh Chong Theng	160,000	240,000	–	–
Wong Meng Hoe	100,000	100,000	–	–
Choo Boon Tiong	70,000	120,000	–	–
Performance share plan of the Company				
Pang Yoke Min	–	218,000	–	–
Mok Weng Vai	–	142,000	–	–
Lau Boon Hwee	–	142,000	–	–
Pang Wei Meng	–	142,000	–	–
Ordinary shares of the holding company				
YM Investco Pte Ltd				
Pang Yoke Min	19,999	16,000	–	–
Pang Wei Meng	1	2,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2017.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Directors' Statement

5. PERFORMANCE SHARE PLAN

The Pacific Radiance Performance Share Plan ("Performance Share Plan") was approved by the shareholders on 28 October 2013 prior to the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 13 November 2013. The Board has appointed the remuneration committee comprising Mr Choo Boon Tiong, Mr Ng Tiong Gee and Mr Yong Yin Min to administer the Performance Share Plan. No member of the Committee shall participate in any deliberation or decision in respect of awards granted or to be granted to him or his associates.

During the financial year, the Company has granted 1,985,000 share awards under the Performance Share Plan. Further details regarding the Performance Share Plan are disclosed in Note 32.

Details of the share awards granted to directors, controlling shareholder and employees of the Company pursuant to the Performance Share Plan are as follows:

Name of participant	Awards granted during financial year	Aggregate awards granted since commencement of plan to end of financial year	Aggregate awards vested since commencement of plan to end of financial year	Aggregate awards outstanding as at end of financial year
Controlling shareholder				
Pang Yoke Min	218,000	218,000	–	218,000
Directors				
Mok Weng Vai	142,000	142,000	–	142,000
Pang Wei Meng	142,000	142,000	–	142,000
Lau Boon Hwee	142,000	142,000	–	142,000
Associate of controlling shareholder other than directors				
Pang Wei Kuan	142,000	142,000	–	142,000

Since the commencement of the Performance Share Plan till the end of the financial year:

- No awards that entitle the holder to participate, by virtue of the awards, in any share issue of any other corporation have been granted.
- No participants have been granted awards which represent 5% or more of the total share awards available under the Performance Share Plan.
- No awards have been granted at a discount.

Directors' Statement

6. AUDIT COMMITTEE

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

- reviewed with the external auditor the audit plan, their audit result and report, their management letter and the management's response;
- reviewed with the internal auditor the internal audit plan and their evaluation of the adequacy of the internal controls and accounting system;
- monitored and reviewed the implementation of the external auditor's and internal auditor's recommendations concurred with management in relation to the adequacy of the internal controls and accounting system addressing financial, operational and compliance risks;
- reviewed the quarterly and annual financial statements of the Group and the Company before submission to the Board for approval;
- considered the appointment or re-appointment of the external auditor and matters relating to resignation or dismissal of the auditor and approved the compensation of the external auditor;
- reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual; and
- reviewed any potential conflict of interest as and when the need arises and resolve such conflict of interest.

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 recommended to the board of directors that the independent auditor, Ernst & Young LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

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

7. AUDITOR

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Pang Yoke Min Director	Mok Weng Vai Director

31 March 2017

Independent Auditor's Report to the Members of Pacific Radiance Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pacific Radiance Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Going concern assumption

The Group's total borrowings amounted to US$514 million as at 31 December 2016. As stated in Note 2.1, the Group incurred a net loss of US$122 million and negative operating cash flow of US$44 million for the year. The Group's customer base mainly comprises companies operating in the global offshore oil and gas industry. As such, the Group's business and financial performance are highly dependent on the level of activities in the exploration, development and production of oil and gas, as well as capital expenditure in the global offshore oil and gas industry. The level of activity in the global offshore oil and gas industry is in turn largely affected by oil and gas prices and expectations of potential changes in such prices. The prolonged downturn in the oil and gas industry since 2014 has affected charter rates and utilisation of the Group's offshore vessels. The Group monitors and assesses its debt covenants for all its loans and borrowings as stated in Note 38.

The conditions described above have heightened the risk of non-compliance of financial covenants. Significant management judgement is involved in assessing the ability of the Group to meet its financial covenants and manage its liquidity position and consequently, the use of the going concern assumption in the preparation of the financial statements. As such, we determined this as a key audit matter.

Independent Auditor's Report to the Members of Pacific Radiance Ltd.

We reviewed the Group's loan facility agreements and computation of the financial covenants and management's assessment of covenant compliance as defined in the respective loan facility agreements.

We also reviewed the cash flow forecasts prepared by management to monitor and manage the liquidity position of the Group. We assessed the reasonableness of the key assumptions and estimates underlying the cash flow forecast such as the projected vessel utilisation and charter rates, and projected operating expenses by comparing them to historical data, economic and industry forecasts. We performed sensitivity analysis around these key assumptions adopted in the forecasts.

Finally, we assessed the adequacy of the disclosures on the going concern assumption in Note 2.1 to the financial statements.

Assessment of vessel impairment

As at 31 December 2016, the carrying amount of the Group's vessels amounted to US$554 million, representing 61% of the Group's total assets. Following management's review of the business in view of the challenging operating conditions and reduced charter demand, the Group recorded impairment charge of US$29 million on vessels during the year.

The impairment assessment involves significant estimation uncertainty and management judgement in the determination of the recoverable value of vessels. The recoverable value is based on the higher of (i) the fair value less cost of disposal and (ii) value-in-use (VIU) of the vessels. Management has assessed the recoverable value of assets to be based on estimated resale values as determined by an external valuer. Due to the high level of judgement involved in estimating the fair value and the significance of the carrying amount of the vessels, we determined this as a key audit matter.

We evaluated the competence, capabilities and objectivity of the external valuer engaged by management. We have also assessed the methodologies and key assumptions used in the valuation and considered the appropriateness of the resale values based on our knowledge of the offshore oil services industry. We involved our internal valuation experts to assist us in our assessment of the external valuer's methodologies and reasonableness of key valuation parameters.

Finally, we assessed the adequacy of the disclosures on the impairment of vessels in Note 10 to the financial statements.

Assessment of impairment of trade receivables and amounts due from related companies

As at 31 December 2016, the Group's receivables from third parties and related companies amounted to US$10 million and US$151 million respectively. During the financial year, allowance for doubtful debts recognised in the profit or loss amounted to US$24 million.

The decline in crude oil prices and uncertain outlook in oil prices have a significant impact on the business of the customers of the Group and its related companies. This gave rise to significant judgement in the evaluation of the recoverability of the receivables. As such, we determined this as a key audit matter.

We evaluated the Group's processes and controls relating to the monitoring of trade and related companies receivables and review of credit risks of customers. In addition, our audit procedures included, among others, on a sample basis, requesting confirmations from trade and related companies and evidence of receipts from the customers subsequent to the year end. We also evaluated management's assessment of the recoverability of trade receivables and amounts due from related companies through the testing of the accuracy of ageing of receivables, analyses of ageing profile to identify collection risk, reviewing historical payment patterns and correspondences with customers on expected settlement dates and where applicable, consideration of liens over debtor's vessels for receivables from the sale of vessels. We also assessed the appropriateness of management's judgement in relation to their analysis of the financial position of their customers and reviewed documentary support for their judgement.

Finally, we assessed the adequacy of the disclosures on the trade receivables and amounts due from related companies and the related risks such as credit risk and liquidity risk in Note 14, 17 and 36 to the financial statements.

Independent Auditor's Report to the Members of Pacific Radiance Ltd.

Evaluation of financial effect arising from group reorganisation

During the year, the Group's wholly owned subsidiary, Radiance Offshore Pte. Ltd. ("Radiance Offshore") entered into a joint venture agreement with Navigatis S. De R.L. DE C.V., ("Navigatis") to jointly incorporate Navigatis Radiance Pte. Ltd. ("Navigatis Radiance"). As part of the Group's reorganisation exercise to transfer its key operations and assets in Mexico to Navigatis Radiance, the Group entered into a series of transactions with Navigatis Radiance and completed the divestment of shareholding interest of the Group's subsidiaries, Radiance Alliance Pte. Ltd. ("Radiance Alliance") and Aztec Offshore Holdings Pte. Ltd. ("Aztec"). The series of transactions are disclosed in Note 11 and 13 to the financial statements. Significant audit effort was involved in the assessment of management's accounting treatment for the financial effects of these transactions and the valuation of retained interest in the entities involved in the reorganisation exercise. As such, we determined this as a key audit matter given its complexity and significance of the financial effects.

We gained an understanding of the reorganisation exercise and its rationale through discussions with management and reading the joint venture and share purchase agreements. We assessed whether management's accounting treatment of the divestments which entails de-recognition of divested interest in subsidiaries with the corresponding recognition of the retained interest in the entities is in accordance with the requirements of FRS and consistent with the key terms of the underlying contractual arrangements. Additionally, we assessed if the divestments of interest and the financial effects of these transactions were appropriately recorded in the results for the year ended 31 December 2016. We agreed the sales and purchase consideration to the share purchase agreements and cash consideration received to the bank statements. We also considered the appropriateness of the classification of the retained interest in the entities involved.

Finally, we assessed the adequacy of the disclosures in Note 11 and 13 to the financial statements in relation to the series of transactions.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report to the Members of Pacific Radiance Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report to the Members of Pacific Radiance Ltd.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Yew Kiang.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2017

Consolidated Income Statement

For the financial year ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Revenue	4	**69,421**	121,799
Cost of sales		**(101,218)**	(97,503)
Gross profit		**(31,797)**	24,296
Other operating income	5	**16,894**	19,101
General and administrative expenses		**(21,003)**	(23,933)
Other operating expenses		**(60,937)**	(4,706)
Finance costs	6	**(16,559)**	(12,105)
Share of results of joint ventures		**(4,756)**	4,537
Share of results of associate		–	(1,883)
(Loss)/profit before taxation	7	**(118,158)**	5,307
Taxation	8	**(3,519)**	(1,624)
(Loss)/profit for the year		**(121,677)**	3,683
(Loss)/profit for the year attributable to:			
Equity holders of the Company		**(118,628)**	3,829
Non-controlling interests		**(3,049)**	(146)
		(121,677)	3,683
(Loss)/earnings per share attributable to equity holders of the Company (US cents per share)			
Basic	9	**(16.6)**	0.5
Diluted	9	**(16.6)**	0.5

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	2016 US$'000	2015 US$'000
(Loss)/profit for the year	**(121,677)**	3,683
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
– Foreign currency translation	**736**	(361)
– Net fair value changes on cash flow hedges	**1,757**	(828)
– Share of other comprehensive income of a joint venture	**376**	(441)
	2,869	(1,630)
Items that will not be reclassified to profit or loss		
– Re-measurement of defined benefit plans	**42**	–
Other comprehensive income for the year, net of tax	**2,911**	(1,630)
Total comprehensive income for the year	**(118,766)**	2,053
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**(115,752)**	2,259
Non-controlling interests	**(3,014)**	(206)
	(118,766)	2,053

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

Balance Sheets

As at 31 December 2016

	Note	Group 2016 US$'000	Group 2015 US$'000	Company 2016 US$'000	Company 2015 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**613,772**	606,249	**–**	–
Investment in subsidiaries	11	**–**	–	**48,833**	44,752
Investment in associate	12	**–**	–	**–**	–
Investment in joint ventures	13	**60,346**	68,045	**–**	–
Club memberships		**296**	289	**–**	–
Amounts due from related companies	14	**62,143**	75,363	**–**	–
Derivatives	15	**12**	58	**–**	–
		736,569	750,004	**48,833**	44,752
Current assets					
Inventories	16	**873**	942	**–**	–
Trade receivables	17	**10,359**	25,249	**–**	–
Other receivables	18	**14,884**	13,823	**35**	177
Amounts due from related companies	14	**89,177**	83,362	**373,627**	323,378
Investment securities	19	**69**	125	**–**	–
Assets held for sale	10	**1,768**	–	**–**	–
Cash and bank balances	20	**50,628**	43,133	**4,126**	302
		167,758	166,634	**377,788**	323,857
Total assets		**904,327**	916,638	**426,621**	368,609
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	21	**13,330**	14,321	**–**	–
Other liabilities	22	**53,841**	55,180	**2,190**	2,733
Amounts due to related companies	25	**3,977**	1,213	**176,682**	110,065
Bank loans	26	**49,029**	80,512	**–**	–
Provision for taxation		**2,304**	3,241	**227**	184
Finance lease obligations	28	**206**	150	**–**	–
Derivatives	15	**–**	37	**–**	–
		122,687	154,654	**179,099**	112,982
Net current assets		**45,071**	11,980	**198,689**	210,875
Non-current liabilities					
Other liabilities	22	**12,276**	13,117	**–**	–
Provisions	23	**220**	187	**–**	–
Deferred capital grant	24	**1,418**	1,418	**–**	–
Bank loans	26	**397,016**	248,977	**–**	–
Notes payable	27	**67,806**	69,331	**67,806**	69,331
Deferred tax liabilities	29	**1,319**	123	**–**	–
Finance lease obligations	28	**560**	430	**–**	–
Derivatives	15	**12,005**	12,390	**11,802**	11,971
		492,620	345,973	**79,608**	81,302
Total liabilities		**615,307**	500,627	**258,707**	194,284
Net assets		**289,020**	416,011	**167,914**	174,325
Equity attributable to equity holders of the Company					
Share capital	30(a)	**162,854**	162,854	**162,854**	162,854
Treasury shares	30(b)	**(2,530)**	(817)	**(2,530)**	(817)
Retained earnings		**142,663**	266,416	**7,978**	14,443
Other reserves	31	**(12,179)**	(15,065)	**(388)**	(2,155)
		290,808	413,388	**167,914**	174,325
Non-controlling interests		**(1,788)**	2,623	**–**	–
Total equity		**289,020**	416,011	**167,914**	174,325

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

Statements of Changes in Equity

For the financial year ended 31 December 2016

Group	Note	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Total other reserves US$'000	Foreign currency translation reserve US$'000	Employee share-based payments reserve US$'000	Hedging reserve US$'000	Premium paid on acquisition of non-controlling interests US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to equity holders of the Company										
Balance at 1 January 2015		162,854	–	278,603	(13,495)	(8,989)	172	(1,499)	(3,179)	427,962	3,957	431,919
Profit for the year		–	–	3,829	–	–	–	–	–	3,829	(146)	3,683
Other comprehensive income												
– Foreign exchange translation	31(a)	–	–	–	(301)	(301)	–	–	–	(301)	(60)	(361)
– Net fair value changes on cash flow hedges	31(c)	–	–	–	(828)	–	–	(828)	–	(828)	–	(828)
– Share of other comprehensive income of a joint venture	31(c)	–	–	–	(441)	–	–	(441)	–	(441)	–	(441)
Total comprehensive income for the year		–	–	3,829	(1,570)	(301)	–	(1,269)	–	2,259	(206)	2,053
Contributions by and distributions to equity holders												
– Equity contribution by non-controlling interests		–	–	–	–	–	–	–	–	–	740	740
– Acquisition of treasury shares	30(b)	–	(817)	–	–	–	–	–	–	(817)	–	(817)
– Dividends on ordinary shares	39	–	–	(16,016)	–	–	–	–	–	(16,016)	–	(16,016)
– Dividends paid to non-controlling shareholders by subsidiaries		–	–	–	–	–	–	–	–	–	(1,868)	(1,868)
Total contributions by and distributions to equity holders		–	(817)	(16,016)	–	–	–	–	–	(16,833)	(1,128)	(17,961)
Balance at 31 December 2015		162,854	(817)	266,416	(15,065)	(9,290)	172	(2,768)	(3,179)	413,388	2,623	416,011

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

Statements of Changes in Equity

For the financial year ended 31 December 2016

Group	Note	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Total other reserves US$'000	Foreign currency translation reserve US$'000	Employee share-based payments reserve US$'000	Hedging reserve US$'000	Defined benefit plan US$'000	Premium paid on acquisition of non-controlling interests US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to equity holders of the Company											
Balance at 1 January 2016		162,854	(817)	266,416	(15,065)	(9,290)	172	(2,768)	–	(3,179)	413,388	2,623	416,011
Loss for the year		–	–	(118,628)	–	–	–	–	–	–	(118,628)	(3,049)	(121,677)
Other comprehensive income													
– Foreign exchange translation	31(a)	–	–	–	713	713	–	–	–	–	713	23	736
– Net fair value changes on cash flow hedges	31(c)	–	–	–	1,757	–	–	1,757	–	–	1,757	–	1,757
– Re-measurement of defined benefit plans	31(d)	–	–	–	30	–	–	–	30	–	30	12	42
– Share of other comprehensive income of a joint venture		–	–	–	376	–	–	330	46	–	376	–	376
Total comprehensive income for the year		–	–	(118,628)	2,876	713	–	2,087	76	–	(115,752)	(3,014)	(118,766)
Contributions by and distributions to equity holders													
– Grant of equity-settled share performance awards to employees	32	–	–	–	10	–	10	–	–	–	10	–	10
– Acquisition of treasury shares	30(b)	–	(1,713)	–	–	–	–	–	–	–	(1,713)	–	(1,713)
– Dividends on ordinary shares	39	–	–	(5,295)	–	–	–	–	–	–	(5,295)	–	(5,295)
– Dividends paid to non-controlling shareholders by subsidiaries		–	–	–	–	–	–	–	–	–	–	(1,160)	(1,160)
Total contributions by and distributions to equity holders		–	(1,713)	(5,295)	10	–	10	–	–	–	(6,998)	(1,160)	(8,158)
Changes in ownership interests in subsidiaries													
– Acquisition of subsidiary	11(b)	–	–	–	–	–	–	–	–	–	–	1,937	1,937
– Acquisition of non-controlling interests without a change in control	11(b)	–	–	170	–	–	–	–	–	–	170	(170)	–
– Disposal of subsidiaries	11(c),(d)	–	–	–	–	–	–	–	–	–	–	(2,004)	(2,004)
Total changes in ownership interests in subsidiaries		–	–	170	–	–	–	–	–	–	170	(237)	(67)
Balance at 31 December 2016		162,854	(2,530)	142,663	(12,179)	(8,577)	182	(681)	76	(3,179)	290,808	(1,788)	289,020

Statements of Changes in Equity

For the financial year ended 31 December 2016

Company	Note	Share capital US$'000	Treasury Shares US$'000	Retained earnings US$'000	Total other reserves US$'000	Employee share-based payments reserve US$'000	Hedging reserve US$'000	Total equity US$'000
Balance at 1 January 2015		162,854	–	14,720	(1,327)	172	(1,499)	176,247
Profit for the year		–	–	15,739	–	–	–	15,739
Other comprehensive income								
– Net fair value changes on cash flow hedges	31(c)	–	–	–	(828)	–	(828)	(828)
Total comprehensive income for the year		–	–	15,739	(828)	–	(828)	14,911
Contributions by and distributions to equity holders								
– Acquisition of treasury shares	30(b)	–	(817)	–	–	–	–	(817)
– Dividends on ordinary shares	39	–	–	(16,016)	–	–	–	(16,016)
Total contributions by and distributions to equity holders		–	(817)	(16,016)	–	–	–	(16,833)
Balance as at 31 December 2015		162,854	(817)	14,443	(2,155)	172	(2,327)	174,325

Company	Note	Share capital US$'000	Treasury Shares US$'000	Retained earnings US$'000	Total other reserves US$'000	Employee share-based payments reserve US$'000	Hedging reserve US$'000	Total equity US$'000
Balance at 1 January 2016		162,854	(817)	14,443	(2,155)	172	(2,327)	174,325
Loss for the year		–	–	(1,170)	–	–	–	(1,170)
Other comprehensive income								
– Net fair value changes on cash flow hedges	31(c)	–	–	–	1,757	–	1,757	1,757
Total comprehensive income for the year		–	–	(1,170)	1,757	–	1,757	587
Contributions by and distributions to equity holders								
– Grant of equity-settled performance share awards to employees		–	–	–	10	10	–	10
– Acquisition of treasury shares	30(b)	–	(1,713)	–	–	–	–	(1,713)
– Dividends on ordinary shares	39	–	–	(5,295)	–	–	–	(5,295)
Total contributions by and distributions to equity holders		–	(1,713)	(5,295)	10	10	–	(6,998)
Balance as at 31 December 2016		162,854	(2,530)	7,978	(388)	182	(570)	167,914

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Cash flows from operating activities:			
(Loss)/profit before taxation		**(118,158)**	5,307
Adjustments for:			
Depreciation of property, plant and equipment	10	**31,452**	26,364
Finance costs	6	**16,559**	12,105
Interest income	5	**(7,638)**	(4,272)
Share of results of joint ventures		**4,756**	(4,537)
Share of results of associate		**–**	1,883
Gain on sale of property, plant and equipment, net	5	**(679)**	(11,733)
Impairment of doubtful receivables, net	7	**20,107**	162
Impairment of amount due from related company	7	**3,440**	–
Impairment of property, plant and equipment	7	**28,698**	–
(Write back)/impairment of club memberships	7	**(7)**	13
Allowance for inventory obsolescence	7	**–**	233
Net gain on acquisition of a subsidiary	11(b)	**(793)**	–
Net loss on disposal of subsidiaries	11(d)	**137**	–
Net gain on deemed disposal of a subsidiary	11(c)	**(3,892)**	–
Net loss on deemed disposal of a subsidiary	11(c)	**6,786**	–
Re-measurement gain of remaining interest in joint venture	11(c)	**(2,063)**	–
Net gain on acquisition of additional interest in a joint venture	13(c)	**–**	(973)
Net fair value gain on derivatives	5	**(208)**	(1,044)
Net fair value gain on held for trading investment securities	5	**(13)**	(18)
Net gain on disposal of held for trading investment securities	5	**(25)**	–
Share-based payment expense	32	**10**	–
Exchange differences		**1,475**	(435)
Operating cash flows before changes in working capital		**(20,056)**	23,055
Decrease in trade and other receivables		**5,476**	5,561
Increase in amounts due from/to related companies		**(11,175)**	(9,687)
(Increase)/decrease in inventories		**(943)**	2,154
Increase in trade payables and other liabilities		**536**	11,608
Cash (used in)/generated from operations		**(26,162)**	32,691
Taxes paid		**(2,885)**	(2,733)
Interest paid		**(15,427)**	(11,779)
Interest received		**449**	1,105
Net cash flows (used in)/generated from operating activities		**(44,025)**	19,284
Cash flows from investing activities:			
Proceeds from rescission of shipbuilding contracts		**10,632**	–
Purchase of property, plant and equipment	10	**(126,262)**	(161,565)
Proceeds from sale of property, plant and equipment		**57,076**	7,554
Investment in joint ventures		**(1,446)**	(3,319)
Purchase of investment securities		**–**	(107)
Proceeds from sale of investment securities		**94**	–
Net cash inflow on acquisition of a subsidiary	11(b)	**736**	–
Net cash inflow on deemed disposal of subsidiaries	11(c)	**3,668**	–
Net cash inflow on disposal of subsidiaries	11(d)	**162**	–
Loan repayment from related companies, net		**524**	17,727
Dividend income from a joint venture	13(b)	**–**	694
Net cash flows used in investing activities		**(54,816)**	(139,016)

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Cash flows from financing activities:			
Equity contribution by non-controlling interests		**–**	740
Repayment of finance lease obligations		**(156)**	(164)
Proceeds from bank loans		**245,479**	199,342
Repayment of bank loans		**(130,618)**	(120,084)
Purchase of treasury shares	30(b)	**(1,713)**	(817)
Dividends paid to equity holders of the Company	39	**(5,295)**	(16,016)
Dividends paid to non-controlling shareholders by subsidiaries		**(1,160)**	(1,868)
Cash and bank balances pledged as securities	20	**(4,164)**	(3,473)
Net cash flows generated from financing activities		**102,373**	57,660
Net increase/(decrease) in cash and bank balances		**3,532**	(62,072)
Effect of exchange rate changes on cash and bank balances		**(201)**	296
Cash and bank balances at 1 January		**38,960**	100,736
Cash and bank balances at 31 December	20	**42,291**	38,960

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

1. CORPORATE INFORMATION

Pacific Radiance Ltd. (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 immediate and ultimate holding company is YM Investco Pte Ltd, incorporated in Singapore.

The registered office and principal place of business of the Company is located at 15 Pandan Road, Singapore 609263.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 11 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 the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (USD or US$) and all values in the tables are rounded to the nearest thousand (US$'000), except when otherwise indicated.

For the financial year ended 31 December 2016, the Group incurred a net loss of US$122 million, which included impairment charges of US$52 million, and had a negative operating cashflow of US$44 million. During the year, the Group has secured multi-year contracts in targeted regional markets and extended the maturity dates of its outstanding term loans and renewed revolving credit facilities totaling US$185 million. Management has prepared cash flow forecasts for the 12 months following the date of the financial statement and these have been prepared based on certain assumptions and estimates such as the projected vessel utilisation and charter rates, projected operating expenses and the Group's access to borrowing facilities. Based on the projections at 31 December 2016, the Group has available financing options with financial institutions to meet its commitments as well as repay any debts as and when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

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 2016. The adoption of these standards did not have any material effect on the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (December 2016)	
– Amendments to FRS 112: *Classifications of the Scope of the Standard*	1 January 2017
– Amendments to FRS 28: *Measuring an Associate or Joint Venture at fair value*	1 January 2018
Amendments to FRS 102: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to FRS 110 & FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 115, FRS 109 and FRS 116, 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 policy on adoption of FRS 115, FRS 109 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a 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 which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard 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 2018 with early adoption permitted. The Group derives its revenue mainly from chartering of offshore support vessels. Its subsidiaries enter into charter contracts with customers. The performance obligations under the contracts are satisfied and charter revenue is recognised over the duration of the charter period. Transaction price is based on the contracted charter rate on a per day basis. Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.3 Standards issued but not yet effective (Cont'd)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group had entered into agreements for the rental of land for its office and shipyard premises and for charter of a vessel. These rentals and charter are long term leases and will be recognised on the balance sheet. The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets, total liabilities and earnings before interest, tax, depreciation and amortisation ("EBITDA").

IFRS Convergence in 2018

Singapore-incorporated companies listed on the SGX-ST will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("SG-IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 December 2018.

Based on a preliminary assessment of the potential impact arising from SG-IFRS 1 First-time adoption of IFRS, management does not expect any changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised SG-IFRSs as set out in the preceding paragraphs.

Management is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1, and the preliminary assessment above may be subject to change arising from the detailed analysis.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.4 Basis of consolidation and business combinations (Cont'd)

(a) Basis of consolidation (Cont'd)

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. In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss. 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 acquiree (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.

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 acquiree are assigned to those units.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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)

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.

The total impairment loss of a cash-generating unit is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit pro-rata on the basis of the carrying amount of each asset in the cash-generating unit.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2.5 Transactions with non-controlling interests

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

2.6 Foreign currency

The financial statements are presented in United States 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 end of the reporting period. 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 end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD 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

For the financial year ended 31 December 2016

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.

The cost of property and buildings includes provision for reinstatement costs as stated in Note 2.18.

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

– Vessels: 20 or 25 years
– Drydocking expenditure: 5 years
– Plant and equipment: 3 to 5 years
– Property and buildings: 20 years & over the remaining life of the lease of 23 years

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

The Group periodically drydocks each owned vessels for inspection, repairs and maintenance and any modifications to comply with industry certification or governmental requirements. Generally, each vessel is drydocked every 5 years. A substantial portion of the costs incurred during drydock is capitalised and these costs are amortised on a straight-line basis from the completion of a drydocking to the estimated completion of the next drydocking. Costs for routine repairs and maintenance performed during drydocking that do not improve or extend the useful lives of the vessels are immediately expensed off. The number of drydockings undertaken in a given period and the nature of the work performed determine the level of drydocking expenditures.

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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried 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

For the financial year ended 31 December 2016

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 de-recognition 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.

Club memberships

Club memberships were acquired separately and have indefinite useful lives. These club memberships are tested for impairment annually, or more frequently.

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.

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.

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.

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

2.11 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.11 Joint arrangements (Cont'd)

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. The Group has not classified any joint arrangement as joint operation during the financial year. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint ventures is set out in Note 2.12.

2.12 Joint ventures and 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 or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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 or joint venture's profit or loss in the period in which the investment is acquired.

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

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

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 or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

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

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.13 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.

Subsequent measurement

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income. Alternatively, interest and dividend income may be recognised separately.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) 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 derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised 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.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.13 Financial instruments (Cont'd)

(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.

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 derecognised, 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.

2.14 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as cross currency swaps and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the financial year.

The fair value of interest rate swaps and cross currency swaps are determined by reference to market values for similar instruments.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.14 Derivative financial instruments and hedging activities (Cont'd)

Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. The Group designates certain derivatives as cash flow hedges when there is hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss in other operating income or other operating expenses.

The Group uses cross currency swaps as hedges of its exposure to foreign currency and interest rate risks in the notes payable. Refer to Note 15 for more details.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the firm commitment occurs.

2.15 Impairment of financial assets

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

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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.15 Impairment of financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

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.

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed 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.

2.16 Cash and bank balances

Cash and bank balances comprise cash at banks and on hand, short-term bank deposits and cash in holding accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash pledged is excluded from cash and cash equivalents.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Work-in-progress is recorded at the lower of cost and net realisable value.

Costs include all direct materials, labour costs and those indirect costs incurred in connection with projects 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 necessary to make the sale.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that 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 the end of each reporting period 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.

Provision for reinstatement costs

The Group recognised a provision for reinstatement cost when there is obligation to restore the property, plant and equipment to its original condition upon termination of the contract leases. The reinstatement cost is estimated when modification are performed on the properties, based on quotations from contractors and management's experience. The provision for reinstatement cost is reviewed annually and adjusted as appropriate. The estimated reinstatement cost is included as part of cost of property, plant and equipment as stated in Note 2.7.

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as 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.

2.20 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.21 Borrowing costs

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

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.22 Employee benefits

(a) Defined contribution plans

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 companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.22 Employee benefits (Cont'd)

(c) Performance share plan

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the 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 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.

The employee share-based payment reserve is transferred to retained earnings upon expiry of the share plan.

(d) 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 after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets leased out under operating leases are included in property, plant and equipment and are stated at cost less accumulated depreciation and impairment loss.

2.24 Assets held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment once classified as held for sale are not depreciated.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.25 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.

Revenue from chartering activities is recognised in profit or loss based on the duration of the contracts. Charter revenue under time charters is recognised on a straight line basis based on the number of days of the charter period, and the corresponding costs are charged to profit or loss using the same basis.

Management fees and ship management fee income are recognised when the services are rendered.

Revenue from sale of equipment is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sale of equipment, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading of the goods on to the relevant carrier.

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

Interest income is recognised using the effective interest method.

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

2.26 Income taxes and other taxes

(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 income 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.

(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 an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.26 Income taxes and other taxes (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the 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 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 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 services 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.

2.27 Share capital and share issuance 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, sale, issue or cancellation of the Group's own equity instruments. Any difference between the 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.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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 consolidated financial statements:

(a) Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

Judgements made in applying accounting policies (Cont'd)

(b) Joint arrangements

The Group has interests in joint arrangements as listed in Note 13. The Group has joint control over these arrangements as under the contractual agreements, joint consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangements are structured as limited companies and provide the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, these arrangements are classified as joint ventures.

(c) Income taxes

The Group has exposure to income taxes in the respective jurisdictions in which it operates. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable and deferred tax liabilities at 31 December 2016 were US$2,304,000 (2015: US$3,241,000) and US$1,319,000 (2015: US$123,000) respectively.

(d) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

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 receivables at the end of the reporting period is disclosed in Note 37 to the financial statements.

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.

Useful lives of vessels

Vessels are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of vessels to be 20 or 25 years. The carrying amount of the Group's vessels at 31 December 2016 was US$527,874,000 (2015: US$460,195,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

Key sources of estimation uncertainty (Cont'd)

Useful lives of vessels (Cont'd)

For 2016, a 5% increase/(decrease) in the expected useful lives of these assets from management estimates would result in a decrease/(increase) of approximately US$1,398,000 and US$1,509,000 respectively in the Group's loss before tax. For 2015, a 5% increase/(decrease) in the expected useful lives of these assets from management estimates would result in an increase/(decrease) of approximately US$1,041,000 and US$1,131,000 respectively in the Group's profit before tax.

Impairment of vessels

The Group assesses the impairment of vessels whenever events or changes in circumstances indicate that the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to dispose and its value in use.

For the purposes of impairment assessment of vessels, the fair value less costs to dispose is determined based on valuation reports issued by independent professional valuers. The impairment charge for the financial year was US$28,698,000. If the fair value less costs to dispose decreases by 10% from the fair value based on valuation reports, the impairment charges will increase by US$25,793,000.

4. REVENUE

	Group	
	2016 US$'000	**2015 US$'000**
Charter hire income	**68,196**	114,957
Ship management fee income	**398**	567
Sale of equipment	**375**	6,251
Others	**452**	24
	69,421	121,799

5. OTHER OPERATING INCOME

	Group	
	2016 US$'000	**2015 US$'000**
Gain on sale of property, plant and equipment, net	**679**	11,733
Interest income from banks	**137**	489
Interest income from loans to joint ventures and associate	**7,004**	2,269
Interest income from third parties	**497**	1,514
Net fair value gain on derivatives	**208**	1,044
Net gain on acquisition of a subsidiary (Note 11(b))	**793**	–
Net gain on deemed disposal of a subsidiary (Note 11(c))	**3,892**	–
Re-measurement gain of remaining interest in a joint venture (Note 11(c))	**2,063**	–
Net gain on liquidation of a subsidiary	**111**	–
Net gain on acquisition of joint ventures (Note 13(c))	**–**	973
Gain on receipt of non-refundable deposit from customer	**800**	–
Management fee income	**224**	187
Net fair value gain on held for trading investment	**13**	18
Net gain on disposal of held for trading investment	**25**	–
Sundry income	**448**	874
	16,894	19,101

Included in interest income from third parties is interest of US$440,000 (2015: US$168,000) from an impaired loan to a third party.

Notes to the Financial Statements

For the financial year ended 31 December 2016

6. FINANCE COSTS

	Group	
	2016 US$'000	**2015 US$'000**
Interest expense on bank loans, derivatives and finance lease obligations	**13,290**	9,304
Interest expense on notes payable	**3,550**	3,344
Interest expense on borrowings from a shareholder of a subsidiary	**363**	246
	17,203	12,894
Discount rate adjustment for provisions (Note 23)	**33**	12
Less: Interest capitalised in property, plant and equipment (Note 10)	**(677)**	(801)
	16,559	12,105

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is stated after charging/(crediting) the following:

	Group	
	2016 US$'000	**2015 US$'000**
Audit fees:		
– Auditors of the Company	**168**	168
– Other auditors	**6**	–
Non audit fees:		
– Auditors of the Company	**102**	98
– Other auditors	**60**	(3)
Legal and professional fees	**721**	589
Inventories recognised as an expense in cost of sales (Note 16)	**65**	2,383
Allowance for inventory obsolescence (Note 16)	**–**	233
Employee benefits expense (Note 32)	**11,646**	15,417
Depreciation of property, plant and equipment (Note 10)	**31,452**	26,364
Impairment/(write back of impairment) of doubtful trade receivables, net (Note 17)	**10,408**	(65)
Impairment of doubtful non-trade receivables, net (Note 18)	**9,699**	227
Impairment of doubtful receivables from related companies, net (Note 14)	**3,440**	–
Foreign exchange losses, net	**1,743**	4,160
Operating lease expenses (Note 34(b))	**5,500**	6,266
Loss on disposal of subsidiaries (Note 11(d))	**137**	–
Loss on deemed disposal of a subsidiary (Note 11(c))	**6,786**	–
Impairment of property, plant and equipment (Note 10)	**28,698**	–
(Write back)/impairment of club memberships	**(7)**	13
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	**(795)**	(1,912)
Realisation of deferred gain on sale of vessels to associate (included in share of results of associate)	**–**	(552)

Notes to the Financial Statements

For the financial year ended 31 December 2016

8. TAXATION

The major components of income tax expense for the years ended 31 December 2016 and 2015 were:

	Group	
	2016 US$'000	**2015 US$'000**
Consolidated income statements:		
Current income tax		
– Current year's income taxation	**336**	943
– Under/(over) provision in respect of prior years, net	**289**	(2,304)
	625	(1,361)
Deferred income tax (Note 29)		
– Origination of temporary differences	**1,196**	24
	1,196	24
Withholding tax	**1,698**	2,961
Tax expense recognised in consolidated income statement	**3,519**	1,624

The reconciliation between the tax expense and the product of accounting profit before taxation multiplied by the applicable tax rate for the financial years ended 31 December 2016 and 2015 was as follows:

	Group	
	2016 US$'000	**2015 US$'000**
(Loss)/profit before taxation	**(118,158)**	5,307
Tax (credit)/charge at Singapore statutory rate of 17% (2015: 17%)	**(20,087)**	902
Adjustments:		
Income not assessable for tax purposes	**(185)**	(1,510)
Expenses not deductible for tax purposes	**5,388**	1,674
Under/(over) provision in respect of prior years, net	**289**	(2,304)
Effect of partial tax exemption and tax relief	**(129)**	(249)
Deferred tax assets not recognised	**780**	520
Benefits from previously unrecognised tax losses	**(28)**	–
Share of results of joint ventures	**809**	(771)
Share of results of associate	**–**	320
Net tax exempt loss/(income) under Section 13A or 13F of the Singapore Income Tax Act and rebate available	**14,895**	(63)
Others	**89**	144
Withholding tax	**1,698**	2,961
Tax expense recognised in consolidated income statement	**3,519**	1,624

Notes to the Financial Statements

For the financial year ended 31 December 2016

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net of tax profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing net profit attributable to equity holders 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 dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2016 US$'000	**2015 US$'000**
(Loss)/profit for the year attributable to equity holders of the Company	**(118,628)**	3,829
	No. of shares '000	**No. of shares '000**
Weighted average number of ordinary shares for calculation:		
– Applicable to basic earnings per share	715,041	724,542
– On a fully diluted basis	715,041	724,542

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

1,985,000 (2015: Nil) share awards granted to employees under the Performance Share Plan have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Since the end of the financial year, the Company has not acquired (2015: acquired 6,236,400) ordinary shares in the Company through purchases on the Singapore Exchange. There have been no other transactions involving ordinary shares since the reporting date and before the completion of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2016

10. PROPERTY, PLANT AND EQUIPMENT

	Vessels US$'000	Drydocking expenditure US$'000	Vessels under construction US$'000	Plant and equipment US$'000	Ship-repair yard under construction US$'000	Property and buildings US$'000	Total US$'000
Group							
Cost:							
At 1 January 2015	500,197	8,481	106,000	6,923	10,276	17,019	648,896
Additions	5,283	3,569	125,806	265	23,135	883	158,941
Disposals	(108,957)	(1,851)	–	(1,789)	–	–	(112,597)
Transfer	142,146	–	(142,146)	–	–	–	–
Translation differences	(1,010)	–	–	(149)	(661)	(926)	(2,746)
At 31 December 2015 and 1 January 2016	537,659	10,199	89,660	5,250	32,750	16,976	692,494
Arising from acquisition of a subsidiary (Note 11(b))	31,954	–	–	–	–	–	31,954
Arising from disposal of subsidiaries (Note 11(c))	(67,095)	–	–	(362)	–	–	(67,457)
Additions	37,081	2,409	71,530	908	12,797	1,282	126,007
Disposals	(20,198)	(571)	(5,528)	(61)	–	–	(26,358)
Transfer	133,845	–	(133,845)	5,080	(47,289)	42,209	–
Reclass to assets held for sale	(3,659)	(87)	–	–	–	–	(3,746)
Translation differences	477	–	–	(423)	1,939	(3,257)	(1,264)
At 31 December 2016	650,064	11,950	21,817	10,392	197	57,210	751,630
Group							
Accumulated depreciation and impairment loss:							
At 1 January 2015	70,212	1,899	–	4,019	–	713	76,843
Depreciation charge for the financial year	21,698	2,497	–	1,446	–	723	26,364
Disposals	(14,295)	(568)	–	(1,776)	–	–	(16,639)
Translation differences	(151)	–	–	(92)	–	(80)	(323)
At 31 December 2015 and 1 January 2016	77,464	3,828	–	3,597	–	1,356	86,245
Arising from acquisition of a subsidiary (Note 11(b))	1,954	–	–	–	–	–	1,954
Arising from disposal of subsidiaries (Note 11(c),(d))	(3,587)	–	–	(271)	–	–	(3,858)
Depreciation charge for the financial year	25,431	3,152	–	1,301	–	1,568	31,452
Impairment loss	27,020	–	1,678	–	–	–	28,698
Disposals	(4,260)	(289)	–	(47)	–	–	(4,596)
Reclass to assets held for sale	(1,938)	(40)	–	–	–	–	(1,978)
Translation differences	106	–	–	(52)	–	(113)	(59)
At 31 December 2016	122,190	6,651	1,678	4,528	–	2,811	137,858
Net carrying amounts:							
At 31 December 2016	527,874	5,299	20,139	5,864	197	54,399	613,772
At 31 December 2015	460,195	6,371	89,660	1,653	32,750	15,620	606,249

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

Assets pledged as security

At the balance sheet date, vessels and vessels under construction with a carrying amount totalling US$486,194,000 (2015: US$412,478,000) were mortgaged to bankers as collateral to secure the Group's bank loans (Note 26).

At the balance sheet date, buildings, ship-repair yard and plant and equipment with a carrying amount of US$59,157,000 (2015: US$47,691,000) were mortgaged to bankers as collateral to secure the Group's bank loans (Note 26).

Assets held under finance leases

During the year, the Group acquired plant and equipment with an aggregate cost of US$415,000 (2015: US$641,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to US$126,262,000 (2015: US$161,565,000).

At the balance sheet date, the carrying amount of plant and equipment held under finance leases was US$1,054,000 (2015: US$756,000).

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

Capitalisation of borrowing costs

The Group's vessels and ship-repair yard include borrowing costs arising from bank loans and notes payable borrowed specifically for the purpose of construction of vessels and a ship-repair yard.

During the financial year, the borrowing costs capitalised as cost of vessels and ship-repair yard under construction amounted to US$677,000 (2015: US$801,000). The rates used to determine the amount of borrowing costs eligible for capitalisation range from 1.88% to 3.45% (2015: 2.00% to 3.38%) per annum, which was the effective interest rates of the specific borrowings.

Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of its vessels based on valuation reports issued by independent professional valuers. An impairment loss of US$28,698,000 (2015: nil), representing the write-down of the vessels to the recoverable amount was included in "Other operating expenses" line in the Group's profit or loss for the year ended 31 December 2016. The recoverable amount of the vessels was based on its fair value less costs to dispose.

Assets held for sale

Assets held for sale relates to transfer of 2 vessels (2015: Nil) which will be disposed of in 2017.

	Vessels US$'000	Drydocking expenditure US$'000	Total US$'000
Beginning of the year	–	–	–
Transfer from property, plant and equipment	1,721	47	1,768
End of the year	1,721	47	1,768

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 US$'000	2015 US$'000
Unquoted equity shares, at cost	51,447	44,752
Performance share awards granted to employees of subsidiaries	9	–
Impairment losses	(2,623)	–
	48,833	44,752

(a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2016 %	2015 %
Held by the Company				
Pacific Crest Pte Ltd[(1)]	Singapore	Ship chartering and ship owning	100	100
Strato Maritime Services Pte Ltd[(1)]	Singapore	Ship chartering and ship agency	100	100
Alstonia Offshore Pte Ltd[(1)]	Singapore	Ship agent and related business	100	100
Titan Offshore Equipment Pte Ltd[(4)]	Singapore	Design, sale and fabrication of marine equipment	–	80
Crest Subsea International Pte Ltd[(1)]	Singapore	Integrated subsea solutions	100	100
Crest Logistics Pte Ltd[(1)]	Singapore	Investment holding	100	100
Crest Offshore Marine Pte Ltd[(1)]	Singapore	Investment holding	100	100
Crest Shipyard Pte Ltd[(1)]	Singapore	Investment holding	100	100
Held through Pacific Crest Pte Ltd				
Prime Offshore International Pte Ltd[(6)]	Singapore	Dormant	60	60
Pacific Crest Labuan Ltd[(7)]	Malaysia	Dormant	–	100
Held through Titan Offshore Equipment Pte Ltd				
Fleetwinch Control Pte Ltd[(4)]	Singapore	Rental and maintenance of marine equipment	–	60
Held through Alstonia Offshore Pte Ltd				
Radiance Offshore B.V[(5)]	Netherland	Ship chartering	100	100
Radiance Offshore Navegacao (Alagoas) Ltda[(2)]	Brazil	Ship chartering, ship owning and ship management	100	100
Radiance Catico Offshore Pte Ltd[(6)]	Singapore	Ship chartering and ship owning	63	63

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (Cont'd)

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2016 %	2015 %
Held through Alstonia Offshore Pte Ltd				
Pacific Offshore Pte Ltd[(1)]	Singapore	Ship owning, ship chartering and ship management	**100**	100
Envestra Investments Limited[(5)]	British Virgin Islands	Investment holding	**100**	100
Pacific Radiance (East Africa) Lda[(5)]	Africa	Marketing office	**100**	100
Pacific Crest (Brunei) Sdn Bhd[(2)]	Brunei	Marketing office	**90**	90
Radiance Offshore Holdings Pte Ltd[(1)]	Singapore	Investment holding	**100**	100
Continental Radiance Offshore Pvt Ltd[(3)]	India	Ship chartering and ship owning	**100**	100
Held through Crest Offshore Marine Pte Ltd				
Firstmac Investments Limited[(5)]	British Virgin Islands	Investment holding	**100**	100
Radiance ZJ Pte Ltd[(1)]	Singapore	Ship chartering and ship owning	**63**	63
Pacific Offshore Marine Pte Ltd (formerly known as CPC Solutions Pte Ltd)[(1)]	Singapore	Ship chartering and ship owning	**100**	100
Held through Firstmac Investments Limited				
Hudson Marine Pte Ltd[(1)]	Singapore	Investment holding	**100**	100
Held through Crest Logistics Pte Ltd				
Consolidated Pipe Carriers Pte Ltd[(1)]	Singapore	Integrated logistics solutions services provider	**100**	100
Held through Consolidated Pipe Carriers Pte Ltd				
Consolidated Pipe Carriers (Australia) Pty Ltd[(7)]	Australia	Integrated logistics solutions services provider	**–**	100
Held through Pacific Offshore Marine Pte Ltd				
CPC PNG Limited[(6)]	Papua New Guinea	Cargo handling and other supporting transport activities	**100**	100
Held through Crest Shipyard Pte Ltd				
CrestSA Marine & Offshore Pte Ltd[(1)]	Singapore	Repair of offshore vessels and other ocean-going vessels	**100**	100

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (Cont'd)

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2016 %	2015 %
Held through Crest Subsea International Pte Ltd				
CSI Offshore Pte Ltd(1)	Singapore	Ship chartering, ship owning and ship management services	**100**	100
Offshore Subsea Services (Asia Pacific) Pte Ltd(1)	Singapore	Offshore subsea intervention for oil and gas industry	**80**	80
PT Cahaya Offshore Indonesia(3)(8)	Indonesia	Dormant	**49**	49
Held through Offshore Subsea Services (Asia Pacific) Pte Ltd				
PT Subsea Offshore(3)	Indonesia	Offshore subsea intervention for oil and gas industry	**95**	95
Held through PT Subsea Offshore				
PT Marine Engineering Services(3)	Indonesia	Offshore subsea intervention for oil and gas industry	**95**	95

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by member firms of EY Global in the respective countries.
(3) Not significant to Group and not required to be disclosed under SGX Listing Rule 717.
(4) Disposed of during the financial year.
(5) Not required to be audited under the laws of the country of incorporation.
(6) In the process of members' voluntary liquidation.
(7) Dissolved in 2016.
(8) On 14 July 2015 (incorporation date), the Group's subsidiary company, Crest Subsea International Pte Ltd ("CSI") incorporated a company, PT Cahaya Offshore Indonesia ("PT Cahaya"), in Indonesia, and subscribed for 4,900 Series A shares, representing the entire voting shares and 49% of the total issued shares of PT Cahaya. Since the Group has control over PT Cahaya through its entire voting shares, PT Cahaya is accounted for as a subsidiary of the Group.

According to Law No. 40 Year 2007 on Limited Liability Companies in Indonesia, Indonesian companies are required to allocate a certain amount from its net profit in each financial year as a reserve fund. The reserve fund should be provided until it reaches at least 20% of the issued and paid-up capital of the company. Dividend distribution by the company is based on its net profit after deducting the allocation for the reserve fund.

As the Group's Indonesian subsidiaries were not in retained profit positions as at 31 December 2016 and 31 December 2015, no reserve fund was allocated.

Other than the above, there are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries.

Transactions with non-controlling interests have been disclosed in Note 33(a).

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For the financial year ended 31 December 2016

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiary

Acquisition of subsidiary – Aztec Offshore Holdings Pte Ltd ("Aztec")

In 2015, the Group's subsidiary company, Radiance Offshore Holdings Pte Ltd ("Radiance Offshore") acquired an additional 27% equity interest in its 51% owned joint venture company, Aztec Offshore Holdings Pte Ltd ("Aztec"), through a series of capital injections. The other shareholder's equity interest in Aztec was diluted to 22%.

In 2016, Radiance Offshore acquired control over its joint venture, Aztec, pursuant to the contractual agreement between the shareholders of Aztec. As a result, Aztec was accounted for as a subsidiary of the Group from 1 February 2016.

The Group elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Aztec's net identifiable assets.

The fair value of the identifiable assets and liabilities of Aztec as at the acquisition date was:

	Fair value recognised on acquisition 2016 US$'000
Property, plant and equipment (Note 10)	30,000
Amount due from related companies	9,041
Other receivables	422
Cash and bank balances	736
	40,199
Trade payable	(35)
Other liabilities	(455)
Amount due to related companies	(14,162)
Bank loans	(16,860)
	(31,512)
Total identifiable net assets at fair value	8,687
Non-controlling interest measured at the non-controlling interest's proportionate share of Aztec's net identifiable assets	(1,937)
Net impact arising from acquisition being net gain on acquisition recognised in other operating income (Note 5)	(793)
	5,957

Consideration transferred for the acquisition of Aztec:

	2016 US$'000
Cash paid	–
Fair value of equity interest in Aztec held by the Group immediately before the acquisition	5,957
	5,957

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiary (Cont'd)

Acquisition of subsidiary – Aztec Offshore Holdings Pte Ltd ("Aztec") (Cont'd)

The effect of acquisition on cash flows was:

	2016 US$'000
Cash inflow on acquisition:	
Consideration settled in cash	–
Cash and bank balances of subsidiary acquired	736
Net cash inflow on acquisition	736

Property, plant and equipment, other receivables and amount due from related companies acquired

The fair values of the acquired property, plant and equipment were determined based on valuation reports issued by independent professional valuers.

Both the fair values and gross amounts of the acquired other receivables and amount due from related companies were US$9,463,000. At the acquisition date, it is expected that the full amount of other receivables and amount due from related companies can be collected.

Impact of the acquisition on profit or loss

From the acquisition date, Aztec contributed US$6,030,000 to the Group's revenue and a profit of US$1,992,000 to the Group's loss for the financial year ended 31 December 2016. If the business combination had taken place at the beginning of the year, the Group's revenue would have been US$69,979,000 and the Group's loss would have been US$121,389,000.

Acquisition of ownership interest in subsidiary, without a loss of control

On 25 April 2016, through subscription of additional shares in the capital of Aztec for a cash consideration of US$799,000, Radiance Offshore acquired an additional 3.4% equity interest in Aztec. As a result, Radiance Offshore owns 81% shareholding in Aztec.

The carrying value of net assets of Aztec as at 25 April 2016 was US$9,884,000 inclusive of the additional capital contribution from Radiance Offshore. The carrying value of the non-controlling interests was adjusted to reflect the change in its relative interest in Aztec and the change was recognised as other movements in "Retained earnings" within equity.

The following summarises the effect of the change in the Group's ownership interest in Aztec on the equity attributable to equity holders of the Company:

	2016 US$'000
Consideration paid for acquisition of non-controlling interests	–
Decrease in equity attributable to non-controlling interests	(170)
Increase in equity attributable to equity holders of the Company	170

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Loss of control in subsidiaries

Deemed disposal of subsidiary – Aztec Offshore Holdings Pte Ltd ("Aztec")

On 30 December 2016, Radiance Offshore disposed of its 62% of equity interests in Aztec to the Group's joint venture company, Navigatis Radiance Pte Ltd ("Navigatis Radiance"), for a consideration of US$4,666,000. Radiance Offshore retained 19% interest in Aztec subsequent to the divestment and entered into a new shareholders' agreement with the shareholders of Aztec whereby Radiance Offshore has joint control over Aztec, making it a joint venture of the Group.

The value of assets and liabilities of Aztec recorded in the consolidated financial statements as at 30 December 2016, and the effects of the disposal were:

	2016 US$'000
Property, plant and equipment (Note 10)	28,835
Amounts due from related companies	10,105
Other receivables	124
Cash and bank balances	1,396
	40,460
Trade payables and other liabilities	(1,154)
Amounts due to related companies	(15,174)
Loans and borrowings	(13,880)
Carrying value of net assets	10,252
Cash consideration	4,666
Cash and bank balances of the subsidiary	(1,396)
Net cash inflow on deemed disposal of subsidiary	3,270
Loss on deemed disposal:	
Cash consideration	4,666
Net assets derecognised	(10,252)
Non-controlling interests derecognised	1,933
Other adjustment[(1)]	(3,133)
Loss on deemed disposal included in other operating expenses (Note 7)	(6,786)

(1) Other adjustment relate to loss on assignment of Group's loan given to Aztec, to Navigatis Radiance.

Gain on re-measurement of remaining interest in Aztec

The Group recognised a gain of US$2,063,000 as a result of measuring at fair value its 19% retained equity interest in Aztec.

The gain was included in the "Other Operating Income" line item in the Group's profit or loss for the year ended 31 December 2016.

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Loss of control in subsidiaries (Cont'd)

Deemed disposal of subsidiary – Radiance Alliance Pte Ltd ("Radiance Alliance")

On 30 December 2016, Radiance Offshore transferred 100% of its equity interests in Radiance Alliance to the Group's joint venture company, Navigatis Radiance, for a consideration of US$500,000. As a result, Radiance Alliance became an indirect joint venture of the Group.

The value of assets and liabilities of Radiance Alliance recorded in the consolidated financial statements as at 30 December 2016 and the effects of the disposal were:

	2016 US$'000
Property, plant and equipment (Note 10)	**34,673**
Amounts due from related companies	**3,142**
Cash and bank balances	**102**
	37,917
Trade payables and other liabilities	**(2,414)**
Amounts due to related companies	**(38,895)**
Carrying value of net liabilities	**(3,392)**
Cash consideration	**500**
Cash and bank balances of the subsidiary	**(102)**
Net cash inflow on deemed disposal of subsidiary	**398**
Gain on deemed disposal:	
Cash consideration	**500**
Net liabilities derecognised	**3,392**
Gain on deemed disposal included in other operating income (Note 5)	**3,892**

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For the financial year ended 31 December 2016

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Disposal of subsidiaries

On 10 June 2016, the Group disposed of its entire interest in 80% of subsidiary, Titan Offshore Equipment Pte Ltd ("Titan") for a consideration of US$586,000. Following the disposal, Fleetwinch Control Pte Ltd ("Fleetwinch"), in which Titan holds a 60% equity interest, also ceased to be a subsidiary of the Group.

The value of assets and liabilities of Titan and Fleetwinch recorded in the consolidated financial statements as at 10 June 2016 and the effects of the disposal were:

	2016 US$'000
Property, plant and equipment (Note 10)	91
Inventories	1,012
Trade receivables	314
Other receivables	15
Cash and bank balances	424
	1,856
Trade payables and other liabilities	(981)
Finance lease obligations	(41)
Provision for taxation	(40)
Carrying value of net assets	794
Cash consideration	586
Cash and bank balances of the subsidiaries	(424)
Net cash inflow on disposal of subsidiaries	162
Loss on disposal:	
Cash consideration	586
Net assets derecognised	(794)
Non-controlling interests derecognised	71
Loss on disposal included in other operating expenses (Note 7)	(137)

(e) Interest in subsidiaries with material non-controlling interest

As at 31 December 2016, the Group has no subsidiaries (2015: Nil) that have non-controlling interest that are material to the Group.

12. INVESTMENT IN ASSOCIATE

The Group's carrying amount of investment in associate is summarised below:

	Group	
	2016 US$'000	2015 US$'000
PT Jawa Tirtamarin	–	–

Notes to the Financial Statements

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12. INVESTMENT IN ASSOCIATE (CONT'D)

The associate of the Group as at 31 December is as follows:

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2016 %	2015 %
Held through subsidiary				
PT Jawa Tirtamarin ("PT Jawa")(1)	Indonesia	Ship owning, ship chartering and ship brokering	**49**	49

(1) Audited by KAP Johan Malonda Mustika & Rekan, registered public accountant, Indonesia. SGX Listing Rule 716 is complied with.

The activities of the associate are strategic to the Group's activities.

The Group has not recognised losses relating to the associate where its share of losses exceeded the Group's interest in the associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was US$5,494,000 (2015: US$1,030,000) of which US$4,464,000 (2015: US$1,030,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The summarised financial information in respect of PT Jawa based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	PT Jawa	
	2016 US$'000	2015 US$'000
Current assets	**3,950**	7,178
Non-current assets	**85,763**	100,015
Total assets	**89,713**	107,193
Current liabilities	**(16,863)**	(27,667)
Non-current liabilities	**(66,165)**	(62,851)
Total liabilities	**(83,028)**	(90,518)
Net assets	**6,685**	16,675
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets	**3,276**	8,171
Deferred group's share of net losses	**5,494**	1,030
Elimination of gain on sale of vessels	**(5,626)**	(5,626)
Effects of change in functional currency	**(3,144)**	(3,144)
Other adjustments	**–**	(431)*
Carrying amount of the Group's investment in associate	**–**	–

* Other adjustments relate to adjustments for application of consistent accounting policies as the Group.

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12. INVESTMENT IN ASSOCIATE (CONT'D)

Summarised statement of comprehensive income

	PT Jawa	
	2016 US$'000	**2015 US$'000**
Revenue	**11,006**	4,766
Loss after tax	**(10,290)**	(6,194)
Other comprehensive income	**–**	–
Total comprehensive income	**(10,290)**	(6,194)

PT Jawa is restricted by the Indonesia Law No. 40 Year 2007 to allocate a certain amount of its net profit in each financial year as a reserve fund. Please refer to Note 11(a) for further details.

Consent is required by both shareholders for any dividend distribution proposed by PT Jawa.

13. INVESTMENT IN JOINT VENTURES

The Group's carrying amount of investment in joint ventures is summarised below:

	Group	
	2016 US$'000	**2015 US$'000**
PT Logindo Samudramakmur Tbk	**34,107**	40,906
Alam Radiance (L) Inc	**8,019**	9,273
Aztec Offshore Holdings Pte Ltd	**2,063**	5,733
Other joint ventures	**16,157**	12,133
	60,346	68,045
Fair value of investment in PT Logindo Samudramakmur Tbk for which there is a published price quotation	**7,142**	8,933

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2016 %	**2015 %**
Held through subsidiaries				
Alam Radiance (M) Sdn Bhd(2)	Malaysia	Ship management and ship chartering	**50**	50
Alam Radiance (L) Inc(2)(6)	Malaysia	Ship owning and ship chartering	**49**	49
PT Logindo Samudramakmur Tbk(2)(6)	Indonesia	Ship owning and ship chartering	**35**	35
CA Offshore Investment Inc(5)	British Virgin Islands	Ship owning and ship chartering	**50**	50
Duta Pacific Offshore Sdn Bhd(2)(6)	Malaysia	Ship owning and ship chartering	**49**	49
Duta Radiance Maritim Sdn Bhd(3)(6)	Malaysia	Dormant	**49**	49
Duta Maritime Alliances Sdn Bhd(2)(6)	Malaysia	Ship owning and ship chartering	**49**	49
Duta Maritime Ventures Sdn Bhd(2)(6)	Malaysia	Ship owning and ship chartering	**49**	49

Notes to the Financial Statements

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13. INVESTMENT IN JOINT VENTURES (CONT'D)

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2016 %	2015 %
Held through subsidiaries (cont'd)				
SDM Marine Pte Ltd[1]	Singapore	Ship owning and ship chartering	**50**	50
Aztec Offshore Holdings Pte Ltd[1][8]	Singapore	Ship owning and ship chartering	**19**	78
CR Offshore S.A.P.I de C.V.[5][6]	Mexico	Ship management and ship chartering	**49**	49
CEIBA Maritima, SAPI de CV, SOFOM ENR[5]	Mexico	Ship chartering and leasing	**50**	50
Dot Radiance Pte Ltd[1]	Singapore	Ship owning and ship chartering	**50**	50
Westsea Radiance Pte Ltd[7]	Singapore	Ship owning and ship chartering	**–**	50
Navigatis Radiance Pte Ltd[1][4]	Singapore	Investment holding	**50**	–
Held through joint venture				
Aztec Offshore Holdings Pte Ltd[1][8]	Singapore	Ship owning and ship chartering	**31.1**	–
Radiance Alliance Pte Ltd[1][4]	Singapore	Ship owning and ship chartering	**50**	–

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in the respective countries
(3) Not significant to Group and not required to be disclosed under SGX Listing Rule 717
(4) Incorporated during the financial year
(5) Not required to be audited under the laws of the country of incorporation
(6) Remains as a joint venture company of the Group as the entity remains jointly controlled as governed by the contractual arrangement between the shareholders where decisions about the relevant activities require the unanimous consent of the shareholders.
(7) Disposed of during the financial year.
(8) Aztec was a joint venture company of the Group in 2015. In 2016, Aztec became a subsidiary of the Group pursuant to the contractual agreement between the shareholders of Aztec as disclosed in Note 11 (b). On 30 December 2016, the Group's subsidiary company, Radiance Offshore, disposed 62% of its shareholding in Aztec to a joint venture company, Navigatis Radiance, and retained 19% equity interest in Aztec. Subsequent to the divestment, a new shareholders' agreement was entered into by Aztec's shareholders and Aztec became a joint venture company of the Group as it is jointly controlled as governed by the contractual arrangement between the shareholders where decisions about the relevant activities require the unanimous consent of the shareholders. Refer to Note 11 (c) for details.

The Group had not recognised losses relating to joint ventures where its share of losses exceeds the Group's interest in the joint ventures. The Group's cumulative share of unrecognised losses at the end of the current financial year was US$11,289,000 (2015: US$4,111,000), of which US$7,178,000 (2015: US$2,416,000) was the share of the current year's losses. The Group had no obligation in respect of these losses.

Aggregate information about the Group's investments in joint ventures that were not individually material were as follows:

	Group 2016 US$'000	2015 US$'000
The Group's share of the joint ventures'		
Profit after tax	**2,983**	1,837
Other comprehensive income	**–**	–
Total comprehensive income	**2,983**	1,837

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13. INVESTMENT IN JOINT VENTURES (CONT'D)

(a) Summarised financial information about material joint ventures

The joint ventures which are material to the Group are PT Logindo Samudramakmur Tbk ("PT Logindo"), Alam Radiance (L) Inc ("AR (L)") and Aztec Offshore Holdings Pte Ltd ("Aztec"). The joint ventures are incorporated in Indonesia, Malaysia and Singapore respectively and are strategic ventures in the business of vessel owning and chartering. Summarised financial information in respect of PT Logindo, AR (L) and Aztec based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheets

	PT Logindo		AR (L)		Aztec	
	2016 US$'000	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**
Cash and bank balances	**4,671**	21,578	**1,822**	1,490	**1,396**	808
Trade receivables	**7,503**	11,134	**–**	–	**–**	–
Other current assets	**7,850**	17,563	**2,050**	6,338	**10,229**	8,909
Current assets	**20,024**	50,275	**3,872**	7,828	**11,625**	9,717
Non-current assets	**202,180**	216,960	**35,796**	39,943	**28,460**	29,718
Total assets	**222,204**	267,235	**39,668**	47,771	**40,085**	39,435
Current financial liabilities (excluding trade, other payables and provisions)	**12,217**	35,161	**11,630**	10,553	**17,034**	15,993
Other current liabilities	**2,206**	2,530	**1,246**	3,829	**1,154**	550
Non-current financial liabilities (excluding trade, other payables and provisions)	**100,768**	102,646	**8,295**	11,432	**12,020**	14,880
Total liabilities	**115,191**	140,337	**21,171**	25,814	**30,208**	31,423
Net assets	**107,013**	126,898	**18,497**	21,957	**9,877**	8,012
Proportion of the Group's ownership	**35%**	35%	**49%**	49%	**19%**	78%
Group's share of net assets	**37,455**	44,414	**9,064**	10,759	**1,877**	6,249
Elimination of gain on sale of vessels	**(3,435)**	(3,600)	**(4,464)**	(4,464)	**–**	–
Other adjustments	**87**	92	**3,419***	2,978*	**186**	(516)
Carrying amount of the investment	**34,107**	40,906	**8,019**	9,273	**2,063**	5,733

* Other adjustments for AR (L) relate to cumulative exchange differences and adjustments for application of consistent accounting policies as the Group.

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13. INVESTMENT IN JOINT VENTURES (CONT'D)

(b) Summarised statement of comprehensive income

	PT Logindo		AR (L)		Aztec	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Revenue	**32,511**	47,127	**4,778**	5,215	**6,588**	6,570
Depreciation and amortisation	**(13,397)**	(12,588)	**(2,125)**	(2,291)	**(1,258)**	(1,258)
Operating expenses	**(32,907)**	(27,046)	**(3,354)**	(3,817)	**(97)**	(128)
Finance income	**118**	373	**–**	–	**4**	–
Finance costs	**(6,801)**	(7,278)	**(1,298)**	(1,599)	**(1,683)**	(1,739)
(Loss)/profit before tax	**(20,476)**	588	**(1,999)**	(2,492)	**3,554**	3,445
Income tax expense	**(487)**	(539)	**(5)**	(5)	**(1,274)**	(223)
(Loss)/profit after tax	**(20,963)**	49	**(2,004)**	(2,497)	**2,280**	3,222
Other comprehensive income	**1,078**	(1,295)	**–**	–	**–**	–
Total comprehensive income	**(19,885)**	(1,246)	**(2,004)**	(2,497)	**2,280**	3,222

No dividend (2015: US$694,000) was received from PT Logindo during the financial year ended 31 December 2016.

PT Logindo is restricted by the Indonesia Law No. 40 Year 2007 to allocate a certain amount of its net profit in each financial year as a reserve fund. Please refer to Note 11(a) for further details. The reserve fund as at 31 December 2016 was US$210,000 (2015: US$200,000).

Other than the above, there are no significant restrictions on the ability of joint ventures to transfer funds to the Group in the form of cash dividends, or to repay loans and advances.

(c) Acquisition of interest in joint ventures

Acquisition of interest in joint ventures – Duta Maritime Alliances Sdn Bhd ("DMA") and Duta Maritime Ventures Sdn Bhd ("DMV")

On 16 November 2015 ("the acquisition date"), the Group's subsidiary company, Alstonia Offshore Pte Ltd ("Alstonia") entered into a joint venture agreement with Duta Marine Sdn Bhd ("DM") to subscribe for shares in both DMA and DMV, companies incorporated in Malaysia. DMA and DMV are in the business of ship owning, chartering and the provision of offshore marine services. Under the terms of the joint venture agreement, Alstonia and DM hold 49% and 51% equity interest respectively in both DMA and DMV.

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13. INVESTMENT IN JOINT VENTURES (CONT'D)

(c) Acquisition of interest in joint ventures (Cont'd)

Acquisition of interest in joint ventures – Duta Maritime Alliances Sdn Bhd ("DMA") and Duta Maritime Ventures Sdn Bhd ("DMV") (Cont'd)

The fair value of the identifiable assets and liabilities of DMA and DMV as at the date of acquisition was:

	Fair value recognised on acquisition 2015	
	DMA US$'000	DMV US$'000
Property, plant and equipment	14,974	35,700
Other receivables	3	17
Amounts due from related companies	633	2,508
	15,610	38,225
Other liabilities	15,388	36,462
Total identifiable net assets at fair value	222	1,763
Proportion of the Group's ownership	49%	49%
Group's share of identifiable net assets at fair value	109	864
Net impact arising from acquisition being net gain on acquisition recognised in other operating income	(109)	(864)
Cash paid	*	*

* Denotes amount less than US$1,000

The total net gain arising from acquisition of DMA and DMV was US$973,000 (Note 5) for the financial year ended 31 December 2015.

14. AMOUNTS DUE FROM RELATED COMPANIES

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Amounts due from associate	**73,650**	74,846	**–**	–
Amounts due from joint ventures	**81,471**	84,333	**–**	–
Amounts due from subsidiaries	**–**	–	**375,575**	325,150
	155,121	159,179	**375,575**	325,150
Less: Allowance for impairment	**(3,801)**	(454)	**(1,948)**	(1,772)
	151,320	158,725	**373,627**	323,378
Less: Current portion	**(89,177)**	(83,362)	**(373,627)**	(323,378)
Non-current portion	**62,143**	75,363	**–**	–
Movement in allowance accounts:				
At 1 January	**454**	454	**1,772**	1,505
Charge for the year (Note 7)	**3,440**	–	**191**	293
Exchange difference	**(93)**	–	**(15)**	(26)
At 31 December	**3,801**	454	**1,948**	1,772
Amounts due from related companies comprised:				
Trade	**13,226**	1,860	**–**	–
Non-trade	**97,910**	125,306	**10,369**	40,729
Loans	**40,184**	31,559	**363,258**	282,649
	151,320	158,725	**373,627**	323,378

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14. AMOUNTS DUE FROM RELATED COMPANIES (CONT'D)

Amounts due from associate and joint ventures are unsecured, non-interest bearing, and are to be settled in cash, except for loans to joint ventures and associate of US$40,324,000 (2015: US$28,242,000) which bear weighted average interest rate at 5.1% (2015: 7.1%) per annum, and non-trade amount due from joint ventures and associate for sale of vessels of US$78,278,000 (2015: US$111,595,000) which bear weighted average interest rate at 6.6% (2015: 6.1%) per annum and secured by a right to call for ownership and title to the vessels to be re-vested to the Group.

Amounts due from associate and joint ventures are repayable upon demand except for non-trade amounts of US$62,143,000 (2015: US$75,363,000) which are repayable in 2 to 6 years.

Amounts due from subsidiaries are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Amounts due from associate and joint ventures that were individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and billings in dispute.

Amounts due from related companies denominated in foreign currency at 31 December were as follows:

	Group		Company	
	2016 US$'000	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**
Singapore Dollar	**5,238**	6,427	**93,324**	93,368

15. DERIVATIVES

	Group 2016			Group 2015		
	Contract notional amount US$'000	**Assets US$'000**	**Liabilities US$'000**	**Contract notional amount US$'000**	**Assets US$'000**	**Liabilities US$'000**
Interest rate swaps	**57,190**	**12**	**(203)**	80,503	58	(456)
Cross currency swaps	**80,178**	**–**	**(11,802)**	80,178	–	(11,971)
		12	**(12,005)**		58	(12,427)
Less: Current portion		**–**	**–**		–	37
Non-current portion		**12**	**(12,005)**		58	(12,390)

	Company 2016			Company 2015		
	Contract notional amount US$'000	**Assets US$'000**	**Liabilities US$'000**	**Contract notional amount US$'000**	**Assets US$'000**	**Liabilities US$'000**
Non-current:						
Cross currency swaps	**80,178**	**–**	**(11,802)**	80,178	–	(11,971)

The interest rate swaps receive floating interest rates equal to 1 month LIBOR, pay an average fixed rate of interest of approximately 1.41% (2015: 1.25%) per annum and mature between March 2018 and March 2020 (2015: February 2016 and March 2020).

As at 31 December 2016, the Group and the Company held 3 cross currency swaps that have been designated as hedge of the Group's and the Company's interest rate and foreign currency exposure in respect of fixed rate notes with combined notional value of US$80,178,000 (2015: US$80,178,000). The cross currency swaps cover the SGD to USD exposure in respect of the fixed rate notes and interest rate due between August 2014 and August 2018. The terms of the contracts have been negotiated to match the terms for the fixed rate notes.

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For the financial year ended 31 December 2016

16. INVENTORIES

	Group	
	2016 US$'000	**2015 US$'000**
Balance sheet:		
Work-in-progress	–	455
Finished goods	**873**	487
	873	942
Consolidated income statement:		
The following is included in consolidated income statement:		
Inventories recognised as an expense in cost of sales (Note 7)	**65**	2,383
Allowance for inventory obsolescence (Note 7)	–	233

17. TRADE RECEIVABLES

Trade receivables are unsecured, interest bearing and are generally on immediate to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2016 US$'000	**2015 US$'000**
Singapore Dollar	**393**	109
Brazilian Real	**426**	559
Indonesian Rupiah	**494**	884

Included in trade receivables was an amount of US$453,000 (2015: US$2,718,000) relating to unbilled trade receivables.

Receivables that were past due but not impaired

The Group had trade receivables amounting to US$7,159,000 (2015: US$15,607,000) that were past due at the balance sheet date but not impaired. These receivables were unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2016 US$'000	**2015 US$'000**
Trade receivables past due but not impaired:		
Less than 30 days	**1,781**	5,223
30 to 60 days	**1,369**	3,372
61 to 90 days	**1,304**	1,124
91 to 120 days	**711**	64
More than 120 days	**1,994**	5,824
	7,159	15,607

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For the financial year ended 31 December 2016

17. TRADE RECEIVABLES (CONT'D)

Receivables that were impaired

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

	Group	
	2016 US$'000	**2015 US$'000**
Trade receivables – nominal amounts	**12,541**	2,185
Less: Allowance for impairment	**(12,541)**	(2,185)
	–	–
Movement in allowance accounts:		
At 1 January	**2,185**	2,250
Arising from disposal of subsidiaries	**(81)**	–
Charge for the year (Note 7)	**10,577**	69
Write back of allowance (Note 7)	**(169)**	(134)
Exchange	**29**	–
At 31 December	**12,541**	2,185

Trade receivables that were individually determined to be impaired at the end of the reporting year relate to debtors that were in significant financial difficulties and had defaulted on payments. These receivables were not secured by any collateral or credit enhancements.

18. OTHER RECEIVABLES

	Group		Company	
	2016 US$'000	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**
Deposits	**516**	366	**–**	–
Prepayments	**2,672**	1,725	**11**	10
GST/VAT receivable	**743**	1,043	**24**	47
Recoverables from customers	**1,186**	247	**–**	–
Recoverables from shipyard	**74**	5,351	**–**	–
Advances to staff	**75**	103	**–**	–
Advance payment to suppliers	**84**	296	**–**	–
Accrued interest	**8**	34	**–**	–
Loans to third parties	**17,452**	5,591	**–**	–
Tax recoverable	**205**	447	**–**	–
Other receivables	**4,148**	1,270	**–**	120
	27,163	16,473	**35**	177
Less: Allowance for impairment	**(12,279)**	(2,650)	**–**	–
	14,884	13,823	**35**	177
Movement in allowance accounts:				
At 1 January	**2,650**	2,439	**–**	–
Charge for the year (Note 7)	**9,699**	322	**–**	–
Write back of allowance (Note 7)	**–**	(95)	**–**	–
Written off during the year	**(62)**	–	**–**	–
Exchange	**(8)**	(16)	**–**	–
At 31 December	**12,279**	2,650	**–**	–

Notes to the Financial Statements

For the financial year ended 31 December 2016

18. OTHER RECEIVABLES (CONT'D)

These amounts are unsecured, non-interest bearing except for loans to third parties which bear a weighted average interest rate at 6.1% (2015: 7.4%) per annum, and repayable upon demand and are to be settled in cash.

Loans to third parties include an amount of US$764,000 (2015: US$715,000) secured by investment securities owned by the borrower, and an amount of US$7,082,000 (2015: US$4,876,000) secured by shares of the borrower.

Recoverables from shipyard pertained to rescission of a shipbuilding contract where the shipyard will refund the pre-delivery instalments paid by the Group.

Other receivables that are impaired

Other receivables that were individually determined to be impaired at the end of the reporting period mainly relate to long outstanding loans to third parties.

At the balance sheet date, the Group has provided an allowance of US$10,362,000 (2015: US$2,386,000) for impairment of loan to third parties with a nominal amount of US$16,688,000 (2015: US$4,876,000).

Other receivables denominated in foreign currencies at 31 December were as follows:

	Group		Company	
	2016 US$'000	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**
Singapore Dollar	**1,639**	1,813	**35**	177
Euro	**695**	–	**–**	–
Japanese Yen	**107**	–	**–**	–
Papua New Guinea Kina	**–**	95	**–**	–

19. INVESTMENT SECURITIES

	Group	
	2016 US$'000	**2015 US$'000**
Current:		
Held for trading investments		
– Equity securities (quoted)	**69**	125

20. CASH AND BANK BALANCES

	Group		Company	
	2016 US$'000	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**
Cash at banks and on hand	**46,391**	33,509	**4,126**	302
Short-term bank deposits	**4,237**	9,624	**–**	–
	50,628	43,133	**4,126**	302
Less: Cash pledged	**(8,337)**	(4,173)	**(2,974)**	–
Cash and bank balances in the consolidated cash flow statement	**42,291**	38,960	**1,152**	302

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For the financial year ended 31 December 2016

20. CASH AND BANK BALANCES (CONT'D)

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

Short-term bank deposits are made for varying periods up to one year, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2016 for the Group and Company was 6.6% (2015: 0.77%) and Nil% (2015: Nil%) per annum respectively.

Certain operating bank accounts of the subsidiaries are pledged to financial institutions for banking facilities granted to the Group. The amount of cash and bank balances that were not available for use was US$8,337,000 (2015: US$4,173,000).

Cash and bank balances denominated in foreign currencies at 31 December were as follows:

	Group		Company	
	2016 US$'000	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**
Singapore Dollar	**5,534**	1,673	**3,103**	58
Indian Rupee	**1,130**	–	**–**	–
Euro	**18**	17	**–**	–
Brazilian Real	**136**	120	**–**	–

21. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on immediate to 60-day terms.

Trade payables denominated in foreign currencies at 31 December were as follows:

	Group	
	2016 US$'000	**2015 US$'000**
Singapore Dollar	**6,680**	5,170
Papua New Guinea Kina	**–**	26
Indonesian Rupiah	**2**	869
Brazilian Real	**22**	102
Great Britain Pound	**15**	1
Malaysian Ringgit	**68**	120
Japanese Yen	**227**	–
Euro	**301**	–
Brunei Dollar	**7**	363

Notes to the Financial Statements

For the financial year ended 31 December 2016

22. OTHER LIABILITIES

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Current:				
Other payables	**1,088**	3,401	**107**	421
Deposits received	**17,775**	17,665	**–**	–
Advance payments from customers	**–**	561	**–**	–
Amount due to shareholder of a subsidiary	**17,659**	16,676	**–**	–
Accrued operating expenses	**16,156**	15,596	**2,083**	2,312
Accrued tax expenses	**40**	144	**–**	–
Deferred gain on sale of vessels to joint ventures and associate	**1,075**	1,120	**–**	–
Advance billings to customers	**–**	17	**–**	–
Defined benefit plan obligation	**48**	–	**–**	–
	53,841	55,180	**2,190**	2,733
Non-current:				
Deferred gain on sale of vessels to joint ventures and associate	**12,276**	13,117	**–**	–
Total other liabilities	**66,117**	68,297	**2,190**	2,733

Other payables are non-interest bearing and are normally settled on immediate to 60-day terms except for those as disclosed.

Deposits received relate to deposits collected from buyers for sale of vessels.

Advance payments from customers relate to advance payments collected from customers for sale of equipment.

Amount due to shareholder of a subsidiary is unsecured, repayable on demand and bears interest rate at 3.14% (2015: 2.6%) per annum and are to be settled in cash.

Deferred gain on sale of vessels to joint ventures and associate are amortised over the useful lives of the vessels.

Other liabilities denominated in foreign currency at 31 December were as follows:

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Singapore Dollar	**10,792**	13,737	**2,190**	2,471

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For the financial year ended 31 December 2016

23. PROVISIONS

	Group Reinstatement cost US$'000
At 1 January 2015	–
Arose during the financial year	175
Accretion expenses (Note 6)	12
At 1 January 2016	187
Accretion expenses (Note 6)	33
At 31 December 2016	220

Provision for reinstatement cost of buildings was made based on the estimated cost of reinstating the leased premises when the leases expire in the year 2037, taking into consideration current market assessment of the time value of money.

24. DEFERRED CAPITAL GRANT

	Group	
	2016 US$'000	2015 US$'000
Cost:		
At 1 January	**1,418**	–
Received during the financial year	**–**	1,418
At 31 December	**1,418**	1,418
Accumulated amortisation:		
At 1 January and 31 December	**–**	–
Net carrying amount:		
Non-current	**1,418**	1,418

Deferred capital grant relates to government grant received for the acquisition of an equipment undertaken by the Group's subsidiary in Singapore to promote green technology. The Group shall not sell, assign, transfer or dispose of any rights in relation to the equipment within 5 years from completion of installation of the equipment.

25. AMOUNTS DUE TO RELATED COMPANIES

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Amounts due to associate	**3,946**	1,024	**–**	–
Amounts due to joint ventures	**31**	189	**–**	–
Amounts due to subsidiaries	**–**	–	**176,682**	110,065
	3,977	1,213	**176,682**	110,065
Amounts due to related companies comprised:				
Trade	**6**	1,022	**–**	–
Non-trade	**3,971**	191	**9**	31
Loans	**–**	–	**176,673**	110,034
	3,977	1,213	**176,682**	110,065

Amounts due to related companies are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

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For the financial year ended 31 December 2016

25. AMOUNTS DUE TO RELATED COMPANIES (CONT'D)

Amounts due to related companies denominated in foreign currency at 31 December were as follows:

	Group		Company	
	2016 US$'000	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**
Singapore Dollar	**19**	20	**83,524**	55,282

26. BANK LOANS

	Group	
	2016 US$'000	**2015 US$'000**
Bank loans	**446,045**	329,489
Less: Current portion	**(49,029)**	(80,512)
Bank loans (Non-current portion)	**397,016**	248,977

Bank loans were secured by:

- First legal mortgages over the vessels of the Group, with net book values of US$486,194,000 (2015: US$412,478,000) (Note 10);
- Escrow mortgages over the buildings, ship-repair yard and plant and equipment of the Group, with net book values of US$59,157,000 (2015: US$47,691,000) (Note 10);
- A right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged ship-repair yard; and
- Cash pledged of US$8,337,000 (2015: US$4,173,000).

In addition, an amount of US$446,045,000 (2015: US$329,489,000) of the Group's bank loans were secured by corporate guarantees from the Company.

Bank loans are repayable between 1 to 8 years (2015: 1 to 9 years), payable monthly or quarterly and bear interest. The weighted average interest rate on the bank loans was 3.12% (2015: 2.77%) per annum. Included in bank loans was an amount of US$47,658,000 (2015: US$37,628,000) denominated in SGD.

Included in the bank loans are 6 (2015: 2) revolving credit facilities amounting to a total of US$101,854,000 (2015: US$12,860,000), bearing interest at LIBOR + 2.0%, COF + 2.5%, LIBOR + 3.0%, LIBOR + 1.75%, LIBOR + 2.0% and LIBOR + 2.0% (2015: LIBOR + 2.0% & LIBOR + 1.75%) per annum respectively. These loans are secured by a charge over certain vessels of the Group and are repayable between February 2017 and September 2021 (2015: 2 December 2018 and 7 February 2019).

27. NOTES PAYABLE

		Group and Company	
	Redemption date/ Maturity date	**2016 US$'000**	**2015 US$'000**
Non-current:			
SGD100 million	29 August 2018	**67,806**	69,331

The notes bear fixed interest rate of 4.3% (2015: 4.3%) per annum payable semi-annually with fair value of US$31,944,000 (2015: US$59,035,000) based on quoted market prices.

The market value of the notes payable are based on quoted prices available in active market (fair value hierarchy Level 1). The above notes are listed on SGX-ST.

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28. FINANCE LEASE OBLIGATIONS

The Group has finance leases for motor vehicles and equipment. There are no restrictions placed upon the Group by entering into the leases. The weighted average effective interest rate implicit in the leases was 2.45% (2015: 2.51%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments were as follows:

	Group			
	2016		2015	
	Minimum lease payments US$'000	Present value of payments US$'000	Minimum lease payments US$'000	Present value of payments US$'000
Not later than one year	**234**	**206**	151	150
Later than one year but not later than five years	**592**	**560**	492	430
Total minimum lease payments	**826**	**766**	643	580
Less: Amount representing finance charges	**(60)**	**–**	(63)	–
Present value of minimum lease payments	**766**	**766**	580	580

29. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at 31 December relates to the following:

	Group			
	Balance sheet		Consolidated income statement	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Deferred tax liabilities:				
Unremitted foreign sourced income	**1,319**	122	**1,196**	23
Undistributed earnings of joint venture	**–**	1	**–**	1
	1,319	123	**1,196**	24
Deferred tax expense (Note 8)			**1,196**	24

	Group	
	2016 US$'000	2015 US$'000
Movement in deferred tax liabilities:		
At 1 January	**123**	166
Charge to profit or loss	**1,196**	24
Taxes paid	**–**	(67)
At 31 December	**1,319**	123

Notes to the Financial Statements

For the financial year ended 31 December 2016

29. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised tax losses

At the end of the financial year, the Group has tax losses of approximately US$10,322,000 (2015: US$7,944,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset 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 the relevant provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

Unrecognised temporary differences relating to investment in subsidiaries, joint ventures and associate

Temporary differences for which no deferred tax liability have been recognised aggregate to US$15,542,000 (2015: US$27,411,000) as the Group determined that the undistributed earnings of its subsidiaries, joint ventures and associate will not be distributed in the foreseeable future. The joint ventures and associate of the Group cannot distribute its earnings until it obtains the consent of both the venturers and shareholders respectively. At the end of the financial year, the Group does not foresee giving such consent. The deferred tax liability is estimated to be US$1,611,000 (2015: US$2,762,000).

Tax consequences of proposed dividends

There are no income tax consequences (2015: US$Nil) attached to the dividends to shareholders proposed by the Company but not recognised as liability in the financial statements (Note 39).

30. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2016		2015	
	No. of shares '000	US$ '000	No. of shares '000	US$ '000
Issued and fully paid ordinary shares:				
Balance at the beginning and end of the year	**725,755**	**162,854**	725,755	162,854

The holders of ordinary shares (except 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.

(b) Treasury shares

	Group and Company			
	2016		2015	
	No. of shares '000	US$ '000	No. of shares '000	US$ '000
Balance at the beginning of the year	**(3,681)**	**(817)**	–	–
Acquired during the financial year	**(8,562)**	**(1,713)**	(3,681)	(817)
Balance at end of the year	**(12,243)**	**(2,530)**	(3,681)	(817)

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

The Company acquired 8,562,000 (2015: 3,681,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was US$1,713,000 (2015: US$817,000) and this was presented as a component within shareholders' equity.

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31. OTHER RESERVES

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations (including the Company) whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2016 US$'000	2015 US$'000
At 1 January	(9,290)	(8,989)
Net effect of exchange differences arising from translation of financial statements	713	(301)
At 31 December	(8,577)	(9,290)

(b) Employee share-based payments reserve

Employee share-based payments reserve represents the issuance of shares to employees and the performance share awards granted to employees (Note 32).

Share based payments reserve is made up of:

- the difference between the fair value and purchase price of shares issued to employees; and
- cumulative value of services received from employees recorded over the vesting period commencing from the grant dates of the performance share awards.

	Group and Company	
	2016 US$'000	2015 US$'000
At 1 January	172	172
Grant of equity-settled share performance awards to employees (Note 32)	10	–
At 31 December	182	172

(c) Hedging reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date. US$1,757,000 (2015: US$828,000) were made up of the net movements in cash flow hedges and the effective portion of the cross currency swaps.

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
At 1 January	(2,768)	(1,499)	(2,327)	(1,499)
Net movement on cash flow hedge:				
Gains/(losses) arising during the year				
– Cross currency swaps	1,757	(828)	1,757	(828)
– Share of net movement in cash flow hedge of a joint venture	330	(441)	–	–
At 31 December	(681)	(2,768)	(570)	(2,327)

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31. OTHER RESERVES (CONT'D)

(d) Defined benefit plan

The Group's subsidiary, PT Marine Engineering Services (PT MES) had made long-term employee benefits liabilities in order to meet and cover the minimum benefits required to be paid to the qualified employees under Labor Law No. 13/2003 (the "Labor Law").

The amount included in the consolidated balance sheet arising from PT MES's obligation in respect of its defined benefit plans is as follows:

	Group 2016 US$'000
Present value of defined benefit obligation	**48**
Net liability arising from defined benefit obligation	**48**

Changes in present value of the defined benefit obligations are as follow:

	Group 2016 US$
As at 1 January	–
Interest cost	**11**
Current service cost	**24**
Re-measurement loss	**42**
Exchange differences	**(29)**
As at 31 December	**48**

The cost of defined benefit plan as well as the present value of the obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the benefit obligations for the defined benefit plan are shown below:

	2016
Discount rate	8.5%
Salary increment rate	10.0%
Mortality rate	TMI-2011
Retirement age	55 years
Actuarial method	Projected Unit Credit

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	2016	
	Increase/ (decrease)	US$
Discount rate	+1%	7
	-1%	(8)
Salary increment rate	+1%	(8)
	-1%	7

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31. OTHER RESERVES (CONT'D)

(e) Premium paid on acquisition of non-controlling interests

	Group	
	2016 US$'000	**2015 US$'000**
At 1 January and 31 December	**(3,179)**	(3,179)

32. EMPLOYEE BENEFITS

	Group	
	2016 US$'000	**2015 US$'000**
Employee benefits expense (including directors):		
Salaries, wages and benefits	**10,718**	14,533
Central Provident Fund contributions	**883**	884
Employee service cost (Defined benefit plan) (Note 31(d))	**35**	–
Share-based payments (Performance share plan) (Note 31(b))	**10**	–
At 31 December	**11,646**	15,417

Performance Share Plan

From 2016, Performance Share Awards are given to selected employees of the Company and its subsidiaries. The awards are conditional upon the achievement of predetermined performance targets over the performance period, which is three years for the Performance Share Awards. 50% of the awards will vest in two years from the grant date and the remaining 50% of the awards will vest in three years from the grant date. The awards are settled by delivery of the Company's shares.

The fair values of the performance shares are estimated using a Monte-Carlo simulation methodology at the measurement dates, which is the grant value date for these equity-settled awards, taking into account the terms and conditions upon which the awards were granted.

The movements of the number of performance shares during the financial year were as follows:

	2016 No. of awards '000
Date of Grant: 28 July 2016	
Outstanding at 1 January	–
Granted	**1,985**
Awarded from targets exceeded	–
Vested	–
Cancelled	**(115)**
Outstanding at 31 December	**1,870**

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32. EMPLOYEE BENEFITS (CONT'D)

Performance Share Plan (Cont'd)

The following table lists the inputs to the option pricing models for the years ended 31 December 2016:

	2016
Dividend yield (%)	4.55
Expected volatility (%)	2-year: 41.33 3-year: 41.64
Risk-free rate (%)	2-year: 1.49 3-year: 1.58
Share price at grant date (S$)	0.24

No performance share has been vested, issued or released as at 31 December 2016.

33. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2016 US$'000	**2015 US$'000**
Income		
Charter hire income:		
– Associate	**1,300**	–
– Joint ventures	**9,468**	–
Interest income from:		
– Associate	**4,492**	62
– Joint ventures	**2,512**	2,207
Gain on sale of vessels to:		
– Associate	**–**	8,800
– Joint ventures	**680**	3,147
Management fee income from:		
– Joint ventures	**220**	173
Ship management fee income from:		
– Associate	**236**	429
– Joint ventures	**162**	78
Miscellaneous income from:		
– Associate	**249**	148
– Joint ventures	**295**	112
Expense		
Charter hire expense and other cost of sales paid to:		
– Associate	**–**	819
– Joint ventures	**6**	–
Interest expense paid to:		
– A shareholder of a subsidiary	**363**	246
Other service expenses paid to:		
– A company related to a director	**62**	93

Notes to the Financial Statements

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33. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel (including directors)

	Group	
	2016 US$'000	**2015 US$'000**
Short-term employee benefits	**1,817**	2,228
Central Provident Fund contributions	**68**	60
	1,885	2,288
Comprise amounts paid to:		
Directors of the Company	**1,335**	1,638
Other key management personnel	**550**	650
	1,885	2,288

34. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements were as follows:

	Group	
	2016 US$'000	**2015 US$'000**
Capital commitments in respect of purchase/construction of vessels	**69,630**	157,912
Share of joint venture's capital commitments in relation to construction of vessels	**–**	34,933
Capital commitments in respect of construction of ship-repair yard	**–**	16,567
	69,630	209,412

(b) Operating lease commitments – as lessee

Rental expense was US$827,000 and US$794,000 for the years ended 31 December 2016 and 2015, respectively.

Charter hire expense was US$4,673,000 and US$5,472,000 for the years ended 31 December 2016 and 2015 respectively.

The Group had various agreements for the rental of land for its office and shipyard premises and for charter of vessels. The lease agreements for the rental of land for its office and shipyard premises contain provisions for rental adjustments that are based on market rent conditions and expire in the year 2037. The terms do not contain restrictions on the Group's activities concerning dividends, additional debts or entering into other leasing agreements.

Future minimum rental payable under these non-cancellable operating leases at the balance sheet date were as follows:

	Group	
	2016 US$'000	**2015 US$'000**
Not later than one year	**5,324**	5,393
Later than one year but not later than five years	**21,310**	21,532
Later than five years	**22,129**	28,397
	48,763	55,322

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For the financial year ended 31 December 2016

34. COMMITMENTS (CONT'D)

(c) Operating lease commitments – as lessor

The Group had entered into charter hire leases on its fleet of vessels. The leases have varying terms and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, were as follows:

	Group	
	2016 US$'000	**2015 US$'000**
Not later than one year	**15,817**	34,860
Later than one year but not later than five years	**38,332**	32,088
	54,149	66,948

35. CONTINGENT LIABILITIES

Corporate guarantee

As at the end of the financial year, the Company had issued corporate guarantees to banks for granting banking facilities to certain subsidiaries, joint ventures and associate.

	Group		Company	
	2016 US$'000	**2015 US$'000**	**2016 US$'000**	**2015 US$'000**
Corporate guarantees given for the borrowings of:				
– Subsidiaries	**–**	–	**446,045**	329,489
– Joint ventures	**41,866**	52,558	**36,505**	44,986
– Associate	**5,564**	7,726	**5,564**	7,726
	47,430	60,284	**488,114**	382,201

The Company had also issued corporate guarantees amounting to US$34,680,000 (2015: US$39,347,000) in respect of the operating lease commitment of 1 (2015: 1) vessel under a sale and leaseback agreement entered by the Group.

Corporate guarantees given by the Company will become due and payable on demand when an event of default occurs.

Financial support

The Company had given undertaking to provide financial support to certain subsidiaries and joint ventures up to the Group's share to operate as going concern to meet their obligations for at least twelve months from the dates of directors' statement of the respective subsidiaries and joint ventures.

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For the financial year ended 31 December 2016

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables, other receivables and amounts due from related companies. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by trading with recognised and credit worthy third parties.

The Group's objective is to seek continuous revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk was represented by:

– The carrying amount of each class of financial assets recognised in the balance sheets.

– Corporate guarantees provided by the Group and Company (Note 35).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing profile of its 5 major customers. At the balance sheet date, approximately 5% (2015: 30%) of the Group's trade receivables were due from 5 major customers.

	Total US$'000	Current US$'000	< 60 days US$'000	60 to 90 days US$'000	> 90 days US$'000
2016					
Top 5 customers	497	122	26	–	349
2015					
Top 5 customers	7,698	2,979	4,551	–	168

Financial assets that were neither past due nor impaired

Trade and other receivables that were neither past due nor impaired were with creditworthy debtors with good payment record with the Group. Cash and short-term deposits, cash in holding accounts and derivatives that were neither past due nor impaired were placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that were either past due or impaired

Information regarding financial assets that were either past due or impaired was disclosed in Note 17 (Trade receivables), Note 18 (Other receivables) and Note 14 (Amounts due from related companies).

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk may arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding through the use of committed facilities.

The Group has sufficient liquid funds mainly from internally generated funds, committed credit facilities and prudent working capital management. The structure of some of its time charter contracts with customers requires revenue to be received in advance or at the commencement of the contract or within the agreed credit period, generating long-term streams of cash inflows. These partially mitigate the liquidity risk of the Group.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less US$'000	One to five years US$'000	Over five years US$'000	Total US$'000
Group				
2016				
Financial liabilities:				
Trade payables and other liabilities	**48,673**	**–**	**–**	**48,673**
Derivatives:				
– Interest rate swaps – settled net	**368**	**381**	**–**	**749**
– Cross currency swaps – gross payments	**3,682**	**82,643**	**–**	**86,325**
– Cross currency swaps – gross receipts	**(2,974)**	**(72,664)**	**–**	**(75,638)**
Amounts due to related companies	**3,977**	**–**	**–**	**3,977**
Bank loans	**62,205**	**399,215**	**29,936**	**491,356**
Notes payable	**5,038**	**70,069**	**–**	**75,107**
Finance lease obligations	**234**	**592**	**–**	**826**
Total undiscounted financial liabilities	**121,203**	**480,236**	**29,936**	**631,375**
2015				
Financial liabilities:				
Trade payables and other liabilities	50,339	–	–	50,339
Derivatives:				
– Interest rate swaps – settled net	694	1,113	–	1,807
– Cross currency swaps – gross payments	3,682	86,376	–	90,058
– Cross currency swaps – gross receipts	(3,040)	(75,747)	–	(78,787)
Amounts due to related companies	1,213	–	–	1,213
Bank loans	91,737	242,624	16,819	351,180
Notes payable	4,724	75,097	–	79,821
Finance lease obligations	151	492	–	643
Total undiscounted financial liabilities	149,500	329,955	16,819	496,274

Notes to the Financial Statements

For the financial year ended 31 December 2016

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

(b) Liquidity risk (Cont'd)

Analysis of financial liabilities by remaining contractual maturities (Cont'd)

	One year or less US$'000	One to five years US$'000	Total US$'000
Company			
2016			
Financial liabilities:			
Other liabilities	**2,190**	**–**	**2,190**
Amounts due to related companies	**176,682**	**–**	**176,682**
Notes payable	**5,038**	**70,069**	**75,107**
Derivatives:			
– Cross currency swaps – gross payments	**3,682**	**82,643**	**86,325**
– Cross currency swaps – gross receipts	**(2,974)**	**(72,664)**	**(75,638)**
Total undiscounted financial liabilities	**184,618**	**80,048**	**264,666**
2015			
Financial liabilities:			
Other liabilities	2,733	–	2,733
Amounts due to related companies	110,065	–	110,065
Notes payable	4,724	75,097	79,821
Derivatives:			
– Cross currency swaps – gross payments	3,682	86,376	90,058
– Cross currency swaps – gross receipts	(3,040)	(75,747)	(78,787)
Total undiscounted financial liabilities	118,164	85,726	203,890

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities. The maximum amount of the corporate guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	One year or less US$'000
2016	
Group	
Corporate guarantees	**47,430**
Company	
Corporate guarantees	**488,114**
2015	
Group	
Corporate guarantees	60,284
Company	
Corporate guarantees	382,201

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For the financial year ended 31 December 2016

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

(c) Interest rate risk

Interest rate risk is the risk that the future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their bank loans. To partly manage interest rate fluctuations, the Group enters into interest rate swaps.

Sensitivity analysis for interest rate risk

At the balance sheet date, if USD interest rates had been 75 (2015: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been US$2,392,000 (2015: US$1,588,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank loans. In computing the effect of changes in interest rates, the mitigating effect of interest rate swaps entered into by the Group has been considered. The analysis was performed on the same basis as prior year.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily USD.

The Group's financial results can be affected by movements in the USD/SGD exchange rates arising from the portion of cost of sales and operating expenses that are denominated in SGD. The Group uses forward currency contracts to hedge foreign exchange exposures arising from SGD denominated cost of sales and operating expenses. The Group hedges partially its aggregate exposure to SGD.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD exchange rates against the USD, with all other variables held constant. The analysis was performed on the same basis for 2015.

		Group Profit before tax	
		2016 US$'000	**2015 US$'000**
USD/SGD	– strengthened 3% (2015: 3%)	**1,593**	1,413
	– weakened 3% (2015: 3%)	**(1,593)**	(1,413)

37. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial instruments is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(i) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market 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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For the financial year ended 31 December 2016

37. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

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

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	2016 US$'000 Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Total**
Group			
Assets measured at fair value			
Financial assets:			
Held for trading financial assets			
Quoted equity securities (Note 19)	**69**	**–**	**69**
Derivatives (Note 15)			
Interest rate swaps	**–**	**12**	**12**
Financial assets as at 31 December	**69**	**12**	**81**
Liabilities measured at fair value			
Financial liabilities:			
Derivatives (Note 15)			
Interest rate swaps	**–**	**(203)**	**(203)**
Cross currency swaps	**–**	**(11,802)**	**(11,802)**
Financial liabilities as at 31 December	**–**	**(12,005)**	**(12,005)**
Company			
Liabilities measured at fair value			
Financial liabilities:			
Derivatives (Note 15)			
Cross currency swaps	**–**	**(11,802)**	**(11,802)**
Financial liabilities as at 31 December	**–**	**(11,802)**	**(11,802)**

Notes to the Financial Statements

For the financial year ended 31 December 2016

37. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(ii) Fair value of financial instruments that are carried at fair value (Cont'd)

	2015 US$'000 Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Total
Group			
Assets measured at fair value			
Financial assets:			
Held for trading financial assets			
Quoted equity securities (Note 19)	125	–	125
Derivatives (Note 15)			
Interest rate swaps	–	58	58
Financial assets as at 31 December	125	58	183
Liabilities measured at fair value			
Financial liabilities:			
Derivatives (Note 15)			
Interest rate swaps	–	(456)	(456)
Cross currency swaps	–	(11,971)	(11,971)
Financial liabilities as at 31 December	–	(12,427)	(12,427)
Company			
Liabilities measured at fair value			
Financial liabilities:			
Derivatives (Note 15)			
Cross currency swaps	–	(11,971)	(11,971)
Financial liabilities as at 31 December	–	(11,971)	(11,971)

Determination of fair value

Interest rate swaps and cross currency swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counter-parties, foreign exchange spot and forward rates, interest rate curves and forward rate curves. These contracts are determined by reference to published market prices or bankers' quotes at the reporting date without factoring in transaction costs.

37. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial instruments whose carrying amounts are reasonable approximation of fair value

(a) Trade and other receivables, trade payables and other liabilities, amounts due from/(to) related companies, cash and bank balances and cash pledged.

The carrying amounts of these balances approximate fair values due to their short-term nature.

(b) Bank loans at floating rate, amounts due from related companies, notes payable and lease obligations.

The carrying value of the bank loans approximate fair value as these balances are of variable interest rate with re-pricing features.

The carrying value of lease obligations, amounts due from related companies and notes payable approximate fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

Financial instruments by category

Set below is a comparison by category of the carrying amount of all the Group's and Company's financial instruments that were carried in the financial statements.

	Loans and receivables US$'000	Financial assets at fair value through profit or loss US$'000
Group		
2016		
Assets		
Derivatives	–	12
Trade receivables	10,359	–
Other receivables	11,180	–
Amounts due from related companies	151,320	–
Investment securities	–	69
Cash and bank balances	50,628	–
	223,487	81

Notes to the Financial Statements

For the financial year ended 31 December 2016

37. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial instruments whose carrying amounts are reasonable approximation of fair value (Cont'd)

Financial instruments by category (Cont'd)

	Loans and receivables US$'000	Financial assets at fair value through profit or loss US$'000
Group		
2015		
Assets		
Derivatives	–	58
Trade receivables	25,249	–
Other receivables	10,312	–
Amounts due from related companies	158,725	–
Investment securities	–	125
Cash and bank balances	43,133	–
	237,419	183

	Financial liabilities at amortised cost US$'000	Financial liabilities at fair value through profit or loss US$'000
Group		
2016		
Liabilities		
Trade payables	**13,330**	**–**
Other liabilities	**34,943**	**–**
Amounts due to related companies	**3,977**	**–**
Bank loans	**446,045**	**–**
Notes payable	**67,806**	**–**
Derivatives	**–**	**12,005**
Finance lease obligations	**766**	**–**
	566,867	**12,005**
2015		
Liabilities		
Trade payables	14,321	–
Other liabilities	35,673	–
Amounts due to related companies	1,213	–
Bank loans	329,489	–
Notes payable	69,331	–
Derivatives	–	12,427
Finance lease obligations	580	–
	450,607	12,427

Notes to the Financial Statements

For the financial year ended 31 December 2016

37. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial instruments whose carrying amounts are reasonable approximation of fair value (Cont'd)

Financial instruments by category (Cont'd)

	Loans and receivables US$'000
Company	
2016	
Assets	
Other receivables	–
Amounts due from related companies	**373,627**
Cash and bank balances	**4,126**
	377,753
2015	
Assets	
Other receivables	120
Amounts due from related companies	323,378
Cash and bank balances	302
	323,800

	Financial liabilities at amortised cost US$'000	Financial liabilities at fair value through profit or loss US$'000
Group		
2016		
Liabilities		
Other liabilities	**2,190**	–
Amounts due to related companies	**176,682**	–
Notes payable	**67,806**	–
Derivatives	–	**11,802**
	246,678	**11,802**
2015		
Liabilities		
Other liabilities	2,733	–
Amounts due to related companies	110,065	–
Notes payable	69,331	–
Derivatives	–	11,971
	182,129	11,971

Notes to the Financial Statements

For the financial year ended 31 December 2016

38. 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 it maintains a strong credit rating and healthy capital ratios in order to support its business, maximise shareholder value and fulfil its financing commitments. No changes were made in the objectives during the years ended 31 December 2016 and 31 December 2015.

The Group's capital management strategy includes a mix of debt and equity which is aligned to the Group's current business strategies. The Group monitors capital mainly using a gearing ratio, which is net debt divided by total equity attributable to equity holders of the company. The Group defines net debt as bank loans and notes payable, less cash and bank balances. This is monitored regularly to ensure compliance to debt covenants.

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

	Group	
	2016 US$'000	**2015 US$'000**
Bank loans	**446,045**	329,489
Notes payable	**67,806**	69,331
Less: Cash and bank balances	**(50,628)**	(43,133)
Net debt	**463,223**	355,687
Equity attributable to the equity holders of the Company	**290,808**	413,388
Gearing ratio (%)	**159%**	86%

39. DIVIDENDS

	Group and Company	
	2016 US$'000	**2015 US$'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final dividend for 2015 at 0.71 USD cents per share (~1.00 SGD cents per share) (2015: Final dividend for 2014 at 2.27 USD cents per share (~3.00 SGD cents per share))	**5,295**	16,016
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final dividend for 2016 at nil USD cents per share (nil SGD cents per share) (2015: Final dividend for 2015 at 0.71 USD cents per share (~1.00 SGD cents per share))	–	5,105

Notes to the Financial Statements

For the financial year ended 31 December 2016

40. SEGMENT INFORMATION

For management purposes, the Group is organised into three main operating business divisions based on their services and products:

I. The Offshore Support Services business is engaged in the owning, managing, chartering of offshore vessels supporting the offshore oil and gas industry;

II. The Subsea Business is engaged in owning, operating dive support vessels, and provision of subsea inspection, repair, maintenance and light construction services; and

III. The Complementary Businesses comprise the Marine Equipment Business, Shipyard Business and Project Logistics Services Business. The Marine Equipment Business is engaged in the design, supply and maintenance of deck equipment. The Shipyard Business is engaged in ship-repair activities. The Project Logistics Business is engaged in the provision of offshore logistic solutions.

Except as indicated above, no other 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 profit from operations.

In presenting geographical information, segment revenue is based on the location in which the services are performed.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Offshore support services business US$'000	Subsea business US$'000	Complementary businesses US$'000	Per consolidated financial statements US$'000
2016				
Revenue:				
Sales	67,630	9,889	2,905	80,424
Inter-segment sales (Note A)	(8,901)	(24)	(2,078)	(11,003)
Sales to external customers	58,729	9,865	827	69,421
Results:				
Interest income	2,829	4,800	9	7,638
Finance costs	(15,266)	(639)	(654)	(16,559)
Depreciation and amortisation	(25,599)	(3,548)	(2,305)	(31,452)
Share of results of joint ventures	(4,756)	–	–	(4,756)
Share of results of associate	–	–	–	–
Impairment of property, plant and equipment	(28,698)	–	–	(28,698)
Other non-cash expenses (Note B)	(22,790)	(713)	(44)	(23,547)
Segment loss	(100,715)	(8,260)	(9,183)	(118,158)
Segment assets:				
Investment in associate	–	–	–	–
Investment in joint ventures	60,346	–	–	60,346
Additions to non-current assets (Note C)	110,897	169	14,941	126,007
Segment assets	705,718	135,224	63,385	904,327
Segment liabilities	552,959	11,310	51,038	615,307

Notes to the Financial Statements

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40. SEGMENT INFORMATION (CONT'D)

	Offshore support services business US$'000	Subsea business US$'000	Complementary businesses US$'000	Per consolidated financial statements US$'000
2015				
Revenue:				
Sales	129,308	8,771	7,529	145,608
Inter-segment sales (Note A)	(22,412)	(143)	(1,254)	(23,809)
Sales to external customers	106,896	8,628	6,275	121,799
Results:				
Interest income	3,352	908	12	4,272
Finance costs	(11,266)	(614)	(225)	(12,105)
Depreciation and amortisation	(20,209)	(4,856)	(1,299)	(26,364)
Share of results of joint ventures	4,537	–	–	4,537
Share of results of associate	(1,883)	–	–	(1,883)
Other non-cash expenses (Note B)	17	(228)	(296)	(507)
Segment profit/(loss)	16,770	(6,845)	(4,618)	5,307
Segment assets:				
Investment in associate	–	–	–	–
Investment in joint ventures	68,045	–	–	68,045
Additions to non-current assets (Note C)	132,859	2,361	23,721	158,941
Segment assets	719,942	139,863	56,833	916,638
Segment liabilities	431,042	29,592	39,993	500,627

Note A: Inter-segment sales are eliminated on consolidation.

Note B: Other non-cash expenses consist of allowance for inventory obsolescence, provisions and impairment of financial assets and club membership as presented in the respective notes to financial statements.

Note C: Additions to non-current assets consist of additions to property, plant and equipment.

Geographical information

Revenue is based on the geographical location in which the services are performed. Non-current assets are based on the geographical location of the companies that own the assets:

	Revenue		Non-current assets	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Asia (1)	**52,341**	98,355	**612,707**	604,760
Africa	**–**	5,854	**–**	–
Australia	**2,303**	4,564	**–**	–
Latin America	**14,777**	13,026	**1,361**	1,778
	69,421	121,799	**614,068**	606,538

(1) Asia includes Brunei, Malaysia, Myanmar, Singapore and Thailand.

Notes to the Financial Statements

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40. SEGMENT INFORMATION (CONT'D)

Geographical information (Cont'd)

Included in revenue from Asia is an amount of US$1,032,000 (2015: US$3,630,000) relating to revenue from Singapore.

Non-current assets information presented above consists of property, plant and equipment and club memberships as presented in the consolidated balance sheet.

Included in non-current assets from Asia is an amount of US$586,788,000 (2015: US$604,725,000) relating to non-current assets from Singapore.

Information about major customers

Revenue from 3 major customers (2015: 2 major customers) amounting to US$27,133,000 and US$34,887,000 for the financial years ended 31 December 2016 and 2015 respectively arose from sales by the Offshore Support Business.

As the Group performs analysis of geographical segment revenue based on a regional/continent basis instead of by individual country, it is more meaningful and relevant to view the regional spread based on groupings of countries making up key regions/continents for the oil and gas activities.

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 31 March 2017.

Statistics of Shareholdings

As at 17 March 2017

SHARE CAPITAL

Class of shares	: Ordinary Shares
Number of issued and paid-up shares (excluding Treasury Shares)	: 713,512,013
Number of Treasury Shares	: 12,243,000
Number (Percentage) of Treasury Shares to total number of issued shares excluding Treasury Shares	: 1.72%
Voting rights (excluding Treasury Shares)	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1–99	3	0.11	115	0.00
100–1,000	146	5.46	136,400	0.02
1,001–10,000	1,142	42.69	6,948,009	0.97
10,001–1,000,000	1,364	50.99	83,333,617	11.68
1,000,001 and above	20	0.75	623,093,872	87.33
Total	2,675	100.00	713,512,013	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
YM InvestCo Pte. Ltd.	465,470,000	65.24	–	–
Mok Weng Vai	46,896,256	6.57	–	–
Pang Yoke Min	18,951,744	2.66	466,638,700[(1)(2)]	65.40

(1) Mr. Pang Yoke Min is deemed to be interested in the 465,470,000 shares held by YM InvestCo Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act as he and his associates hold 100.0% of the shares in YM InvestCo Pte. Ltd..

(2) Mr. Pang Yoke Min is deemed to be interested in the 1,168,700 shares held by Southport Worldwide Offshore Ltd., a trust company by virtue of Section 4 of the Securities and Futures Act as he is one of the beneficiaries of Southport Worldwide Offshore Ltd..

Statistics of Shareholdings

As at 17 March 2017

TWENTY LARGEST HOLDERS OF SHARES

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LTD	438,428,484	61.45
2	DBS NOMINEES PTE LTD	49,941,300	7.00
3	MOK WENG VAI	46,896,256	6.57
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	29,352,700	4.11
5	CITIBANK NOMINEES SINGAPORE PTE LTD	16,082,000	2.25
6	PANG YOKE MIN	6,231,744	0.87
7	DBS VICKERS SECURITIES (S) PTE LTD	6,164,900	0.86
8	OCBC SECURITIES PRIVATE LTD	5,987,500	0.84
9	MAYBANK KIM ENG SECURITIES PTE LTD	5,070,348	0.71
10	UOB KAY HIAN PTE LTD	3,076,300	0.43
11	PHILLIP SECURITIES PTE LTD	1,744,700	0.24
12	LIM & TAN SECURITIES PTE LTD	1,665,800	0.23
13	KGI SECURITIES (SINGAPORE) PTE LTD	1,655,300	0.23
14	MARC-PLAN PTE LTD	1,650,000	0.23
15	LAU BOON HWEE	1,609,970	0.23
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,601,100	0.22
17	ONG SEK HIAN (WANG SHIXIAN)	1,588,000	0.22
18	LOO CHOO LEONG	1,550,070	0.22
19	S NALLAKARUPPAN	1,407,400	0.20
20	TAN SIANG SENG	1,390,000	0.19
Total:		623,093,872	87.30

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 17 March 2017, approximately 20.59% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the Company will be held at 15 Pandan Road, Singapore 609263 on Friday, 28 April 2017 at 10.00 a.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Statement and the Independent Auditors' Report thereon. (**Resolution 1**)

2. To approve the Directors' fees of S$432,000.00 for the financial year ending 31 December 2017. (**Resolution 2**)

3. (i) To re-elect the following Directors who are retiring pursuant to Article 111 of the Company's Constitution, and being eligible, offered themselves for re-election:–

Article 111

(a) Mr Yong Yin Min (**Resolution 3**)
(b) Mr Lau Boon Hwee (**Resolution 4**)
(c) Mr Goh Chong Theng (**Resolution 5**)

(ii) To note the retirement of Mr Choo Boon Tiong who is retiring pursuant to Article 111 of the Company's Constitution and not seeking for re-election.

(See Explanatory Note 1)

4. 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:–

5. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

Notice of Annual General Meeting

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:

(A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of shares to be issued shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20 per centum (20%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) ("**General Limit**");

(B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a pro rata basis ("**Renounceable Rights Issues**") shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below ("**Additional Limit**");

(C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issue shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (50%) of the total number of issued shares (**excluding treasury shares**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(4) (subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1)(A) and (1)(B) above, the total number of issued shares (**excluding treasury shares**) shall be based on the total number of issued shares (**excluding treasury shares**) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(5) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

Notice of Annual General Meeting

(6) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. (**Resolution 7**)

(See Explanatory Note 2)

6. Authority to grant awards and issue shares under the Pacific Radiance Performance Share Plan

"That approval be and is hereby given to the Directors of the Company to:

(a) grant awards in accordance with the provisions of the Pacific Radiance Performance Share Plan (the "**Performance Share Plan**"); and

(b) allot and issue such number of ordinary shares in the capital of the Company as may be required to be delivered pursuant to the vesting of awards under the Performance Share Plan, provided that the aggregate number of new shares to be issued under the Performance Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 3) (**Resolution 8**)

7. Grant of Share Awards to Mr Pang Yoke Min

"That, subject to and contingent upon the passing of Resolution 8, the proposed grant of a share award to Mr Pang Yoke Min, a Controlling Shareholder of the Company, in accordance with the provisions of the Performance Share Plan on the following terms:

(a) Proposed date of grant: 28 July 2017

(b) Number of shares which are the subject of the share award to be granted: 218,000

(c) Vesting period of the share award: 50% of total shares granted shall vest and become exercisable 3 years from date of grant, and remaining 50% of total shares granted shall vest and become exercisable 4 years from date of grant."

(See Explanatory Note 4) (**Resolution 9**)

8. Grant of Share Awards to Mr Pang Wei Meng

"That, subject to and contingent upon the passing of Resolution 8, the proposed grant of a share award to Mr Pang Wei Meng, an associate of Mr Pang Yoke Min who is a Controlling Shareholder of the Company, in accordance with the provisions of the Performance Share Plan on the following terms:

(a) Proposed date of grant: 28 July 2017

(b) Number of shares which are the subject of the share award to be granted: 142,000

(c) Vesting period of the share award: 50% of total shares granted shall vest and become exercisable 3 years from date of grant, and remaining 50% of total shares granted shall vest and become exercisable 4 years from date of grant." (**Resolution 10**)

Notice of Annual General Meeting

9. Grant of Share Awards to Mr Pang Wei Kuan, James

"That, subject to and contingent upon the passing of Resolution 8, the proposed grant of a share award to Mr Pang Wei Kuan, James, an associate of Mr Pang Yoke Min who is a Controlling Shareholder of the Company, in accordance with the provisions of the Performance Share Plan on the following terms:

(a) Proposed date of grant: 28 July 2017

(b) Number of shares which are the subject of the share award to be granted: 142,000

(c) Vesting period of the share award: 50% of total shares granted shall vest and become exercisable 3 years from date of grant, and remaining 50% of total shares granted shall vest and become exercisable 4 years from date of grant." (**Resolution 11**)

10. The Proposed Renewal of Share Buyback Mandate

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:–

(i) an on-market share acquisition ("**On-Market Purchase**") transacted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or

(ii) off-market share acquisition ("**Off-Market Purchase**") pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise be in accordance with all other laws, the listing manual of the SGX-ST and other regulations and rules of the SGX-ST,

(the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors of the Company 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 AGM of the Company is held or required by law to be held; or

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in a general meeting, or

(iii) the date on which the Share Buybacks are carried out to the full extent mandated; and

(c) the directors of the Company and/or any of them be and is hereby authorised to do such acts and things (including, without limitation, enter into all transactions, arrangements and agreements and executing such documents) as they and/or he may consider necessary or expedient to give effect to this resolution.

Notice of Annual General Meeting

In this Resolution:–

"**Maximum Limit**" means that number of Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction or increase of the ordinary share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Shares held by the Company as treasury shares shall be disregarded for purposes of computing the 10% limit;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the price paid per Share which does not exceed 105% of the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action which occurs after the relevant 5-day period.

The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses; and

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the Shareholders of the Company in a general meeting." (**Resolution 12**)

(See Explanatory Note 5)

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary
11 April 2017

Notice of Annual General Meeting

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chap 50, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.

2. Pursuant to Section 181(1C) of the Companies Act, Chap 50, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. The instrument appointing a 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 lodged at the office of the Singapore Share Registrar and Share Transfer Office, either by hand at 80 Robinson Road, #11-02 Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898, at least 48 hours before the time appointed for the AGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the AGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

Explanatory Notes:–

1. Mr. Goh Chong Theng is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Mr. Goh will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee of the Company.

   Mr. Choo Boon Tiong is retiring pursuant to Article 111 of the Company's Constitution and is not seeking for re-election at the AGM. Mr. Choo will, upon retirement, cease acting as Chairman of the Remuneration Committee of the Company.

   Key information on the retiring directors can be found on pages 8 to 13 of the Annual Report.

2. The Ordinary Resolution no. 7 under item no. 5, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("AGM") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit) and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) at the time Ordinary Resolution 7 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

   The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company ("the Enhanced Rights Issue Limit"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

   The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as it would enable the Company to enhance its ability to raise fund via renounceable right issues.

   The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

3. The ordinary resolution no. 8 under item no. 6 is to authorise the Directors of the Company from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards under the Performance Share Plan, and to allot and issue shares in the capital of the Company pursuant to the Performance Share Plan provided that the aggregate number of shares to be issued under the Performance Share Plan does not exceed 15% of the total number of issued shares excluding treasury shares of the Company from time to time.

Notice of Annual General Meeting

4. Mr. Pang Yoke Min is our Executive Chairman and is, through his shareholding in YM InvestCo Pte. Ltd., also a Controlling Shareholder of the Company. His contributions in terms of his expertise, knowledge and vision have played a pivotal role in our Group's development and growth. He is responsible for our Group's overall strategic direction and growth, and has led its swift transformation into a promising major player in the provision of offshore vessels. The extension of the Performance Share Plan to Mr. Pang Yoke Min would align the interests of key management or Controlling Shareholders with the long term development of the Company. This is consistent with our Company's objective to motivate our senior management and employees to achieve and maintain a high level of performance and contribution, which is vital to the success of our Company. The extension of the Performance Share Plan to him will ensure that he is equally entitled to take part in and benefit from the system of remuneration, thereby further enhancing his long-term commitment to our Company. Our Company recognises that Mr. Pang Yoke Min will continue to play integral role in driving the strategic development and success of our Group and therefore wishes to allow Mr. Pang Yoke Min to participate in the Performance Share Plan.

5. The ordinary resolution no. 12 under item no. 10 is to authorise the Directors from the date of the above AGM until the date of the next AGM, or the date by which the next AGM of the Company is required by law to be held or the date on which such authority is revoked or varied by the Shareholders in a general meeting, whichever is the earliest, to purchase up to ten per cent (10%) of the total number of issued Shares in the capital of the Company. Please refer to the Appendix to this Notice of Annual General Meeting for details.

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PACIFIC RADIANCE LTD.

(the “Company”)
(Incorporated in the Republic of Singapore)
(Company Registration No. 200609894C)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter. 50 (the “Act”), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Meeting.
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.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

*I/We ____________________ (Name) ____________________ (NRIC/Passport Number)

of ____ (Address)

being a member/members of Pacific Radiance Ltd. (the “Company”), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing him/her, the **Chairman of the Meeting** as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the “Meeting”) of the Company to be held at 15 Pandan Road, Singapore 609263 on Friday, 28 April 2017 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her discretion, as he/they may on any other matter arising at the AGM.

(**Please indicate your vote “For” or “Against” with a tick [✓] within the box provided**)

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
1.	Adoption of Financial Statements, Directors’ Statement and Auditor’s Report		
2.	Approval of Directors’ Fees for the financial year ending 31 December 2017		
3.	Re-election of Mr Yong Yin Min as director		
4.	Re-election of Mr Lau Boon Hwee as director		
5.	Re-election of Mr Goh Chong Theng as director		
6.	Re-appointment of Auditors		
7.	Authority to issue ordinary shares		
8.	Authority to grant awards and to issue shares under the Pacific Radiance Performance Share Plan		
9.	To approve the Grant of Share Awards to Mr Pang Yoke Min		
10.	To approve the Grant of Share Awards to Mr Pang Wei Meng		
11.	To approve the Grant of Share Awards to Mr Pang Wei Kuan, James		
12.	Approval of the proposed Renewal of Share Buyback Mandate		

*If you wish to exercise all your votes “For” or “Against” the relevant resolution, please tick [✓] within the relevant box. Alternatively, if you wish to exercise your votes for both “For” and “Against” the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this __________ day of ______________ 2017

Total number of Shares held:	No. of Shares
(a) CDP Register	
(b) Register of members	

____
Signature/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this flap for sealing

Please Affix
Postage Stamp

TRICOR BARBINDER SHARE REGISTRATION SERVICES
80 ROBINSON ROAD #02-00
SINGAPORE 068898

Fold here

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NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. Pursuant to Section 181(1C) of the Companies Act, Chapter 50, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. A proxy need not be a member of the Company.

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 either 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 Constitution and Section 179 of the Companies Act.

5. The instrument appointing a 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 lodged at the office of the Singapore Share Registrar and Share Transfer Office, either by hand at 80 Robinson Road, #11-02 Singapore 068898, or by post to 80 Robinson Road, #02-00, Singapore 068898, at least 48 hours before the time appointed 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 81SF of the Securities and Futures Act (Chapter 289) 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 at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Corporate Information

BOARD OF DIRECTORS
Mr Pang Yoke Min
Executive Chairman

Mr Mok Weng Vai
Executive Director

Mr Pang Wei Meng
Executive Director

Mr Lau Boon Hwee
Executive Director

Mr Yong Yin Min
Non-Executive Director

Mr Ng Tiong Gee
Lead Independent Director

Ms Ooi Chee Kar
Independent Director

Mr Goh Chong Theng
Independent Director

Mr Wong Meng Hoe
Independent Director

Mr Choo Boon Tiong
Independent Director

AUDIT COMMITTEE
Mr Goh Chong Theng, Chairman
Ms Ooi Chee Kar
Mr Yong Yin Min

REMUNERATION COMMITTEE
Mr Choo Boon Tiong, Chairman
Mr Ng Tiong Gee
Mr Yong Yin Min

NOMINATING COMMITTEE
Mr Ng Tiong Gee, Chairman
Mr Wong Meng Hoe
Mr Pang Wei Meng

JOINT COMPANY SECRETARIES
Ms Lin Moi Heyang, ACIS
Ms Low Mei Wan, ACIS

REGISTERED OFFICE
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Fax +65 6278 2759
www.pacificradiance.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898

AUDITORS AND REPORTING AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-Charge:
Mr Chan Yew Kiang
Chartered Accountant,
a member of the Institute of
Singapore Chartered Accountants

Appointed since financial year ended 2016

PRINCIPAL BANKERS
United Overseas Bank Ltd.
80 Raffles Place
UOB Plaza
Singapore 048624

DBS Bank Ltd.
12 Marina Boulevard, Level 46
DBS Asia Central @ MBFC Tower 3
Singapore 018982

Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre Tower 1
Singapore 018981

Oversea-Chinese Banking Corporation Limited.
65 Chulia Street
OCBC Centre
Singapore 049513

CIMB Bank
50 Raffles Place
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Singapore 048623

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