

PACC OFFSHORE SERVICES HOLDINGS LTD.

ANNUAL REPORT 2014



VISION

WE ASPIRE TO BE THE BEST-IN-CLASS SERVICE PROVIDER, AND OUR CUSTOMER'S PARTNER OF CHOICE. WE ARE REPUTED FOR OUR RELIABILITY, PROFESSIONALISM, INTEGRITY AND OPERATIONAL EXCELLENCE.

CORE VALUES

TEAMWORK
Promote the "ONE TEAM" culture to meet our shared vision and mission.
Appreciate the contributions of each member of our Team, Ashore and Afloat.

INTEGRITY
Honour our commitments and deliver on promises.
Be sincere and honest in all our actions.

ACCOUNTABILITY
Be accountable for our actions and inaction.
Be proactive – if it is to be, it is up to me.

HEALTH, SAFETY, QUALITY & ENVIRONMENT
Dedicate ourselves towards continuous improvement in operational and safety excellence.
Our goal is to keep our people and the environments in which they work, safe and healthy.
Be responsible citizens – care for our planet and ensure no environmental damage.

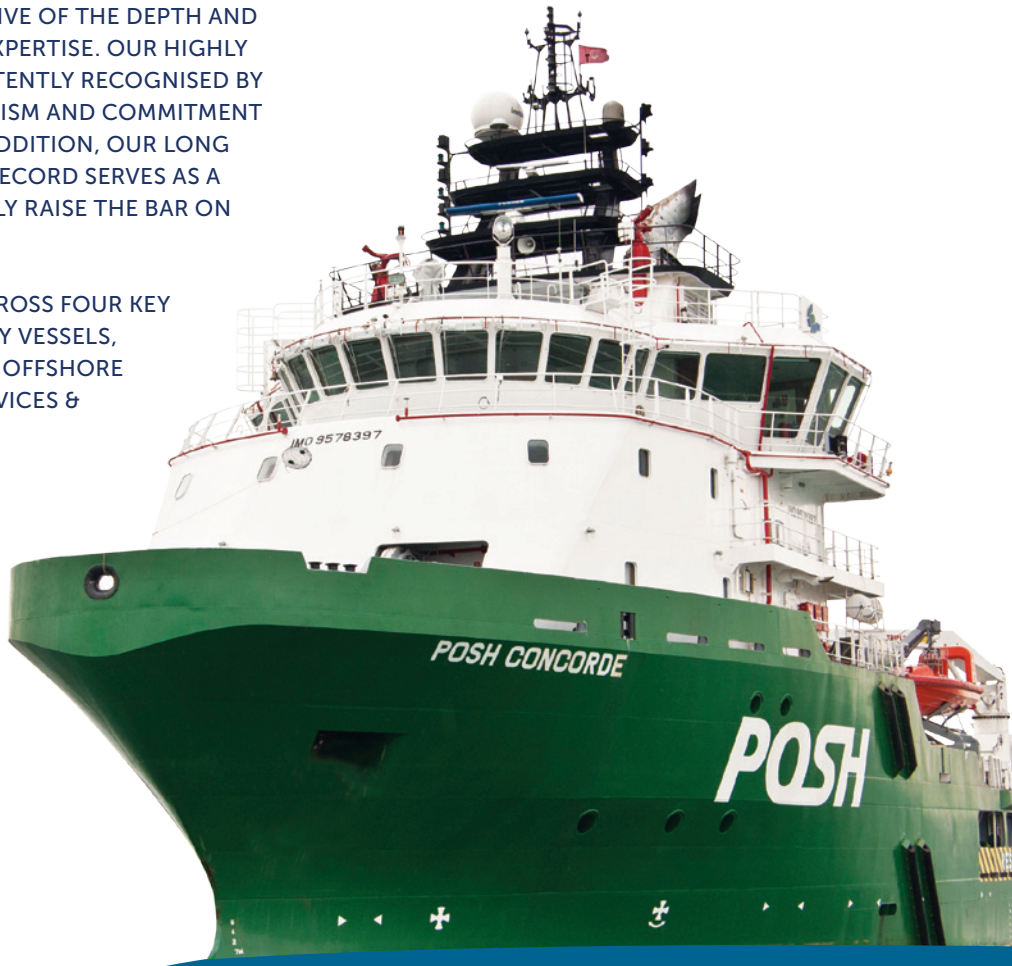
MARKET FOCUS
Listen to and focus on the needs of our customers.
Be alert to market forces re-shaping the business landscape and be ready for challenges ahead.
Be passionate about what we do and have fun finding better ways to solve problems.

CORPORATE PROFILE

POSH IS A LEADING OFFSHORE MARINE SERVICES PROVIDER THAT LEVERAGES SOME 60 YEARS OF OPERATING EXPERIENCE AND SPECIALISED EXPERTISE IN OFFSHORE AND MARINE OIL FIELD SERVICES.

WE OPERATE A YOUNG AND DIVERSE FLEET THAT IS ONE OF THE LARGEST GLOBALLY WHICH IS REFLECTIVE OF THE DEPTH AND BREADTH OF OUR CAPABILITIES AND EXPERTISE. OUR HIGHLY EXPERIENCED TEAM HAS BEEN CONSISTENTLY RECOGNISED BY CUSTOMERS FOR THEIR PROFESSIONALISM AND COMMITMENT TO SERVICE QUALITY AND SAFETY. IN ADDITION, OUR LONG AND PROVEN INTERNATIONAL TRACK RECORD SERVES AS A BENCHMARK FOR US TO CONTINUOUSLY RAISE THE BAR ON OPERATIONAL EXCELLENCE.

OUR CORE COMPETENCIES SPREAD ACROSS FOUR KEY BUSINESS DIVISIONS: OFFSHORE SUPPLY VESSELS, TRANSPORTATION AND INSTALLATION, OFFSHORE ACCOMMODATION AND HARBOUR SERVICES & EMERGENCY RESPONSE.



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MESSAGE FROM CHAIRMAN

DEAR SHAREHOLDERS,

During the year in review, POSH registered another important milestone in the company's history with our successful Initial Public Offering ("**IPO**") and listing on the Main Board of the Singapore Stock Exchange. We are pleased to present to shareholders our first annual report after listing.



> "WHILE THE YEAR AHEAD WILL BE CHARACTERISED BY CONTINUING VOLATILITY... I REMAIN CONFIDENT THAT THE COMPANY WILL CONTINUE TO OPERATE COMPETITIVELY AND SUCCESSFULLY IN A SECTOR THAT OFFERS ATTRACTIVE GROWTH PROSPECTS FOR THE FUTURE."

The IPO was successful and multiple times subscribed, reflecting a positive market view of the sound fundamentals and prospects for growth of POSH's business for the future. As a result, we were delighted to welcome many new and significant shareholders to the company.

The Board and management's focus during 2014 and beyond rests squarely on continuing to create long term value for all shareholders.

POSH's strong and continuing presence as a major provider in the Oil and Gas ("**O&G**") services sector is backed by an experienced and dedicated management team that has successfully stewarded the company through the many positive cycles and down cycles that are a fact of life in the O&G sector – experience that was particularly important in 2014 and remains so for the year ahead.

That experience played a pivotal part in shaping our strategy for continued diligent management of the business. It is a strategy that ensures the company stays on a consistent course for the long term, but also provides the flexibility to address shorter term market conditions by rebalancing emphasis, investment and costs across our portfolio of four key business divisions.

The key pillars of our strategy focus the company on pursuing opportunities for growth, balanced with diligent management of downside risks. In line with this, during 2014 and into the current year, we continue to execute on our strategy of:

- maintaining a prudent capital structure with a debt to equity ratio of below 0.5x,

- diversifying our fleet, scope of services and geography of operations enabling us to spread and manage our downside risk,
- expanding significantly into the less volatile offshore accommodation market, and
- maintaining a young and efficient fleet of vessels which makes our offerings more attractive in a low-demand environment.

Like most companies in the O&G sector, we are not immune from the impact of big picture trends affecting the industry as a whole. The decline in oil prices was rapid and the quantum of the correction continues to be difficult to predict. Many of our customers have moved to adjust their business plans to face the new reality of global volatility and lower oil prices, a trend that is expected to continue through 2015.

In the face of these challenging operating conditions, the Group maintained revenue versus the previous year at US$234.0 million and generated a net profit attributable to shareholders of US$53.2 million in the year in review.

Underlining our commitment to shareholders, we are proposing a dividend of 1.5 Singapore cents per share to shareholders for FY2014, representing a cash payout of 38%.

In line with macro trends and changing customer demand profile, we continued to optimise our fleet portfolio through the sale of vessels and the delivery of new ones.

We have accelerated capacity and growth in our Offshore Accommodation segment, which services the O&G maintenance and production segment and has a smoother demand curve during down trends, while continuing to meet other customer needs through our Offshore Supply Vessel segment.

During 2014, we secured significant new contracts for our Transportation and Installation segment. Our Harbour Services and Emergency Response segment is poised to grow further with the award of a Public Towing Licence in Singapore.

IN THE FACE OF CHALLENGING OPERATING CONDITIONS, WE MAINTAINED REVENUE AT US$234.0 MILLION IN FY2014.

The paying down of short term debt from IPO proceeds has reduced gearing and added depth and flexibility to the company's balance sheet, while a careful focus on cost rationalisation will result in significant projected savings in future years.

During the year, your Board, through the various Board committees, continued to work closely with the management team to ensure that the key areas of health and safety, governance, fiduciary and management practices and disciplines remain in line with or exceed listed-company best practice.

For example, we actively implemented a rigorous Board Assurance Risk Framework, as recommended by external consultants KPMG who were engaged prior to the IPO. The framework reinforces the Board's ability to formally identify and mitigate key risks.

As part of our robust corporate governance processes, the Audit Committee works closely with internal auditors to review the Group's internal controls, and where applicable, suggests improvement processes across the Group.

I would like to thank all the Board members for their wise counsel and positive contributions throughout the year. In particular, I would like to record our sincere thanks to Mr. Teo Joo Kim who will be stepping down from the Board at the forthcoming Annual General Meeting. Mr. Teo played a key role in the formation of the company, and as the previous Chairman, successfully steered the company through its growth and expansion, overseeing the development of the strong and capable management that we have today. We wish Mr. Teo a happy retirement.

While the year ahead will be characterised by continuing volatility in the O&G sector, my fellow Directors and I remain confident that the company will continue to operate competitively in a sector that offers attractive growth prospects for the future. We are well positioned to navigate the sector challenges in the year ahead and generate solid shareholder value for the long term.

The company is in a strong financial position with net debt to equity of 45% and the ongoing support of large, stable shareholders. We have in place a sound and differentiating strategy, a clear execution plan and experienced management.

On behalf of the Board, I would like to thank the management and staff for their consistent hard work and dedication to the company, and to the shareholders and other stakeholders for their continued strong support.

Kuok Khoon Ean
CHAIRMAN

MESSAGE FROM CEO



> WE HAVE BEEN IN THE MARINE BUSINESS FOR MORE THAN 60 YEARS AND WE HAVE SEEN MANY CYCLES IN THE OIL INDUSTRY TO ASSURE US THAT AS LONG AS WE MANAGE OUR BUSINESS AND FINANCES COMPETENTLY AND PRUDENTLY, WE WILL BE HERE FOR ANOTHER 60 YEARS AND MORE.

DEAR FELLOW SHAREHOLDERS,

Our strategy to diversify and provide broad-based services across the offshore services sector served us well during the year in review. It allowed us to report steady operating performance in the face of significant volatility across the O&G sector and declining global oil prices.

Our long experience in the industry means we have a deep understanding of the cyclical nature of the O&G sector and its impact on the businesses of our customers. Our focused but diversified strategy therefore enables us to recalibrate growth priorities and costs across our four divisions, which serve different value segments in the O&G industry.

The use of the US$296.2 million proceeds from our successful IPO in April 2014 to pay down short-term borrowings put us in a stronger financial position to invest in new opportunities for the long term and weather the year ahead.

While we moved decisively to take the business forward in line with market conditions, the year was not without its challenges.

All players in the sector were affected as the O&G sector underwent a rapid downcycle following the steep fall in crude oil prices. This impacted many of our customers who took actions including cancelling oil field exploration projects, renegotiating charter rates and cancelling or delaying tenders. The challenges faced by our customers had a significant knock-on effect to POSH as our offshore support fleet serves the industry.

During the year, Oceanografia S.A. de C.V. ("**OSA**"), which had chartered 8 vessels from our Mexican joint ventures, was placed under government administration in February 2014 and commenced bankruptcy proceedings in July 2014 after allegations of fraud from billings charged to the state-owned oil company. We took counteractive and

mitigating actions to prevent further escalating costs and took full control of the operations and vessels by end September. Still, OSA's default on the charters resulted in a US$20.8 million loss attributable to POSH. We have since tightened our JV partner selection and overall investment criteria to minimise the risk of any similar issue occurring in the future.

Moving into the New Year, we are confident that POSH has a clear plan in place to mitigate challenges and seize opportunities as we navigate 2015 and beyond.

FINANCIAL PERFORMANCE

Amid the prevailing difficult conditions that have adversely affected the entire industry, the Group maintained revenue at US$234.0 million in FY2014. Group net profit attributable to shareholders fell 27% to US$53.2 million, primarily resulting from the impact of lower utilisation of our vessels, higher operating costs, as well as losses from our joint ventures.

The Group reported strong cash flows, generating cash of US$60.1 million from operations and US$112.7 million from the disposal of vessels and fixed assets. US$190.1 million was applied towards the purchase of fixed assets, comprising primarily the various instalments for committed newbuildings. Bank borrowings were reduced from US$807.4 million in 2013 to US$560.5 million.

SAFETY AND TRAINING REMAIN PRIORITIES

Safety will always be the first priority for POSH and our clients. However, all at the company were deeply saddened by the tragic incident in July 2014 which resulted in the death of three personnel during a sea-trial of our semi submersible barge, the POSH Mogami, off Sekupang. We have since taken active steps to further improve our sea-trial safety procedures.

We continue to expand our training calendar for both our onshore and fleet crew. Our bi-annual Sea Staff Seminar, which promotes work safety practices and productivity improvements, was broadened to include both Manila and Jakarta for the first time in June 2014. POSH employees also attended

OUR DIVERSIFIED STRATEGY ENABLES US TO RECALIBRATE GROWTH PRIORITIES AND COSTS ACROSS OUR FOUR BUSINESS DIVISIONS WHICH SERVE DIFFERENT VALUE SEGMENTS IN THE O&G INDUSTRY.



the Risk Management and Incident Investigation course conducted by Lloyd's Register in Singapore, while our crewing department underwent training sessions at the Wavelink Maritime Institute to prepare for the latest STCW 2010 Manila amendments.

Our Health, Safety, Environment, and Quality Department has streamlined the Group's procedures into an "Integrated Management System" (IMS) which meets the requirements of the ISM Code, ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Occupational Health) Standards, as well as meeting the latest Oil Industry "Offshore Vessel Management Self-Assessment" requirements. The IMS is central to the safety of our seafarers, the safe operation of our fleet and, at the same time, ensures the Company meets or exceeds the expectations of Oil Majors. In 2014, we were recognised by several oil majors for our safety practices in the offshore industry.

INVESTING IN EMPLOYEE AND COMMUNITY ENGAGEMENT

At POSH, we understand human capital is our strongest asset. We therefore work continuously to enhance staff welfare in our 260-strong company. Our annual POSH Day is the centrepiece of these efforts where our diverse employees from multiple countries gather for team-building activities. As a fast-growing company, this helps us to ensure POSH's innovative and nimble corporate culture prevails while fostering better working relationships.

WE UNDERSTAND HUMAN CAPITAL IS OUR STRONGEST ASSET. TRAINING, SAFETY, WELFARE AND COMMUNITY ENGAGEMENT REMAIN OUR KEY EMPHASIS FOR THE GROUP.

Being responsible corporate citizens is also a priority. We strongly believe in investing time and resources in innovative programs designed to serve our community. In November 2014, we launched our largest corporate social responsibility initiative to-date: The POSH Charity Walk at Labrador Nature Reserve, Singapore. We pledged an additional S$50 for each of the 452 participants, raising a total of S$94,000 for the Community Chest and Children's Cancer Foundation.

LOOKING AHEAD

We expect 2015 to be a challenging year. While oil prices are likely to rebound in the long term, the timing and magnitude is uncertain, and volatility and lower prices are expected to remain a sector feature through this year.

Expected industry consolidation will, overall, be good for financially stronger players such as POSH, as the medium and long term prospects for the sector remain positive, with long term demand for energy remaining strong amid depleting stock from traditional sources.

While the Offshore Supply Vessels segment continues to contribute significantly, we are focused on accelerating the growth of our Offshore Accommodation segment, which serves the less volatile maintenance and production O&G segment. We expect it to play a greater role in driving the Group's activities and bottom line in 2015.

Our ability to achieve that goal was bolstered in the first quarter of 2015 following the January delivery of POSH Endurance and POSH Endeavour, our DP2 diesel electric light construction vessels ("**LCV**") and the milestone December delivery of the world's largest semi-submersible accommodation vessel ("**SSAV**"), the POSH Xanadu.

POSH Xanadu, the first of 2 SSAV has already been deployed to Brazil to support the maintenance needs of Petrobras' offshore activities in the Campos Basin. Besides being the largest capacity DP3 floatel, she is fitted with the latest state-of-the-art technology, with multiple redundancies, that ensure safe operations in harsh





conditions. Her sister floatel, POSH Arcadia, will be delivered by end June this year and we will step up marketing efforts for her, as well as for the third LCV that will be delivered, the POSH Enterprise.

We have now successfully redeployed 3 of the vessels that were previously in Mexico, and are actively securing contracts for the rest.

We are executing projects in our Transportation and Installation ("**T&I**") segment in 2015 which are expected to contribute positively to the Group's bottom line. Our established track record has helped our deepwater T&I JV, POSH Terasea, in securing significant contracts in excess of US$100 million for 2015.

The Harbour Services and Emergency Response segment will also step up its activities in 2015 following the award to Posh Semco of the Public Towing License by the Maritime and Port Authority of Singapore.

To weather the downward pressure on charter rates, we are adopting a multi-pronged approach: improve revenue generation by ensuring optimal utilisation of vessels; enhance our close collaboration with business partners to ensure that we maintain operational excellence, safety and solution-driven service delivery; and optimise operating costs. Our Cost Efficiency Committee, which was formed in September 2014, has already identified projected annualised cost savings of above US$3.5 million. To manage our capital efficiently, we are also constantly monitoring our capex programme by carefully planning and deferring certain newbuilds which are not in demand in the near term.

We continue to identify pockets of geographic opportunity where we will invest for the future. Growth in our key markets of West Africa and South East Asia remain a priority. We are working to develop new markets in the Persian Gulf.

With these strategies in place and barring any unforeseen circumstances, we endeavour to maintain stable overall financial performance from our operations in 2015.





Having said that, we anticipate a difficult 2015; however, we believe that our diversified portfolio provides us a resilient platform to navigate global macroeconomic uncertainties and we remain focused on enhancing shareholder value. We have successfully weathered and emerged stronger from previous industry downcycles. We are also confident that the long term trends in the O&G sector remain attractive, and that POSH is well-positioned to benefit from it.

On behalf of the Group's management, I would like to record my appreciation to our Board of Directors for their unstinting support and wise counsel. I am also grateful for the continued hard work and dedication of my colleagues. I would also like to thank our valued customers, business partners and associates and you, our valued shareholders, for your continuing support.

Gerald Seow
CHIEF EXECUTIVE OFFICER


POSH XANADU
NASSAU
POSH
PETROBRAS
POSH XANADU



LONG TERM VALUE

WE ARE CONFIDENT OF THE LONG TERM PROSPECTS OF THE O&G SECTOR, AND THAT POSH IS WELL-POSITIONED TO BENEFIT FROM IT.

BOARD OF DIRECTORS



MR. KUOK KHOON EAN
Chairman & Non-Executive Director

Mr. Kuok Khoon Ean, 59, is the Chairman of Kuok (Singapore) Limited ("**KSL**"), a Director of Kerry Group Limited and the Managing Director of Kerry Holdings Limited. He is a Non-Executive Director of Wilmar International Limited, a company listed on the Singapore Stock Exchange. He is an independent non-executive director of The Bank of East Asia, Limited and IHH Healthcare Berhad, which are listed on the Hong Kong Stock Exchange and Bursa Malaysia respectively. Mr. Kuok has served as the Chairman of Shangri-La Asia Limited from April 2008 to August 2013 and remained as a Non-Executive Director till June 2014.

Mr. Kuok holds a Bachelor of Economics degree from Nottingham University, UK. Mr. Kuok was appointed Chairman and Non-Executive Director on 18 July 2013.

MR. SEOW KANG HOE, GERALD
Chief Executive Officer & Executive Director

Mr. Seow has more than 40 years of experience in the shipping industry (including 15 years of sea-going experience and more than 20 years of senior management experience).

He first began his career at Neptune Orient Lines Limited ("**NOL**") in 1971 and he remained with the NOL group until 1996. From 1986 to 1996, he served in various senior management positions within NOL.

In 1996, he joined Pacific Carriers Limited ("**PCL**") and was instrumental in developing the liner shipping business, the offshore marine services business and the shipbuilding business for PCL and KSL.

Mr. Seow holds a Certificate of Competency as Master of a Foreign-Going Ship from the Ministry of Transport of New Zealand and a Degree of Master of Science in Shipping, Trade and Finance from The City University of London.



MR. WU LONG PENG
Non-Executive Director

Mr. Wu has more than 30 years' experience in Finance and Corporate affairs. He is an Executive Director of KSL, PCL and Malaysian Bulk Carriers Berhad (a company listed on Bursa Malaysia). He is also a non-Executive non Independent Director of Gamma Communications plc (a company listed on AIM in the UK).

Mr. Wu is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and a member of the Institute of Singapore Chartered Accountants.

MR. TEO JOO KIM
Non-Executive Director

Mr. Teo has over 30 years of experience in the commodity and shipping industry. He joined KSL in 1962 and has been a director of KSL since 1972. He was also the chairman of KSL from 1983 to 2013. He was a director of PCL from 1977 to 1992 and was the chairman of PCL from 1993 to 2014. Mr. Teo is also currently an executive director of MBC.

He graduated from the Institute of Chartered Secretaries and Administrators and the Association of Chartered Certified Accountants (formerly known as The Association of Certified Accountants) in United Kingdom.



DATO JUDE PHILOMEN BENNY
Lead Independent Director

Mr. Benny is currently a partner at Joseph Tan Jude Benny LLP and has been a lawyer in private practice with the same firm for more than 25 years since 1988. Mr. Benny is also currently a director of the Maritime & Port Authority of Singapore and an independent director of BW LPG Limited, a company listed on the Oslo Stock Exchange. He was formerly a director of Singapore Maritime Foundation from 2004 to 2011.

Mr. Benny holds a Bachelor of Laws (Honours) from the London University. In recognition of his public service in Singapore, he was conferred the Public Service Medal in 2013.

MR. MA KAH WOH
Independent Director

Mr. Ma, was a senior partner of KPMG Singapore, where, he was in charge of the Audit & Risk Advisory Practice and Risk Management function for many years until his retirement in September 2003.

Mr. Ma currently sits on the Boards of Mapletree Investment Pte Ltd, Mapletree Logistics Trust Management Limited (the manager of Mapletree Logistics Trust, a real estate investment trust listed on the SGX) and Keppel Infrastructure Fund Management Ltd (the manager of Keppel Infrastructure Trust, a business trust listed on the SGX). He also sits on the Boards of two private equity funds, Capitaland China Development Fund Pte Ltd and Capitaland China Development Fund II Ltd, Nucleus Connect Pte Ltd, and NRF Holdings Pte Ltd. Mr Ma also sits on the Board of Trustees of the National University of Singapore and the National Heritage Board.

Mr. Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Singapore Chartered Accountants.



DATO AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID
Independent Director

Mr. Ahmad Sufian has more than 40 years of experience in the shipping industry. He was the chairman of Global Maritime Ventures from 1996 to 2003, country manager of American President Lines from 1989 to 1995, director/general manager of Perbadanan Nasional Shipping Line from 1982 to 1989 and manager of Malaysian International Shipping Corporation from 1977 to 1982. He is currently also the independent non-executive chairman of MBC, GD Express Sdn Bhd and WCT Holdings Berhad and an independent non-executive director of PPB Group Berhad, each of which is listed on Bursa Malaysia.

He obtained a Certificate of Competency as Master of a Foreign-Going Ship in United Kingdom in 1975 and attended the Advanced Management Program at Harvard Business School in 1993. He is a Fellow of the Chartered Institute of Logistics and Transport.

MR. WEE JOO YEOW
Independent Director

Mr. Wee was the Managing Director and Head of Corporate Banking in Singapore of the United Overseas Bank ("**UOB**") until his retirement in July 2013. Mr. Wee has more than 30 years of corporate banking experience. He joined UOB in 2002. Prior to that, Mr. Wee was with Overseas Union Bank ("**OUB**") from 1981 to 2001 and was last appointed as the Executive Vice President and Head of Marketing, Sales, Credit and Origination in Corporate Banking of OUB before its merger into UOB.

Mr. Wee is also currently an independent director of Oversea-Chinese Banking Corporation Limited and Frasers Centrepoint Limited (each a company listed on the SGX-ST) and Mapletree Industrial Trust Management Ltd. (the manager of Mapletree Industrial Trust, a real estate investment trust listed on the SGX-ST).

Mr. Wee graduated from the University of Singapore with a Bachelor of Business Administration (Honours) degree and New York University with a Master of Business Administration.

SENIOR MANAGEMENT



From left:

Mr. Sim Hee Ping
Mr. Lee Keng Lin
Mr. Ng Eng Khin
Mr. Chai Ulva

MR. LEE KENG LIN
Chief Operating Officer,
Divisional Director

Offshore Supply Vessels
Offshore Accommodation (Deepwater)
Harbour Services and Emergency Response

As part of the Group's succession plan, Mr. Lee was appointed as Chief Operating Officer in October 2014. He is responsible for overseeing the day to day operations of the Group and works closely with the Chief Executive Officer to grow the Group's business and drive the performance measures for all operational aspects.

Mr. Lee has more than 10 years of experience in the offshore marine industry. He has been with the Group since 2007. Mr. Lee was part of the team that led our acquisition of PSA Marine's offshore business in 2007 and has been instrumental in the development and operations of various joint ventures and new business divisions. Prior to this, he was employed by PSA International's group as its corporate and business development manager, where he was responsible for business development and charters of harbour tugs, and offshore support vessels.

MR. CHAI ULVA
Divisional Director

Offshore Accommodation (Shallow water)
Transportation and Installation
(Shallow water)

Mr. Chai is the divisional director of the T&I (shallow water) division and Offshore Accommodation (shallow water) division, where he was instrumental in the development and expansion of the business.

Mr. Chai has more than 10 years of experience in the offshore marine industry. He was a manager with PSA Marine Pte Ltd from 2000 to 2006, handling business development and overseas charters, and served as a director in PSA Marine's joint venture company in Fuzhou, China. From 2006 to 2007, Mr. Chai was an assistant general manager in PSA Marine's offshore business. Since our acquisition of the business in 2007, Mr. Chai has previously served the Group as an assistant general manager and general manager.

MR. NG ENG KHIN
Divisional Director

Transportation and Installation (Deepwater)

Mr. Ng is the President of POSH Terasea Offshore Pte. Ltd since the formation and subsequent injection of the Group's entire Transportation and Installation (Deepwater) business into the joint venture.

Mr. Ng has more than 35 years of experience in the offshore marine industry. Mr. Ng was involved in PSA Marine's offshore business prior to our acquisition of the business in 2007. He was a project superintendent in charge of design, project operation and execution from 1977 to 1986 and a senior manager (from 1985 to 2001) and a general manager (from 2001 to 2007) specialising in project management, operation and execution of complex transportation and installation projects, as well as being responsible for sales, marketing and development. He has been instrumental in the development of the Transportation and Installation (Deepwater) business of the Group.

MR. SIM HEE PING
Divisional Director

Fleet Services and Fleet HSEQA

Mr. Sim heads our fleet crew management division. He is responsible for the overall management, welfare and training of the Group's offshore employees.

Mr. Sim has more than 35 years of experience in the shipping industry. Prior to joining the Group in 2009, he held various positions with NOL from 1977 to 2006. From 1977 to 1987, he was a cadet engineer and subsequently became a chief engineer in charge of the maintenance of equipment and machinery on board NOL ships. Between 1987 and 1989, he was seconded to Jurong Shipyard as a ship repair manager. He was also a technical superintendent from 1989 to 1998 and a technical director from 1998 to 2006, in charge of managing NOL vessels. From 2006 to 2008, he was seconded to Neptune Shipmanagement Services Pte Ltd, the ship management arm of NOL, as the managing director.

Chief Financial Officer ("CFO")

Mr. Geoffery Yeoh, who was the CFO, left the Group in October 2014. The Financial Controller has been responsible for the finance and accounting functions of the Company in the interim pending the appointment of a new CFO.

BUSINESS SEGMENTS





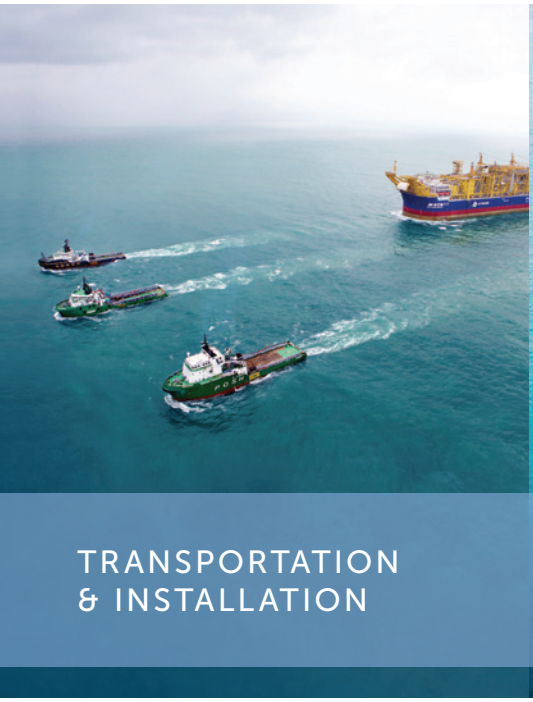
OFFSHORE SUPPLY VESSELS

Our Offshore Supply Vessels ("OSV") division has one of the youngest fleet of mid water and deepwater Anchor Handling Tug Supply Vessels ("**AHTS**") and Platform Supply Vessels ("**PSV**").These multifunctional vessels execute towing and anchor handling of drilling rigs as well as the provision of logistic support during the exploration, field development/ construction and production phases of the oil & gas life cycle.

The vessels in the fleet are equipped with advanced Dynamic Positioning ("**DP**") technology which enables safe and efficient operations in close-quarters operations. The new generation vessels are also designed with fuel efficient diesel electric propulsion and Clean Design and Green Passport notation which reduce and limit the ship's combustion machinery emissions and accidental sea pollution. The OSV division operates:

- AHTS of 100 to 200 ton bollard pull providing multi-role services during drilling such as towing and positioning drilling rigs, and transporting drilling materials and other equipment.
- PSVs that transport drilling materials and supplies to drilling rigs, offshore production platform as well as pipes and other materials for construction of marine structures or pipelines.

With our young and modern fleet, we are committed to serving our global network of customers including super majors and national oil & gas companies. We continue to uphold our proven international track record, operating across Asia Pacific, Africa & Middle East and Latin America.



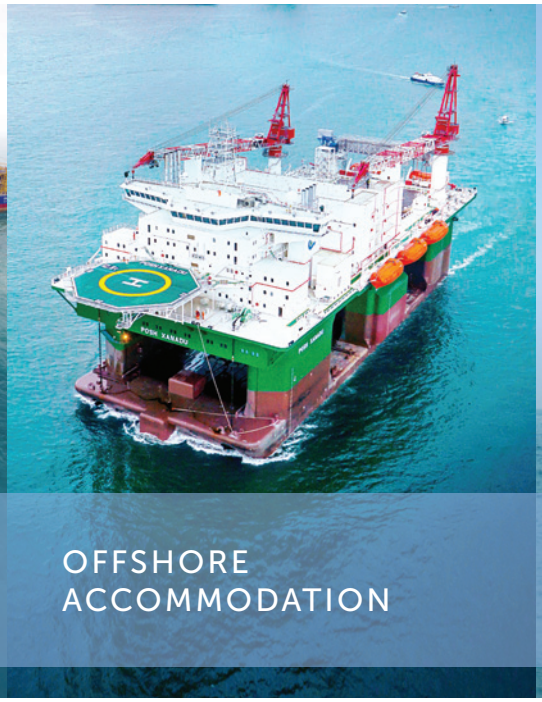
TRANSPORTATION & INSTALLATION

Our Transportation & Installation ("T&I") division supports marine contractors in construction and maintenance of oilfield infrastructure and pipelines globally.

It operates a fleet of 4,000 to 8,000 BHP AHTs in shallow waters, which are primarily engaged in the support of shallow water pipelay and platform construction work. In addition, the shallow water T&I segment operates submersible barges (up to 50,000 DWT) for float-over or launching operations of large marine structures and ballastable tank barges and tugs for transportation of construction materials and subsea pipes.

Our joint venture, POSH Terasea, operates the largest deepwater AHT fleet globally, comprising tugs of 150-200 ton bollard pull each. These ocean going tugs are designed with high bollard pull and large fuel tanks enabling them to perform large tows, such as Floating Production Storage and Offloading vessels ("**FPSO**"), across long distances economically without the need for multiple refuelling stops.

Leveraging on our full suite of vessels, we are the leading operator in the deepwater T&I space, having built up an impressive track record of successfully completing over 200 demanding ocean towage projects in the past 10 years.



OFFSHORE ACCOMMODATION

Our Offshore Accommodation ("OA") division is our fastest growing division, operating a fleet of vessels which delivers a range of accommodation and "walk-to-work" solutions, for large numbers of offshore professionals involved in the construction and/or maintenance of offshore oil field structures and platforms.

We are focused on providing a range of high-specification offshore accommodation vessels to cater to the different needs of our customers. The deepwater OA segment comprise 2 comfort class DP3 semisubmersible accommodation platforms which are the world's largest. These vessels boasts sophisticated machinery redundancy and platform stability offering comfortable and safe habitat; 1st class crew welfare amenities; and "walk-to-work" capability in harsh weather conditions of up to 5.4 metre wave height and 45 knot wind. The shallow water OA fleet operates DP2 diesel electric accommodation vessels / light construction vessels and workboats.



HARBOUR SERVICES & EMERGENCY RESPONSE

Our Harbour Services ("HS") business has been operating for over 10 years. Together with our joint venture Pacific Workboats, we own, operate and manage a fleet of harbour tugs and heavy lift crane barges, which are actively engaged in supporting harbour towage operators and providing heavy lift services to shipyards. In November 2013, we were granted a public towing license by the Maritime Port Authority of Singapore for the provision of towage services to vessels within the limits of and the approaches to the port of Singapore.

Our Emergency Response ("ER") department provides worldwide emergency assistance to vessels that require assistance after encountering collision, grounding, and/or fire damage. The ER department also provides clean-up operations of oil spills and other hazardous materials.

GEOGRAPHICAL PRESENCE

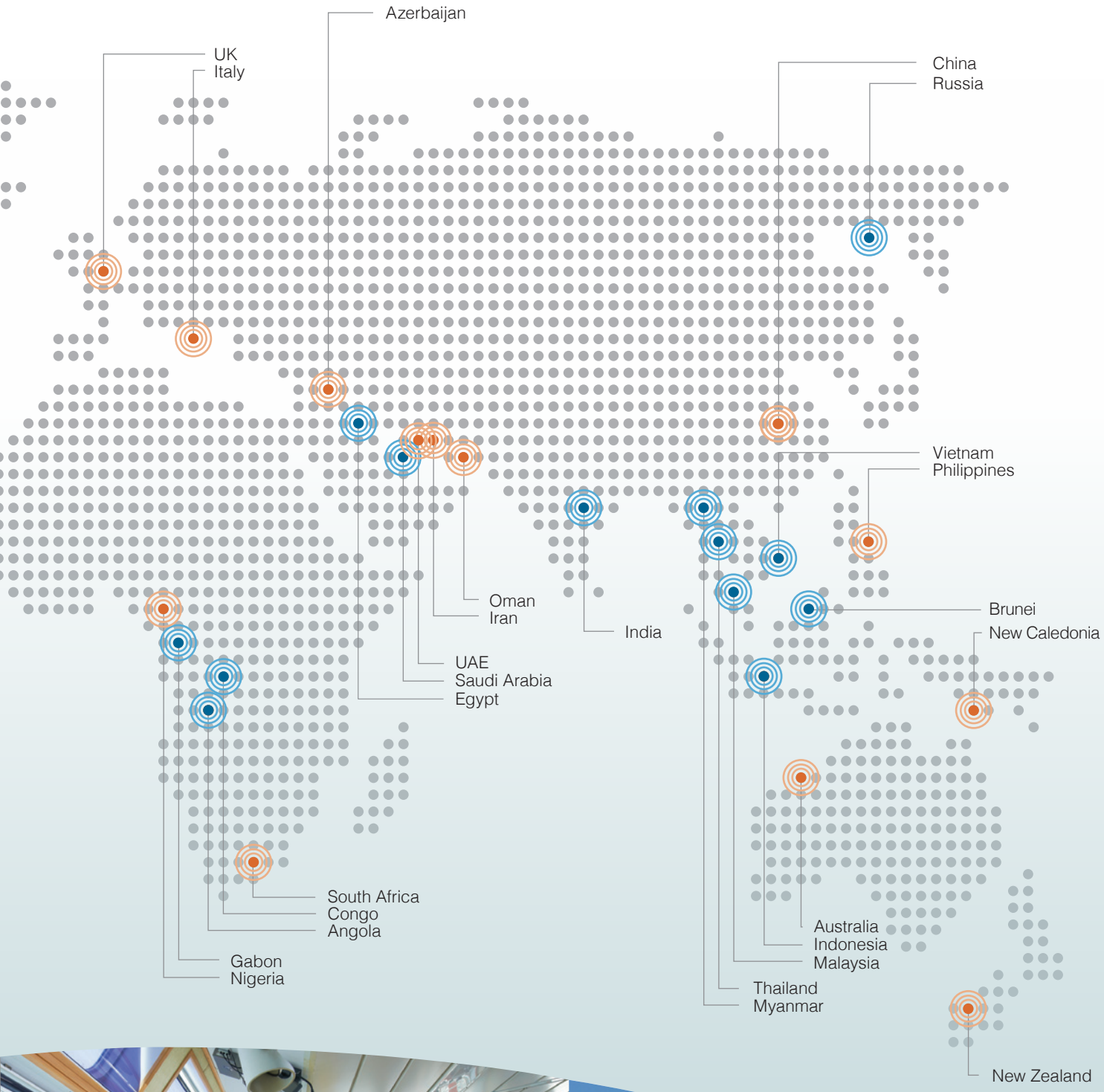
GLOBAL REACH WITH A PROVEN TRACK RECORD

- Proven international track record.
- Geographical diversification – well placed to meet qualifying criteria for tenders internationally.
- Cross-border operability and flexibility to serve various markets.



- Countries operated in over the years
- Ongoing Projects




Azerbaijan
UK
Italy
China
Russia
Vietnam
Philippines
Oman
Iran
India
Brunei
New Caledonia
UAE
Saudi Arabia
Egypt
South Africa
Congo
Angola
Gabon
Nigeria
Australia
Indonesia
Malaysia
Thailand
Myanmar
New Zealand





FINANCIAL HIGHLIGHTS

Financial Performance (US$'000)	FY2011	FY2012	FY2013	FY2014
Revenue	240,950	242,966	237,263	234,037
Gross Profit	55,408	61,074	72,391	57,204
Net Profit After Tax	26,218	53,520	73,371	53,243
EBITDA	71,860	104,861	127,271	106,131
EBITDA Margin	29.8%	43.2%	53.6%	45.3%

Financial Position (US$'000)	FY2011	FY2012	FY2013	FY2014
Total Shareholders' Equity	594,322	662,514	864,295	1,213,764
Total Liabilities	709,452	736,633	909,226	657,571
Total Assets	1,303,774	1,399,147	1,773,521	1,871,335
Fixed Assets	734,181	768,741	1,037,610	1,113,689
- Vessels in-use	590,052	601,932	635,961	793,798
- Vessels under construction	143,552	166,247	400,341	318,132
- Other Assets	577	562	1,308	1,759
Net Current (Liabilities) / Assets	(451,412)	16,572	(388,819)	(140,632)
Net Debt	(622,092)	(524,808)	(796,874)	(548,332)
Net Debt/Equity	104.7%	79.2%	92.2%	45.2%

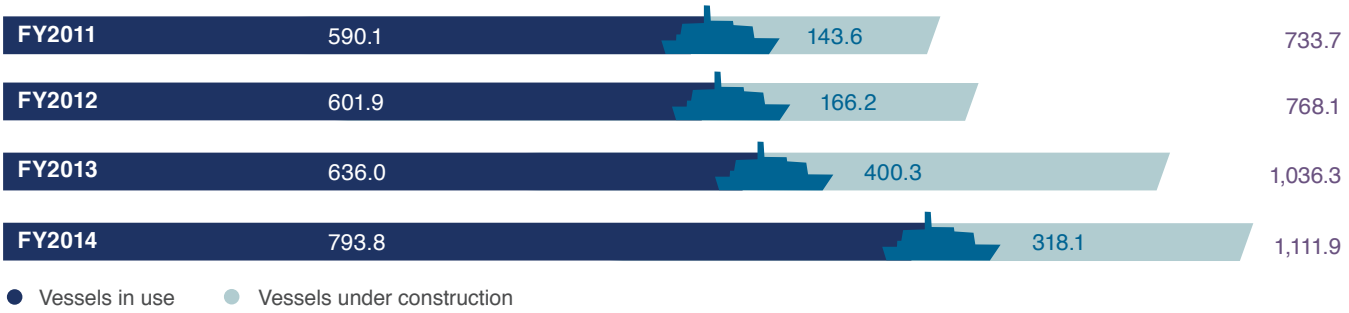
Financial Indicators	FY2011	FY2012	FY2013	FY2014
Return on Shareholders' Equity	4.4%	8.1%	8.5%	4.4%
Return on Assets	2.0%	3.8%	4.1%	2.8%
Net Asset Value per Share (in US cents)	49.48	55.16	58.30	66.69
Basic Earnings per Share (in US cents)[1]	2.18	4.46	6.02	3.10
Diluted Earnings per Share (in US cents)[2]	2.18	4.33	4.95	3.10

Notes

1. For comparative purposes, basic earnings per share have been computed based on the weighted average number of Shares in the pre-Offering share capital of our Company, being 1,201,125,000 Shares, 1,201,125,000 Shares and 1,218,077,000 Shares (after the Share Split and Consolidation) in each of the years ended December 31, 2011, 2012 and 2013, respectively.
2. For comparative purposes, diluted earnings per share have been computed based on the weighted average number of Shares in the pre-Offering share capital of our Company, being 1,201,125,000 Shares, 1,236,570,000 Shares and 1,482,375,000 Shares (after the Share Split and Consolidation) in each of the years ended December 31, 2011, 2012 and 2013, respectively.

TOTAL VESSELS (US$ MILLION)

	FY2011	FY2012	FY2013	FY2014
Vessels in use	590.1	601.9	636.0	793.8
Vessels under construction	143.6	166.2	400.3	318.1
Total	733.7	768.1	1,036.3	1,111.9



FY2014

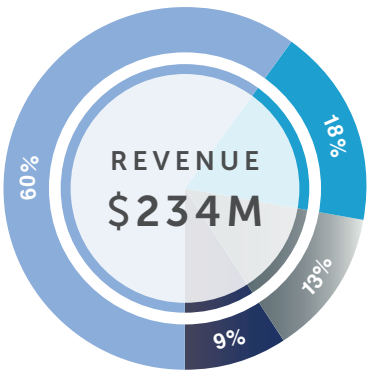
REVENUE ('000)
US$ 234,037

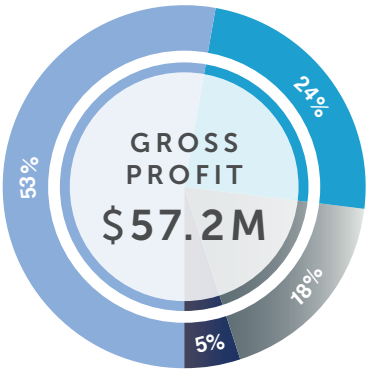
GROSS PROFIT ('000)
US$ 57,204

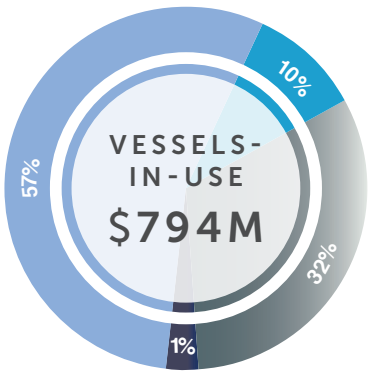
NET PROFIT AFTER TAX ('000)
US$ 53,243

EBITDA ('000)
US$ 106,131

SEGMENTS RESULTS (US$)







REVENUE	FY2013 US$'m	FY2014 US$'m
OSV	120.3	139.5
T&I	65.1	41.4
OA	29.5	29.3
HSER	22.4	23.8

GROSS PROFIT	FY2013 US$'m	FY2014 US$'m
OSV	30.4	30.5
T&I	19.6	13.6
OA	13.9	10.4
HSER	8.4	2.7

VESSELS-IN-USE	FY2013 US$'m	FY2014 US$'m
OSV	500.0	451.6
T&I	91.0	81.7
OA	29.6	250.9
HSER	15.4	9.6

FINANCIAL & OPERATIONS REVIEW



LARGE AND DIVERSIFIED FLEET POSITIVELY DIFFERENTIATES US FURTHER FROM COMPETITORS DURING INDUSTRY VOLATILITY.

Our extensive, modern and diversified fleet of offshore support vessels remain competitive despite the challenging macro O&G landscape. We currently operate more than 100 vessels where we leverage considerably on our multi-segment offshore capabilities to cross-sell our services and secure contracts that are otherwise difficult as a single-service provider.

ROBUST FINANCIAL PERFORMANCE DELIVERED THROUGH OPERATIONAL EXCELLENCE

We continue to benefit from our ability to rapidly re-profile our fleet, responding to ever-changing market requirements. Our proven track record and commitment to maintain a high level of service reliability standards have also contributed significantly in attracting new and repeat customers. We hold regular safety and environment internal audits and continue to invest in training for employees. To maximise vessel operational availability, we have implemented both planned maintenance systems and predictive maintenance systems.

Our businesses are structured into four distinct clientele based divisions providing our customers with targeted and bespoke offshore service solutions.



OFFSHORE SUPPLY VESSELS

16% RISE IN REVENUE

US$ 139.5 MIL

Offshore Supply Vessels ("OSV")

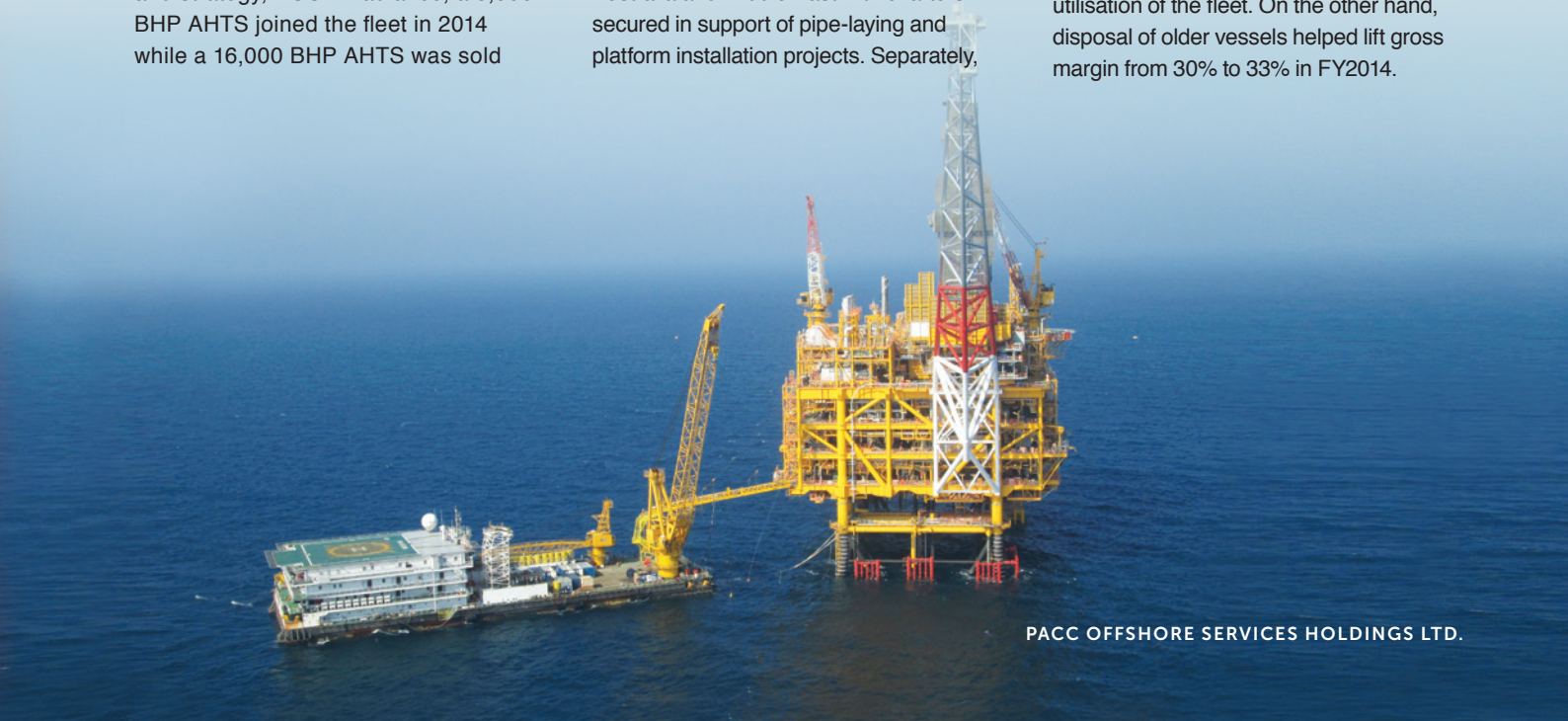
The OSV division continues to grow its presence in the West Africa and penetration into Middle East. 2 PSVs secured long-term charters which were deployed to West Africa in late 2013 and we also successfully secured our first long term PSV charter to the Middle East for an initial period of 3 years with a two-year option in 2014. Two of our AHTS, POSH Conquest and POSH Champion, were chartered to our repeat customer in Russia in 2013, 2014 and 2015 which is a testament of our proven international track record. Consistent with the fleet optimisation programme and strategy, POSH Radiance, a 8,000 BHP AHTS joined the fleet in 2014 while a 16,000 BHP AHTS was sold in anticipation of changing market requirements and trends.

Revenue for the OSV segment grew 16% to US$139.5 million with full-year contributions from 4 vessels delivered in FY2013 partially offset by the sale of a vessel in FY2014. Gross profit margin decreased from 25% in FY2013 to 22% after being impacted by US$1.5 million repair cost to restore two vessels in Mexico. Utilisation averaged 84% in FY2014 as compared to 89% in FY2013.

Transportation and Installation ("T&I")

Our T&I division remains active in Asia, Australia and Middle East with charters secured in support of pipe-laying and platform installation projects. Separately, POSH Terasea's 3 AHTs successfully completed the long-haul towage and positioning of the CLOV Floating Platform Storage and Offloading vessel (FPSO) from Korea to Angola in early 2014 for Daewoo Shipbuilding & Marine Engineering and TOTAL. 2 AHTs from POSH Terasea were also contracted for the towage of P76 FPSO from China to Brazil for Petrobras.

T&I segment revenue was US$41.4 million, a decrease of 36% from the previous year, mainly due to the injection of the deepwater segment into POSH Terasea, as well as the general competitive business environment which dampened utilisation of the fleet. On the other hand, disposal of older vessels helped lift gross margin from 30% to 33% in FY2014.



THE GROUP'S STRENGTHENED BALANCE SHEET PROVIDES A BUFFER AGAINST VOLATILITY AND POSITIONS US WITH HEADROOM FOR OPPORTUNISTIC BUSINESS TRANSACTIONS.



Offshore Accommodation ("OA")

Notably, the OA division took delivery of POSH Xanadu, our first 750 POB DP-3 SSAV in December 2014. The SSAVs are designed and equipped with high specifications such as a telescopic gangway and executive comfort for crew onboard, in addition to the 1x100T, 1x 150T cranes and 2,000m^2 deck space which are able to provide light construction support work. The vessel is chartered to Petrobras under a one-year contract starting in 2015 with an option for another year.

The OA division also welcomed 2 new light construction vessels ("**LCV**") to the fleet. Apart from providing safe and comfortable accommodation for 238 offshore personnel, each LCV is capable of handling a variety of offshore support roles such as pipelaying, derrick work and drilling platform support. One of our LCVs has been fixed on a long-term charter to a South-East Asian national oil company commencing in 1Q2015.

The OA segment recorded revenue of US$29.3 million in FY2014 as revenue from the new vessel delivered offsetted the impact of the disposal of an older vessel during the year. Gross profit margin decreased from 47% to 35% due to lower utilisation and two vessels being dry-docked during the year. Utilisation averaged 73% in FY2014 as compared to 80% in FY2013.

Harbour Services and Emergency Response ("HSER")

With the award of the Harbour Towage Licence by the Maritime and Port Authority of Singapore in late 2013, the segment has been steadily building market share for harbour towage services in Singapore. To further enhance our services, a new 24 hour operation control centre was established to manage vessel movements with a

proprietary tug ordering system. Of the 4 new ASD tugs ordered, 2 have been delivered and the remaining 2 will be delivered by the first half of 2015. This will bolster the fleet and reduce reliance on charter-in vessels.

Revenue from HSER increased 6% to US$23.8 million due to higher salvage revenue in FY2014. This was however negated by lower charter rates and utilisation of harbour services. Gross profit margin decreased from 37% to 11% in FY2014 due to higher charter-in cost of vessels to jump-start the new harbour services activities.

EXECUTION OF STRATEGIC BUSINESS PLANNING AND FIRM DECISION MAKING

Other operating income for the Group increased to US$58.0 million from US$50.4 million in FY2013 with higher gain on sale of vessels partially offset by lower interest income and absence of fair value gain on derivatives.

General and administrative expenses increased by 5% in FY2014 as a result of higher personnel and related expenses for setting up of the new OA deepwater operations.

The Group's share of its joint venture losses of US$13.6 million stem primarily from losses of US$20.8 million from its Mexican operations. Our customer in Mexico, Oceanografia, S.A. de C.V. ("**OSA**"), was placed into bankruptcy proceedings. Notwithstanding our efforts to recover all debts due from OSA arising from the charter hire on vessels to OSA, full provision has been made for the receivables.

Consequently, the Group registered a net profit attributable to shareholders of US$53.2 million in FY2014 compared to US$73.4 million in FY2013.

STRONG FINANCIAL POSITION TO CAPITALISE ON OPPORTUNITIES AHEAD

Group shareholder's equity increased to US$1.21 billion as at 31 December 2014 from US$864.3 million as at 31 December 2013, boosted by the increase in share capital arising from the Company's IPO. The IPO raised US$296.2 million which was primarily used to reduce bank borrowings. This significantly strengthened the Group's balance sheet providing a buffer against volatility and, at the same time, position the Group with sufficient debt headroom to effectively execute potential opportunistic transactions.

Total assets stood at US$1.9 billion, an increase of 5.5% from FY2013 as we took delivery of additional vessels as part of our fleet expansion programme. Group total liabilities decreased to US$657.6 million as at end FY2014 from US$909.2 million in FY2013.




TERASEA
POSH



OUR FLEET

YOUNG
DIVERSIFIED
ADVANCED TECHNOLOGY
FUEL EFFICIENT
MULTIFUNCTIONAL

FLEET LISTINGS

OFFSHORE SUPPLY VESSELS
(AS AT 31 MARCH 2015)

VESSELS OWNED BY THE GROUP

VESSEL NAME	VESSEL TYPE	BHP (Unless otherwise stated)	AGE (Years)
POSH Conquest	Anchor Handling/ Towing/Supply (AHTS)	16,000	4.3
POSH Constant	Anchor Handling/ Towing/Supply (AHTS)	16,000	4.6
POSH Champion	Anchor Handling/ Towing/Supply (AHTS)	16,000	4.2
POSH Commander	Anchor Handling/ Towing/Supply (AHTS)	16,000	3.9
POSH Concorde	Anchor Handling/ Towing/Supply (AHTS)	16,000	2.4
POSH Persistence	Anchor Handling/ Towing/Supply (AHTS)	12,240	1.8
POSH Resolve	Anchor Handling/ Towing/Supply (AHTS)	8,000	3.6
POSH Resolute	Anchor Handling/ Towing/Supply (AHTS)	8,000	3.8
POSH Rapid	Anchor Handling/ Towing/Supply (AHTS)	8,000	3.4
POSH Radiant	Anchor Handling/ Towing/Supply (AHTS)	8,000	0.7
Salvirile	Anchor Handling Tug (AHT)	5,000	9.4
Salvision	Anchor Handling Tug (AHT)	5,000	9.8
POSH Shearwater	Platform Supply Vessel (PSV)	3,200 DWT	1.9
POSH Skua	Platform Supply Vessel (PSV)	4,100 DWT	2.2
POSH Gannet	Platform Supply Vessel (PSV)	4,100 DWT	1.8
POSH Sandpiper	Platform Supply Vessel (PSV)	3,200 DWT	1.7
POSH Fulmar	Platform Supply Vessel (PSV)	3,200 DWT	1.5
POSH Pelican	Platform Supply Vessel (PSV)	3,200 DWT	1.3

VESSELS OWNED BY THE GROUP

VESSEL NAME	VESSEL TYPE	BHP (Unless otherwise stated)	AGE (Years)
POSH Gitano	Mudboat/PSV	2,750 DWT	4.8
POSH Sincero	Platform Supply Vessel (PSV)	3,300 DWT	4.8
POSH Galante	Mudboat/PSV	2,346 DWT	6.3
POSH Generoso	Mudboat/PSV	2,828 DWT	6.4
POSH Honesto	Platform Supply Vessel (PSV)	2,346 DWT	6.6
POSH Hermosa	Anchor Handling/ Towing/Supply (AHTS)	10,800	6.9
TOTAL OFFSHORE SUPPLY VESSELS			24

VESSELS OWNED BY OUR JOINT VENTURES

VESSEL NAME	VESSEL TYPE	BHP (Unless otherwise stated)	AGE (Years)
POSH Kittiwake	Platform Supply Vessel (PSV)	3,221 DWT	3.5
POSH Gentil	Mudboat/PSV	2,828 DWT	5.2
WINPOSH Rampart	Anchor Handling/ Towing/Supply (AHTS)	8,000	2.9
WINPOSH Resolve	Anchor Handling/ Towing/Supply (AHTS)	8,000	2.6
WINPOSH Regent	Anchor Handling/ Towing/Supply (AHTS)	8,000	4.6
WINPOSH Ready	Anchor Handling/ Towing/Supply (AHTS)	8,000	1.1
TOTAL OFFSHORE SUPPLY VESSELS			6

OFFSHORE ACCOMMODATION

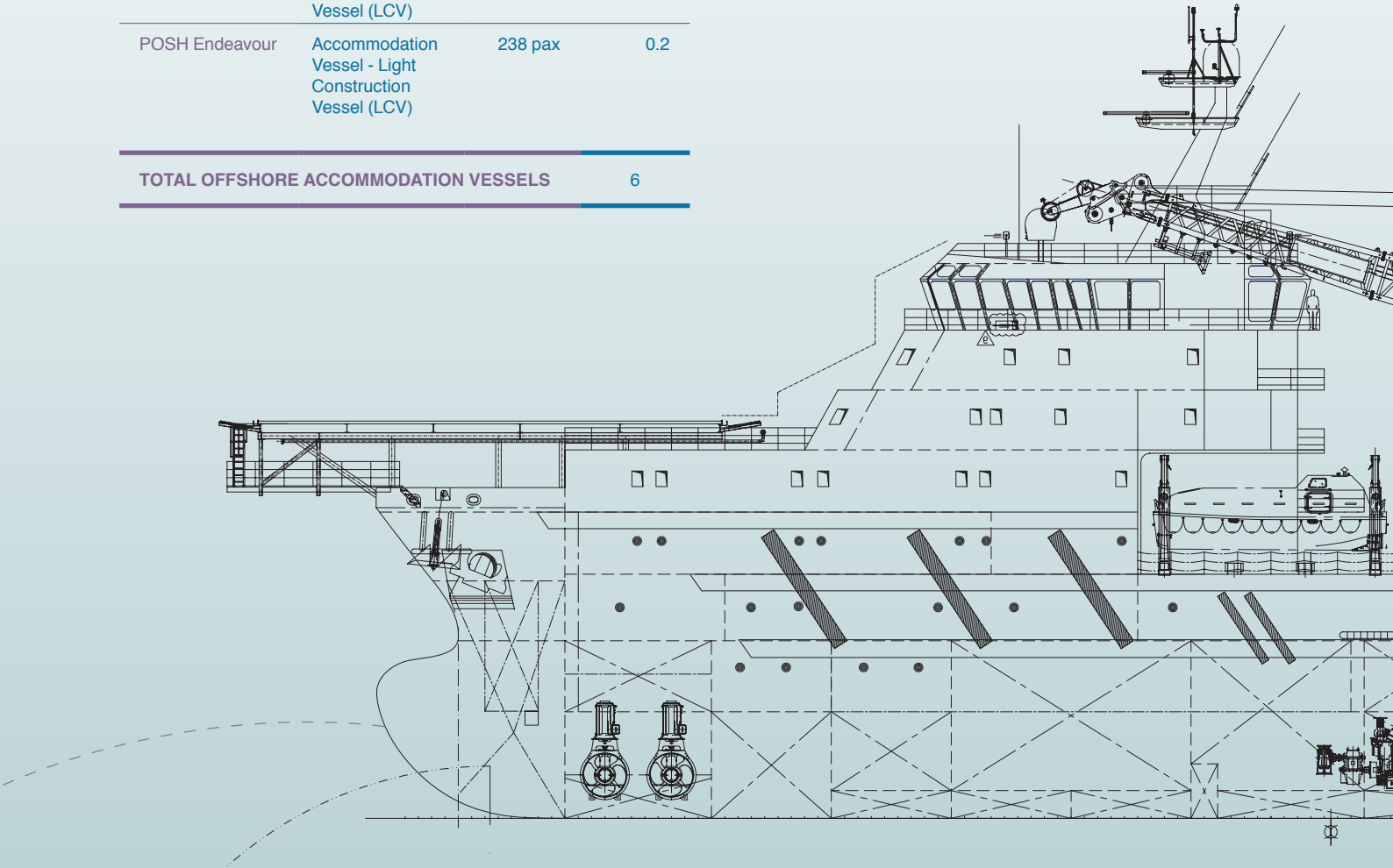
(AS AT 31 MARCH 2015)

VESSELS OWNED BY THE GROUP

VESSEL NAME	VESSEL TYPE	BHP (Unless otherwise stated)	AGE (Years)
POSH Bali	Accommodation vessel	191 pax	17.4
POSH Bangka	Accommodation vessel	197 pax	16.8
POSH Bawean	Accommodation vessel	198 pax	16.8
POSH Xanadu	Semi-Submersible Accommodation Vessel	750 pax	0.4
POSH Endurance	Accommodation Vessel - Light Construction Vessel (LCV)	238 pax	0.2
POSH Endeavour	Accommodation Vessel - Light Construction Vessel (LCV)	238 pax	0.2
TOTAL OFFSHORE ACCOMMODATION VESSELS			6

VESSELS OWNED BY OUR JOINT VENTURES

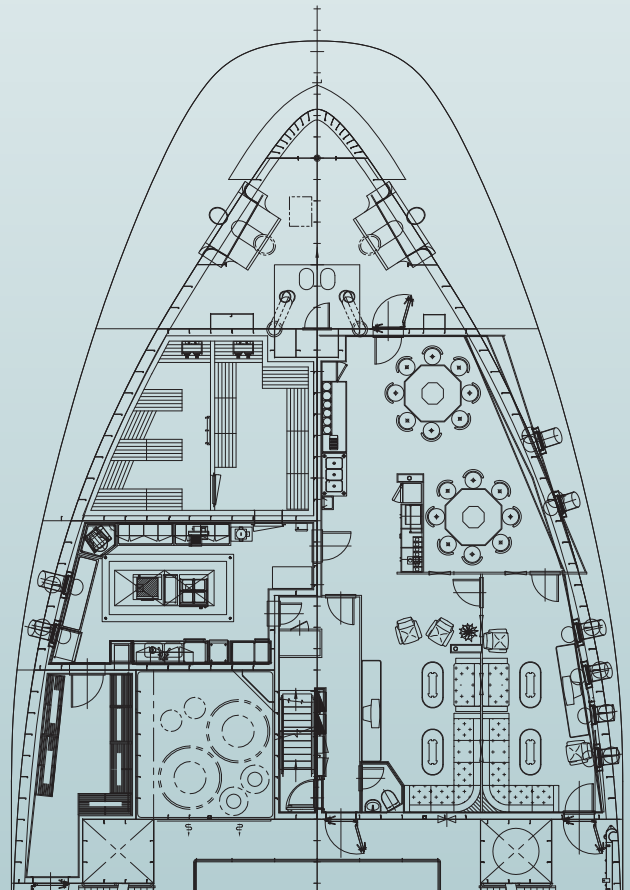
VESSEL NAME	VESSEL TYPE	BHP (Unless otherwise stated)	AGE (Years)
PW Natuna	Accommodation vessel	300 pax	5.1
TOTAL OFFSHORE ACCOMMODATION VESSELS			1



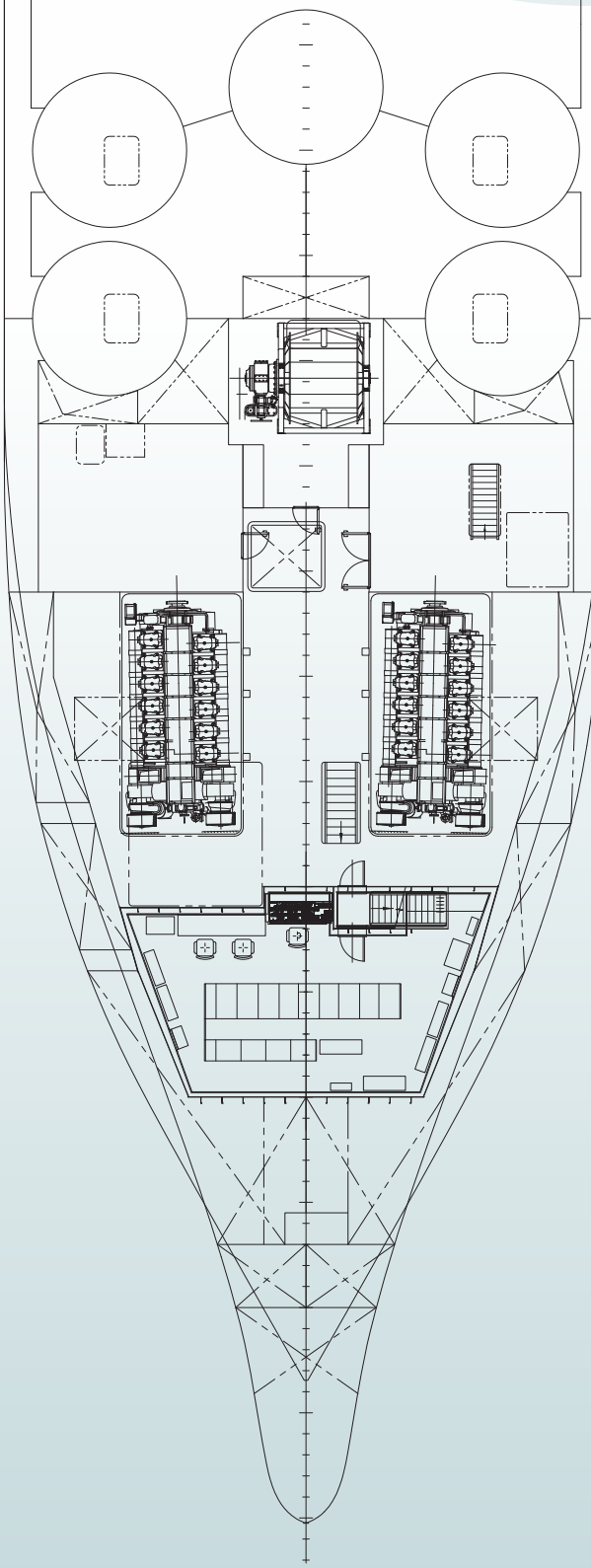
TRANSPORTATION & INSTALLATION

(AS AT 31 MARCH 2015)

VESSELS OWNED BY THE GROUP			
VESSEL NAME	VESSEL TYPE	BHP (Unless otherwise stated)	AGE (Years)
POSH Giant I	Submersible Barge	20,000 DWT	6.8
POSH Giant II	Submersible Barge	20,000 DWT	4.1
POSH Assistor	Anchor Handling Tug (AHT)	8,000	4.5
Maritime Putri	Anchor Handling Tug (AHT)	5,000	10.0
Maritime Putra	Anchor Handling Tug (AHT)	5,000	9.9
POSH Pahlawan	Anchor Handling Tug (AHT)	5,000	5.2
POSH Panglima	Anchor Handling Tug (AHT)	5,000	4.3
Salvaree	Anchor Handling Tug (AHT)	4,040	15.1
Maritime Mesra	Anchor Handling Tug (AHT)	4,000	5.8
POSH Mulia	Anchor Handling Tug (AHT)	4,000	5.5
Greenville 126	Towing Tug	3,200	18.2
Greenville 168	Towing Tug	3,200	18.1
Maritime Ratu	Towing Tug	3,200	10.3
Maritime Raja	Towing Tug	3,200	10.1
Maritime Ratna	Towing Tug	3,200	8.4
Maritime Honour	Deck/Tank Barge	13,000 DWT	2.5
Maritime Glory	Deck/Tank Barge	11,500 DWT	7.6
Maritime Pride	Deck/Tank Barge	11,500 DWT	7.6
Maritime Courage	Deck/Tank Barge	11,000 DWT	3.3
Maritime Faith	Deck/Tank Barge	7,700 DWT	7.9
Maritime Icon	Deck/Tank Barge	7,700 DWT	7.0
Maritime Topaz	Deck/Tank Barge	7,700 DWT	7.2
Maritime West	Deck/Tank Barge	7,700 DWT	8.2
Maritime Falcon	Deck/Tank Barge	5,400 DWT	7.0
Maritime Hawk	Deck/Tank Barge	5,400 DWT	7.2
Maritime Swift	Deck/Tank Barge	5,400 DWT	9.4
Mandiri Tango 3	Towing Tug	3,200	8.6
Tango 7	Towing Tug	3,200	6.2
Mandiri Bravo 2	Coal/Bulk/ Container Barge	12,000 DWT	8.8
Maritime Amber	Deck Cargo Barge	7,500 DWT	0.1
Maritime Diamond	Deck Cargo Barge	7,500 DWT	0.1
TOTAL TRANSPORTATION & INSTALLATION VESSELS			31



VESSELS OWNED BY OUR JOINT VENTURES			
VESSEL NAME	**VESSEL TYPE**	**BHP (Unless otherwise stated)**	**AGE (Years)**
WINPOSH 3301	Deck/Tank Barge	12,200 DWT	8.8
Tenaga Maju	Towing Tug	2,400	21.8
Maritime East	Deck/Tank Barge	8,000 DWT	10.6
Maritime Hope	Deck/Tank Barge	8,000 DWT	10.6
POSH Mogami	Semi-submersible Barge	30,500 DWT	2.3
Salveritas	Anchor Handling Tug (AHT)	12,000	8.2
Salviceroy	Anchor Handling Tug (AHT)	12,000	8.0
Salvigilant	Anchor Handling Tug (AHT)	12,000	7.7
Salvanguard	Anchor Handling Tug (AHT)	13,500	11.2
Salviscount	Anchor Handling Tug (AHT)	13,500	11.1
Terasea Falcon	Anchor Handling Tug (AHT)	16,300	2.1
Terasea Hawk	Anchor Handling Tug (AHT)	16,300	1.9
Terasea Eagle	Anchor Handling Tug (AHT)	16,300	1.3
Terasea Osprey	Anchor Handling Tug (AHT)	16,300	1.1
TOTAL TRANSPORTATION & INSTALLATION VESSELS			14



HARBOUR SERVICES & EMERGENCY RESPONSE

(AS AT 31 MARCH 2015)

VESSELS OWNED BY THE GROUP

VESSEL NAME	VESSEL TYPE	BHP (Unless otherwise stated)	AGE (Years)
EMERGENCY RESPONSE			
Salvixen	Utility/Emergency Support	1,250	33.3
Work Boat 1	Workboat	NA	25.8
Salvern	Utility/Emergency Support	NA	12.4
HARBOUR SERVICES			
POSH Harvest	ASD Tug/ Harbour Tug	4,000	4.3
POSH Gallant	ASD Tug/ Harbour Tug	4,000	0.3
POSH Gentle	ASD Tug/ Harbour Tug	4,000	0.2
POSH Guardian	ASD Tug/ Harbour Tug	4,000	0.1
PW Rapi	Workboat	1,000	8.0
PW Rajin	Workboat	1,000	8.0
Intan	Workboat	1,000	6.4
Ikhlas	Workboat	1,000	6.4
Semco L301	Crane Barge	300T Sheerleg	41.8
Semco L88	Crane Barge	60T Sheerleg	20.8
TOTAL HARBOUR SERVICES & EMERGENCY RESPONSE VESSELS			13

VESSELS OWNED BY OUR JOINT VENTURES

VESSEL NAME	VESSEL TYPE	BHP (Unless otherwise stated)	AGE (Years)
PW L-1501	Crane Barge	1500 MT	37.8
PW L801	Crane Barge	800 MT	8.1
PW Tekun	ASD Tug/ Harbour Tug	3,600	10.3
PW Teguh	ASD Tug/ Harbour Tug	3,600	10.2
PW Zeta	ASD Tug/ Harbour Tug	3,200	5.6
PW Gamma	ASD Tug/ Harbour Tug	4,000	4.7
PW Kappa	ASD Tug/ Harbour Tug	4,000	4.8
PW Reliance	Utility Tug	3,600	6.8
PW Iota	ASD Tug/ Harbour Tug	3,600	2.3
PW Lambda	ASD Tug/ Harbour Tug	3,600	2.5
PW Tenang	ASD Tug/ Harbour Tug	3,600	2.4
PW Tenaga	ASD Tug/ Harbour Tug	3,600	2.4
PW Teraju	ASD Tug/ Harbour Tug	3,600	2.2
PW Tepat	ASD Tug/ Harbour Tug	3,600	2.2
Sea Basset	ASD Tug/ Harbour Tug	3,000	19.8
PW Benar	ASD Tug/ Harbour Tug	4,000	1.5
PW Berani	ASD Tug/ Harbour Tug	4,000	1.4
PW Tetap	ASD Tug/ Harbour Tug	3,600	0.9
PW Tangkas	ASD Tug/ Harbour Tug	3,600	0.8
TOTAL HARBOUR SERVICES & EMERGENCY RESPONSE VESSELS			19

CORPORATE GOVERNANCE REPORT

PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Company**") was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 25 April 2014. POSH and its subsidiaries ("**the Group**") believe in a firm commitment to upholding the highest standards of corporate governance to safeguard the interests of all its stakeholders. This report sets out the current practice with reference to the guidelines set out in the revised Code of Corporate Governance 2012 ("**Code**") issued on 2 May 2012.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1 : Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board is responsible to stakeholders for the long-term success and financial soundness of the Group. The Board's primary responsibility, apart from its statutory duties, is to oversee the implementation of the Group's overall business strategy, establish and communicate corporate culture and values, and establish conflicts of interest policies and a strong corporate governance environment.

To assist the Board in the discharge of its oversight function, various board committees namely the Audit, Board Risk, Nominating, Remuneration and Executive Committees have been constituted with clear terms of reference. All board committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

The Executive Committee ("**Exco**") was established prior to the Company's listing and its then members were Mr Teo Joo Kim and Mr Gerald Seow (Chief Executive Officer). Mr Kuok Khoon Ean joined the committee in October 2014 just prior to the start of Mr Teo Joo Kim's medical leave of absence. The Exco's primary responsibility is to discharge the responsibilities conferred upon it by the Board and principally to approve transactions under the authority of the Board. Following a recent review, the Board determined that the Exco's role was unnecessary and consequently the Exco was dissolved on 17 February 2015.

Details of other board committees are as set out below:
Nominating Committee – Principle 4
Remuneration Committee – Principle 7
Board Risk Committee – Principle 11
Audit Committee – Principle 12

All Directors exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Group. This is one of the performance criteria for the assessment of the contributions of the individual Directors.

The Board conducts regular scheduled meetings on a quarterly basis and ad-hoc meetings are convened, if requested by any member of the Board or if warranted by circumstances deemed appropriate by the Board. Between scheduled meetings, matters that require the Board's approval are circulated to all Directors for their consideration and decision. As provided in the Company's Articles of Association ("**AOA**"), Directors may participate in Board meetings by teleconferencing and videoconferencing.

All written resolutions passed and minutes of meetings held by the Board committees are circulated to the Board for information and review, with such recommendations as the respective Board committees consider appropriate for approval by the Board. While the Board committees have the delegated powers to make decisions or make recommendations within the scope of their respective terms of reference, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

CORPORATE GOVERNANCE REPORT

For the year under review[1], the attendance of the Directors of the Company at meetings of the Board and Board Committees are summarized below:

	Board	Executive Committee[2]	Audit Committee	Board Risk Committee	Remuneration Committee	Nominating Committee[3]
Kuok Khoon Ean	5/5	1/1	NA	4/4	1/2	NA
Seow Kang Hoe, Gerald	5/5	1/1	NA	NA	NA	NA
Teo Joo Kim[4]	2/5	0	NA	NA	1/2	NA
Wu Long Peng	5/5	NA	NA	NA	NA	1/1
Dato' Ahmad Sufian@ Qurnain Bin Abdul Rashid	5/5	NA	6/6	NA	2/2	1/1
Ma Kah Woh	5/5	NA	6/6	4/4	NA	1/1
Dato' Jude Philomen Benny	5/5	NA	6/6	4/4	NA	1/1
Wee Joo Yeow	4/5	NA	6/6	4/4	2/2	NA

Notes:
1. The table includes board and committee meetings held prior to the listing of the Company on 25 April 2014.
2. The Executive Committee meeting could not be held during FY2014 due to scheduling constraints and was held shortly after year end.
3. The Nominating Committee meeting could not be held during FY2014 due to scheduling constraints and was held shortly after year end.
4. Mr Teo Joo Kim has been on medical leave of absence since November 2014. Mr Teo is required to seek re-election to the board pursuant to Section153 of the Singapore Companies Act. Mr Teo has informed that he will not be seeking re-election at the forthcoming Annual General Meeting.

The Company has adopted and documented internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved for the decision of the Board include:

- Strategies and major business proposals of the Group;
- Acquisitions and disposals of investments, businesses and assets;
- New lines of businesses which complement the core business activities of the Group;
- Commitment to loans and lines of credit from banks and financial institutions and fund raising from capital markets, including the opening and closing of bank accounts; and
- Share issuances, interim dividends and other returns to shareholder.

The Board has a board induction pack organised for new directors. The Board secretariat is responsible for organising and compiling a list of relevant courses, which will be circulated to board members. Directors' attendance at courses will be maintained by the secretariat.

BOARD COMPOSITION AND GUIDANCE

Principle 2 : There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board has eight (8) members comprising one (1) Executive Director, three (3) Non-Executive Directors and four (4) Independent Non-Executive Directors. Independent Directors make up half the Board.

The Board considers an "independent" director as one who has no relationship with the Company, its related corporations, its shareholders with shareholdings of 10% or more voting shares in the Company or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of a director's independent business judgment with a view to the best interests of the Group.

With Independent Directors making up half of the Board, the Company believes that it has a strong and independent element on the Board which facilitates the exercise of independent and objective judgment on its corporate affairs.

CORPORATE GOVERNANCE REPORT

Dato' Jude Benny is the Lead Independent Director. He avails himself to address shareholders' concerns and acts as a counter-balance on management issues in the decision-making process. Lead Independent Director, Dato' Benny works closely with other Independent Directors and when necessary meets with them, without the presence of other Directors to discuss matters that were deliberated at Board meetings.

The Nominating Committee ("**NC**") reviews annually, the size, composition and balance of the Board to ensure the Board has the core competencies for effective functioning and informed decision making. The Board is made up of Directors with a wide range of skills, experience and qualifications and they bring with them expertise and knowledge in areas such as accounting, finance, legal, business acumen, risk management and specific industry and customer-based knowledge relevant to the Group's business. Key information about the Directors is presented in the section entitled "Board of Directors" in the Company's Annual Report 2014.

The Board is provided with accurate, complete and timely information to enable it to make well informed decisions. The Non-Executive Directors and Independent Directors have participated actively in the Board meetings. With their expertise and competency in their respective fields, they have, collectively, provided constructive advice and good governance guidance for effective discharge by the Board of its principal functions.

The Board in concurrence with the NC, is of the view that taking into account the nature and scope of the operations of the Group, and the requirements of the Group's businesses, the current size and composition of the Board facilitates effective decision making. With Independent Directors making up half of the Board, no individual or small group of individuals dominate decision making. The Directors as a group provide the appropriate balance and diversity of skills, experience, knowledge of the Group, core competencies, such as accounting or finance, business or management experience required for the Board and the board committees to be effective.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 : There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

The Company's Chairman is Mr Kuok Khoon Ean. With the assistance of the Company Secretary, the Chairman schedules and prepares meeting agenda to enable the Board to discharge its duties responsibly having regard to the Group's operations.

The Chairman leads all Board meetings and ensures that Board members receive accurate and timely information to enable them to be fully cognizant of the affairs of the Group. He also promotes a culture of openness and solicits contributions from the Board members to facilitate constructive discussions.

The Chairman takes a leading role in the Company's drive to achieve and maintain high standards of corporate governance with the full support of the Board and the Company Secretary.

BOARD MEMBERSHIP

Principle 4 : There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Board has established the NC comprising of entirely Non-Executive Directors with the majority being Independent Directors, namely:

Dato' Jude Philomen Benny	–	Chairman and Lead Independent Director
Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid	–	Member
Wu Long Peng	–	Member
Ma Kah Woh	–	Member

CORPORATE GOVERNANCE REPORT

The NC meets at least once a year and is responsible for making recommendations to the Board on matters relating to:

a) The review of board succession plans for directors, in particular, the Chairman and for the CEO;
b) The development of a process for evaluation of the performance of the Board, Board committees and directors;
c) The review of training and professional development programs for the Board; and
d) The appointment and re-appointment of directors.

The NC has adopted the guidelines as set out in the Code in carrying out its assessment of the independence of the Directors of the Company. In addition, each Independent Director is required to state whether he considers himself independent taking into consideration the existence of relationships (if any) which would nullify his independence as a Director based on the guidelines in the Code.

The NC has, upon its assessment, concluded that none of the Independent Directors are related and do not have any relationship with the Company or its related companies, its shareholders with shareholdings of 10% or more voting shares in the Company or its officers that could interfere with the exercise of their independent judgment. The Board has concurred with the NC that all of the four Independent Directors are considered independent.

The Company does not, as a matter of policy, limit the maximum number of listed company board representations its Board members may hold as long as each of the Board members is able to commit his time and attention to the affairs of the Group. In this connection, the NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to carry and has been adequately carrying out his duties as a Director of the Company. The NC takes into account the results of the assessment of the competencies, commitment and contributions of the individual Director and is of the view that although some Directors hold other non-Group Board representations, they are nevertheless able to carry and have effectively carried out their duties as Directors of the Company.

As part of the Board selection process, the NC undertakes an assessment of the current strengths of the Board, its ability to govern effectively, as well as any gaps that should be filled. It will consider key attributes in a candidate, particularly the necessary experience and skill set to fill any gaps identified and the ability to contribute positively to Board discussions.

Candidates may be proposed by existing Board members or recommended through its network of business associates and professionals. The necessary due diligence on the candidate will be conducted and an interview arranged with the NC before the selected candidate is formally proposed to the Board of Directors.

As a principle of good corporate governance, all Board members are required to submit themselves for re-appointment/re-election at regular intervals. The CEO, as a Board member, is also subject to retirement and re-election. In accordance with the Articles of Association of the Company, one-third of the Directors who have been longest in office since their last re-election, are required to retire by rotation at least once every three years. These Directors are eligible for re-election subject to approval by the shareholders at the annual general meeting ("**AGM**"). New Directors will hold office only until the next AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.

The NC has, in its deliberations on the re-appointment of existing Directors, taken into consideration the relevant Director's contribution and performance. The assessment parameters include attendance record and intensity of participation at meetings of the Board and Board committees as well as the quality of participation and special contribution.

The Board has accepted the NC's recommendation to seek approval of shareholders at the upcoming AGM for the re-appointment of Mr Wu Long Peng and Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid under Article 92 of the Company's Articles of Association. In addition, Mr Teo Joo Kim, who is subject to annual re-appointment pursuant to section 153 of the Singapore Companies Act, has elected to retire from office at the upcoming AGM.

BOARD PERFORMANCE

Principle 5 : There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board, through the NC, has implemented a process for assessing the effectiveness of the Board as a whole and its board committees and contribution by each individual director to the effectiveness of the Board, on an annual basis. Directors are required

CORPORATE GOVERNANCE REPORT

to complete a board assessment form and an individual self-assessment form. In addition, Committee members are required to assess each board Committee they are a member of. The findings are collated and presented by the NC to the Board.

ACCESS TO INFORMATION

Principle 6 : In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis to as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors receive a set of Board papers that include explanatory information relating to matters to be brought before the Board, copies of disclosure notes and internal group financial statements prior to Board and Board Committees' meetings. This is generally sent to them at least a week in advance. This is to allow sufficient time for the Board members to obtain further explanations, where necessary, to be properly briefed and adequately prepared for the Board and Board Committees' meetings.

The Directors also receive the monthly flash reports as well as quarterly management accounts of the Group and have unrestricted access to the records and information of the Group. The Non-Executive and Independent Directors have access to senior executives in the Group and other employees to seek additional information if required. To facilitate such access, the contact particulars of the senior executives and Company Secretary of the Group have been provided to the Directors. The Directors whether collectively or individually may, at the Company's expense, seek and obtain independent professional advice when necessary to discharge their duties effectively.

The Company Secretary has the responsibility to ensure that Board procedures are followed and that all applicable rules and regulations including requirements of the Securities and Futures Act, Singapore Companies Act and the SGX-ST Listing Manual, are complied with. The Company Secretary is in attendance at meetings of the Board and Board Committees and is responsible for preparing the minutes of board proceedings. The appointment and removal of the Company Secretary should be a matter for the Board as a whole.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7 : There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("**RC**") comprises four (4) Directors namely:

Wee Joo Yeow	–	Chairman
Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid	–	Member
Kuok Khoon Ean	–	Member
Teo Joo Kim	–	Member

Prior to Mr Teo going on medical leave from November 2014 and during his absence, Mr Kuok was appointed as an additional member.

The RC has written terms of reference that describes the responsibilities of the members. The RC is responsible for ensuring a formal and transparent procedure for developing a comprehensive remuneration policy, and general framework and guidelines for remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, grant of shares and shares options, and benefits-in-kind) of the members of the Board and key management personnel. The RC reviews and recommends to the Board, in consultation with the Chairman of the Board (where applicable), specific remuneration packages for each of the Directors and the key management personnel. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximizing shareholder value.

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The RC is also responsible for the review of, and recommending to the Board awards under the POSH Share Option Plan ("**SOP**") and POSH Performance Share Plan ("**PSP**") and their associated performance targets. In addition, the RC reviews the Company's obligations arising in the event of termination of the executive director's and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No RC member nor any Director is involved in deliberations regarding compensation, share-based incentive or any form of benefits to be granted to himself.

LEVEL AND MIX OF REMUNERATION

Principle 8 : The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Company's current remuneration framework comprises of a fixed and a variable component. The variable component comes in the form of annual bonus tied to the performance of the individual and the Group. For the year under review, neither share options nor performance shares were awarded. Following the Company's listing on the SGX-ST, the Company will be including long term incentives in the form of share options and performance shares which serves to reward and recognise the key executives' contributions to the long-term growth of the Group.

DISCLOSURE ON REMUNERATION

Principle 9 : Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Each member of the Board receives annual Directors' fees, which are subject to the approval of shareholders at the AGM. The structure of Directors' fees for FY2014 is set out below. The Chief Executive Officer ("**CEO**") as an Executive Director does not receive Director's fees.

Fee Structure

a. A retainer fee of S$60,000 for serving as a Director;
b. Additional fee of S$30,000 for serving as Chairman of the Board;
c. Additional fee of S$20,000 for serving as Lead Independent Director; and
d. Additional fee for serving as Member on the following Board committees. In addition, the Chairman of each board committee is also paid an additional fee in view of the greater responsibility carried by that office.

	Audit Committee S$	Board Risk Committee S$	Nominating Committee S$	Remuneration Committee S$
Chairman's Fee	30,000	5,000	5,000	5,000
Member's Fee	20,000	10,000	10,000	10,000

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The breakdown of remuneration for the Directors of the Company and the top 5 key executives of the Group for FY2014 is as follows:

Non-Executive and Independent Directors	Proposed Directors' Fee	Fixed Salary	Variable Bonus	Benefits-in-kind	Total
Kuok Khoon Ean	100%	–	–	–	S$107,500
Teo Joo Kim	100%	–	–	–	S$70,000
Wu Long Peng	100%	–	–	–	S$70,000
Jude Philomen Benny	100%	–	–	–	S$125,000
Ma Kah Woh	100%	–	–	–	S$130,000
Ahmad Sufian @ Qurnain Bin Abdul Rashid	100%	–	–	–	S$100,000
Wee Joo Yeow	100%	–	–	–	S$105,000

Name	Fixed Salary	Variable Bonus	Benefits–in–kind	Total	Remuneration Band
Executive Director					
Gerald Seow	26%	73%	1%	100%	S$2,000,000 – S$2,249,999
Top 5 Key Executives					
Lee Keng Lin	52%	48%	-	100%	S$750,000 – S$999,999
Chai Ulva	54%	46%	-	100%	S$500,000 – S$749,999
Ng Eng Khin[1]	62%	38%	-	100%	S$500,000 – S$749,999
Sim Hee Ping	58%	42%	-	100%	S$250,000 – S$499,999
Geoffrey Yeoh[2]	38%	62%	-	100%	S$1,500,000 – S$1,749,999

Note:
1. Mr Ng is employed by POSH Terasea Offshore Pte Ltd, a wholly owned subsidiary of the joint venture POSH Terasea Pte Ltd.
2. Mr Geoffrey Yeoh ceased to be in the employ of the Company with effect from 3 October 2014.

The remuneration of the Company's top five key executives takes into account the pay and employment conditions within the industry and is performance-related. The Company is of the opinion that it is not in the best interest of the Company to disclose specific details of their remuneration due to the competitiveness of the industry for key talent.

No employee is an immediate family member of a director or the CEO.

ACCOUNTABILITY

Principle 10 : The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Company's and Group's performance, financial position and prospects, including interim and other price-sensitive public reports, and reports to regulators (if required). The Directors fully recognize the principle that the Board is accountable to the shareholders while the Management is accountable to the Board.

CORPORATE GOVERNANCE REPORT

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNet to the SGX, press releases and the Company's website.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11 : The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Role of Board and Board Committees

The Board with the assistance of the Board Risk Committee ("**BRC**") and the Audit Committee ("**AC**" which is discussed under Principle 12) is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The Board sets the overall strategic direction and ensures such strategies are aligned with the risk tolerance of the Group, as well as any potential emerging risks that the Group may face.

The BRC comprises four (4) Non-Executive Directors with the majority being Independent Directors, namely:

Kuok Khoon Ean	–	Chairman
Dato' Jude Philomen Benny	–	Member
Ma Kah Woh	–	Member
Wee Joo Yeow	–	Member

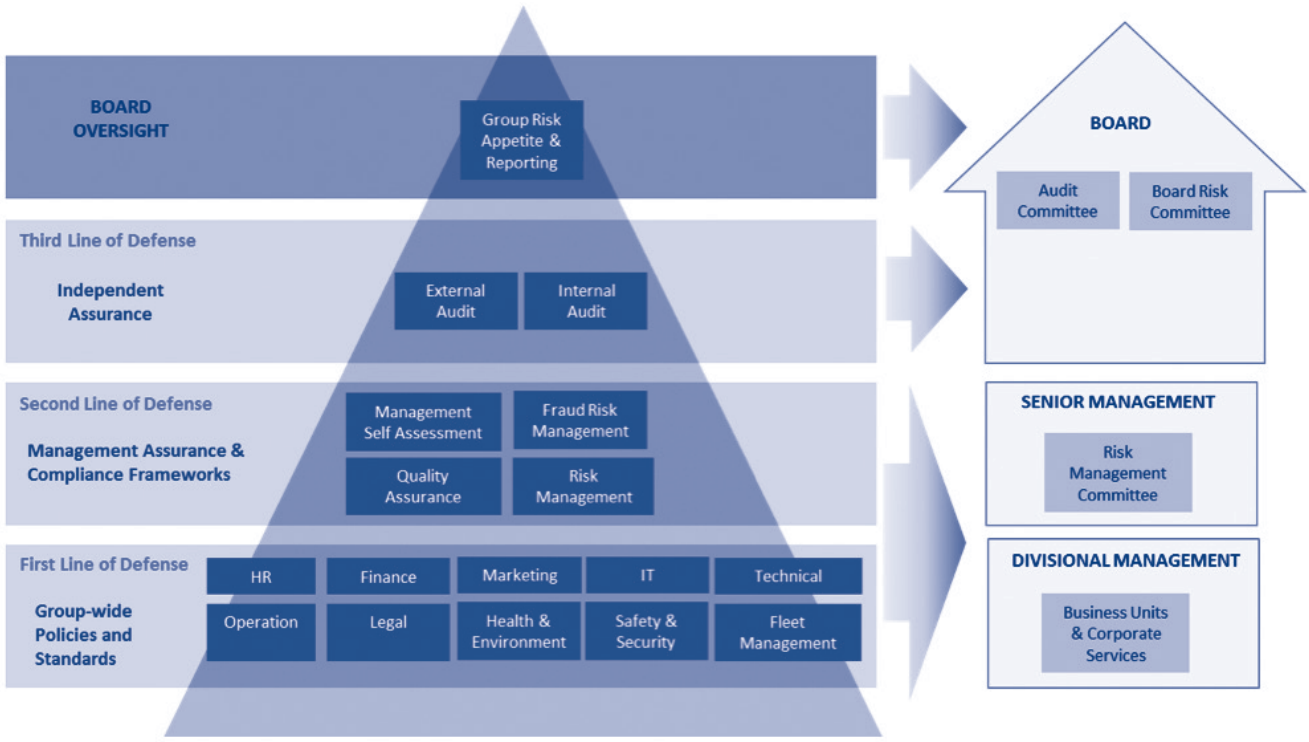
The BRC reviews and discusses with Management the Group's risk governance structure, risk assessment and risk management guidelines, policies and processes and the adequacy and effectiveness of the Group's risk management policies and systems. The BRC reports to the Board on material findings and recommendations in respect of significant operating and financial risk matters. Specifically for financial reporting risk, the AC provides the oversight and assesses the adequacy and effectiveness of the Group's internal control and compliance systems.

Risk Governance and Assurance Framework

The Group's risk governance and assurance framework is structured with three lines of defence; the business unit management, in partnership with corporate services support functions, is the first line of defence and is primarily responsible for establishing policies and procedures to manage risks within approved Group risk appetite. As the second line of defence, Group oversight functions (such as Group Health, Safety, Environment and Quality Assurance ("**HSEQA**") and Risk Management) develop and maintain appropriate risk management framework and assurance processes as well as monitoring and reporting of key risk issues. Internal Audit function and external auditors, as the third line of defence, provide independent assurance on the adequacy and effectiveness of the Group's internal controls and risk management systems. The following diagram depicts the Group's risk governance and assurance framework by which the Board obtains assurance on the adequacy and effectiveness of Company's and Group's risk management and internal control systems.

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Risk Governance & Assurance Framework



Risk Management Framework

The Group has established a formalised Risk Management Framework to identify, manage and monitor the portfolio of business and operating risks impacting the Group on an on-going basis. During the financial year, the AC and the BRC engaged the assistance of an external risk consultant, KPMG Services Pte Ltd, to work with the business units to review and assess key financial, operational, compliance and information technology risks of the Group. All business units were involved in identifying and evaluating risks from the bottom up, and these risks were then reviewed by the Risk Management Committee that comprises senior management of the Group to provide a top down perspective as well. Reports on specific risk topics were also prepared by Management, and tabled to the BRC during the year for deliberation. As part of the risk management engagement to support the Board's annual assessment of adequacy of internal controls, KPMG Services Pte Ltd also worked with the business units to identify the mitigating controls and sources of assurances for the Group's key risks. Risk management assessment is a constantly evolving process, as business and operating risks are monitored and reviewed regularly, with controls enhanced where necessary and appropriate.

Fraud Risk Management

The Group does not tolerate any corporate impropriety, malpractice or wrongdoing by staff in the course of their work. The Group has put in place a fraud risk management framework where the processes are still evolving and subject to periodic reviews and improvements. Some of the key practices already in place are as follows:

a) Clear communication of Group's values and ethics
The Group's Code of Ethics and Conduct serve to guide staff on issues of ethical conduct and conflicts of interests that may arise in the course of their employment. These requirements are also clearly set out in the employee's Employment Terms & Conditions, as well as the Employee Handbook.

b) Implementation of anti-fraud controls
Conflicting duties and access rights are identified and segregated. Employee due diligence processes includes background reference checks for executive grades and above. All new staff are also required to provide offence and non-indebtedness declarations. For new vendors, company profile searches and financial evaluation are performed, where relevant.

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c) Establishment of whistleblowing channels

The Group implemented a whistleblowing programme that provides a framework for reporting of suspected fraud, corruption, dishonest practices or other misdemeanors without fear of reprisals and provides for independent investigation of such matters and appropriate follow up actions. Please refer to Principle 12 for an elaboration on the whistleblowing programme.

Quality Assurance

The Group is committed to keep our people and environments in which we work, safe and healthy and is dedicated towards continual improvement in operational and safety excellence. The Group's Health, Safety, Environment, Quality and other Policies are prominently displayed throughout the Group's premises and on board the vessels for crew awareness and compliance. For shore based staff, the HSEQA department developed and implemented some "Golden Rules of Safety" in staff safety handbooks to highlight general personal safety practices when working with or visiting Group vessels. Management recognises the necessity and responsibility to minimise the impact of its operations upon the environment and in this respect has propagated an environmental policy and established environmental objectives. The Group's HSEQA Integrated Management System ("**IMS**") Manual sets out the procedures and measures required to achieve these objectives. The IMS Manual also stresses the importance of giving a high priority and compliance to clients own rules, regulations and standards. The HSEQA department carries out regular audits on ship operations in compliance with International Safety Management Code, International Ship and Port Facility Security Code, Code of Maritime Labour Convention, Occupational Health and Safety Management Standard and International Organisation for Standardisation ("**ISO**") Quality Management Standard. Periodic checks are also conducted by prospective charterers to ensure compliance with charterer's requirement of Offshore Vessel Management System Audit and Offshore Vessel Inspection Database.

Information Technology ("IT") Risk Management

IT services for the Group functions under a Shared Service arrangement with Kuok (Singapore) Limited ("**KSL Group**") IT as part of the common support services across KSL Group.

KSL Group IT together with POSH Management has established an IT Steering Committee ("**ITSC**") which comprises key management staff from the Group. ITSC serves as a forum to align IT projects and initiatives with business direction and goals. ITSC meets on a quarterly basis to discuss not only IT Projects but also matters concerning IT Governance including IT Policies & Process and service level agreement for performance monitoring of outsourced services to the Group.

Operationally, Management has put in place a clear set of IT security policies and procedures to ensure that every staff is aware and actively involved in managing IT risks in the course of their work. Periodic IT security announcements or circulars are sent to staff to update them on latest IT security risks and measures that are relevant to the Group. Both the Company and the Group are equipped with next generation firewall protection integrated with intrusion detection capability and anti-virus protection. Where critical IT services or acquisitions are provided by our strategic vendors, the IT department monitors closely the performance and deliverables to mitigate any vendor risks arising. IT project risks are managed based on an IT Project Framework that sets out processes to ensure detailed and accurate scoping of business requirements, project planning, regular project updates, risk assessment with respect to project budget and timeline, performance monitoring and reporting of key projects to stakeholders.

During the year, the AC engaged KPMG Services Pte Ltd to develop a risk based IT audit plan and carry out audits to assess the adequacy of internal controls for selected critical systems. The external auditors also reviewed our general information technology infrastructure and controls as part of the external audit. Any potential risks identified are then highlighted to Management for necessary actions. Any major risks identified are also tracked and reported to the AC.

Management Self Assessment

The external risk consultant, KPMG Services Pte Ltd, facilitated the year-end management self-assessment exercise where senior management reviewed and reported on the adequacy of their respective units' control environment to the AC and BRC. The results of these self-assessments provide the basis for the Board's opinion on the adequacy and effectiveness of risk management and internal control systems.

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Opinion on the Adequacy and Effectiveness of Internal Control and Risk Management Systems

The Board recognises the importance of a sound internal controls system to safeguard the assets of our Group and our shareholders' interests. The Board affirms its overall responsibility for our Group's system of internal controls and for reviewing the adequacy and integrity of those systems. It should be noted that the internal controls system is designed to manage rather than to eliminate risks. Accordingly, the internal controls system can only provide reasonable and not absolute assurance regarding the achievement of our Group's objectives in the following areas:

a) effectiveness and efficiency of operations;
b) reliability of financial reporting; and
c) compliance with applicable laws and regulations.

The first area addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second relates to the preparation of reliable financial statements, including interim and full year financial statements. The third deals with complying with those laws and regulations to which the entity is subject to.

During the year under review, the Board has received assurance from the CEO and Chief Financial Officer/ Financial Controller that financial records have been properly maintained, that the financial statements give a true and fair view of the Group's operations and finances, and that the risk management and internal control systems of the Group are adequate and effective.

On the basis of the foregoing assurance from Management, the internal controls established and maintained by the Group, and work performed by the internal and external auditors, the Board, with the concurrence of the AC and BRC, is of the opinion that the Group's systems of risk management and internal controls were adequate as at 31 December 2014 to address financial, operations, information technology and compliance risks which are relevant to the Group's operations.

AUDIT COMMITTEE

Principle 12 : The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Composition and Role of AC

The Audit Committee ("**AC**") comprises entirely of Non-Executive Independent Directors, namely:

Ma Kah Woh	–	Chairman
Dato' Ahmad Sufian @ Qurnain Bin Abdul Rashid	–	Member
Dato' Jude Philomen Benny	–	Member
Wee Joo Yeow	–	Member

The Chairman has accounting, auditing and risk management expertise and experience. The other members provide expertise in accounting, banking, legal and business issues. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

During the year, most of the AC members attended courses or seminars organised jointly by the Singapore Institute of Directors, Singapore Exchange Limited and professional accounting firms on changes in risk management, corporate governance and related topics. Specifically, there was a briefing session conducted by a professional accounting firm for the AC on recent changes to the Revised Guidebook for Audit Committees in Singapore. In addition, the AC was also briefed regularly at each quarterly Board meeting by the external auditors on changes in Financial Reporting Standards and Company Legislation which are relevant to the Group's businesses.

The AC has a set of Terms of Reference dealing with its scope and authority, which include:

- Review of the quality and reliability of information prepared for inclusion in financial reports;
- Review of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and

CORPORATE GOVERNANCE REPORT

information technology controls;
- Review of scope and audit findings of internal and external auditors as well as management responses to them;
- Evaluation of the nature and extent of non-audit services performed by external auditors;
- Recommendation of the appointment and re-appointment of external auditors;
- Approval of the remuneration and terms of engagement of external auditors; and
- Examination of Interested Person Transactions.

In addition, the AC also:
- Meets with the external and internal auditors, without the presence of Management, at least once a year to review and discuss the financial reporting process, system of internal controls, significant comments and recommendations; and
- Reviews and if required, investigates the matters reported via the whistle-blowing mechanism, by which staff may, in confidence, raise concerns about suspected improprieties including financial irregularities.

The AC has explicit authority to investigate any matter within its terms of reference, and have access to sufficient resources in order to carry out its duties, including full access to, and co-operation by Management, the company secretariat, the external auditor and internal auditor for assistance as required. It has full discretion to invite any Director, member of Management and third parties to attend its meetings. It also has the authority to review its terms of reference and its own effectiveness annually and recommend necessary changes to the Board.

AC Activities for the Year

The AC met 6 times during the year and the activities for the year, in accordance with its responsibilities and duties under its Charter, included the following:

a) *Financial Reporting*
The AC reviewed the quarterly and annual financial statements and financial announcements required by the SGX-ST Listing Manual for recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, compliance with accounting standards, compliance with SGX-ST and other legal requirements.

b) *External Audit*
The AC discussed with the external auditor the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditor's management letter and Management's responses thereto; and reviewed the external auditor's objectivity and independence from Management and the Company. During the year, the AC had 1 meeting with the external auditor, without the presence of Management, to enable the external auditor to raise issues encountered in the course of their work directly with the AC. A review of the incumbent external auditor's competency and quality of the work, objectivity, and independence was performed. The AC has also reviewed the aggregate amount of fees paid to the external auditors for FY2014 and the breakdown of the fees paid in total for audit and non-audit services, and is satisfied that the value and volume of non-audit services performed by the external auditors would not affect their independence and objectivity. The fees paid in respect of audit services provided by the external auditors for FY2014 are disclosed in the notes (set out on page 105 of this Annual Report) to the financial statements. The AC has reviewed and is satisfied with the standard of the external auditors' work. The AC has recommended the re-appointment of Ernst & Young LLP ("**EY**") as the Group's external auditors at the forthcoming AGM. In appointing EY as auditor of the Group, the Company has complied with Rule 712 and Rule 715, read with Rule 716 of the SGX-ST Listing Manual.

c) *Internal Audit*
The AC reviewed the scope and major findings of internal audits carried out by the internal audit team during the year and Management's responses thereto. During the year, the AC had 1 private session with the internal audit team, without the presence of Management, to ensure the adequacy of the independence and resource sufficiency of the internal audit function. The AC also reviewed the results of the IT audits outsourced to KPMG Services Pte Ltd. Please refer to Principle 13 for an elaboration on internal audit.

CORPORATE GOVERNANCE REPORT

d) *Risk Management*

To facilitate the AC and the BRC in their assessment on the adequacy and effectiveness of the risk management system, KPMG Services Pte Ltd had been engaged to review the existing assurance framework and update the existing risk profile of the Group, update the Management self-assessments and highlight significant control gaps for management resolution, and recommend enhancements to current Risk Governance Structure. The AC and BRC have reviewed the work of the external consultant carried out during the year. Please refer to Principle 11 for an elaboration on AC's and BRC's assessment of the adequacy and effectiveness of risk management and internal controls systems.

(e) *Interested Person Transactions*

The AC reviewed the results of the audits carried out by KPMG Services Pte Ltd on the quarterly interested person transactions for compliance with the SGX-ST Listing Manual and the Shareholders' Mandate obtained at the last Annual General Meeting.

(f) *Whistle-Blowing*

The AC oversees and reviews the whistleblowing programme implemented to strengthen corporate governance and ethical business practices across its business units. The policy and processes are set out in the Company's website and communicated to all staff via internal circular. Whistleblowers are provided with accessible channels to the AC Chairman, which include a secure phone hotline, electronic and postal mailing addresses. The AC will direct the investigations of all cases reported and the adoption of appropriate remedial measures where warranted. During the year, the AC reviewed and was satisfied with the adequacy of the whistle-blowing programme instituted by the Company.

INTERNAL AUDIT

Principle 13 : The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Independence of the Internal Audit Function

The role of the Internal Auditors ("**IA**") is to assist the AC to ensure that the Company maintains a sound system of internal controls and risk management by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas. The Company's internal audit functions under a shared service arrangement with its parent company, KSL Group.

Staffed by suitably qualified executives, IA has unrestricted direct access to the AC and unfettered access to all the Group's documents, records, properties and personnel. The IA's primary line of reporting is to the Chairman of the AC and ultimately to the Board. Annually, the AC provides an appraisal of the performance of the IA to KSL Group.

Adequacy of the Internal Audit Function Resources

The IA function under a shared service arrangement with the KSL Group's IA. IA prepares a risk-centric audit plan to review the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance, IT controls and risk management systems on an annual basis. IA carries out audits that address the controls in Company and Group level systems and business processes. The AC reviews and approves the annual audit plan proposed by IA and periodically assesses the adequacy of the resources required. External resources are engaged to assist in the audits, where necessary. During the year, the reviews of interested person transactions and IT systems were outsourced to KPMG Services Pte Ltd.

Qualifications and Experience of Internal Audit Staff

IA employs suitably qualified and experienced personnel who either possess a recognised diploma in Accounting or an equivalent professional qualification, or have working experience in a public accounting firm. In addition, they are Certified Internal Auditors ("**CIA**"), Chartered Institute of Management Accountants ("**CIMA**"), Certified Public Accountants ("**CPA**") or Chartered Certified Accountant ("**ACCA**"). The certification bodies that govern these professional accreditations require their members to maintain a program of continuing education. The professional competence of IA is maintained and upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations and industry trends.

CORPORATE GOVERNANCE REPORT

Internal Audit Standards

The IA function adheres to the Code of Ethics and International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors' (IIA). Internal Audit focuses on determining whether the controls provide reasonable assurance of effective and efficient operations, as to reliability and integrity of financial data and reports, and compliance with laws, regulations and contracts. The internal audit plan is reviewed and approved by the AC. The internal audit plan covers the examination and evaluation of the adequacy and effectiveness of internal control systems and the quality of compliance to the internal control systems which comprises key components of control environment, risk assessment process, operational control activities, information and communication system and monitoring practices.

The approach of internal audit is divided into four phases:

a) Document and update systems and procedures or policies;
b) Prepare and update detailed audit program, testing and drafts report;
c) Discuss with auditee's management on draft report and findings; and
d) Report to AC and follow-up.

In addition, IA will suggest improvements in practices and procedures to eliminate inefficiencies, to report deficiencies and follow up with appropriate management to ensure the necessary corrective actions are taken and to report on a regular basis to the AC.

Annual review of adequacy and effectiveness of internal audit function

IA conducted an internal self-assessment for internal auditing work performed during the year, as part of its Quality Assurance and Improvement program for the internal audit activity. IA also conforms with the standards of the Institute of Internal Auditors for validation by an independent external reviewer once every five years. The last external review was in FY2009 where IA received a rating of "Generally Conforms" which is the highest of a three-tier rating.

SHAREHOLDER RIGHTS

Principle 14 : Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

COMMUNICATION WITH SHAREHOLDERS

Principle 15 : Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16 : Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company is committed to treat all shareholders fairly and equitably to facilitate the exercise of their ownership rights and to provide them 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 Company employs various platforms to effectively engage the shareholders and the investment community, with an emphasis on timely, accurate, fair and transparent disclosure of information. Engagement with shareholders and other stakeholders takes many forms, including announcements of quarterly results and presentations, e-mail communications, publications and content on the Company's website. During the year under review, senior management met with investors, analysts, as well as participated in roadshows and industry conferences organized by major brokerage firms throughout the year to keep the market and investors apprised of the Group's corporate developments and financial performance.

CORPORATE GOVERNANCE REPORT

Material information is disclosed in a comprehensive, accurate and timely manner via SGXnet and the press. To ensure a level playing field and provide confidence to shareholders, unpublished price-sensitive information are not selectively disclosed, and on the rare occasion when such information are inadvertently disclosed, they are immediately released to the public via SGXnet and the press.

The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meeting. Shareholders are informed of shareholders' meetings through notices published in the newspapers and via SGXnet, and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Shareholders are also informed of the rules, including voting procedures, governing such meetings.

If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. The results are announced in a timely manner after the general meeting via SGXnet.

The Chairman of the Board and each Board Committee are required to be present to address questions at general meetings of shareholders. External auditors are also present at such meetings to assist the Directors in addressing shareholders' queries, if necessary.

The Company Secretary prepares minutes of shareholders' meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

DEALING IN SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Company has an internal code on dealings in the Company's shares by all Directors and employees of the Group.

All Directors and employees of the Group are prohibited from dealing in the Company's shares during the period commencing two weeks before the announcement of the Group's quarterly results, and one month before the announcement of its full year financial results, and ending on the date of such announcements.

Directors, officers and employees of the Group are prohibited from dealing in the Company's shares while in possession of unpublished price-sensitive information and to refrain from dealing in the Company's shares on short-term considerations.

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DIRECTORS' REPORT

The directors submit this annual report to the members together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 31 December 2014.

Name of directors

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

Kuok Khoon Ean
Gerald Seow Kang Hoe
Wu Long Peng
Teo Joo Kim
Dato Jude Philomen Benny
Ma Kah Woh
Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid
Wee Joo Yeow

Arrangements to enable Directors to acquire shares or debentures

During and at the end of the financial year, neither the company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the company or of any other corporate body, other than as disclosed in this report.

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares of the company or its holding companies or their related corporations, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 1.1.2014*	As at 31.12.2014	As at 1.1.2014	As at 31.12.2014
	Number of ordinary shares			
In the immediate and ultimate holding company – Kuok (Singapore) Limited				
Kuok Khoon Ean	–	–	5,700,000	5,700,000
Teo Joo Kim	–	–	7,881,626	7,881,626
Wu Long Peng	800,000	800,000	133,333	133,333
Gerald Seow Kang Hoe	400,000	400,000	–	–
In the company				
Kuok Khoon Ean	–	–	–	1,100,000
Teo Joo Kim	808,539	6,064,043	–#	5,300,000#
Wu Long Peng	683,539	5,626,542	–#	–#
Gerald Seow Kang Hoe	808,539	7,344,043	–#	–#
Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid	–	1,020,000	–	–
Ma Kah Woh	–	200,000	–	–
Dato Jude Philomen Benny	–	250,000	–	38,000
Wee Joo Yeow	–	500,000	–	–

* The number of shares held by Directors as at 1 January 2014 are prior to the consolidation and subdivision of the company's share capital undertaken by the Company on 28 March 2014.

\# Please refer to details below on certain options granted to this Director over existing shares of the Company.

DIRECTORS' REPORT

Directors' interests in shares or debentures (cont'd)

There were no changes in any of the above-mentioned interests in the company between the end of the financial year and 21 January 2015, except for Mr Kuok Khoon Ean whose deemed interest has increased to 1,200,000 shares.

Pacific Carriers Limited ("**PCL**"), the previous holding company had in 2013 granted options over shares it held in the company to the following directors of the company. These options were novated to Kuok (Singapore) Limited ("**KSL**"), the holding company of the company, following a transfer of all of PCL's shares in the company to KSL, during the year under review:

Name	No. of options as at 31.12.2014*	Exercise Price per option share (US$)
Teo Joo Kim	3,750,000	0.5333
Gerald Seow Kang Hoe	3,750,000	0.5333
Wu Long Peng	2,812,500	0.5333

* The number of shares after taking into account the consolidation and subdivision of the Company's share capital undertaken by the Company on 28 March 2014

These options are to be exercised from 5 August 2015 to 4 August 2018. These options may be exercised on all or part of the option shares at any time during the Option Exercise Period, provided that where the option is exercised in part, it shall be in multiples of 18,750 shares.

Except as disclosed in this report, no other 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, at the end of the financial year.

Directors' benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50., except that four of the directors receive remuneration from related companies.

Share based incentive plans

On March 28, 2014, the Shareholders approved two share-based incentive plans for its directors and employees, the POSH Share Option Plan (the "**SOP**") and the POSH Performance Share Plan (the "**PSP**"), (collectively, the "**Schemes**").

The company had implemented the Schemes to reward, retain and motivate employees and non-executive directors of our group, as well as to align the interests of employees with the interests of the group and its shareholders, thereby enhancing the long term growth of the company and the group. The Schemes shall be administered by the Remuneration Committee.

There were no performance shares awarded nor were there any options granted during the financial year to take up any unissued shares of the company.

No shares were issued by virtue of the exercise of options or the vesting of any performance share awards.

No options have been granted at a discount.

There were no performance shares awarded but not vested nor were there any unissued shares under option at the end of the financial year.

DIRECTORS' REPORT

Audit committee

At the date of this report, the Audit Committee comprises the following members, all of whom are non-executive and independent:

- Ma Kah Woh – (Chairman of the Audit Committee)
- Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid
- Dato Jude Philomen Benny
- Wee Joo Yeow

The Audit Committee performs the functions specified in Section 201B(5) of the Act, which include *inter alia* the review of the following:

(i) Quarterly and annual financial statements and financial announcements
(ii) Adequacy and effectiveness of the group's internal controls, including financial, operational, compliance and information technology controls
(iii) Audit scopes, plans and reports of the internal and external auditors
(iv) Interested Person Transactions
(v) Findings of internal and/or external investigations into matters such as fraud, infringement of any law, rule or regulation which have a financial impact on the group's operating financial position

The Audit Committee has held six meetings during the financial year. In performing its functions, the Audit Committee met with the company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the company's internal accounting control system.

The Audit Committee has recommended to the Board of Directors that Ernst & Young LLP be nominated for re-appointment as external auditors of the company at the forthcoming Annual General Meeting.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors

.....
GERALD SEOW KANG HOE
Director

.....
WU LONG PENG
Director

11 March 2015

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying statement of financial position, consolidated statements of comprehensive income and changes in equity, and the consolidated statement of cash flow, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2014 and the results of the business, changes in equity and cash flow of the group for the financial year ended on that date, and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the board of directors

.....

GERALD SEOW KANG HOE
Director

.....

WU LONG PENG
Director

11 March 2015

INDEPENDENT AUDITOR'S REPORT

To the members of PACC Offshore Services Holdings Ltd.
For the financial year ended 31 December 2014

Report on the financial statements

We have audited the accompanying financial statements of PACC Offshore Services Holdings Ltd. (the "company") and its subsidiaries (the "group") set out on pages 54 to 105, which comprise the statements of financial position of the group and the company as at 31 December 2014, the statements of changes in equity of the group and the company and the consolidated statement of comprehensive income and consolidated statement of cash flow of the group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2014 and the results, changes in equity and cash flow of the group for the year ended on that date.

Report on other legal and regulatory requirements

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

ERNST & YOUNG LLP
Public Accountants and Chartered Accountants
Singapore

11 March 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group		Company	
		2014	2013	**2014**	2013
		US$'000	US$'000	**US$'000**	US$'000
Assets					
Non-Current Assets					
Goodwill	4	**295,303**	295,303	**–**	–
Fixed assets	5	**1,113,689**	1,037,610	**33,798**	208,045
Intangible assets	6	**104**	251	**33**	128
Due from joint ventures	11	**165,541**	191,197	**165,541**	191,197
Investment in subsidiaries	25	**–**	–	**358,394**	432,856
Interest in joint ventures	7	**75,078**	20,072	**64,700**	60,582
Prepayments	8	**4,847**	8,847	**–**	–
		1,654,562	1,553,280	**622,466**	892,808
Current Assets					
Consumables	9	**2,437**	1,265	**–**	–
Receivables and other current assets	10	**76,640**	67,845	**288**	2,011
Due from subsidiaries and joint ventures	11	**123,059**	115,885	**1,109,512**	873,554
Due from related companies	11	**1,894**	374	**–**	–
Cash and cash equivalents	12	**12,168**	10,552	**1,687**	664
		216,198	195,921	**1,111,487**	876,229
Fixed assets classified as held-for-sale	13	**575**	24,320	**–**	–
		216,773	220,241	**1,111,487**	876,229
Total Assets		**1,871,335**	1,773,521	**1,733,953**	1,769,037
Equity and Liabilities					
Equity Attributable to Shareholders					
Share capital	14(a)	**827,201**	530,975	**827,201**	530,975
Accumulated profits		**386,265**	333,022	**293,522**	373,796
Other reserves	15	**298**	298	**–**	–
		1,213,764	864,295	**1,120,723**	904,771
Non-Current Liabilities					
Bank borrowings	16	**300,000**	300,000	**300,000**	300,000
Deferred tax liabilities		**166**	166	**–**	–
		300,166	300,166	**300,000**	300,000
Current Liabilities					
Payables and accruals	17	**70,393**	62,089	**19,962**	12,605
Advances received from customers	18	**2,400**	12,778	**–**	–
Due to subsidiaries and joint ventures	19	**14,509**	9,733	**24,169**	36,277
Due to related companies	19	**5,201**	13,634	**4,859**	5,707
Due to holding company	20	**18**	649	**18**	649
Bank borrowings	16	**260,500**	507,426	**260,500**	507,426
Provision for taxation		**4,384**	2,751	**3,722**	1,602
		357,405	609,060	**313,230**	564,266
Total Liabilities		**657,571**	909,226	**613,230**	864,266
Net Current (Liabilities)/Assets		**(140,632)**	(388,819)	**798,257**	311,963
Net Assets		**1,213,764**	864,295	**1,120,723**	904,771
Total Equity and Liabilities		**1,871,335**	1,773,521	**1,733,953**	1,769,037

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	Group	
		2014	2013
		US$'000	US$'000
Revenue	3	**234,037**	237,263
Cost of sales		**(176,833)**	(164,872)
Gross profit		**57,204**	72,391
Other operating income	21	**57,983**	50,379
Distribution costs		**(1,573)**	(1,613)
General and administrative expenses		**(33,347)**	(31,686)
Finance costs	22	**(10,908)**	(12,963)
Share of joint ventures' results		**(13,557)**	850
Profit before taxation	23	**55,802**	77,358
Taxation	24	**(2,559)**	(3,987)
Net profit for the year, representing total comprehensive income attributable to shareholders		**53,243**	73,371
Earnings per share (cents per share)			
Basic	34	**3.10**	6.02
Diluted	34	**3.10**	4.95

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Group			Other Reserves			
	Share Capital US$'000	Accumulated Profits US$'000	Foreign Currency Translation Reserve US$'000	Equity Component of Redeemable Convertible Preference Shares US$'000	Total Other Reserves US$'000	Total Equity US$'000
Balance at 1 January 2014	**530,975**	**333,022**	**298**	**–**	**298**	**864,295**
Issuance of new ordinary shares (Note 14(a))	**307,886**	**–**	**–**	**–**	**–**	**307,886**
Share issuance expenses (Note 14(a))	**(11,660)**	**–**	**–**	**–**	**–**	**(11,660)**
Net profit and total comprehensive income for the year	**–**	**53,243**	**–**	**–**	**–**	**53,243**
Balance at 31 December 2014	**827,201**	**386,265**	**298**	**–**	**298**	**1,213,764**
Balance at 1 January 2013	380,975	266,569	298	14,672	14,970	662,514
Net profit and total comprehensive income for the year	–	73,371	–	–	–	73,371
Conversion of redeemable convertible preference shares (Note 14(b))	150,000	–	–	(14,672)	(14,672)	135,328
Dividends (Note 33)	–	(6,918)	–	–	–	(6,918)
Balance at 31 December 2013	530,975	333,022	298	–	298	864,295

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Company	Share Capital US$'000	Accumulated Profits US$'000	Equity Component of Redeemable Convertible Preference Shares US$'000	Total Equity US$'000
Balance at 1 January 2014	**530,975**	**373,796**	**–**	**904,771**
Issuance of new ordinary shares (Note 14(a))	**307,886**	**–**	**–**	**307,886**
Share issuance expenses (Note 14(a))	**(11,660)**	**–**	**–**	**(11,660)**
Net loss and total comprehensive loss for the year	**–**	**(80,274)**	**–**	**(80,274)**
Balance at 31 December 2014	**827,201**	**293,522**	**–**	**1,120,723**
Balance at 1 January 2013	380,975	365,086	14,672	760,733
Net profit and total comprehensive income for the year	–	15,628	–	15,628
Conversion of redeemable convertible preference shares (Note 14(b))	150,000	–	(14,672)	135,328
Dividends (Note 33)	–	(6,918)	–	(6,918)
Balance at 31 December 2013	530,975	373,796	–	904,771

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

For the financial year ended 31 December 2014

	2014 US$'000	2013 US$'000
Cash Flow from Operating Activities		
Profit before taxation	**55,802**	77,358
Adjustments for:		
Amortisation of prepayments	**588**	660
Amortisation of intangible assets	**147**	241
Depreciation of fixed assets	**39,274**	36,709
Bad debts written off	**36**	–
Allowance for doubtful debts – trade receivables	**3,055**	3,109
Fixed assets written off	**1,032**	–
Impairment loss on fixed assets classified as held-for-sale	**2,114**	–
Gain on disposal of fixed assets	**(46,659)**	(10,938)
Net fair value gains on derivatives	**–**	5,937
Share of joint ventures' results	**13,557**	(850)
Interest expense	**10,908**	12,762
Interest income	**(7,063)**	(15,967)
Operating cash flow before working capital changes	**72,791**	109,021
(Increase)/decrease in consumables	**(1,172)**	4,714
Increase in receivables and other current assets	**(5,402)**	(8,019)
Increase in payables and accruals	**3,908**	25,065
Cash generated from operating activities	**70,125**	130,781
Interest paid	**(12,114)**	(9,947)
Interest received	**2,991**	15,967
Income taxes paid	**(926)**	(1,584)
Net cash generated from operating activities	**60,076**	135,217
Cash Flow from Investing Activities		
Acquisition of intangible assets	**–**	(165)
Acquisition of fixed assets	**(190,151)**	(416,523)
Proceeds from disposal of fixed assets	**112,714**	26,701
Increase in interest in joint ventures	**(9,090)**	(28,010)
(Increase)/decrease in due from joint ventures	**(10,650)**	12,941
Net cash used in investing activities	**(97,177)**	(405,056)
Cash Flow from Financing Activities		
Proceeds from issuance of shares	**296,226**	–
Proceeds from/(repayment of) bank borrowings	**(246,926)**	282,101
Dividend paid	**–**	(6,918)
(Decrease)/increase in due to joint ventures and related companies	**(9,952)**	5,339
Decrease in due to holding company	**(631)**	(648)
Net cash generated from financing activities	**38,717**	279,874
Net increase in cash and cash equivalents	**1,616**	10,035
Cash and cash equivalents at beginning of year	**10,552**	517
Cash and cash equivalents at end of year (Note 12)	**12,168**	10,552

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. General information

The financial statements of the group and the company for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors passed on 11 March 2015.

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

The registered office and principal place of business of the company is located at No. 1 Kim Seng Promenade, #07-02 and #06-01 Great World City, Singapore 237994 respectively.

The principal activities of the company are in the business of general shipping and investment holding. The principal activities of the subsidiaries, which provide offshore marine support services, are disclosed in Note 25 to the financial statements.

The immediate and ultimate holding company is Kuok (Singapore) Limited, incorporated in the Republic of Singapore.

2 Summary of significant accounting policies

21. Basis of preparation

The consolidated financial statements of the group are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (US$) and all values are rounded to the nearest thousand (US$'000) unless otherwise indicated.

The financial statements have been prepared on a going concern basis. The group has a net current liability position of US$140,632,000 as at 31 December 2014 (2013: US$388,819,000) mainly due to additional bank borrowings drawndown from existing revolving loan facilities. In the opinion of the directors, the group will be able to generate positive cash flows from operations as well as with continued funding from lenders to meet their financial obligations as and when they fall due.

2.2 Changes in accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

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

Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(e) Amendments to FRS 16 *Property, Plant and Equipment and* FRS 38 Intangible Assets	1 July 2014
(f) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

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. Where accounting policies of a subsidiary do not conform to those of the group, adjustments are made on consolidation when the amounts involved are considered significant to the group.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

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

(a) Basis of consolidation (cont'd)

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

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

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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 accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

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.

The group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) 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.

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. The accounting policy for goodwill is set out in Note 2.6. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.5 Significant accounting judgments and estimates

The preparation of the group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments made in applying accounting policies

In the process of applying the group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of 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, judgment 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.

Key sources of estimation uncertainty

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

(a) Depreciation of vessels

The group's cost of vessels, less their estimated scrap value, is depreciated on a straight- line basis over the estimated useful life. The useful lives and scrap values of the vessels are based on estimations and these are common estimates applied in the shipping industry. Changes in market situation and individual condition of the vessels might impact the economic useful life and the scrap value. Accordingly, future depreciation charges could be subject to revision. The carrying amount of the group's vessels at the end of each reporting period is detailed in Note 5 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately a 3% and 2% variance in the group's profit for the financial years ended 31 December 2014 and 2013 respectively.

(b) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.5 Significant accounting judgments and estimates (cont'd)

(c) 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. To determine whether there is objective evidence of impairment, the group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flow 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 balance sheet date is disclosed in Note 10.

(d) Impairment of goodwill

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash generating units and also to choose suitable discount rates in order to calculate the present value of those cash flow. The carrying amount of the group's goodwill as at 31 December 2014 and 2013 was US$295,303,000.

2.6 Goodwill

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, where applicable, from the acquisition date, allocated to each of 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.

The cash-generating unit to which goodwill has 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. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.23.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.7 Fixed assets and depreciation

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the fixed assets. The cost of an item of fixed assets is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

When significant parts of fixed assets are required to be replaced in intervals, the group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Vessels under construction included in fixed assets are not depreciated as these assets are not yet available for use.

Cost includes the cost of any major enhancement which increases the future benefits from the vessels beyond their previously assessed standard of performance and is written off over the vessels' remaining useful lives. Expenditure for maintenance and repairs and replacement of equipment are charged to profit or loss when incurred.

Depreciation of new vessels is calculated utilising the straight-line method to write off the cost, less estimated scrap value over their estimated useful lives of 20 to 30 years, whilst for vessels purchased second-hand, depreciation is calculated utilising the straight-line method to write off the cost, less estimated scrap value over their remaining useful lives. Cost includes the cost of any major enhancement which increases the future benefits from the vessels beyond their previously assessed standard of performance and is written off over the vessels' remaining useful lives. Expenditure for maintenance and repairs and replacement of equipment are charged to profit or loss when incurred.

Drydocking costs, which enhance the useful lives of vessels, are capitalised in the month in which they are incurred and amortised over periods between 2 to 3 years until the next drydocking.

For acquisitions and disposals of vessels and drydocking costs during the financial year, depreciation is provided from the day of acquisition and to the day before disposal respectively. Fully depreciated assets are retained in the books until they are no longer in use.

Depreciation is computed on a straight-line basis over the estimated useful lives of the other assets from the year of acquisition to the year before disposal as follows:

	Number of years
Furniture and fittings	10
Office equipment	5
Motor vehicles	5
Plant and machinery	3 – 5
Computer hardware	3
Renovation	3

The carrying values of fixed assets 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.7 Fixed assets and depreciation (cont'd)

An item of property, fixed assets 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.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. When the asset is available for use, it is measured at cost less accumulated amortisation and any accumulated impairment losses. 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.

The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful life of 3 years.

2.9 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.

2.10 Joint ventures

The group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in joint venture companies are stated in the company's balance sheet at cost less any impairment losses. In the group's financial statements, they are accounted for using the equity method of accounting. Under the equity method, the investments in joint venture companies are carried in the consolidated balance sheet at cost plus post-acquisition changes in the group's share of net assets of the joint venture companies. Goodwill relating to a joint venture company is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the group's share of the net fair value of a joint venture company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the group's share of results of the joint venture company in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the joint venture companies. Where there has been a change recognised in other comprehensive income by the joint venture companies, the group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the group and the joint venture companies are eliminated to the extent of the interests in the joint venture companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.10 Joint ventures (cont'd)

The group's share of profit or loss of the joint venture companies is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of joint venture companies. When the group's share of losses in a joint venture company equals or exceeds its interest in the joint venture company, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture company.

The financial statements of the joint ventures are prepared as the same reporting date as the company. Where necessary adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an additional impairment loss on the group's investments in its joint venture companies. The group determines at the end of each reporting period whether there is any objective evidence that the investments in the joint venture companies are impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amounts of the joint venture companies and their carrying values and recognises the amount in profit or loss.

2.11 Prepayments

Prepayments comprise primarily advances paid for charter hire of vessels. The costs incurred are amortised over the period of the charter hire contract.

2.12 Financial assets

Initial recognition and measurement

Financial assets are 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:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. 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 that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at fair value through profit or loss (cont'd)

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 held for trading or designated at fair value through 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 flow that would otherwise be required.

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 flow from the asset has expired. On the re-cognition 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 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.

2.13 Impairment of financial assets

The group assesses at each end of the reporting period whether there is any objective evidence that a financial asset or a group of financial assets 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 assess 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 2014

2 Summary of significant accounting policies (cont'd)

2.13 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 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 flow 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 assets 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 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.

2.14 Consumables

Consumables include consumable stores such as lubricant oil stocks, bunkers and ship provisions, are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. In arriving at the net realisable value, due allowance is made for all obsolete and slow-moving items.

2.15 Non-current assets held-for-sale

Non-current assets classified as 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. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2.16 Financial liabilities

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.16 Financial liabilities (cont'd)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition at fair value through profit or loss. 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 fair value through profit or loss 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.

The group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate 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 has expired. 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.

2.17 Redeemable convertible preference shares

Redeemable convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the redeemable convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption in accordance with the accounting policy set out in Note 2.16.

The remainder of the proceeds is allocated to the equity components that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.18 Provisions

Provisions are recognised when the group and company have 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.

2.19 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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the income statement over the lease term on a straight-line basis.

The group's operating leases primarily relate to the rental of its office premises.

As lessor

Leases where the group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21. Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Income 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.

(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 in respect of taxable temporary differences associated with investments in subsidiaries and 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 2014

2 Summary of significant accounting policies (cont'd)

2.20 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except in respect of deductible temporary differences associated with investments in subsidiaries and 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 in 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 assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenue, 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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.21 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. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

The following specific recognition criteria must also be met before revenue is recognised:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.21 Revenue (cont'd)

Charter hire income

Revenue from charter hire is recognised on a time-apportioned basis. Charter hire relates to the provision of marine related services such as transportation, towing, mooring, installation and salvage.

Interest income

Interest income is recognised using the effective interest method.

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 ("CPF") 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) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

(c) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

2.23 Foreign currencies

The group's consolidated 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 determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.23 Foreign currencies (cont'd)

(a) Transactions and balances (cont'd)

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, which 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.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of joint ventures that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of reporting period.

2.24 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 statement of financial position of the group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.25 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 to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflow that is largely independent of those from other assets or group 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. In assessing value in use, the estimated future cash flow expected to be generated by the asset is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flow after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. 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.

2.26 Segment reporting

For management purposes, the group is organised into operating segments based on their service which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issue expenses

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

2.28 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the group and company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the group or company or of a parent of the company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2 Summary of significant accounting policies (cont'd)

2.28 Related parties (cont'd)

(b) An entity is related to the group and the company if any of the following conditions applies :

(i) the entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is controlled or jointly controlled by a person identified in (a).

(vi) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3 Revenue

Revenue represents income derived from the deployment of vessels and related marine services such as transportation, towing, mooring, installation and salvage.

4 Goodwill

The carrying amounts of goodwill are allocated as follows:

	Group	
	2014	2013
	US$'000	US$'000
Offshore supply vessels	**192,526**	192,526
Transportation and installation	**96,071**	96,071
Harbour services and emergency response	**6,706**	6,706
	295,303	295,303

Impairment testing on goodwill

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

	2014	2013
	%	%
Growth rates	**2**	2
Pre-tax discount rates	**8**	8

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

4 Goodwill (cont'd)

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

(a) Growth rates – The forecasted growth rates are based on management's estimation derived from past experience and external sources of information available.

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

5 Fixed assets

Group	Vessels	Office equipment	Computer hardware	Furniture and fittings	Motor vehicles	Renovation	Vessels under con-struction	Drydocking cost	Plant and machinery	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost										
At 1 January 2013	705,323	18	289	217	196	339	166,247	6,888	416	879,933
Additions	5,915	181	62	–	352	–	408,546	985	482	416,523
Transfers	174,452	–	–	–	–	–	(174,452)	–	–	–
Disposals/ write-offs	(135,783)	–	(12)	–	(194)	–	–	(2,818)	(28)	(138,835)
Transfer to assets held-for-sale (Note 13)	(18,269)	–	–	–	–	–	–	–	–	(18,269)
At 31 December 2013 and 1 January 2014	731,638	199	339	217	354	339	400,341	5,055	870	1,139,352
Additions	7,367	10	567	5	21	40	179,659	2,215	267	190,151
Transfers	261,868	–	–	–	–	–	(261,868)	–	–	–
Disposals/ write-offs	(103,890)	–	(13)	–	(1)	–	–	(4,507)	(5)	(108,416)
Transfer from assets held-for-sale (Note 13)	12,906	–	–	–	–	–	–	–	–	12,906
At 31 December 2014	**909,889**	**209**	**893**	**222**	**374**	**379**	**318,132**	**2,763**	**1,132**	**1,233,993**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

5 Fixed assets (cont'd)

Group	Vessels US$'000	Office equipment US$'000	Computer hardware US$'000	Furniture and fittings US$'000	Motor vehicles US$'000	Renovation US$'000	Vessels under con-struction US$'000	Drydocking cost US$'000	Plant and machinery US$'000	Total US$'000
Accumulated depreciation										
At 1 January 2013	105,021	10	247	103	196	251	–	5,258	106	111,192
Depreciation for the year	35,117	13	30	21	43	67	–	1,264	154	36,709
Disposals/ write-offs	(38,485)	–	(9)	–	(194)	–	–	(2,818)	(28)	(41,534)
Transfer to assets held-for-sale (Note 13)	(4,625)	–	–	–	–	–	–	–	–	(4,625)
At 31 December 2013 and 1 January 2014	97,028	23	268	124	45	318	–	3,704	232	101,742
Depreciation for the year	37,719	38	88	22	79	25	–	1,096	207	39,274
Disposals/ write-offs	(19,723)	–	(13)	–	(1)	–	–	(3,966)	(5)	(23,708)
Transfer from assets held-for-sale (Note 13)	2,996	–	–	–	–	–	–	–	–	2,996
At 31 December 2014	**118,020**	**61**	**343**	**146**	**123**	**343**	**–**	**834**	**434**	**120,304**
Net book value										
At 31 December 2014	**791,869**	**148**	**550**	**76**	**251**	**36**	**318,132**	**1,929**	**698**	**1,113,689**
At 31 December 2013	634,610	176	71	93	309	21	400,341	1,351	638	1,037,610

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

5 Fixed assets (cont'd)

Company	Vessel	Office equipment	Computer hardware	Furniture and fittings	Motor vehicles	Renovation	Vessels under construction	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost								
At 1 January 2013	2,100	10	53	217	194	158	82,135	84,867
Additions	–	109	–	–	199	–	265,179	265,487
Transfer to subsidiaries	–	–	–	–	–	–	(139,658)	(139,658)
Disposals	(2,100)	–	–	–	(194)	–	–	(2,294)
At 31 December 2013 and 1 January 2014	–	119	53	217	199	158	207,656	208,402
Additions	–	–	36	4	–	–	120,440	120,480
Transfer to subsidiaries	–	–	–	–	–	–	(294,613)	(294,613)
At 31 December 2014	**–**	**119**	**89**	**221**	**199**	**158**	**33,483**	**34,269**
Accumulated depreciation								
At 1 January 2013	5	4	49	103	194	86	–	441
Depreciation for the year	4	7	3	22	33	50	–	119
Disposals	(9)	–	–	–	(194)	–	–	(203)
At 31 December 2013 and 1 January 2014	–	11	52	125	33	136	–	357
Depreciation for the year	–	24	8	21	39	22	–	114
At 31 December 2014	**–**	**35**	**60**	**146**	**72**	**158**	**–**	**471**
Net book value								
At 31 December 2014	**–**	**84**	**29**	**75**	**127**	**–**	**33,483**	**33,798**
At 31 December 2013	–	108	1	92	166	22	207,656	208,045

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

6 Intangible assets

The intangible assets comprise separately acquired software.

	Group US$'000	Company US$'000
Cost		
At 1 January 2013	730	612
Additions	165	37
At 31 December 2013 and 31 December 2014	**895**	**649**
Accumulated amortisation		
At 1 January 2013	403	324
Amortisation	241	197
At 31 December 2013 and 1 January 2014	644	521
Amortisation	147	95
At 31 December 2014	**791**	**616**
Net carrying amount		
At 31 December 2014	**104**	**33**
At 31 December 2013	251	128

7 Interest in joint ventures

	Group		Company	
	2014 US$'000	2013 US$'000	**2014 US$'000**	2013 US$'000
Unquoted equity investments, at cost	**59,015**	39,501	**39,353**	31,735
Share of post-acquisition reserves	**13,337**	14,224	**–**	–
Deferred income	**(22,621)**	(62,500)	**–**	–
Receivables from a joint venture	**25,347**	28,847	**25,347**	28,847
	75,078	20,072	**64,700**	60,582

Deferred income relates to unrealised gains on disposal of vessels to joint ventures. Receivables from a joint venture arose from the disposal of vessels to a joint venture for which repayment is neither planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

7 Interest in joint ventures (cont'd)

The joint ventures are as follows:

Name of joint venture	Country of Incorporation	Effective Percentage of Equity Held		Principal Activities
		2014	2013	
		%	%	
Pacific Workboats Pte Ltd[1]	Singapore	**50.0**	50.0	Owner and operator of vessels
POSH Havila Pte Ltd[1]	Singapore	**50.0**	50.0	Owner and operator of vessels
Nimitrans Pte Ltd[1]	Singapore	**50.0**	50.0	Owner and operator of vessels
POSH Terasea Pte. Ltd. and its subsidiaries[1]	Singapore	**50.0**	62.5	Owner and operator of vessels
PT Win Offshore[2]	Indonesia	**49.0**	49.0	Owner and operator of vessels
PT Mandiri Abadi Maritim[2]	Indonesia	**49.0**	49.0	Owner and operator of vessels
Servicios Maritimos Gosh, S.A.P.I. de C.V.[3]	Mexico	**73.5**	49.0	Offshore business
PACC Offshore Mexico S.A de C.V[4]	Mexico	**49.0**	49.0	Offshore business
Servicios Maritimos POSH, S.A.P.I. DE C.V. and its subsidiaries[4] (formerly known as Sermargosh2 S.A.P.I. de C.V)	Mexico	**49.0**	49.0	Offshore business

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by RSM AAJ Associates, Indonesia
(3) Audited by a member firm of Ernst & Young Global
(4) Not required to be audited in accordance with the laws of the country of incorporation

Aggregate information about the group's interest in joint ventures that are not individually material are as follows:

	Group	
	2014	2013
	US$'000	US$'000
Profit/(loss) after taxation	**1,207**	(4,404)
Other comprehensive income	**–**	–
Total comprehensive income	**1,207**	(4,404)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

7 Interest in joint ventures (cont'd)

The activities of the joint ventures are strategic to the group's activities. The summarised financial information in respect of Pacific Workboats Pte Ltd, POSH Terasea Pte Ltd and Servicios Maritimos Gosh S.A.P.I. de C.V. and reconciliation with the carrying amounts of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

Group	Pacific Workboats Pte Ltd US$'000	POSH Terasea Pte Ltd US$'000	Servicios Maritimos Gosh S.A.P.I. de C.V US$'000
As at 31 December 2014			
Cash and cash equivalents	1,186	3,801	8
Current assets	11,609	28,144	6,084
Non-current assets	91,020	240,117	125,194
Total assets	**103,815**	**272,062**	**131,286**
Current liabilities	13,034	49,154	39,826
Non-current liabilities	6,389	205,485	99,508
Total liabilities	**19,423**	**254,639**	**139,334**
Net assets/(liabilities)	**84,392**	**17,423**	**(8,048)**
Group's effective interest	50%	50%	73.5%
Group' share of net assets/(liabilities)	42,196	8,712	(5,915)
Goodwill on acquisition	–	–	1,622
Share of additional losses	–	–	(3,755)
Other adjustment	–	994	8,048
Carrying amount of investment	**42,196**	**9,706**	**–**
As at 31 December 2013			
Cash and cash equivalents	2,256	663	21
Current assets	10,953	18,346	28,513
Non-current assets	94,529	221,973	120,551
Total assets	**107,738**	**240,982**	**149,085**
Current liabilities	25,845	34,177	3,560
Non-current liabilities	4,645	204,993	125,443
Total liabilities	**30,490**	**239,170**	**129,003**
Net assets	**77,248**	**1,812**	**20,082**
Group's effective interest	50%	62.5%	49%
Group' share of net assets	38,624	1,133	9,840
Other adjustment	19	738	(186)
Carrying amount of investment	**38,643**	**1,871**	**9,654**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

7 Interest in joint ventures (cont'd)

Summarised statement of comprehensive income

Group	Pacific Workboats Pte Ltd US$'000	POSH Terasea Pte Ltd US$'000	Servicios Maritimos Gosh S.A.P.I. de C.V US$'000
2014			
Revenue	26,787	67,548	7,337
Depreciation and amortisation	(5,575)	(16,800)	(9,195)
Other operating expenses	(12,259)	(45,737)	(20,124)
Interest expense	(242)	(4,420)	(2,951)
Taxation	(1,567)	–	7,232
Profit/(loss) after taxation	7,144	591	(17,701)
Other comprehensive income	–	–	–
Total comprehensive income	**7,144**	**591**	**(17,701)**
2013			
Revenue	37,031	46,680	33,067
Depreciation and amortisation	(5,197)	(10,647)	(9,303)
Other operating expenses	(18,825)	(31,158)	(21,473)
Interest expense	(92)	(3,143)	(9,257)
Taxation	(888)	–	868
Profit/(loss) after taxation	12,029	1,732	(6,098)
Other comprehensive income	–	–	–
Total comprehensive income	**12,029**	**1,732**	**(6,098)**

As announced on 8 October 2014, through the enforcement of the share pledge agreements entered with the shareholders of Servicios Maritimos Gosh S.A.P.I. de C.V. ("GOSH"), GOSH Caballo Eclipse S.A.P.I de C.V. ("Eclipse") had acquired 260,000 shares in GOSH. The group's effective shareholding in GOSH has increased from 49% to 73.5% during the financial year. As the acquired shares of GOSH are held by Eclipse, a joint venture company, the group has not obtained control, and hence has not consolidated GOSH for the financial year ended 31 December 2014.

In 2014, the group has equity accounted for additional losses in excess of the group's equity interest. This adjustment of US$8,048,000 has been taken as an allowance against amounts owing from joint ventures.

8 Prepayments

These relate to advances paid for charter hire of vessels.

9 Consumables

Consumables mainly comprised bunkers onboard vessels.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10 Receivables and other current assets

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**55,409**	55,995	**–**	–
Other receivables	**17,354**	7,150	**96**	133
Deposits	**822**	2,199	**94**	1,878
	73,585	65,344	**190**	2,011
Prepayments	**3,055**	2,501	**98**	–
	76,640	67,845	**288**	2,011

Trade receivables

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

Receivables that are past due but not impaired

As at 31 December 2014 and 2013, the group has trade receivables amounting to US$36,744,000 and US$32,833,000 respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting periods is as follows:

	Group	
	2014	2013
	US$'000	US$'000
Less than 3 months	**20,488**	21,389
3 to 6 months	**6,802**	7,405
More than 6 months	**9,454**	4,039
	36,744	32,833

Receivables that are impaired

The group has trade receivables that are impaired at the end of the reporting period and the movements of allowance account used to record the impairment are as follows:

	2014	2013
	US$'000	US$'000
Trade receivables – nominal amounts	**18,181**	15,145
Allowance for impairment	**(18,181)**	(15,145)
	–	–

Movements in allowance account:

	2014	2013
	US$'000	US$'000
At 1 January	**15,145**	12,358
Allowance during the year	**3,055**	3,109
Doubtful debts written-off	**(19)**	(322)
At 31 December	**18,181**	15,145

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10 Receivables and other current assets (cont'd)

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

Other receivables comprised the following amounts:

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Claim receivables	**5,730**	2,566	**1**	–
Deferred project costs	**3,932**	635	**–**	–
Others	**7,692**	3,949	**95**	133
	17,354	7,150	**96**	133

Receivables and other current assets are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
United States Dollar	**69,181**	60,676	**171**	441
Singapore Dollar	**4,291**	4,335	**117**	1,306
Others	**3,168**	2,834	**–**	264
	76,640	67,845	**288**	2,011

11 Due from subsidiaries, joint ventures and related companies

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Current				
Due from subsidiaries (non-trade)	**–**	–	**948,800**	753,272
Due from joint ventures				
– Trade	**12,012**	9,074	**–**	–
– Non-trade	**111,047**	106,811	**160,712**	120,282
Due from related companies (non-trade)	**1,894**	374	**–**	–
	124,953	116,259	**1,109,512**	873,554
Non – current				
Due from joint ventures (non-trade)	**165,541**	191,197	**165,541**	191,197
Total	**290,494**	307,456	**1,275,053**	1,064,751

Non-current amounts of US$77,460,000 (2013: US$91,088,000) due from joint ventures are secured and bear effective interest rate at 6% per annum. The settlement of those amounts is based on expected cash flows to be derived over a period not exceeding 5 years.

At the end of the reporting period, the group and company have provided an allowance of US$5,766,000 (2013: Nil) on interest receivable from a joint venture company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11 Due from subsidiaries, joint ventures and related companies (cont'd)

Non-current amounts of US$78,042,000 (2013: US$89,445,000) owing from joint venture are unsecured and bears interest at a range of 1.47% to 2.93% (2013: 1.5% to 2.85%) per annum. The settlements of these amounts are based on expected cash flows to be derived over a period of 12 years.

The current amounts due from joint ventures are unsecured, interest-free and subordinated to the borrowings under a loan facility undertaken, except for an amount of US$49,077,000 (2013: US$26,047,600) which is unsecured and bears interest at a range of 1.47% to 6% (2013: 1.5% to 6%) per annum.

12 Cash and cash equivalents

These relate to cash and bank balances which earn interest at daily bank rates.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
United States Dollar	**11,368**	10,151	**1,144**	329
Singapore Dollar	**571**	254	**528**	329
Others	**229**	147	**15**	6
	12,168	10,552	**1,687**	664

13 Fixed assets classified as held-for-sale

On 1 October 2012, the company entered into a Memorandum of Agreement to dispose of a vessel to a third party and the company received a deposit of US$1,900,000. On 28 March 2013, the Memorandum of Agreement was terminated and the deposit was applied towards a revised agreement with the third party in the form of a 6-month bareboat charter, commencing 8 April 2013, with an obligation on the third party to purchase the vessel at the end of the charter period. The charter was extended for a further period of 6 months. As at 31 December 2014, the Memorandum of Agreement had lapsed and the vessel was reclassified as fixed assets.

During 2013, the group entered into agreements with various parties for the sale of vessels subsequent to the completion of their respective charter hire with the group. As at 31 December 2014, the group has recognised impairment loss of US$2,114,000 (2013: Nil) on remaining vessels classified as held-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14 (a) Share capital

	Group and Company			
	2014		2013	
	No. of ordinary shares '000	**US$'000**	No. of ordinary shares '000	US$'000
Issued and fully paid:				
At 1 January	**197,650**	**530,975**	160,150	380,975
Conversion of redeemable convertible preference shares (Note b)	**–**	**–**	37,500	150,000
Adjusted for share split and consolidation	**1,284,725**	**–**	–	–
Issuance of new ordinary shares pursuant to listing of the company on SGX-ST	**337,625**	**307,886**	–	–
Share issuance expenses	**–**	**(11,660)**	–	–
At 31 December	**1,820,000**	**827,201**	197,650	530,975

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the company's residual assets. The ordinary shares have no par value.

On 28 March 2014, prior to the Initial Public Offering ("IPO"), resolution was passed to approve the subdivision of each ordinary share in the company into 15 shares ("the share split") and contingent upon the share split, the consolidation of every two shares in the capital of the company into one share.

During the IPO, the company issued 337,625,000 new ordinary shares resulting in an increase in share capital of US$296,226,000.

(b) Redeemable convertible preference shares

On 15 November 2012, the group and the company issued 37,500,000 redeemable convertible preference shares (RCPS) at US$4.00 for a total consideration of US$150,000,000. The RCPS holder has no voting rights but is entitled to receive dividends at the same rate as that which is declared for ordinary shares. The RCPS were convertible at the option of the holder at any time on or before 14 November 2017 on the basis of 1 ordinary share for 1 RCPS held.

Each RCPS shall be automatically and mandatorily redeemed immediately upon the expiry of five years after the issue date of the RCPS. Each RCPS holder will have the right to require the company to redeem the whole or any part of the RCPS held by the RCPS holder upon the RCPS holder being informed that the shares in the company will be listed on a stock exchange. Any RCPS not so redeemed shall be automatically and mandatorily converted into ordinary shares (at the conversion rate of one ordinary share for each RCPS held) on or before the listing date.

On 9 December 2013, an aggregate of 37,500,000 RCPS held by the RCPS holders were converted to 37,500,000 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

15 Other reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the redemption of preference shares.

(b) Equity component of redeemable convertible preference shares

This represents the residual amount of redeemable convertible preference shares (RCPS) after deducting the fair value of the liability components for the financial year ended 31 December 2013. The RCPS were converted into fully paid ordinary shares in the financial year ended 31 December 2013.

16 Bank borrowings - unsecured

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Current:				
– Loan 1 (Revolving)	**242,000**	217,485	**242,000**	217,485
– Loan 2 (Revolving)	**18,500**	136,461	**18,500**	136,461
– Loan 3 (Revolving)	**–**	153,480	**–**	153,480
	260,500	507,426	**260,500**	507,426
Non-current (1 to 5 years):				
– Loan 2 (Committed)	**150,000**	150,000	**150,000**	150,000
– Loan 3 (Committed)	**150,000**	150,000	**150,000**	150,000
	300,000	300,000	**300,000**	300,000
Total	**560,500**	807,426	**560,500**	807,426

The unsecured bank borrowings bear interest at a weighted average rate of 1.81% and 1.85% per annum for the financial years ended 31 December 2014 and 2013 respectively. Loan 2 and 3 are due for repayment in June 2016.

17 Payables and accruals

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**17,742**	13,876	**–**	51
Vessel related accruals	**20,475**	17,087	**–**	–
Other accruals	**28,088**	27,332	**18,959**	12,177
Other payables	**4,088**	3,794	**1,003**	377
	70,393	62,089	**19,962**	12,605

Trade and other payables are non-interest bearing. Trade payables are normally settled on 30 days term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17 Payables and accruals (cont'd)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
United States Dollar	**42,682**	49,485	**16,940**	10,310
Singapore Dollar	**24,973**	11,328	**3,022**	2,295
Others	**2,738**	1,276	**–**	–
	70,393	62,089	**19,962**	12,605

18 Advances received from customers

Advances received from customers relate to deposits received from various charterers in connection with the sale of vessels as disclosed in Note 13.

19 Due to subsidiaries, joint ventures and related companies

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Due to subsidiaries (non-trade)	**–**	–	**24,142**	36,277
Due to joint ventures (trade)	**14,509**	9,733	**27**	–
Due to related companies (trade)	**5,201**	13,634	**4,859**	5,707
	19,710	23,367	**29,028**	41,984

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand.

The amounts due to joint ventures and related companies are trade in nature, unsecured, interest-free, payable on demand, and are to be settled in cash. These amounts are denominated in United States Dollars.

20 Due to holding company

The amounts are non-trade, unsecured, interest-free, payable on demand, and are to be settled in cash. These amounts are denominated in United States Dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21 Other operating income

	Group	
	2014	2013
	US$'000	US$'000
Interest income		
– Joint ventures	**7,035**	15,836
– Others	**28**	131
Gain on disposal of fixed assets	**46,659**	10,938
Foreign exchange gain	**2,147**	81
Net fair value gains on foreign exchange contracts	**–**	19,052
Sundry income	**4,228**	4,341
Impairment loss on fixed assets classified as held –for-sale	**(2,114)**	–
	57,983	50,379

22 Finance costs

	Group	
	2014	2013
	US$'000	US$'000
Interest on borrowings	**10,908**	12,762
Others	**–**	201
	10,908	12,963

23 Profit before taxation

Profit before taxation has been arrived at after charging:

	Group	
	2014	2013
	US$'000	US$'000
Amortisation of intangible assets (Note 6)	**(147)**	(241)
Depreciation of fixed assets (Note 5)	**(39,274)**	(36,709)
Consumables recognised as an expense in cost of sales	**(7,757)**	(8,820)
Bad debts written off	**(36)**	–
Allowance for doubtful debts – trade receivables	**(3,055)**	(3,109)
Staff costs		
– salaries and related costs	**(54,016)**	(44,127)
– CPF contributions or equivalents	**(1,222)**	(1,202)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

24 Taxation

	Group	
	2014	2013
	US$'000	US$'000
Current taxation		
– Singapore tax	**544**	1,849
– Foreign tax	**830**	1,904
– Under provision in respect of prior years	**1,185**	227
Deferred taxation		
– Origination and reversal of temporary differences	**–**	2
– Under provision in respect of prior years	**–**	5
	2,559	3,987

The tax expense on the results of the financial years varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the group's profits as a result of the following:

	Group	
	2014	2013
	US$'000	US$'000
Profit before taxation	**55,802**	77,358
Tax at statutory rate of 17%	**9,486**	13,150
Tax effect on non-deductible expenses	**5,311**	3,376
Tax effect on non-taxable income	**(12,070)**	(13,052)
Under provision in respect of prior years	**1,185**	232
Withholding tax expense	**818**	1,883
Effect of different tax rate in other countries	**790**	87
Effect of partial tax exemption and tax relief	**(147)**	(1,997)
Benefits from previously unrecognised tax losses	**(496)**	–
Deferred tax assets not recognised	**514**	–
Share of results of joint ventures	**(2,832)**	308
	2,559	3,987

The group did not recognise deferred tax assets arising from tax losses amounting to US$3,164,000 (2013: US$3,055,000), in accordance with the accounting policy stated in Note 2.20(b). The use and availability of these tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Income derived from the charter hire of vessels stationed in waters outside of Singapore during the year is exempt from income tax under Section 13A and Section 13F of the Singapore Income Tax Act, Cap. 134.

At the end of the respective reporting periods, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the group's subsidiaries and joint ventures as the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25 Investment in subsidiaries

	Company	
	2014	2013
	US$'000	US$'000
Unquoted equity investments, at cost	**482,856**	482,856
Impairment losses	**(124,462)**	(50,000)
	358,394	432,856

During the current financial year, management performed impairment testing for the company's investment in subsidiaries. Based on assessments of the subsidiaries current performance, the company has made an allowance for impairment against the respective investment amounting to US$124,462,000 (2013: US$50,000,000).

The subsidiaries as at 31 December 2014 and 2013 are as follows:

Name of Subsidiary	Country of Incorporation	Effective Percentage of Equity Held		Principal Activities
		2014	2013	
		%	%	
Held by the company				
POSH Semco Pte Ltd[1]	Singapore	**100**	100	Operator of vessels for offshore marine support services
POSH Maritime Pte Ltd[1]	Singapore	**100**	100	Operator of vessels for offshore marine support services
Singapore Oil Spill Response Centre Pte Ltd[1]	Singapore	**100**	100	Provision of services to control pollution from oil & chemical spillage & to protect the marine environment
Semco Salvage and Towage Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (I) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (II) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (III) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (IV) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Semco Salvage (V) Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Ibis Shipping Pte Ltd (formerly known as Semco Salvage (VI) Pte Ltd) [1]	Singapore	**100**	100	Owner and operator of vessels
Maritime Alpha Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Maritime Bravo Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Maritime Charlie Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Maritime Delta Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Raven Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Swallow Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels
Condor Shipping Pte Ltd[1]	Singapore	**100**	100	Owner and operator of vessels

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25 Investment in subsidiaries (cont'd)

Name of Subsidiary	Country of Incorporation	Effective Percentage of Equity Held		Principal Activities
		2014	2013	
		%	%	
Held by the company (cont'd)				
Jacana Shipping Pte Ltd [1]	Singapore	**100**	100	Owner and operator of vessels
Starling Shipping Pte Ltd [1]	Singapore	**100**	100	Owner and operator of vessels
Labrador Shipping Corporation [2]	Malaysia	**100**	100	Owner and operator of vessels
Larkspur Pte Ltd [1]	Singapore	**100**	100	Owner and operator of vessels
Newfoundland Shipping Corporation [2]	Malaysia	**100**	100	Owner and operator of vessels
POSH Fleet Services Pte Ltd [1]	Singapore	**100**	100	Provision of ship management services
POSH Australia Pty Ltd [4]	Australia	**100**	100	Operator of vessels for offshore marine support services
POSH (USA) Inc.[4]	United States	**100**	100	Dormant
PACC Offshore (UK) Limited [3]	United Kingdom	**100**	100	Dormant
Maritime Vanguard Pte Ltd (formerly known as POSH Vanguard Pte Ltd) [1]	Singapore	**100**	100	Operator of vessels for offshore marine support services
Adara Limited [4]	British Virgin Island	**100**	100	Dormant
Mayan Investments Pte Ltd [1]	Singapore	**100**	100	Investment holding
Held through a subsidiary				
Avocet Shipping Pte Ltd [1]	Singapore	**100**	100	Dormant
Operadora De Servicios Costa Afuera S.A. de C.V.[4]	Mexico	**99**	99	Service company
POSH Fleet Services Mexico S.A. de C.V.[4]	Mexico	**99**	99	Ship management
POSH Gannet S.A. de C.V.[4]	Mexico	**100**	100	Owner and operator of vessels
POSH Skua S.A. de C.V.[4]	Mexico	**100**	100	Dormant

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by Mazars, Malaysia
(3) Audited by Littlestone Golding Chartered Accountants, United Kingdom
(4) Not required to be audited in accordance with the laws of the country of incorporation

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

26 Related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties at mutually agreed terms and amounts:

	Group	
	2014	2013
	US$'000	US$'000
Fellow subsidiaries and associates of the holding company		
– Corporate support fees paid/payable	**2,289**	3,604
– Office rental paid/payable	**615**	612
– Ship management fees paid	**113**	105
– Ship management fees received	**137**	170
– Purchase of bunkers	**–**	509
– Insurance service fees payable	**60**	180
– Charter hire paid/payable	**3,596**	6,440
– Ship repair and maintenance cost paid	**2,365**	4,518
– Shipbuilding costs paid	**165,275**	280,141
Joint ventures of the group		
– Charter hire paid/payable	**42,457**	46,249
– Charter hire received/receivable	**8,229**	7,954
– Ship management fees paid/payable	**299**	348
– Ship management fees received/receivable	**2,459**	2,199
– Management support fees received/receivable	**1,404**	1,824
– Project management fees received/receivable	**27**	181
– Sale of vessels received/receivable	**20,500**	148,500
Compensation of directors and key management personnel		
– Salaries and related costs	**4,485**	3,948
– CPF contribution or equivalents	**47**	48
– Directors fees	**257**	16
	4,789	4,012
Comprise amounts paid to:		
– Directors of the company	**1,822**	2,021
– Other key management personnel	**2,967**	1,991
	4,789	4,012

Commitments with related parties

As at end of the financial year ended 31 December 2014, the group has outstanding commitments with related parties as follows:

a) shipbuilding contracts for the construction of new vessels and conversion of existing vessels with fellow subsidiaries and associates of the holding company;
b) office rental lease agreement with associates of the holding company; and
c) operating lease agreements with joint ventures and associates of the holding company to charter-in vessels

The amount of outstanding commitments are disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27 Segment information

For management purposes, the group is organised into business units based on their services and has four reportable segments as follows:

Offshore Supply Vessels

The Offshore Supply Vessels segment supports mid to deepwater operations of rig and oilfield operators. This segment also operates Platform Supply Vessels that transport drilling materials and supplies to drilling rigs, offshore production platforms as well as pipes and other materials for construction of marine structures or pipelines.

Transportation and Installation

The Transportation and Installation segment supports marine contractors in construction and maintenance of oilfield infrastructure and pipelines. This segment includes a joint venture company which operates Anchor Handling Tugs specialising in cross-ocean towing, transporting large marine structures from the builder's yard and installing them in the oilfields. It also includes float-over of launching operations of large marine structure and ballastable tank barges and tugs for transportation of construction materials and subsea pipes.

Offshore Accommodation

The Offshore Accommodation segment owns and operates vessels that are capable of meeting a range of accommodation, transportation and hospitality needs in offshore oilfields for workers carrying out offshore construction and/or maintenance operations.

Harbour Services & Emergency Response

The Harbour Services segment supports the harbour or coastal tugging operations, and heavy lifting operations of shipyards, ports and oil and gas terminals. Through a joint venture company, it also operates a modern fleet of Azimuth Stern Drive harbour tugs. In addition, the group operates a fleet of heavy lift crane barges.

The Emergency Response segment offers a comprehensive range of services, equipment and personnel capable of handling firefighting, rescue and salvage and oil spill events in the Asia Pacific and Indian Ocean regions.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

27 Segment information (cont'd)

Group	2014 Offshore supply vessels US$'000	2014 Trans-portation and installation US$'000	2014 Offshore accommoda-tion US$'000	2014 Harbour services and emergency response US$'000	2014 Total US$'000	2013 Offshore supply vessels US$'000	2013 Trans-portation and installation US$'000	2013 Offshore accommoda-tion US$'000	2013 Harbour services and emergency response US$'000	2013 Total US$'000
Revenue	**139,480**	**41,389**	**29,330**	**23,838**	**234,037**	120,274	65,111	29,459	22,419	237,263
Segment results	**35,606**	**32,987**	**2,393**	**2,393**	**73,379**	24,751	17,516	11,303	4,740	58,310
Share of results of joint ventures	**(15,958)**	**(1,152)**	**–**	**3,553**	**(13,557)**	(4,725)	1,341	–	4,234	850
Impairment loss on fixed assets classified as held-for-sale	**–**	**(2,114)**	**–**	**–**	**(2,114)**	–	–	–	–	–
Interest income					**7,063**					15,967
Interest expense					**(10,908)**					(12,963)
Taxation					**(2,559)**					(3,987)
Unallocated other operating income, net					**6,134**					20,891
Unallocated expenses					**(4,195)**					(5,697)
Profit for the year					**53,243**					73,371
Assets:										
Segment assets	**919,698**	**327,380**	**531,070**	**67,951**	**1,846,099**	941,877	333,948	407,887	66,779	1,750,491
Unallocated assets					**25,236**					23,030
Total assets					**1,871,335**					1,773,521
Liabilities:										
Segment liabilities	**34,480**	**10,763**	**6,241**	**10,592**	**62,076**	16,549	23,365	4,988	5,175	50,077
Unallocated liabilities					**595,495**					859,149
Total liabilities					**657,571**					909,226
Other information										
Depreciation	**27,022**	**5,992**	**4,284**	**631**	**37,929**	23,115	8,381	2,707	914	35,117
Additions to non-current assets	**36,085**	**7,010**	**136,743**	**9,404**	**189,242**	105,041	738	307,592	2,075	415,446

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27 Segment information (cont'd)

Geographical information

Revenues

The group provides a diverse range of offshore support vessels to service the offshore oil and gas exploration and production activities. The group's operations are international and in particular where the major offshore oil and gas activities are located. The group has no specific geographical objective and will deploy its vessels based on the demand and supply of the various international offshore oil and gas activities. The decision in allocating resources and assessing performance is driven by the optimal economic returns a vessel is able to achieve, taking into account demand, vessel specifications, rates, timing and availability of vessels for the different geographical region. The vessels may be deployed to other geographical regions at the end of the contract for the aforesaid criteria. Hence, it is not meaningful to present revenues by countries or geographical locations.

Non-current assets

Non-current assets are based on geographical location of the entities:

	Group	
	2014	2013
	US$'000	US$'000
Singapore	**1,468,006**	1,305,973
Southeast Asia	**85,227**	146,565
Americas	**101,329**	100,742
	1,654,562	1,553,280

Non-current assets information presented above comprises all non-current assets except deferred tax assets as presented in the consolidated statements of financial position.

Information about a major customer

There were no customers that individually contributed 10% or more of the group's revenue for the financial years ended 31 December 2014 and 2013 respectively.

28 Commitments

(a) Capital commitments

	Group and Company	
	2014	2013
	US$'000	US$'000
Capital expenditure in respect of fixed assets contracted with related parties but not provided for in the financial statements	**211,299**	185,650

(b) Rental commitments

The group has entered into commercial leases primarily in relation to its office premises. For the financial years ended 31 December 2014 and 2013, these leases have an average tenure of between 1 to 5 years with renewal option but no contingent rent provision included in the contracts. The group is restricted from subleasing its leased office premises and office equipment to third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

28 Commitments (cont'd)

(b) Rental commitments (cont'd)

Minimum lease payments recognised as an expense in profit or loss for the financial years ended 31 December 2014 and 2013 amounted to US$1,015,000 and US$1,166,000 respectively.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Due not later than one year	**943**	553	**575**	553
Due later than one year and not later than five years	**722**	1,245	**719**	1,245
	1,665	1,798	**1,294**	1,798

Included in the above office rental lease commitments are commitments with a fellow subsidiary of the holding company. These outstanding operating lease commitments falling due within one year and in the second to fifth year are US$575,000 (2013: US$553,000) and US$719,000 (2013: US$1,245,000) respectively.

(c) Operating lease commitments – as lessee

The group has entered into bareboat leases of vessels from related parties. Future minimum bareboat leases payable under non-cancellable operating leases at the end of the respective reporting periods are as follows:

	Group	
	2014	2013
	US$'000	US$'000
Not later than one year	**27,822**	31,691
Later than one year and not later than five years	**44,849**	54,562
Later than five years	**3,889**	7,043
	76,560	93,296

(d) Operating lease commitments – as lessor

The group has entered into time-charter and bareboat leases on its vessels. Certain leases include a clause to enable upward revision of the leasing charge on an annual basis based on prevailing market conditions.

Future minimum time-charter and bareboat receivable under non-cancellable operating leases at the end of the respective reporting periods are as follows:

	Group	
	2014	2013
	US$'000	US$'000
Not later than one year	**147,055**	96,873
Later than one year and not later than five years	**76,054**	58,992
	223,109	155,865

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

28 Commitments (cont'd)

(e) Derivative financial instruments

As at 31 December 2014, there were no outstanding derivative financial instruments (2013: US$3,988,000).

29 Financial risk management policies and objectives

The group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include currency risk, interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is the group policy that no trading in derivatives for speculative purposes will be undertaken.

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. There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group operates internationally and its assets and revenues are essentially United States Dollar based. Foreign currency denominated assets and liabilities give rise to foreign exchange exposures. The group is exposed to foreign currency risk mainly arising from its operations. The group enters into forward contracts to hedge its currency risk exposure as and when required.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the group's profit net of tax to a reasonably possible change in the SGD exchange rate against the respective functional currencies of the group entities, with all other variables held constant.

	2014	2013
	US$'000	US$'000
	(Decrease)/Increase	
SGD – strengthened 5%	**(172)**	(245)
– weakened 5%	**172**	245

(b) Interest rate risk

Interest risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The group's primary interest rate risk relates to its interest-bearing debts. The group manages its interest rate exposure by borrowing short term and in tranches at fixed interest rates. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieves a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the end of the respective reporting periods, if USD interest rates had been 25 basis points lower/higher with all other variables held constant, the group's profit net of tax would have been US$1,163,000 (2013: US$1,675,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29 Financial risk management policies and objectives (cont'd)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligations. The group's and the company's exposure to credit risk arises primarily from trade and other receivables.

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit monitoring procedures. Credit risk is minimised and monitored via strictly limiting business dealings by the group with business partners of high creditworthiness. Trade receivables are monitored on an ongoing basis via the group's management reporting procedures.

Advances are made to subsidiaries in support of their respective principal activities. Surplus cash is placed in a number of reputable banks.

Approximately 35% and 34% of the group's trade receivables were due from 5 major customers as at 31 December 2014 and 2013 respectively. 36% (2013: 37%) of the group's trade and other receivables were due from related parties while almost all of the company's receivables were balances with related parties.

The credit risk concentration profile of the group's trade receivables at the balance sheet date is as follows:

Credit risk concentration profile

	2014		**2013**	
	US$'000	**% of total**	US$'000	% of total
By region:				
Asia Pacific	**35,752**	**64%**	45,063	80%
Americas	**6,592**	**12%**	445	1%
Africa, Middle East and Europe	**13,065**	**24%**	10,487	19%
	55,409	**100%**	55,995	100%

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the group.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

Exposure to credit risk

At the end of the reporting period, the group's and the company's maximum exposure to credit risk is represented by:

– The carrying amount of each class of financial assets recognised in the balance sheets; and
– Corporate guarantees provided by the company as disclosed in Note 35.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29 Financial risk management policies and objectives (cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the group or the company will encounter difficulty in meeting financial obligations due to shortage of funds. The group's and the company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The group's and the company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The group's and the company's exposure to liquidity risk is minimal. The group and the company have available bank overdraft facilities at variable interest rates. It is the group's policy for the placing of surplus funds to be managed centrally.

Due to the nature of the group's and the company's underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of financial instruments by remaining contractual maturities

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

Group	1 year or less US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total US$'000
At 31 December 2014				
Financial assets				
Receivables and other current assets	**73,585**	**–**	**–**	**73,585**
Due from subsidiaries and joint ventures	**126,703**	**152,521**	**25,240**	**304,464**
Due from related companies	**1,894**	**–**	**–**	**1,894**
Receivables from a joint venture	**–**	**25,347**	**–**	**25,347**
Cash and cash equivalents	**12,168**	**–**	**–**	**12,168**
Total undiscounted financial assets	**214,350**	**177,868**	**25,240**	**417,458**
Financial liabilities				
Payables and accruals	**70,393**	**–**	**–**	**70,393**
Due to subsidiaries and joint ventures	**14,509**	**–**	**–**	**14,509**
Due to related companies	**5,201**	**–**	**–**	**5,201**
Due to holding company	**18**	**–**	**–**	**18**
Bank borrowings	**265,215**	**302,715**	**–**	**567,930**
Total undiscounted financial liabilities	**355,336**	**302,715**	**–**	**658,051**
Total net undiscounted financial (liabilities)/ assets	**(140,986)**	**(124,847)**	**25,240**	**(240,593)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29 Financial risk management policies and objectives (cont'd)

(d) Liquidity risk (cont'd)

Group	1 year or less US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total US$'000
At 31 December 2013				
Financial assets				
Receivables and other current assets	65,344	–	–	65,344
Due from subsidiaries and joint ventures	115,885	176,427	37,440	329,752
Due from related companies	374	–	–	374
Receivable from a joint venture	–	28,847	–	28,847
Cash and cash equivalents	10,552	–	–	10,552
Total undiscounted financial assets	192,155	205,274	37,440	434,869
Financial liabilities				
Payables and accruals	62,089	–	–	62,089
Due to subsidiaries and joint ventures	9,733	–	–	9,733
Due to related companies	13,634	–	–	13,634
Due to holding companies	649	–	–	649
Bank borrowings	516,813	311,100	–	827,913
Total undiscounted financial liabilities	602,918	311,100	–	914,018
Total net undiscounted financial (liabilities)/ assets	(410,763)	(105,826)	37,440	(479,149)

Company	1 year or less US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total US$'000
At 31 December 2014				
Financial assets				
Receivables and other current assets	**190**	**–**	**–**	**190**
Due from subsidiaries and joint ventures	**1,113,156**	**152,521**	**25,240**	**1,290,917**
Receivables from a joint venture	**–**	**25,347**	**–**	**25,347**
Cash and cash equivalents	**1,687**	**–**	**–**	**1,687**
Total undiscounted financial assets	**1,115,033**	**177,868**	**25,240**	**1,318,141**
Financial liabilities				
Payables and accruals	**19,962**	**–**	**–**	**19,962**
Due to subsidiaries and joint ventures	**24,169**	**–**	**–**	**24,169**
Due to related companies	**4,859**	**–**	**–**	**4,859**
Due to holding company	**18**	**–**	**–**	**18**
Bank borrowings	**265,215**	**302,715**	**–**	**567,930**
Total undiscounted financial liabilities	**314,223**	**302,715**	**–**	**616,938**
Total net undiscounted financial assets/(liabilities)	**800,810**	**(124,847)**	**25,240**	**701,203**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29 Financial risk management policies and objectives (cont'd)

(d) Liquidity risk (cont'd)

Company	1 year or less US$'000	1 to 5 years US$'000	More than 5 years US$'000	Total US$'000
At 31 December 2013				
Financial assets				
Receivables and other current assets	2,011	–	–	2,011
Due from subsidiaries and joint ventures	873,554	176,427	37,440	1,087,421
Receivable from a joint venture	–	28,847	–	28,847
Cash and cash equivalents	664	–	–	664
Total undiscounted financial assets	876,229	205,274	37,440	1,118,943
Financial liabilities				
Payables and accruals	12,605	–	–	12,605
Due to subsidiaries and joint ventures	28,350	–	–	28,350
Due to related companies	13,634	–	–	13,634
Due to holding companies	649	–	–	649
Bank borrowings	516,813	311,100	–	827,913
Total undiscounted financial liabilities	572,051	311,100	–	883,151
Total net undiscounted financial assets/(liabilities)	304,178	(105,826)	37,440	235,792

30 Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments, and ensuring a prudent debt equity ratio. The group monitors capital using a gearing ratio, which is borrowings including redeemable convertible preference shares divided by total equity.

The debt to equity ratio of the group is 0.46 : 1 and 0.93 : 1 for the financial years ended 31 December 2014 and 2013 respectively. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 2013. The group has complied with externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

31 Classification of financial assets and liabilities

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Receivables and other current assets	**73,585**	65,344	**190**	2,011
Due from subsidiaries and joint ventures	**288,600**	307,082	**1,275,053**	1,064,751
Due from related companies	**1,894**	374	**–**	–
Receivables from a joint venture	**25,347**	28,847	**25,347**	28,847
Cash and cash equivalents	**12,168**	10,552	**1,687**	664
Total loans and receivables	**401,594**	412,199	**1,302,277**	1,096,273
Financial liabilities carried at amortised cost				
Payables and accruals	**70,393**	62,089	**19,962**	12,605
Due to subsidiaries and joint ventures	**14,509**	9,733	**24,169**	36,277
Due to related companies	**5,201**	13,634	**4,859**	5,707
Due to holding company	**18**	649	**18**	649
Bank borrowings	**560,500**	807,426	**560,500**	807,426
Total financial liabilities carried at amortised cost	**650,621**	893,531	**609,508**	862,664

32 Fair values of financial instruments

(a) Fair values of financial instruments that are carried at fair values

Fair value hierarchy

The group categories 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 that 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.

During the financial year, there have been no transfers between Level 1 and Level 2 and no transfers into or out of Level 3.

Determination of fair value

Derivatives (Note 28(e)): The group has designated derivatives as Level 2. Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

32 Fair values of financial instruments (cont'd)

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

Management has determined that the carrying amounts of trade and other receivables, amounts owing from/to subsidiaries, joint ventures and fellow subsidiaries, loans to joint ventures, cash and cash equivalents, trade payable and other payables and amount owing to holding company and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

33 Dividends

	2014	2013
	US$'000	US$'000
Dividends on ordinary shares:		
Final exempt (one-tier) dividend of US$0.035 per share	**–**	5,605
Dividends on redeemable convertible preference shares:		
Final exempt (one-tier) dividend of US$0.035 per share	**–**	1,313

On 28 June 2013, a final dividend for the financial year ended 31 December 2012 amounting to US$0.035 per share for each ordinary share and each holder of the redeemable convertible preference share was declared.

34 Earnings per share

Earnings per ordinary share ("EPS") is calculated by dividing the group's net profit attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

In respect of the financial year ended 31 December 2013, the weighted average number of ordinary shares in issue was adjusted to take into account the sub-division of each ordinary share in the capital of the company into fifteen shares ("the share split") and contingent upon the share split, the consolidation of every two ordinary shares in the capital of the company into one share.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34 Earnings per share (cont'd)

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	
	2014	2013
	US$'000	US$'000
Net profit for the year, representing total comprehensive income attributable to shareholders	**53,243**	73,371

	No. of shares ('000)	No. of shares ('000)
Weighted average number of ordinary shares for basic earnings per share computation	**1,715,475**	1,218,077
Effects of dilution:		
– Redeemable convertible preference shares	**–**	264,298
Weighted average number of ordinary shares for diluted earnings per share computation	**1,715,475**	1,482,375

35 Contingent liabilities

The company provided refund and performance guarantees and corporate guarantee on banking facilities for aggregate amount of US$5,900,000 (2013: US$5,900,000) and US$14,525,000 (2013: US$6,825,000) respectively on behalf of joint ventures.

36 Events after balance sheet date

(a) On 30 January 2015, the company completed the acquisition of the entire issued and paid up share capital of Eide Marine Offshore B.V ("**EMO**"), resulting in EMO becoming a wholly-owned subsidiary of the company. EMO is the contract holder of the charter of the semi-submersible accommodation vessel, POSH Xanadu to Petrobras Netherlands BV ("**PNBV**"). The consideration paid for the acquisition was Euro 1,000 (approximately US$1,185). In addition, an amount of approximately US$3,500,000 was paid to the seller in respect of the payments receivable under the time charter of POSH Xanadu to PNBV for the twelve month period following POSH Xanadu's final acceptance date.

(b) On 17 February 2015, a final dividend of S$0.015 per ordinary share was proposed for the financial year ended 31 December 2014 and is subject to shareholders approval at the forthcoming annual general meeting.

37 Fees paid to auditors

	Group	
	2014	2013
	US$'000	US$'000
Audit fees paid to auditors	**(258)**	(272)
Non-audit fees paid to auditors	**(469)**	(34)

Non-audit fees paid to auditors of the group includes fees paid in connection with the company's initial public offering.

INFORMATION ON SHAREHOLDINGS

As at 13 March 2015

Number of Issued Shares	:	1,820,000,000
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per share

ANALYSIS OF SHAREHOLDINGS

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%
1 – 99	5	0.08	98	0.00
100 -1,000	480	7.32	478,500	0.03
1,001 – 10,000	3,961	60.41	19,907,852	1.09
10,001 – 1,000,000	2,071	31.58	96,427,900	5.30
1,000,001 and above	40	0.61	1,703,185,650	93.58
Total	**6,557**	**100.00**	**1,820,000,000**	**100.00**

MAJOR SHAREHOLDERS

No.	Name	No. of shares held	%
1	Kuok (Singapore) Limited	1,084,184,065	59.57
2	Lightwell Shipping Inc.	386,385,645	21.23
3	Citibank Nominees Singapore Pte Ltd	49,894,000	2.74
4	DBS Nominees (Private) Limited	21,684,200	1.19
5	DB Nominees (Singapore) Pte Ltd	16,734,400	0.92
6	HL Bank Nominees (Singapore) Pte Ltd	15,875,000	0.87
7	HSBC (Singapore) Nominees Pte Ltd	13,261,200	0.73
8	Camsward Pte Ltd	13,240,000	0.73
9	Raffles Nominees (Pte) Limited	8,764,900	0.48
10	United Overseas Bank Nominees (Private) Limited	8,611,400	0.47
11	Gerald Seow Kang Hoe	7,344,043	0.40
12	DBS Vickers Securities (Singapore) Pte Ltd	6,815,150	0.37
13	Teo Joo Kim	6,064,043	0.33
14	CIMB Securities (Singapore) Pte. Ltd.	5,881,500	0.32
15	Wu Long Peng	5,626,542	0.31
16	Kuok Khoon Kuan	4,591,542	0.25
17	BNP Paribas Securities Services Singapore Branch	4,064,800	0.22
18	OCBC Securities Private Limited	3,947,000	0.22
19	UOB Kay Hian Private Limited	3,650,100	0.20
20	Bank of Singapore Nominees Pte. Ltd.	3,007,800	0.17
	Total	**1,669,627,330**	**91.72**

INFORMATION ON SHAREHOLDINGS

As at 13 March 2015

SUBSTANTIAL SHAREHOLDERS

As at 13 March 2015, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

Name of substantial shareholder	Direct Interest	Deemed Interest	Total Interest	%
Kuok (Singapore) Limited	1,048,184,065	399,625,645	1,483,809,710	81.53
Pacific Carriers Limited	–	386,385,645	386,385,645	21.23
Malaysian Bulk Carriers Berhad	–	386,385,645	386,385,645	21.23
Lightwell Shipping Inc	386,385,645	–	386,385,645	21.23

Note:
1. Malaysian Bulk Carriers Berhad ("**MBC**") is deemed interested in the 386, 385, 645 shares held by Lightwell Shipping Inc.
2. Pacific Carriers Limited ("**PCL**") is deemed interested in the shares that MBC is deemed interested in.
3. Kuok (Singapore) Limited is deemed interested in 13,240,000 shares held by Camsward Pte Ltd and the shares that PCL is deemed interested in.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 13 March 2015, approximately 16.43% of the issued ordinary shares of the Company are held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")). The Company hence confirms that Rule 723 of the Listing Manual of the SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 9th Annual General Meeting of the Company will be held at Shangri-La Hotel, Tower A Ballroom, 22 Orange Grove Road, Singapore 258350 on Monday, 27 April 2015 at 10.00 a.m. to transact the following business :-

AGENDA

As Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the year ended 31 December 2014. **Resolution 1**

2. To declare a final one-tier tax exempt dividend of S$0.015 cents per ordinary share for the year ended 31 December 2014. **Resolution 2**

3. To re-elect the following directors, each of whom will be retiring by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible offers himself for re-election:

   (i) Mr. Wu Long Peng **Resolution 3**
   (ii) Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid **Resolution 4**

4. To note that Mr Teo Joo Kim will be retiring pursuant to Section 153(6) of the Companies Act, Cap. 50 and he will not be seeking re-appointment at this Annual General Meeting.

5. To approve the sum of S$707,500 as Directors' Fees for the year ended 31 December 2014. **Resolution 5**

6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and authorise Directors to fix their remuneration. **Resolution 6**

As Special Business

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

7. **Authority to issue shares** **Resolution 7**

   That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the capital of 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) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such person(s) as the Directors may in their absolute discretion deem fit; and

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

   provided that:

NOTICE OF ANNUAL GENERAL MEETING

(1) the aggregate number of shares to be issued pursuant to this Resolution (including new shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including new shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) may not exceed 20 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

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

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

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company (the "**10th AGM**") or the date by which the 10th AGM is required by law to be held, whichever is the earlier.

8. **Authority to Directors to issue shares under the POSH Share Option Plan and/or POSH Performance Share Plan** **Resolution 8**

That the Directors of the Company be and are hereby authorised to:

(a) grant options and awards in accordance with the provisions of the POSH Share Option Plan ("**SOP**") and/or the POSH Performance Share Plan ("**PSP**") (collectively the "**Share Plans**"); and

(b) allot and issue from time to time such number of new shares as may be required to be issued pursuant to the exercise of options and the vesting of awards granted under the Share Plans,

provided that the total number of shares over which options and awards (as the case may be) may be granted on any date, when added to the total number of shares issued and/or issuable and transferred and/or to be transferred in respect of all options already granted and the total number of shares issued and/or issuable and transferred and/or to be transferred in respect of all awards already granted, shall not exceed 15 per cent. of the total number of issued shares (excluding treasury shares) on the date preceding the date of the relevant option or award (as the case may be).

9. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN THAT the Share Transfer Register and Register of Members of the Company will be closed on 8 May 2015, 5.00 p.m., for the purpose of determining shareholders' entitlement to the Company's proposed final tax exempt (one-tier) dividend of S$0.015 per ordinary share for the financial year ended 31 December 2014 (the "Proposed Final Dividend").

Duly completed registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 8 May 2015 will be registered to determine shareholders' entitlement to the Proposed Final Dividend. The Proposed Final Dividend, if approved at the Annual General Meeting to be held on 27 April 2015, will be paid on 15 May 2015.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 8 May 2015 will be entitled to the Proposed Final Dividend.

BY ORDER OF THE BOARD

MS. DAWN TAY
COMPANY SECRETARY

Date: 10 April 2015

Explanatory Notes

1. (a) In relation to Ordinary Resolution No. 3, Mr Wu Long Peng will be retiring from office at the Annual General Meeting pursuant to Article 91 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the Annual Report for FY2014 for more information relating to Mr Wu. Mr Wu is a member of the Nominating Committee and will, upon re-election, continue to serve as a member of the Nominating Committee.

   (b) In relation to Ordinary Resolution No. 4, Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid will be retiring from office at the Annual General Meeting pursuant to Article 91 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the Annual Report for FY2014 for more information relating to Dato Sufian. Dato Sufian is a member of the Audit Committee, Nominating Committee and Remuneration Committee and will, upon re-election, continue to serve as a member of the Audit Committee, Nominating Committee and Remuneration Committee.

2. The Ordinary Resolution No. 7, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding 50 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20 per cent. may be issued other than on a pro rata basis to shareholders. The aggregate number of shares which may be issued shall be based on the total number of issued shares at the time that Ordinary Resolution No. 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 that Ordinary Resolution No. 7 is passed, and any subsequent bonus issue or consolidation or subdivision of shares. This authority will, unless revoked or varies at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PACC OFFSHORE SERVICES HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200603185Z)

Important:
CPF investors
1. For investors who have used their CPF monies to buy PACC Offshore Services Holdings Ltd.'s shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2015.

PROXY FORM
ANNUAL GENERAL MEETING

*I/We, _____ (Name) _____ (NRIC/ Passport No.)

of _____ (Address)

being a member/members of PACC Offshore Services Holdings Ltd. (the "**Company**") hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

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 Shangri-La Hotel, Tower A Ballroom, 22 Orange Grove Road, Singapore 258350 on Monday, 27 April 2015 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/ proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Ordinary Resolutions	**For	**Against
1	To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the year ended 31 December 2014		
2	To approve the payment of Proposed Final Dividend		
3	To re-elect Mr Wu Long Peng as a Director		
4	To re-elect Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid as a Director		
5	To approve payment of Directors' Fees for year ended 31 December 2014		
6	To re-appoint Ernst & Young LLP as auditor and to authorise the Directors to fix their remuneration		
7	To grant authority to the Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
8	To authorise Directors to issue shares under the Share Option Plan ("SOP") and/or Performance Share Plan ("PSP")		

* Delete accordingly
** Indicate your vote "For" or "Against" with a (✓) within the relevant box provided.

Dated this _____ day of _____ 2015.

Total Number of Shares Held:

_____
Signature(s) or Common Seal of member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes

1. A member should insert the total number of ordinary shares in the Company (the "Shares") held by him. If the member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that 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, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.
2. A member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion or number of Shares is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the holding of the Meeting.
5. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of 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 officer or attorney duly authorised. Where the original instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the original letter or power of attorney under which the instrument of proxy is signed or a duly certified copy of that letter or power of attorney (failing previous registration with the Company) shall be attached to the original instrument of proxy and must be left at the registered office, not less than 48 hours before the time appointed for the holding of the Meeting or the adjourned Meeting at which it is to be used failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore. The Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative.
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 Shares entered in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding of the Meeting, as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of the CPF Investors who wish to attend the Meeting as Observers are requested to submit in writing, a list with details of the investors' names, NRIC/ Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, at least 48 hours before the time fixed for holding the Meeting.

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2nd fold along this line

Please
Affix
Postage
Stamp

PACC OFFSHORE SERVICES HOLDINGS LTD.

c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01
Singapore Land Tower,
Singapore 048623

3rd fold along this line and glue overleaf. Do not staple

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kuok Khoon Ean • *Chairman & Non-Executive Director*

Gerald Seow Kang Hoe • *Chief Executive Officer & Executive Director*

Wu Long Peng • *Non-Executive Director*

Teo Joo Kim • *Non-Executive Director*

Dato Jude Philomen Benny • *Lead Independent Director*

Ma Kah Woh • *Independent Director*

Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid • *Independent Director*

Wee Joo Yeow • *Independent Director*

BOARD COMMITTEES

Audit Committee
Ma Kah Woh • *Chairman*
Dato Jude Philomen Benny
Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid
Wee Joo Yeow

Nominating Committee
Dato Jude Philomen Benny • *Chairman*
Ma Kah Woh
Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid
Wu Long Peng

Remuneration Committee
Wee Joo Yeow • *Chairman*
Dato Ahmad Sufian @ Qurnain Bin Abdul Rashid
Teo Joo Kim
Kuok Khoon Ean

Board Risk Committee
Kuok Khoon Ean • *Chairman*
Dato Jude Philomen Benny
Ma Kah Woh
Wee Joo Yeow

COMPANY SECRETARY

Dawn Tay

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

AUDIT PARTNER-IN-CHARGE

Yee Woon Yim
(since the financial year ended 31 December 2013)

REGISTERED OFFICE

1 Kim Seng Promenade
#07-02 Great World City
Singapore 237994
Tel: +65 6839 6500
Fax: +65 6839 6508
Website: www.posh.com.sg
Company Registration No.: 200603185Z

PACC OFFSHORE SERVICES HOLDINGS LTD.
(Co. Reg. No. 200603185Z)

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