Pacific Radiance

Delivering Steady Growth

PACIFIC RADIANCE ANNUAL REPORT 2014

Contents

Having built a strong foundation through focused execution of our business strategy, we believe the Group has the strength to safely navigate the current difficult operating environment and deliver steady growth in the coming years.

We have developed clear plans to establish a presence in high-growth and/or cabotage-protected markets – capturing demand through our customised newbuild programme, scaling up operations through carefully formed strategic alliances, and applying our expertise to tap available opportunities.

Corporate Milestones

2002

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

2005

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

2006

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

2007

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

2009

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

2010

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

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

2011

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

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

2012

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

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

2013

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

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

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

2014

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

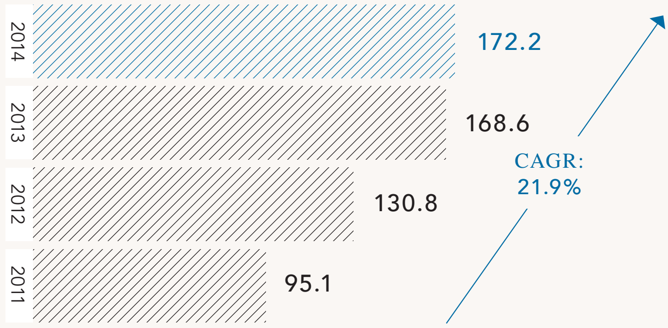
Included in widely followed MSCI Global Small Cap Indexes from close of 30 May.

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

Financial Highlights

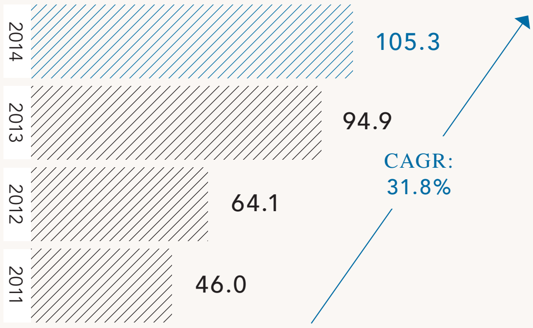
Revenue

US$ millions | Year



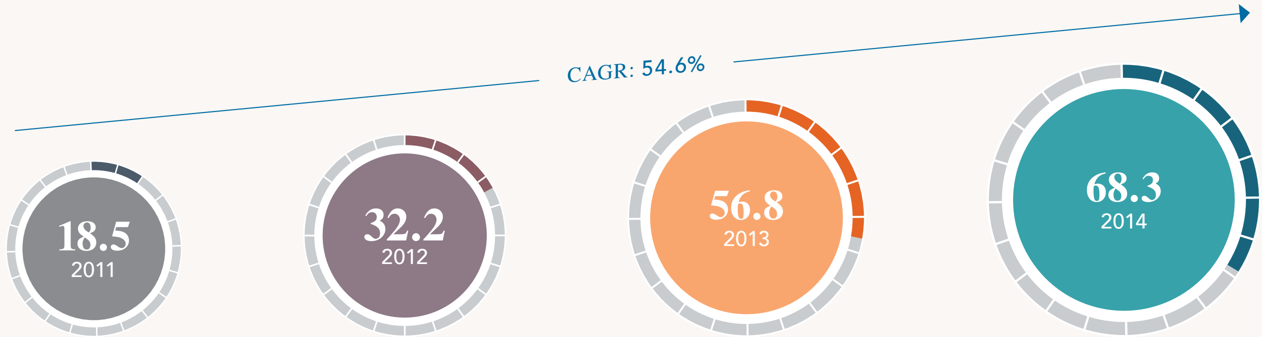
EBITDA

US$ millions | Year



Net profit attributable to equity holders of the company

US$ millions | Year



KEY FINANCIAL METRICS	FY11	FY12	FY13	FY14
Earnings per Share[1] (US cents)	3.4	5.8	9.9	9.4
Net Asset Value per Share[1] (US cents)	32.0	37.4	52.0	59.5
Net gearing (%)	1.5	1.2	0.6	0.5
Return on Equity (%)	11.2	16.9	19.6	17.2
Return on Asset (%)	3.9	5.9	8.6	8.8

FINANCIAL POSITION (US$'m)	FY11	FY12	FY13	FY14
Fixed Assets	442.7	445.8	548.8	572.1
Total Assets	515.1	570.4	745.9	839.5
Total Liabilities	339.0	364.4	368.4	407.6
Shareholders' equity	175.8	204.6	375.6	428.0
Non-controlling interests	0.3	1.8	1.8	4.0

Notes :

[1] The Shareholders had approved the sub-division of each share into 11 shares (share split) at an extraordinary general meeting held on 28 October 2013. For comparative purposes, earnings per share and net asset value per share for FY11 and FY12 have been computed based on number of issued shares in the respective years adjusted for the share split.

Steady Execution of Business Strategy

We have set our sights on becoming a global offshore player, and have made marked progress towards this goal through careful execution of well-laid-out growth plans.


CREST ALPHA 1
CREST ODYSSEY 2


Pacific Radiance

Executive Chairman's Statement

PANG YOKE MIN
Executive Chairman

Ending the year on another high note, Pacific Radiance received the Best Investor Relations for an IPO Award at the IR Magazine Awards & Conference for South East Asia, held in December at the Singapore Exchange.

DEAR SHAREHOLDERS,

Although the year ended 31 December 2014 (FY2014) was a challenging one for Pacific Radiance, the achievements gained during the year made all our hard work worthwhile and brought us closer to our goal of becoming a global offshore services provider. Holding fast to tested strategies consolidated our position in the sector as well as gained us entry into new emerging markets, cementing our established standing in high growth cabotage-protected markets where strong tactical partnerships have enabled us to make inroads to drive our growth.

Despite the difficult operating environment, especially in the fourth quarter, our core strategy of maintaining a diverse and market-relevant fleet as both an operator and owner continued to yield results. Besides adding to our client base, some of our new vessels delivered during the year were also promptly chartered out. One of our newbuilds even secured a long-term charter contract worth more than US$140 million, including extension options, ahead of its expected delivery in 2016/17.

Ending the year on another high note, Pacific Radiance received the Best Investor Relations for an IPO Award at the IR Magazine Awards & Conference for South East Asia, held in December 2014 at the Singapore Exchange. As the annual event honours companies in the region that have excelled in investor relations, the award reaffirms our commitment to transparent, interactive communication with all stakeholders.

FINANCIAL REVIEW FOR FY2014

Thanks largely to the charters of our newly delivered offshore support vessels, the ongoing rejuvenation of our fleet and lower interest costs, net attributable profit (PATMI) rose 20% year-on-year to US$68.3 million on the back of the Group revenue of US$172.2 million in FY2014.

Offshore support services remained our key revenue contributor, bringing in US$128.1 million to attain a 17.1% rise with stable utilisation and contributions from new vessels. At the subsea arm, revenue came down to US$33.4 million, from FY2013's US$45.2 million, because our two diving support vessels (DSVs) were drydocked for enhancement works during the year and also experienced lower utilisation.

The prudent management of our working capital enabled us to more than double the net cashflow generated from operations to US$62.2 million and the Group remained in a strong financial position. Shareholders' funds grew to US$428.0 million and net gearing improved a notch down to 0.5 times as at 31 December 2014.

Moreover, Pacific Radiance established a S$1 billion multi-currency debt issuance programme in August 2014 that will help support ongoing growth initiatives. To date, we have issued S$100 million worth of 4.3% per annum fixed-rate notes due August 2018.

In line with the year's performance, the Board is recommending an ordinary tax-exempt dividend of 3.0 S¢ per share for FY2014, a step up from FY2013's 2.0 S¢. This is subject to shareholder approval at the Annual General Meeting to be held on 28 April 2015. If approved, the total payout of S$21.8 million would be made on 20 May 2015.

DELIVERING STEADY GROWTH

While the recent weak oil price climate may impact our performance in the short term, we are committed to build a long term sustainable business where our proven business model and our people will enable the Group to deliver steady growth over the medium to long term.

We have always maintained an efficient cost structure which has seen us through many cycles in the oil and gas (O&G) sector. First, we have carefully tailored our fleet composition so that our vessels readily meet market needs across the O&G project life cycle, thus achieving a more stable and sustainable income stream within this cyclical sector. Next, our focus on widening and deepening our reach in high-growth and/or cabotage-protected markets will help drive demand for our vessels, as the need to fill domestic energy requirements is expected to shore up exploration and production spending in these areas.

Just as critical is our management team's considerable expertise in building vessels and the processes involved, which has allowed us to keep costs down when working with third-party shipyards to build and acquire vessels. And when we complete our ship repair yard as expected by early 2016, we will be able to further strengthen our supply chain by reducing downtime for dry-docking and repairs, and improving response times while increasing vessel reliability.

BUILDING A COMPANY WITH HEART

Even while our energies were focused on meeting our agenda for growth, we did not lose sight of the people who are at the very heart of our success. Apart from streamlining processes to improve productivity, we took steps to strengthen our corporate culture and nurture our team. As the new year unfolds, we will be ramping up initiatives to promote staff welfare, training and development across the board, so we can grow together, maximising potential and performance.

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PROSPECTS AND OUTLOOK

Despite the current weakness in oil prices, we remain cautiously optimistic about the longer term prospects for the industry. Global population growth and rising affluence in emerging economies will continue to boost energy consumption, which will in turn bolster demand for oil. Global demand for hydrocarbon based fuels remains robust despite current developments. Furthermore, ageing offshore infrastructure around the world will sustain the need for subsea inspection, repair and maintenance (IRM) services – a segment where we are steadily expanding our presence.

Our tried and tested strategies have served us well, enabling us to win over clients with cost-effective solutions that still offer the versatility and variety they need, while paving the way for us to secure a first-mover advantage in key markets. We believe this proven and scalable business model gives Pacific Radiance the competitive edge required to ride out the current downturn in oil prices and successfully seek out fresh market opportunities while staying responsive to changes in the business environment.

ACKNOWLEDGMENTS AND APPRECIATION

Speaking for the Board, I would like our staff and management team to know how much we appreciate their staunch dedication to the Company and the many sacrifices they have made. Our recent win as the Shipowner of the Year at the Annual Offshore Support Journal Conference held in London in February 2015, would not have been possible without their concerted efforts and commitment. This award was presented in recognition of the Group's exemplary record in the management of its business and success in expanding into new markets over the past year.

To our shareholders, clients and business partners, we thank you for your long-standing support and faith in the Group. We hope to share the journey with you as Pacific Radiance continues to make its mark.


CREST ALPHA 1

Efforts to custom-build a diverse fleet that is relevant to the market through ongoing fleet rejuvenation have enabled us to capture opportunities across the oil and gas life cycle.

Diverse & Market-Relevant Fleet

Financial & Operations Review

Pacific Radiance remains committed to its goal of achieving sustainable growth. Over the past year, we have continued to roll out key initiatives intended to improve operational efficiency, strengthen our financial position and sharpen our competitive edge.

During this time, the oil and gas (O&G) sector has been hit by a downswing in oil prices, particularly in the second half of 2014. Subsequently, projects were deferred as weak oil prices reduced their viability and upstream players moved to rein in spending.

Supported by a robust business model that caters to clients' needs across the entire O&G project lifecycle and that focuses our resources in high-growth and/or cabotage-protected markets, we have been able to hold our own despite these challenges.

OVERALL PERFORMANCE IN FY2014

For the full year ended 31 December 2014 (FY2014), we achieved a net attributable profit of US$68.3 million, 20% higher than the US$56.8 million posted in FY2013. This strong performance was driven by demand for our newly delivered offshore support vessels (OSVs), as well as the Group's ongoing fleet rejuvenation programme and lower interest costs.

Even though the industry experienced considerable volatility, especially in the last quarter of 2014, Pacific Radiance still secured a 2% rise in revenue to US$172.2 million for the full year. We locked in more than US$200 million in long-term charters for our newbuilds in 4Q FY2014, even amid softer oil prices that led industry players to reassess budgets and drilling projects. The contracts included one for a vessel due to be delivered only in 2016/17.

OPERATIONS BY SEGMENT

Offshore Support Services

This division is the major contributor to overall earnings, having successfully rejuvenated its fleet, expanded its client base and landed fresh contracts.

The Group took delivery of a range of new OSVs, mainly in 2H FY2014, which included platform support vessels (PSVs), anchor handling tugs and supply vessels (AHTS) and maintenance work vessels (MWVs). Some of these newbuilds were swiftly chartered out, affirming the soundness of our diversified and market-relevant fleet strategy.

Thanks to these new charters, the division was able to boost revenue to US$128.1 million in FY2014 – 17% higher than the US$109.3 million recorded previously. Also, the segment's net profit before tax rose from US$41.2 million to US$65.1 million in FY2014, supported in part by gains from the sale of vessels as the Group continues to rejuvenate its fleet and also inject vessels to its joint ventures.

The Group's share of results from joint venture companies declined marginally from US$12.6 million to US$12.1 million in FY2014. This was due largely to lower vessel utilisation at its Malaysian joint venture, Alam Radiance (L). Another reason was a lower contribution from its listed Indonesian joint venture partner, PT Logindo Samudramakmur Tbk, as the Group's shareholding was diluted to 35% from 49% a year ago after PT Logindo's initial public offering.

Subsea Business

For the subsea services unit, revenue came in lower at US$33.4 million, mainly because its two diving support vessels (DSVs) were drydocked for enhancement works and the DSVs experienced lower utilisation in FY2014. The division took delivery of a remotely operated vehicle (ROV) support vessel at the end of FY2014 which will enhance its service offering to customers in FY2015.

Complementary Businesses

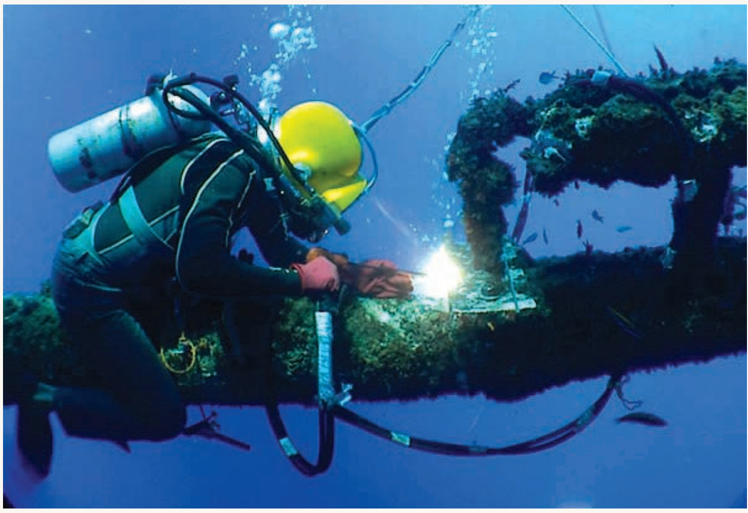
This non-core business arm brought in revenue of US$10.7 million, as compared with US$14.0 million in FY2013, largely due to a decline in revenue contributed by its logistics division.

ENHANCED FINANCIAL STANDING

Over the year, efforts by the Group to strengthen its financial position and carefully manage working capital needs yielded sturdy gains. As a result, net operating cashflows more than doubled to US$62.2 million in FY2014. Shareholders' funds saw a healthy increase as well, ending the year at US$428.0 million. Moreover, we were able to pare our net gearing to 0.5 times from 0.6 times previously.

PROPOSING HIGHER DIVIDEND

The Board has proposed a final ordinary tax-exempt dividend of 3.0 S¢ per share, up from the 2.0 S¢ paid out last year, which underlines the Group's confidence in its future. This dividend is expected to be paid on 20 May 2015, after it has been approved by shareholders at the Annual General Meeting scheduled for 28 April 2015.



OUTLOOK

The Group remains cautiously optimistic about the long-term fundamentals of the O&G sector because demand for energy is expected to rise in tandem with the growing global population and increasing affluence.

While performance might be affected in the short term by the current weak oil price climate, the Group remains focused on executing its strategy to expand its recurrent income over the medium to long term. We will take delivery of 18 new vessels over 2015 and 2016, with most of the vessel deliveries expected this year.

The newbuilds coming on stream within these two years include PSVs, AHTS and accommodation work barge that will be more technologically advanced, fuel-efficient and environmentally friendly. Some of these new vessels are targeted as replacements for existing vessels, while the remainder may be injected into our joint ventures, to widen and deepen our reach in targeted high-growth and/or cabotage protected markets.

Our new ship-repair yard, when it comes on stream in early 2016, will give us greater control over our fleet maintenance programme by reducing costs and vessel downtimes, and will also bring in a new income stream as we extend our ship-repair services to third-party customers.

Going forward, we will continue to focus on sustaining growth while diligently monitoring costs. We believe our proven ability to make the most of our competitive strengths will allow us to ride out these difficult times. We will also seek out fresh opportunities that will enhance our earnings streams and drive growth, while extending our geographical footprint and establishing Pacific Radiance as a respected global brand.

Our People

Our people lie at the very heart of our business. Only through their tireless dedication to excellence has Pacific Radiance been able to make a mark in the industry, both at home and abroad. They matter to us, and that is why we have intensified efforts to create a workplace where they can flourish, and to give them every chance to grow and develop their careers as Pacific Radiance continues to expand into new markets and geographies.

ATTRACTING, ENGAGING AND RETAINING TALENT

To advance our goal of building a world-class company, we need to secure the best people that the industry can offer.

In our ongoing drive to retain, nurture and refresh talent, we have reviewed and realigned our compensation and benefits practices to match or even exceed industry benchmarks. We have introduced an enhanced job grade structure that provides clear, consistent rankings based on job responsibilities, creates a reliable base for equitable salary determination and improves transparency in benefits entitlement. Equally important, we have refined and enriched our staff welfare programmes, to help our people achieve a healthy, balanced and rewarding lifestyle.

To support these wide-ranging efforts, we have boosted our human resources (HR) team, bringing in specialised professionals whose goals will include advancing employee growth by pinpointing staff needs in terms of work-life balance as well as training and development. Another key imperative will be to deepen staff cohesion and collaboration at every level by fostering greater communication across the board.

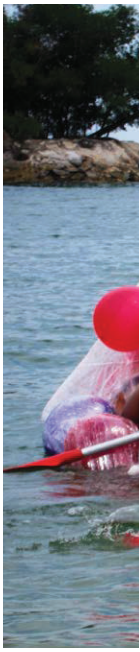
SHORE-BASED STAFF

To ensure that our people can fully explore their potential and fulfil their career goals, we will tailor our training and development initiatives to match their needs and aspirations as closely as possible.

Such initiatives will focus on both technical and functional skills. In addition, we will embark on an all-new talent and competence mapping exercise designed to complement our learning and development programmes. Overall, our employees will receive relevant training to hone distinct skills and abilities, which will add to their own value while sharpening the Group's competitive edge.

By working with our staff to pinpoint specific performance issues and training needs while providing diverse opportunities for continuous learning, we will create a workplace culture and environment where all our staff understand that we value their contributions and dedication to the company.

Building a strong, cohesive team where we stand united in purpose and commitment to excellence, is crucial to securing a brighter future for the company and all our



people. Recognising the importance of such bonds and ties, we have continued to ramp up efforts to engage our staff in fresh and innovative ways.

Apart from regular staff functions and recreational gatherings, we also organise health promotion events and sports activities that have been well-received. During our community welfare initiatives, we come together to help the needy – efforts that all our staff find rewarding and inspirational. They also enjoy our green campaigns, where we join hands to safeguard our environment for future generations. This year, we also held our very first Team Building Day, which brought staff together from across the Group to take part in a wide array of specially designed events.

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SEAFARERS

Demands and expectations are extremely high for our seafaring crews, who often have to work to tight deadlines in harsh and physically exacting environments. To enhance their performance, we run specialised training and development programmes that allow them to upgrade their skills while reinforcing their ability to handle any issues at sea.

The programmes include a one-month seafarers in-house training session, conducted at the end of every year, to enhance their knowledge of the latest operational, technical and vessel maintenance systems. During this training, they are also updated regarding QHSSE requirements and other key developments, including any legislative changes that might affect the flag or port states of the vessels they man.

To recognise their painstaking efforts on behalf of the company, the Group holds an annual Lighthouse Seafarer's Awards ceremony, first organised in 2014, where nominated crew members of all ranks are honoured for their long service and outstanding performance. At the awards, we also present Beacon Bursaries to the children of crewmen who have excelled in their academic studies – a gesture that demonstrates our support for the families of our zealous and valued seafarers.

Moreover, the event provides an excellent opportunity for our crews and onshore staff to build lasting ties as they share in this celebration of all that we have been able to achieve by working in unison. Many other team-bonding activities were held this year, including a futsal tournament and a bowling match. Close staff interaction during such occasions allows them to better understand their diverse job scopes and working environments, so we can forge an even stronger partnership that will stand us in good stead as we continue to build on our established markets, enter new markets and explore new frontiers.

Quality, Health, Safety, Security and Environment (QHSSE)

At Pacific Radiance, we are committed to upholding the most exacting QHSSE standards, often exceeding industry benchmarks in our efforts to enhance systems and processes that will ensure successful project execution and delivery. Our clients know they can count on us to safely expedite their projects, even in the most demanding environments.

Over the years, we have succeeded in keeping our crews safe and lost man-hours to a minimum by continually reviewing our systems and by adopting not only the latest technological advances but also research-proven intervention strategies that are able to nip issues in the bud. In rolling out these initiatives, we never target front-line workers alone and, as a result, we are steadily forging an enduring safety partnership that extends across the Group at all levels, winning critical support from both management and staff, on land and at sea.

Our team at Pacific Radiance has been trained to identify hazards and skilfully manage risks wherever they are based, providing feedback crucial to advancing safety initiatives. Every month, top management, department heads and senior managers review all QHSSE policies, procedures and systems, seeking to pinpoint and eliminate any issues. Our Safety Council communicates key findings to all staff as part of concerted efforts to enhance and reinforce our safety management systems. Regular audits of our vessels and our teams, both seafaring and land-based, enable us to continually improve processes at every step.

Our quality management systems (QMS) are already certified to ISO 9001:2008 standards, and we are working to attain ISO 18001:2007 certification for our occupational health and safety management systems (OHSMS).

For 2015, we plan to keep raising the bar and consolidating our position as a key industry player through our dedication to excellence in both service and safety.

One of the initiatives includes strengthening our existing safety systems by embracing a behaviour-based approach throughout the fleet. Backed by research-supported intervention strategies, this system will enable us to effectively analyse steps taken day to day on the ground, and develop ways to fine-tune or improve what is already being done to minimise delays or accidents. Moreover, we have in place the pocket-sized Behaviour-Based Card and Personal Safety Toolkit for our seafarers to reinforce the safety policies and systems we have in place in our Group.

To further promote a total safety culture at Pacific Radiance – where any one of us is ready to go beyond the call of duty to guard the welfare of our co-workers as well as our own – the Group will also ensure that all relevant internal and external findings are shared with everyone. This initiative will include communicating industry best practices at every turn, arming our people with the latest information on proven strategies that can help them avoid pitfalls and prevent recurrences.

In another crucial step on our safety agenda, a training manager will be recruited to develop a robust programme aimed at boosting safety awareness among all staff and seafarers, preparing them to take an even more proactive role in achieving QHSSE goals. A major imperative will be equipping them with the skills and mindset to take immediate action to minimise or even rule out any risk of personal injury or damage to property, equipment and the environment.

On a sector-wide level, the Group will work with industry organisations such as the International Marine Contractors Association (IMCA) to raise benchmarks, cultivate superior practices, and endorse the most rigorous health and safety standards.

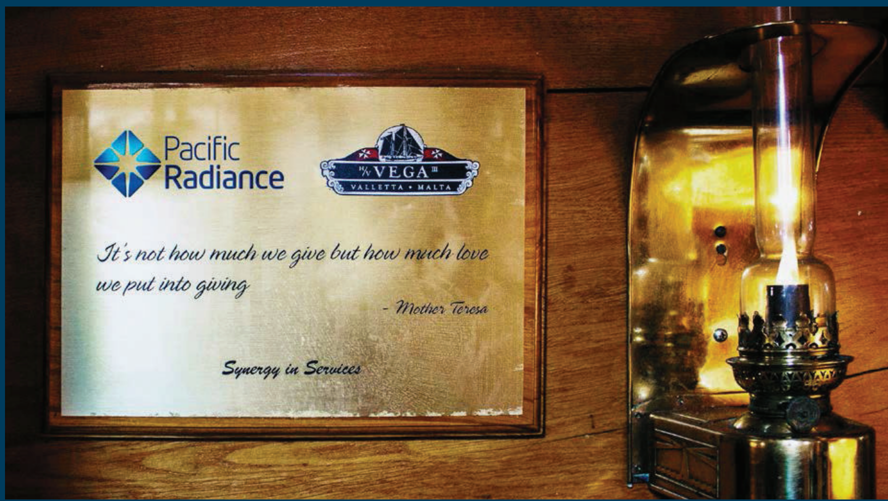
Corporate Social Responsibility (CSR)

As a responsible corporate citizen, we take every care to minimise our impact on the environment, while seeking ways to contribute to the communities around us.

In our newbuild programme, we continue to focus on energy-friendly designs that will serve our expansion needs as well as address environmental concerns. On the ground, we have other initiatives organised by our CSR Steering Committee to safeguard the environment and raise awareness.

In one event in September 2014, our staff took part in a Kallang River Clean-up exercise held in conjunction with the Waterways Watch Society, our long-time CSR partner. As the organisation's official sponsor, Pacific Radiance has donated a second safety boat to aid in its efforts to preserve Singapore's waterways. The first was donated in 2013.

Other highlights included a talk on marine life in October 2014 and a guided tour to the Berlayar Creek Boardwalk in December, which was carried out together with WILD Singapore to enhance staff awareness of environmental conservation.



For humanitarian relief efforts, Pacific Radiance is the main running cost sponsor for Project Vega, the historical sailing vessel that plies the seas of Southeast Asia, collecting and delivering crucial supplies for remote island communities. In 2014, her relief mission took her to eastern Indonesia, where her crew also showed the islanders valuable recycling practices. Our staff was happy to contribute a wide range of supplies for these communities.

Here in Singapore, Pacific Radiance was also the Platinum Sponsor for the 2014 Lakeside Charity Golf Event, held by Lakeside Family Services (Lakeside) to raise funds. Together with our business associates, we continue to support fund-raising efforts for Lakeside's family services centres.

Across the Group, our people have readily joined in these initiatives because they believe as strongly as we do that everyone must play a part in reaching out to the less fortunate and safeguarding the world's natural resources. Together, with their support, we will continue to find new ways to make a difference.

Corporate Diary

Feb

Clinches US$59 million OSV contracts from repeat clients.

Reports sterling results for FY13, with net attributable profit (PATMI) at a new high of more than US$50 million. Revenue rises by 29% to US$168.6 million as Group's fleet of offshore support vessels enjoyed heavy utilisation and firm charters during the year.

Mar

Secures contract worth up to US$100 million for FY14's first delivered newbuild, a maintenance work vessel.

May

Reports 110% jump in PATMI for 1QFY14 to US$17.8 million. Robust demand for Group's fleet of offshore support and subsea vessels lifts revenue by 33% to US$42.0 million.

Aug

Delivers 68% jump in PATMI to US$50.2 million and 17% rise in revenue to US$90.7 million for 1HFY14

Establishes a S$1 billion multi-currency debt issuance programme and issuance of S$100m fixed rates notes.

Sep

Sets up joint venture companies in Mexico.

Acquires remaining 40% in CrestSA Marine & Offshore Pte. Ltd., making it a wholly owned subsidiary for ship repair business.

Oct

Sets up Pacific Crest (Brunei) Sdn. Bhd., a 90%-owned subsidiary for provision of ship management services.

Nov

Secures five-year charter worth over US$70 million for newly delivered offshore support vessel.

Reports 57% jump in PATMI to US$63.3 million for 9MFY14; on track for strong earnings for FY14. 9MFY14's earnings supported by existing long term charters, quick deployment of newly delivered vessels and ongoing fleet rejuvenation programme.

Secures contract worth over US$140 million for a vessel to be delivered in 2016/17.

Dec

Wins Best IR for an IPO award at the IR Magazine Awards & Conference – South East Asia 2014.

Strategic Alliances to Propel Growth

Through strategic partnerships, we have scaled up our presence in high-growth and/or cabotage-protected markets.


CREST ODYSSEY 2

Board of Directors and Executive Officers

01

MR PANG YOKE MIN
Executive Chairman

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

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

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

Mr Pang graduated with a Diploma in Business Administration from the Institute of Business Administration in Australia.

02

MR MOK WENG VAI
Executive Director

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

A 20-year veteran of the offshore oil and gas industry, he began his career as a commercial and business development executive at Maritime Pte. Ltd. He then joined Jaya Holdings Limited as a marketing executive and spent nine years there, before co-founding the Group through the incorporation of Strato Maritime Services in 2002.

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

03

MR PANG WEI MENG
Executive Director

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

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

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

04

MR LAU BOON HWEE
Executive Director

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

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

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

05

MR YONG YIN MIN
Non-Executive Director

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

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

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

06

MR NG TIONG GEE
Lead Independent Director

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

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

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

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

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07

MR GOH CHONG THENG
Independent Director

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

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

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

08

MS OOI CHEE KAR
Independent Director

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

Ms Ooi currently serves on the audit committee of the National Council of Social Service and chairs the audit committee of the MILK (Mainly I Love Kids) Fund. She is an independent director of AusGroup Limited and chairs its audit committee. She is also an independent director of Singapore Eye Research Institute.

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

09

MR CHOO BOON TIONG
Independent Director

Mr Choo Boon Tiong was appointed an Independent Director in 2013, bringing with him more than 25 years of experience in the finance sector. He has been a director of Kyra Capital Pte. Ltd. and chief executive officer and chairman of Personnel Link Job Hub Pte Ltd since 2004. He has served as a director at Tiro Consulting Services Pte. Ltd., an executive search company, since 2005.

Mr Choo held management posts at Heller Factoring (S) Ltd (later known as GE Commercial Financing (Singapore) Ltd) and Export Credit Insurance Corporation of Singapore Ltd. At International Factors (S) Pte Ltd (now known as IFS Capital Limited), a company listed on the SGX-ST, he served as managing director and was also seconded to PB International Factors Sdn Bhd as chief executive officer. In addition, he has served as director and chairman of the Asian Chapter of International Factors Group, a global association of factoring companies and financial institutions.

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

10

MR WONG MENG HOE
Independent Director

Mr Wong Meng Hoe became an Independent Director in 2013. A 40-year veteran of the marine and offshore oil and gas industry, he is currently managing director of MH Wong Marine Pte. Ltd., a consultancy he established in 1993.

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

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

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

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MR LOO CHOO LEONG
Executive Officer

Mr Loo Choo Leong joined Pacific Radiance in 2010 and is now its Group Finance Director. He oversees its overall financial, accounting, taxation, corporate finance and treasury matters, ensuring compliance with financial reporting requirements. He was Chief Investment Officer from 2010 to 2011, and has been instrumental in driving the Group's investment activities. Mr Loo has more than 20 years of experience in general management, financial and management accounting, corporate planning and finance, treasury, taxation and internal audit, as well as the implementation of information technology and related systems. He started out at Arthur Andersen & Co and later joined the Sime Darby group, where he was head of its regional finance office and group head of its global services centre. While at Sime Darby, he took on a wide range of responsibilities at its offshore engineering and construction, property development and investment, plantation and trading businesses.

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

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12

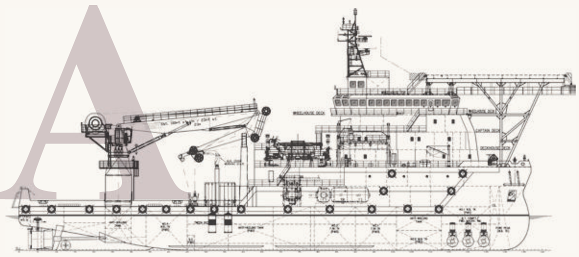
MR PANG WEI KUAN
Executive Officer

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

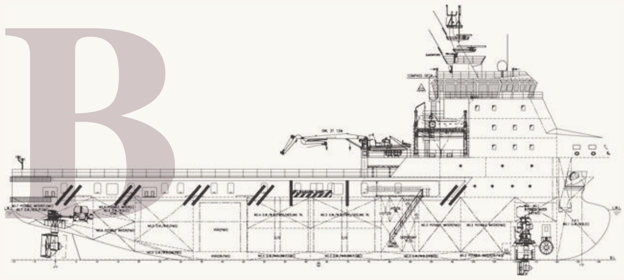
Mr Pang started his career at Standard Chartered Bank in Singapore in 2009, where his responsibilities included managing client relationships and assisting in originating deals related to the Asian conglomerates portfolio as well as negotiating and executing financing transactions. He earned a bachelor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

Vessel Portfolio

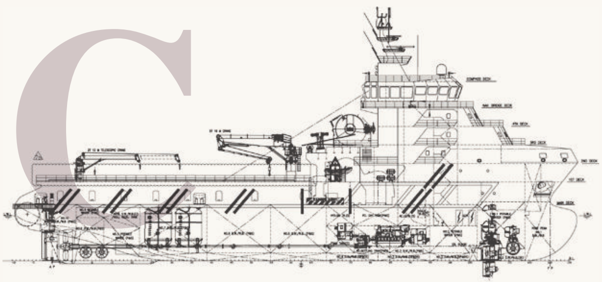
(Directly owned vessels as at 31 December 2014)



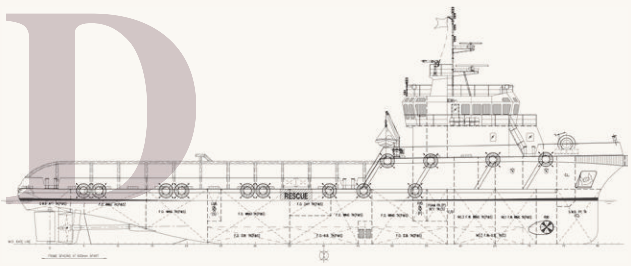
DIVING SUPPORT VESSEL



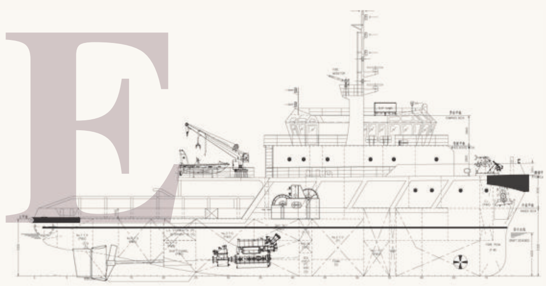
PLATFORM SUPPLY VESSEL



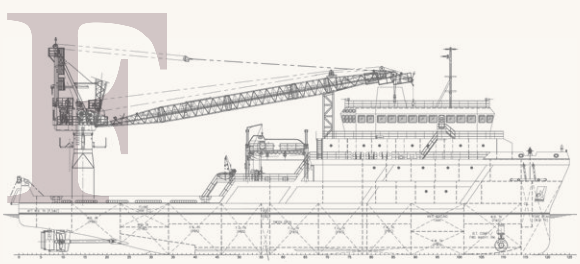
ANCHOR HANDLING TUG & SUPPLY VESSEL



MULTI-PURPOSE SUPPORT VESSEL



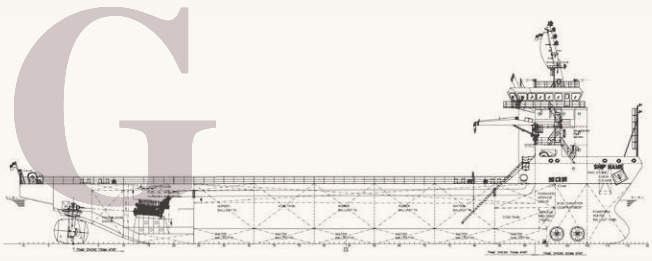
ANCHOR HANDLING TUG



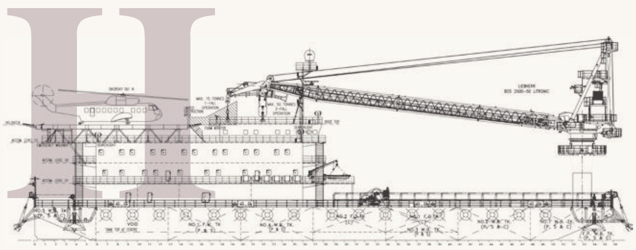
MAINTENANCE WORK VESSEL

Vessel Portfolio

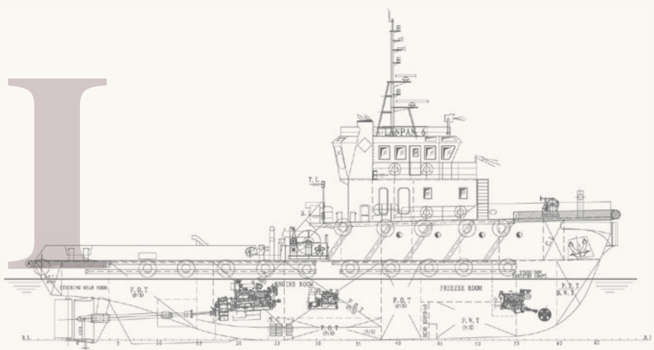
(Directly owned vessels as at 31 December 2014)



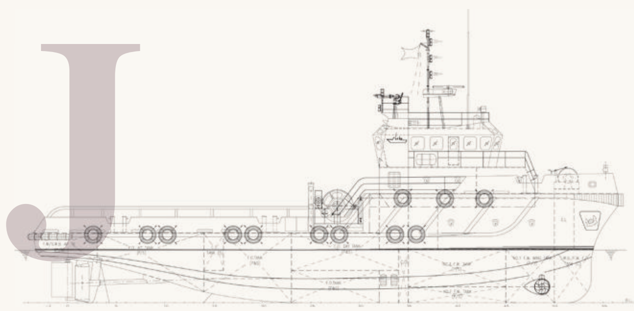
SPECIAL CARRIER VESSEL



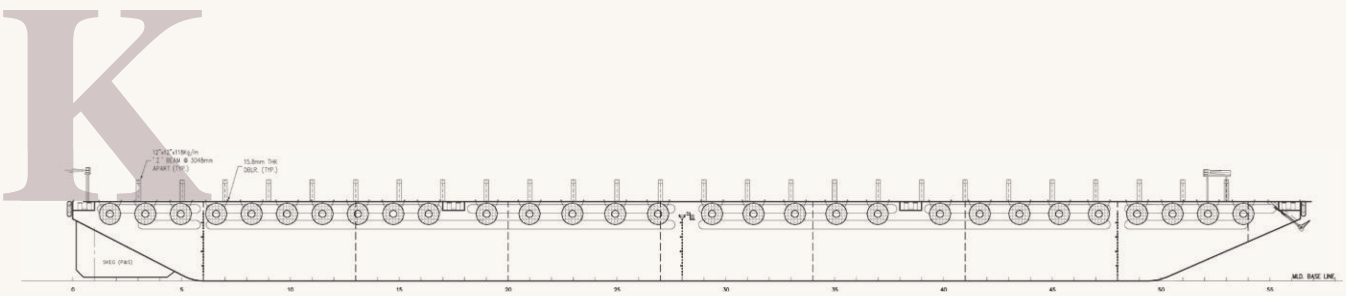
ACCOMMODATION WORK BARGE



OCEAN TOWING TUG



UTILITY SUPPLY VESSEL



OFFSHORE BARGE

DIVING SUPPORT VESSELS

	Name	Flag	Specifications	Classification Society	Year Delivered
A	Crest Odyssey 1	Singapore	12 men saturation dive system, 100 ton AHC subsea crane	ABS	2011
	Crest Odyssey 2	Singapore	12 men saturation dive system, 100 ton AHC subsea crane	ABS	2011
	Crest Hydra	Singapore	Air dive & ROV, 24 ton AHC crane	BV	2014

OFFSHORE SUPPORT VESSELS

	Name	Flag	Specifications	Classification Society	Year Delivered
B	**Platform Supply Vessels**				
	Crest Alpha 1	Singapore	3,000 DWT	ABS	2013
	Crest Aries 1	Singapore	3,500 DWT/ diesel electric drive	ABS	2013
	Crest Argus 1	Singapore	4,000 DWT	BV	2014
	Crest Argus 2	Singapore	4,000 DWT	BV	2014
	Westsea Apollo	Singapore	4,900 DWT/ diesel electric drive	ABS	2014
C	**Anchor Handling Tug & Supply Vessels**				
	Crest Amethyst	Singapore	5,150 BHP	ABS	2012
	Crest Tourmaline	Singapore	5,150 BHP	ABS	2012
	Crest Imperial	Singapore	8,200 BHP	ABS	2013
D	**Multi-Purpose Support Vessels**				
	Crest Radiant 1	Singapore	3,200 BHP	BV	2008
	Crest Radiant 3	Singapore	3,200 BHP	BV	2008
	Crest Radiant 5	Singapore	3,200 BHP	BV	2009
	Crest Radiant 7	Singapore	3,200 BHP	BV	2010
E	**Anchor Handling Tugs**				
	Crest Spartan 1	Singapore	4,400 BHP	BV	2009
	Crest Spartan 2	Singapore	4,400 BHP	BV	2009
	Crest Spartan 3	Singapore	4,400 BHP	BV	2010
	Crest Spartan 8	Singapore	4,400 BHP	BV	2010
	Crest Titan 2	Singapore	5,150 BHP	ABS	2010
	Crest Apache	Singapore	5,150 BHP	ABS	2013
F	**Maintenance Work Vessels**				
	Crest Nautilus 1	Singapore	120 men, 40 ton crane	ABS	2010
	Crest Nautilus 2	Singapore	120 men, 40 ton crane	ABS	2010
	Crest Athena 1	Singapore	208 men, 64 ton crane	ABS	2014
	Crest Athena 2	Singapore	204 men, 64 ton crane	ABS	2014

Vessel Portfolio

(Directly owned vessels as at 31 December 2014)

SPECIAL CARRIER VESSEL

	Name	Flag	Specifications	Classification Society	Year Delivered
G	Crest Angelica	Singapore	6,866 DWT	ABS	2012

ACCOMMODATION WORK BARGES

	Name	Flag	Specifications	Classification Society	Year Delivered
H	Crest Support 1	Panama	120 men	BV	2008
	Crest Support 5	Panama	200 men, 50 ton crane	BV	2009
	Crest Provider (Warehouse Accommodation Work Barge)	Panama	200 men, 40 ton crane, 70 ton crane	ABS	2011

TUGS AND BARGES

	Name	Flag	Specifications	Classification Society	Year Delivered
I	**Ocean Towing Tugs**				
	Crest Atlas	Singapore	2,032 BHP	NKK	2004
	Crest Gold 1	Singapore	3,200 BHP	BV	2008
	Crest Gold 2	Singapore	3,200 BHP	BV	2008
	Crest Jade 1	Singapore	3,200 BHP	BV	2009
	Crest Opal	Singapore	3,200 BHP	ABS	2011
	Crest Crystal	Brazil	3,200 BHP	ABS	2012
	Crest Ocean	Singapore	3,500 BHP	BV	2006
J	**Utility Supply Vessels**				
	Crest Voyager	Singapore	2,000 BHP	BV	2006
	Crest Adventurer	Singapore	2,000 BHP	BV	2009
	Crest Transporter	Singapore	1,074 DWT	ABS	2010
K	**Offshore Barges**				
	Crest 148	Singapore	960 DWT	ABS	2010
	Crest 250	Singapore	5,300 DWT	BV	2008
	Crest 2501	Brazil	5,300 DWT	ABS	2012
	Crest 251	Singapore	5,300 DWT	BV	2008
	Crest 255	Singapore	5,300 DWT	BV	2006
	Crest 257C	Singapore	5,300 DWT	BV	2010
	Crest 259	Singapore	5,300 DWT	BV	2007
	Crest 259A	Singapore	5,300 DWT	ABS	2008
	Crest 282	Singapore	6,000 DWT	BV	2006
	Crest 289	Singapore	6,000 DWT	BV	2008
	Crest 287	Singapore	6,000 DWT	BV	2010
	Crest 2801	Singapore	6,000 DWT	BV	2011
	Crest 2802	Singapore	6,000 DWT	BV	2011
	Crest 2821	Singapore	7,700 DWT	ABS	2010
	Crest 2822	Singapore	7,700 DWT	ABS	2010
	Crest 2823	Singapore	7,700 DWT	ABS	2013
	Crest 2825	Singapore	7,700 DWT	ABS	2013
	Crest 300	Singapore	9,000 DWT	ABS	2010
	Crest 301	Singapore	9,000 DWT	ABS	2010

Corporate Governance & Financial Contents

Corporate Governance Report

Pacific Radiance Ltd (the Company) and its subsidiaries (the Group) are committed to maintaining a high standard of corporate governance to protect shareholders' interests and enhance shareholders' value. The Group adopts practices based on the revised Code of Corporate Governance 2012 (the Code) issued on 2 May 2012. This report describes the Group's corporate governance practices that were in place throughout the financial year ended 31 December 2014 (FY2014), with specific reference made to the principles and guidelines as set out in the Code and Mainboard Listing manual of Singapore Exchange Securities Trading Limited (the Listing Manual) where applicable except where otherwise stated.

BOARD MATTERS

Principle 1: The Board's conduct of its affairs

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

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

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

The directors' attendance at Board and board committee meetings in FY2014 is set out below:

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

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

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

Principle 2: Board size and board composition

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

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

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

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

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

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

Principle 3: Chairman and Chief Executive Officer

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

Corporate Governance Report

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

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

Principle 4: Board membership

The NC comprises the following three members, two of whom are Independent Non-Executive Directors:
- Ng Tiong Gee (NC Chairman), Independent Director
- Wong Meng Hoe, Independent Director
- Pang Wei Meng, Executive Director

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

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

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

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

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

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

Under the guideline 4.4 of the Code , the NC should decide if a director is able to and had been adequately carrying out his/her duties as a director of the company, taking into consideration of the director's number of listed company board representations and other principal commitments. For now, the NC believes that each director's contribution and devotion of time and attention to the Company's affairs, having regard to his/her other commitments, are adequate and effective. The Board will determine the maximum number of listed company board representations which any director may hold upon recommendation by the NC in due course.

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

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

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

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

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

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

Pursuant to the one-third rotation rule, Mr. Yong Yin Min, Mr. Mok Weng Vai, Mr. Choo Boon Tiong and Mr. Wong Meng Hoe will retire and submit themselves for re-appointment at the forthcoming AGM. The NC is satisfied that the directors retiring in accordance with the Article of Association 111 at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations.

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

Principle 5: Board performance

A review of the Board's performance is conducted by the NC annually. On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole. Each board member will be required to complete an appraisal form to be returned to the NC Chairman for evaluation. Based on the evaluation results, the NC Chairman will present his recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance. The NC performs individual director evaluations assessing each director if he or she contributes effectively and demonstrates commitment and provides feedback to the Chairman of the Board. The Chairman, in consultation with the NC, proposes, where appropriate, new directors to be appointed to the Board or seeks the resignation of directors.

Corporate Governance Report

Principle 6: Access to information

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

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

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

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

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

REMUNERATION MATTERS

Principle 7: Procedures for developing remuneration policies

The RC comprises the following three members, two of whom are Independent Non-Executive Directors:
- Choo Boon Tiong (RC Chairman), Independent Director
- Ng Tiong Gee, Lead Independent Director
- Yong Yin Min, Non-Executive Director

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

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

Principle 8: Level and mix of remuneration

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

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

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

Principle 9: Disclosure of remuneration

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

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

The remuneration paid to or accrued to each individual director for FY2014 is as follows:

	Fees %	Salary[1] %	Bonus[1] %	Other Benefits[2] %	Total %
S$2,250,000 to S$2,500,000					
Pang Yoke Min	1.61	14.02	80.21	4.16	100
S$750,001 to S$1,000,000					
Mok Weng Vai	3.80	32.01	56.39	7.80	100
Pang Wei Meng	5.04	33.51	52.95	8.50	100
Lau Boon Hwee	4.49	34.84	53.04	7.63	100
Below S$250,000					
Yong Yin Min	100	-	-	-	100
Ng Tiong Gee	100	-	-	-	100
Ooi Chee Kar	100	-	-	-	100
Goh Chong Theng	100	-	-	-	100
Wong Meng Hoe	100	-	-	-	100
Choo Boon Tiong	100	-	-	-	100

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

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

Corporate Governance Report

The remuneration paid to or accrued to the top key management personnel (who are not directors) for FY2014 is as follows:

	Salary(1) %	Bonus(1) %	Other Benefits(2) %	Total %
S$750,001 to S$1,000,000				
Pang Wei Kuan	33.29	52.41	14.30	100
Loo Choo Leong	35.40	51.44	13.16	100

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

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

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

For FY2014, save as disclosed in the above table which shows the breakdown of the remuneration (in percentage terms) of Mr. Pang Wei Kuan, the Company and its subsidiaries do not have any other employee who is an immediate family member of a director and whose remuneration exceeds S$50,000.

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

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

Principle 11: Risk management and internal controls

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, AC and the Board, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks, and information technology controls and risk management systems were adequate as at 31 December 2014. This is in turn supported by assurance from the Executive Chairman and the Group Finance Director (i) that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (ii) regarding the effectiveness of the company's risk management and internal control systems.

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

Principle 12: Audit committee

The AC comprises the following three members, all of whom are Non-Executive Directors:
- Goh Chong Theng (AC Chairman), Independent Director
- Ooi Chee Kar, Independent Director
- Yong Yin Min, Non-Executive Director

The duties of the AC include:

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

The AC reviews the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. An analysis of fees paid in respect of audit and non-audit services provided by breakdown for FY2014 is disclosed in Note 7 to the financial statements. The AC has reviewed all non-audit services provided by the external auditors and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditors.

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

In the course of financial year 2014 and since its appointment, the AC carried out the following activities:
- Reviewing quarterly and full year financial statements (audited and unaudited), and recommending to the Board for approval;
- Reviewing and approving the interested/related parties transactions;
- Reviewing and approving the annual audit plan of the external auditors;
- Reviewing and approving the internal audit plan and appointment of internal auditors; and
- Reviewing the annual re-appointment of the external auditors and determining their remuneration, and making a recommendation for Board approval.

Corporate Governance Report

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

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

Principle 13: Internal audit

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

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

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder rights

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

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

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

Principle 15: Communication with shareholders

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

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

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

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

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

Principle 16: Conduct of shareholders meetings

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

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

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

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

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

INTERESTED PERSON TRANSACTIONS

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

Save as disclosed below, there were no material interested person transactions entered into by the Group for FY2014.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (Excluding transactions less than $100,000)
Pang Yoke Min	Personal guarantees: US$28,395,038[1] Services provided by an associate of Mr. Pang Yoke Min to the Group: US$95,374	There is no Shareholders' mandate pursuant to Rule 920

(1) Mr Pang Yoke Min, the Company's Executive Chairman, has provided personal guarantees for credit facilities granted to the entities within the Group. As the guarantee amount varied in accordance to the loans drawn and repayments made throughout the financial year, the above aggregate value of all interested person transactions represents the largest amount guaranteed by the Executive Chairman during FY2014.

Corporate Governance Report

No fees were paid to Mr. Pang Yoke Min for the provision of the guarantees. As at 31 December 2014, he has been fully discharged from all personal guarantees for credit facilities granted to the Group.

MATERIAL CONTRACTS

Save for the service agreements entered into between the Executive Directors and the Company, there was no material contract entered into by the Company and its subsidiaries involving the interests of any director or controlling shareholders subsisting at the end of the financial year ended 31 December 2014.

DEALING IN SECURITIES

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

Director's Report

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

1. DIRECTORS

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

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

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in Paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Pang Yoke Min	786,000	18,951,744	465,470,000	465,470,000
Mok Weng Vai	55,000,000	46,896,256	–	–
Pang Wei Meng	40,000	40,000	–	–
Lau Boon Hwee	1,609,970	1,609,970	–	–
Yong Yin Min	28,865,000	27,713,000	–	–
Ng Tiong Gee	25,000	25,000	–	–
Goh Chong Theng	50,000	160,000	–	–
Wong Meng Hoe	100,000	100,000	–	–
Choo Boon Tiong	80,000	20,000	–	–
Ordinary shares of the holding Company				
YM Investco Pte Ltd				
Pang Yoke Min	19,999	19,999	–	–
Pang Wei Meng	1	1	–	–

Director's Report

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2015.

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

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. PERFORMANCE SHARE PLAN

The Pacific Radiance Perfomance Share Plan ("Performance Share Plan") was approved by the shareholders on 28 October 2013 prior to the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 13 November 2013. The Board will appoint a committee comprising directors and/or executive officers ("Committee") to administer the Performance Share Plan. No member of the Committee shall participate in any deliberation or decision in respect of awards granted or to be granted to him or his associates.

(a) Participants

Executive directors, non-executive directors and full-time employees of the Group are eligible to participate in the Performance Share Plan. Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in the Performance Share Plan, provided that the participation of and the terms of each grant and the actual number of awards granted under the Performance Share Plan to such person shall be approved by the independent shareholders in general meeting.

(b) Awards

Awards represent the right of a participant to receive fully-paid shares free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period. A participant's award under the Performance Share Plan will be determined at the sole discretion of the Committee, taking into account factors such as (i) the Group's business goals and directions for each financial year; (ii) the participant's capabilities, scope of responsibilities and duties; and (iii) prevailing economic conditions.

(c) Size and duration of the Performance Share Plan

The aggregate number of shares which may be issued or transferred, when added to (i) the number of shares issued and issuable and/or transferred or transferable in respect of all awards granted thereunder; and (ii) all shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15.0% of the issued share capital (excluding treasury shares) of the Company on the day preceding the relevant date of the award.

The Performance Share Plan shall continue in force for a maximum period of ten years and may continue beyond the stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Performance Share Plan, any awards made to participants prior to such expiry or termination will continue to remain valid.

5. PERFORMANCE SHARE PLAN (CONT'D)

(d) At the end of the financial year, no awards have been granted under the Performance Share Plan.

6. AUDIT COMMITTEE

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

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

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

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

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

7. AUDITOR

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

On behalf of the board of directors,

Pang Yoke Min Director	Mok Weng Vai Director

27 March 2015

Statement by Directors

We, Pang Yoke Min and Mok Weng Vai, being two of the directors of Pacific Radiance Ltd., do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto as set out on pages 46 to 118 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

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

On behalf of the board of directors,

Pang Yoke Min Director	Mok Weng Vai Director

27 March 2015

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Pacific Radiance Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 46 to 118 which comprise the balance sheets 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 income statement, consolidated statement of comprehensive income and consolidated cash flow statement 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 financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
27 March 2015

Consolidated Income Statement

For the financial year ended 31 December 2014

	Note	2014 US$'000	2013 (Reclassified) US$'000
Revenue	4	172,219	168,585
Cost of sales		(118,054)	(105,764)
Gross profit		54,165	62,821
Other operating income	5	42,878	25,962
General and administrative expenses		(30,326)	(26,833)
Other operating expenses		(1,820)	(5,734)
Finance costs	6	(9,112)	(13,061)
Share of results of joint ventures		12,145	12,637
Share of results of associates		389	962
Profit before taxation	7	68,319	56,754
Taxation	8	1,103	86
Profit for the year		69,422	56,840
Profit for the year attributable to:			
Equity holders of the Company		68,316	56,763
Non-controlling interests		1,106	77
		69,422	56,840
Earnings per share attributable to equity holders of the Company (US cents per share)			
Basic	9	9.4	9.9
Diluted	9	9.4	9.9

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	2014 US$'000	2013 US$'000
Profit for the year	69,422	56,840
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
- Foreign currency translation	437	(1,972)
- Net fair value changes on cash flow hedges	(1,499)	–
Other comprehensive income for the year, net of tax	(1,062)	(1,972)
Total comprehensive income for the year	68,360	54,868
Total comprehensive income for the year attributable to:		
Equity holders of the Company	67,309	54,822
Non-controlling interests	1,051	46
	68,360	54,868

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

Balance Sheets

As at 31 December 2014

	Note	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	572,053	548,775	–	–
Investment in subsidiaries	11	–	–	44,752	44,556
Investment in associate	12	6,156	2,721	–	–
Investment in joint ventures	13	59,360	41,629	–	–
Club memberships		302	325	–	–
Derivatives	14	178	324	–	–
		638,049	593,774	44,752	44,556
Current assets					
Inventories	15	3,329	3,487	–	–
Trade receivables	16	35,102	47,609	–	–
Other receivables	17	6,526	7,183	205	191
Amounts due from related companies	18	55,105	28,378	204,947	161,025
Derivatives	14	–	564	–	–
Cash and cash equivalents	19	101,436	64,874	52,655	518
		201,498	152,095	257,807	161,734
Total assets		839,547	745,869	302,559	206,290
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	20	15,846	11,381	–	–
Other liabilities	21	41,316	39,608	5,323	4,004
Provisions	22	–	2,881	–	1,176
Amounts due to related companies	23	1,148	1,230	39,929	21,795
Bank loans	24	50,664	53,330	–	–
Provision for taxation		5,496	10,292	–	–
Finance lease obligations	26	29	3	–	–
Derivatives	14	1,170	109	–	–
		115,669	118,834	45,252	26,975
Net current assets		85,829	33,261	212,555	134,759
Non-current liabilities					
Other liabilities	21	8,777	9,169	–	–
Bank loans	24	201,404	239,579	–	–
Notes payable	25	74,781	–	74,781	–
Deferred tax liabilities	27	166	110	–	–
Finance lease obligations	26	102	–	–	–
Derivatives	14	6,729	726	6,279	–
		291,959	249,584	81,060	–
Total liabilities		407,628	368,418	126,312	26,975
Net assets		431,919	377,451	176,247	179,315
Equity attributable to equity holders of the Company					
Share capital	28	162,854	155,254	162,854	155,254
Retained earnings		278,603	222,760	14,720	17,958
Other reserves	29	(13,495)	(2,383)	(1,327)	6,103
		427,962	375,631	176,247	179,315
Non-controlling interests		3,957	1,820	–	–
Total equity		431,919	377,451	176,247	179,315

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

Group	Note	Share capital US$'000	Retained earnings US$'000	Total other reserves US$'000	Foreign currency translation reserve US$'000	Employee share-based payments reserve US$'000	Premium paid on acquisition of non-controlling interests US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to equity holders of the Company								
Balance at 1 January 2013		32,086	173,127	(614)	(744)	–	130	204,599	1,774	206,373
Profit for the year		–	56,763	–	–	–	–	56,763	77	56,840
Other comprehensive income:										
- Foreign exchange translation	29(a)	–	–	(1,941)	(1,941)	–	–	(1,941)	(31)	(1,972)
Total comprehensive income for the year		–	56,763	(1,941)	(1,941)	–	–	54,822	46	54,868
Contributions by and distributions to equity holders										
- Issuance of ordinary shares	28	125,398	–	–	–	–	–	125,398	–	125,398
- Share issuance expense	28	(2,230)	–	–	–	–	–	(2,230)	–	(2,230)
- Employee share-based payments	29(b)	–	–	172	–	172	–	172	–	172
- Dividends on ordinary shares	36	–	(7,130)	–	–	–	–	(7,130)	–	(7,130)
Total contributions by and distributions to equity holders		123,168	(7,130)	172	–	172	–	116,210	–	116,210
Balance at 31 December 2013		155,254	222,760	(2,383)	(2,685)	172	130	375,631	1,820	377,451

Statements of Changes in Equity

For the financial year ended 31 December 2014

Group	Note	Share capital US$'000	Retained earnings US$'000	Total other reserves US$'000	Foreign currency translation reserve US$'000	Employee share-based payments reserve US$'000	Hedging reserve US$'000	Premium paid on acquisition of non-controlling interests US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to equity holders of the Company									
Balance at 1 January 2014		155,254	222,760	(2,383)	(2,685)	172	–	130	375,631	1,820	377,451
Profit for the year		–	68,316	–	–	–	–	–	68,316	1,106	69,422
Other comprehensive income											
- Foreign exchange translation	29(a)	–	–	492	492	–	–	–	492	(55)	437
- Net fair value changes on cash flow hedges	29(c)	–	–	(1,499)	–	–	(1,499)	–	(1,499)	–	(1,499)
Total comprehensive income for the year		–	68,316	(1,007)	492	–	(1,499)	–	67,309	1,051	68,360
Effects of change in functional currency	28, 29(a)	7,600	(1,025)	(6,796)	(6,796)	–	–	–	(221)	–	(221)
Contributions by and distributions to equity holders											
- Dividends on ordinary shares	36	–	(11,448)	–	–	–	–	–	(11,448)	–	(11,448)
Changes in ownership interest in subsidiaries											
- Deemed disposal of a subsidiary		–	–	–	–	–	–	–	–	(189)	(189)
- Acquisition of non-controlling interests without a change in control	29(d)	–	–	(3,309)	–	–	–	(3,309)	(3,309)	1,275	(2,034)
Total changes in ownership interest in subsidiaries		–	–	(3,309)	–	–	–	(3,309)	(3,309)	1,086	(2,223)
Balance at 31 December 2014		162,854	278,603	(13,495)	(8,989)	172	(1,499)	(3,179)	427,962	3,957	431,919

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

Company	Note	Share capital US$'000	Retained earnings US$'000	Total other reserves US$'000	Foreign currency translation reserve US$'000	Employee share-based payments reserve US$'000	Total equity US$'000
At 1 January 2013		32,086	20,952	8,907	8,907	–	61,945
Profit for the year		–	4,136	–	–	–	4,136
Other comprehensive income							
- Foreign exchange translation	29(a)	–	–	(2,976)	(2,976)	–	(2,976)
Total comprehensive income for the year		–	4,136	(2,976)	(2,976)	–	1,160
Contributions by and distributions to equity holders							
- Issuance of ordinary shares	28	125,398	–	–	–	–	125,398
- Share issuance expense	28	(2,230)	–	–	–	–	(2,230)
- Employee share-based payments	29(b)	–	–	172	–	172	172
- Dividends on ordinary shares	36	–	(7,130)	–	–	–	(7,130)
Total contributions by and distributions to equity holders		123,168	(7,130)	172	–	172	116,210
Balance as at 31 December 2013		155,254	17,958	6,103	5,931	172	179,315

Company	Note	Share capital US$'000	Retained earnings US$'000	Total other reserves US$'000	Foreign currency translation reserve US$'000	Employee share-based payments reserve US$'000	Hedging reserve US$'000	Total equity US$'000
Balance at 1 January 2014		155,254	17,958	6,103	5,931	172	–	179,315
Profit for the year		–	9,235	–	–	–	–	9,235
Other comprehensive income								
- Foreign exchange translation	29(a)	–	–	865	865	–	–	865
- Net fair value changes on cash flow hedges	29(c)	–	–	(1,499)	–	–	(1,499)	(1,499)
Total comprehensive income for the year		–	9,235	(634)	865	–	(1,499)	8,601
Effects of change in functional currency	28, 29(a)	7,600	(1,025)	(6,796)	(6,796)	–	–	(221)
Contributions by and distributions to equity holders								
- Dividends on ordinary shares	36	–	(11,448)	–	–	–	–	(11,448)
Balance as at 31 December 2014		162,854	14,720	(1,327)	–	172	(1,499)	176,247

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2014

	Note	2014 US$'000	2013 (Reclassified) US$'000
Cash flows from operating activities:			
Profit before taxation		68,319	56,754
Adjustments for:			
Depreciation of property, plant and equipment	10	27,851	25,046
Net gain on acquisition of subsidiaries	11(b)	(434)	(1,154)
Finance costs	6	9,112	13,061
Interest income	5	(1,956)	(1,666)
Share of results of joint ventures		(12,145)	(12,637)
Share of results of associates		(389)	(962)
Gain on sale of property, plant and equipment, net	5	(34,637)	(15,716)
(Write back)/impairment of doubtful receivables, net	7	(1,620)	3,605
Allowance for inventory obsolescence	7	7	149
Provision for foreseeable losses of an equipment contract	7	91	569
Impairment of club memberships	7	23	–
Net loss on deemed disposal of subsidiaries	11(c)	88	–
Net loss on disposal of subsidiaries	11(d)	–	918
(Write back) of/provision for legal claims	22	(842)	974
Net fair value loss/(gain) on derivatives	7,5	1,494	(1,314)
Employee share-based payments	29(b)	–	172
Exchange differences		(48)	(2,697)
Operating cash flows before changes in working capital		54,914	65,102
Decrease/(increase) in trade and other receivables		12,963	(16,779)
(Increase)/decrease in amounts due from/to related companies		(11,682)	7,815
Decrease/(increase) in inventories		61	(1,516)
Increase/(decrease) in trade payables and other liabilities		16,881	(8,527)
Cash generated from operations		73,137	46,095
Income tax paid		(3,655)	(5,231)
Interest paid		(7,523)	(12,180)
Interest received		266	458
Net cash flows generated from operating activities		62,225	29,142
Cash flows from investing activities:			
Purchase of property, plant and equipment	10	(206,944)	(191,565)
Proceeds from sale of property, plant and equipment		170,264	79,043
Investment in joint ventures		(7,913)	(1,000)
Net cash inflow on acquisition of subsidiaries	11(b)	1,225	3,447
Net cash outflow on deemed disposal of subsidiaries	11(c)	(995)	–
Loans to related companies, net		(7,168)	(5,598)
Dividend income from a joint venture	13	549	–
Net cash flows used in investing activities		(50,982)	(115,673)
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares	28	–	125,398
Share issuance expense	28	–	(2,230)
Acquisition of non-controlling interests	11(b)	(1,590)	–
Repayment of finance lease obligations		(19)	(98)
Proceeds from bank loans		98,255	198,732
Repayment of bank loans		(139,670)	(185,504)
Proceeds from issuances of notes payable, net of transaction costs		79,562	–
Dividends paid on ordinary shares	36	(11,448)	(7,130)
Repayment of loans from related companies		–	(1,443)
Cash and cash equivalents released/(pledged) as securities	19	489	(384)
Net cash flows generated from financing activities		25,579	127,341
Net increase in cash and cash equivalents		36,822	40,810
Effect of exchange rate changes on cash and cash equivalents		229	19
Cash and cash equivalents at 1 January		63,685	22,856
Cash and cash equivalents at 31 December	19	100,736	63,685

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

1. CORPORATE INFORMATION

Pacific Radiance Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The immediate and ultimate holding company is YM Investco Pte Ltd, incorporated in Singapore.

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

The functional currency of the Company has changed from Singapore Dollars (SGD or S$) to USD in the current financial year. As USD reflects the economic substance of the underlying current year's events and circumstances relevant to the Company, the management concluded that USD is the currency of the primary economic environment which the Company operates in the current year. This change in functional currency is applied prospectively in the current financial year with effect from 1 July 2014.

For the purposes of preparation of the consolidated financial statements of the Group, the Group's financial statements were presented in USD which were the functional currencies for most of the Group's subsidiaries in prior years. The management has assessed and concluded that the change in functional currency of the Company has no impact to the Company and the Group's comparatives as the consolidated financial statements were already presented in USD in prior years. Accordingly, no restatement to the comparatives of the financial statements as at 31 December 2013 is required. The impact of the change in functional currency in the current financial year has been disclosed in Note 28 and 29.

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. Except for FRS 112, the adoption of these standards did not have any material effect on the financial statements. As FRS 112 is a disclosure standard, it did not have any impact on the financial position and financial performance of the Group

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 Share Based Payment	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 Operating Segments	1 July 2014

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 (cont'd)

Description	Effective for annual periods beginning on or after
(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
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

As FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments have only been issued recently, management has only started reviewing the financial implications of these FRS.

Except for the above, the Directors expect that the adoption of the standards 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. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

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

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

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 and goodwill

Business combinations are accounted for by applying the acquisition method. In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

2.5 Transactions with non-controlling interests

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

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

2.6 Foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

2.7 Property, plant and equipment

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

The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment 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.

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

2.7 Property, plant and equipment (cont'd)

When significant parts of property, plant and equipment 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

- Vessels: 20 years
- Drydocking expenditure: 5 years
- Plant and equipment: 3 to 5 years
- Buildings: Over the remaining life of the lease of 24 years

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

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

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

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

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

2.8 Intangible assets

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

2.8 Intangible assets (cont'd)

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

Club memberships

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

2.9 Impairment of non-financial assets

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

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

Impairment losses of continuing operations are recognised in profit or loss.

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

2.10 Subsidiaries

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

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

2.11 Joint arrangements

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

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

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

Joint ventures

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

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

2.12 Joint ventures and associates

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

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

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

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

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

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

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

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

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

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

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

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

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

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

(ii) Loans and receivables

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

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

2.13 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

(ii) Financial liabilities at amortised cost

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

De-recognition

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

2.14 Derivative financial instruments and hedging activities

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

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

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

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps and cross currency swaps are determined by reference to market values for similar instruments.

Hedge accounting

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

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

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

The Group uses cross currency swaps as hedges of its exposure to foreign currency and interest rate risks in the notes payable. Refer to Note 14 for more details.

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

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

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

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

2.15 Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

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

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

2.16 Cash and cash equivalents

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

2.17 Inventories

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

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

Costs include all direct materials, labour costs and those indirect costs incurred in connection with projects.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

2.18 Provisions

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

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

Warranty provisions

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

2.19 Financial guarantee

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

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

2.20 Borrowing costs

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

2.21 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

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

2.22 Leases

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

As lessee

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

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

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

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets leased out under operating leases are included in property, plant and equipment and are stated at cost less accumulated depreciation and impairment loss.

2.23 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. The Group assesses its revenue arrangements to determine if it is acting as principal or agent.

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

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

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

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

Interest income is recognised using the effective interest method.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

2.24 Income taxes and other taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

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

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

2.24 Income taxes and other taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

(c) Sales tax

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

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

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

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 sheet.

2.25 Share capital and share issuance expenses

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

2.26 Contingencies

A contingent liability is:

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

2.27 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.

(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 a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

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

(vii) 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. 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 reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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:

(a) Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, 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.

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

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

Judgments made in applying accounting policies (cont'd)

(b) Accounting for sale and leaseback arrangement

At the inception of a sale and leaseback arrangement, the Group had evaluated the substance of the transaction in accordance with the requirements of FRS 17 Leases, and concluded that the sale should be recognised upon completion of the transaction and the leaseback should be accounted for as operating lease.

Lease payments for one (2013: none) vessel that was on sale and leaseback arrangement amounting to US$2,588,000 (2013: US$Nil) were recognised as operating lease expenses in the profit or loss during the financial year.

(c) Joint arrangements

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

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

(d) Income taxes

The Group has exposure to income taxes in the respective jurisdictions in which it operates. Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable and deferred tax liabilities at 31 December 2014 were US$5,496,000 (2013: US$10,292,000) and US$166,000 (2013: US$110,000) respectively.

(e) 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 Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 34 to the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

Key sources of estimation uncertainty (cont'd)

Useful lives of vessels

Vessels are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of vessels to be 20 years. The carrying amount of the Group's vessels at 31 December 2014 was US$429,985,000 (2013: US$457,228,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

4. REVENUE

	Group 2014 US$'000	Group 2013 US$'000
Charter hire income	160,638	162,268
Ship management fee income	871	436
Sale of equipment	10,704	5,881
Others	6	–
	172,219	168,585

5. OTHER OPERATING INCOME

	Group 2014 US$'000	Group 2013 (Reclassified) US$'000
Gain on sale of property, plant and equipment, net	34,637	15,716
Interest income from banks	394	35
Interest income from loans to joint ventures and associates	1,477	1,365
Interest income from third parties	85	266
Foreign exchange gains, net	–	4,704
Net fair value gain on derivatives	–	1,314
Net gain on acquisition of subsidiaries (Note 11(b))	497	1,154
Gain on deemed disposal of a subsidiary (Note 11(c))	4	–
Management fee income	162	130
Write back of provision for legal claims (Note 22)	842	–
Debts waived by previous shareholder of a subsidiary	888	–
Sundry income	3,892	1,278
	42,878	25,962

6. FINANCE COSTS

	Group 2014 US$'000	Group 2013 US$'000
Interest expense on bank loans and finance lease obligations	8,532	12,821
Interest expense on notes payable	1,188	–
Interest expense on borrowings from a director	–	259
Interest expense on borrowings from a shareholder of a subsidiary	499	478
	10,219	13,558
Less: Interest capitalised in property, plant and equipment (Note 10)	(1,107)	(497)
	9,112	13,061

7. PROFIT BEFORE TAXATION

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

	Group	
	2014	2013 (Reclassified)
	US$'000	US$'000
Audit fees:		
- Auditors of the Company	226	134
- Other auditors	69	19
Non audit fees:		
- Auditors of the Company	148	131
- Other auditors	–	1
Legal and professional fees	697	1,580
Employee share-based payments (Note 29(b))	–	172
Inventories recognised as an expense in cost of sales (Note 15)	835	740
Allowance for inventory obsolescence (Note 15)	7	149
Directors' remuneration	4,079	3,228
Key management personnel compensation	1,322	1,362
Staff salaries, wages and benefits (excluding directors' remuneration and key management personnel compensation)	15,378	14,648
Included in staff salaries, wages and benefits:		
- defined contribution plan expense	1,163	928
Depreciation of property, plant and equipment (Note 10)	27,851	25,046
(Write back)/impairment of doubtful trade receivables, net (Note 16)	(2,022)	2,243
Impairment of doubtful non-trade receivables, net (Note 17)	137	1,362
Impairment of doubtful receivables from related companies, net (Note 18)	265	–
Foreign exchange losses, net	1,365	–
Operating lease expenses (Note 31(b))	4,727	1,375
Net loss on disposal of subsidiaries (Note 11(d))	–	918
Loss on deemed disposal of a subsidiary (Note 11(c))	92	–
Loss on acquisition of a subsidiary (Note 11(b))	63	–
Provision for legal claims (Note 22)	–	974
Provision for net liabilities of a joint venture (included in share of results of joint ventures) (1) (Note 22)	–	1,176
Deemed dilution of interest in investment in a joint venture (included in share of results of joint ventures) (2)	(1,391)	(1,379)
Impairment of club memberships	23	–
Net fair value loss on derivatives	1,494	–
Provision for foreseeable losses of an equipment contract	91	569
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	(382)	(380)
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	(159)	(154)

Notes to the Financial Statements

For the financial year ended 31 December 2014

7. PROFIT BEFORE TAXATION (CONT'D)

(1) In 2010, the Group entered into a joint venture with a third party and set up CrestSA Marine & Offshore Pte Ltd ("CrestSA") to develop a ship repair yard. The Group held a 40% equity interest in CrestSA.

In 2014, the Group acquired the remaining 60% equity interest in CrestSA from the third party and CrestSA became a subsidiary of the Group.

As the Company had provided an undertaking to provide continuing support to CrestSA to meet its liabilities as and when they fall due, the Company consequently provided for the net liabilities of CrestSA of US$1,176,000, in excess of its interests in CrestSA as at 31 December 2013. The provision had been included as part of the Group's share of results of joint ventures.

Since CrestSA became a subsidiary of the Group in 2014, the prior year's provision for net liabilities of CrestSA was written back during the financial year ended 31 December 2014. The write back was included in "net gain on acquisition of subsidiaries" under other operating income.

(2) The Group's joint venture company, PT Logindo Samudramakmur Tbk ("PT Logindo"), had successfully concluded its initial public offering ("IPO"), and was listed on the Indonesian Stock Exchange on 11 December 2013. Following the completion of the IPO, the Group's equity stake in PT Logindo was diluted from 49% to 34.3%. Subsequently, the Group acquired additional shares in PT Logindo and increased its equity stake to 35%. The gain on the deemed dilution of interest of investment in PT Logindo (arising from the IPO) in 2013 was US$1,379,000. The Group recorded an additional adjustment on deemed dilution of interest in investment in PT Logindo of US$1,391,000 in 2014. These gains had been included as part of the Group's share of results of joint ventures.

8. TAXATION

The major components of income tax credits for the years ended 31 December 2014 and 2013 were:

	Group	
	2014	2013 (Reclassified)
	US$'000	US$'000
Consolidated income statements:		
Current income tax		
- Current year's income taxation	591	374
- Over provision in respect of prior years, net	(4,394)	(4,339)
	(3,803)	(3,965)
Deferred income tax (Note 27)		
- Origination and reversal of temporary differences	83	249
- Benefits from previously unrecognised tax losses	(27)	(139)
	56	110
Withholding tax	2,644	3,769
Tax credits recognised in consolidated income statement	(1,103)	(86)

8. TAXATION (CONT'D)

The reconciliation between the tax credits and the product of accounting profit before taxation multiplied by the applicable tax rate for the financial years ended 31 December 2014 and 2013 was as follows:

	Group	
	2014	2013 (Reclassified)
	US$'000	US$'000
Profit before taxation	68,319	56,754
Tax charge at Singapore statutory rate of 17% (2013: 17%)	11,614	9,648
Adjustments:		
Income not assessable for tax purposes	(9,059)	(3,920)
Expenses not deductible for tax purposes	2,393	1,137
Over provision in respect of prior years, net	(4,394)	(4,339)
Effect of partial tax exemption and tax relief	(296)	(198)
Deferred tax assets not recognised	348	740
Benefits from previously unrecognised tax losses	(27)	(139)
Share of results of joint ventures	(1,997)	(2,148)
Share of results of associates	(66)	(164)
Net tax exempt income under Section 13A or 13F of the Singapore Income Tax Act and rebate available	(2,263)	(4,472)
Withholding tax	2,644	3,769
Tax credits recognised in consolidated income statement	(1,103)	(86)

9. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2014	2013
	US$'000	US$'000
Profit for the year attributable to equity holders of the Company	68,316	56,763
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for calculation (adjusted for the share split as at 31 December 2013):		
- Applicable to basic earnings per share	725,755	574,937
- On a fully diluted basis	725,755	574,937

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10. PROPERTY, PLANT AND EQUIPMENT

	Vessels US$'000	Drydocking expenditure US$'000	Vessels under construction US$'000	Plant and equipment US$'000	Ship-repair yard under construction US$'000	Buildings US$'000	Total US$'000
Group							
Cost							
At 1 January 2013	457,506	1,289	27,948	3,652	–	–	490,395
Arising from acquisition of subsidiaries (Note 11(b))	–	–	–	114	–	–	114
Arising from disposal of subsidiaries (Note 11(d))	–	–	–	(155)	–	–	(155)
Additions	16,667	1,625	172,348	925	–	–	191,565
Disposals	(70,746)	–	–	(578)	–	–	(71,324)
Transfer	112,636	–	(112,636)	–	–	–	–
Translation differences	(498)	–	–	(15)	–	–	(513)
At 31 December 2013 and 1 January 2014	515,565	2,914	87,660	3,943	–	–	610,082
Arising from acquisition of a subsidiary (Note 11(b))	–	–	–	5,647	–	12,706	18,353
Arising from deemed disposal of subsidiaries (Note 11(c))	(40,023)	–	–	–	–	–	(40,023)
Additions	1,985	5,567	187,069	1,587	10,276	608	207,092
Disposals	(86,973)	–	(58,627)	169	–	–	(145,431)
Transfer	110,102	–	(110,102)	(4,311)	–	4,311	–
Translation differences	(459)	–	–	(112)	–	(606)	(1,177)
At 31 December 2014	500,197	8,481	106,000	6,923	10,276	17,019	648,896
Group							
Accumulated depreciation:							
At 1 January 2013	42,024	194	–	2,348	–	–	44,566
Arising from disposal of subsidiaries (Note 11(d))	–	–	–	(30)	–	–	(30)
Depreciation charge for the financial year	23,973	427	–	646	–	–	25,046
Disposals	(7,670)	–	–	(554)	–	–	(8,224)
Translation differences	10	–	–	(61)	–	–	(51)
At 31 December 2013 and 1 January 2014	58,337	621	–	2,349	–	–	61,307
Arising from deemed disposal of subsidiaries (Note 11(c))	(51)	–	–	–	–	–	(51)
Depreciation charge for the financial year	24,310	1,278	–	1,575	–	688	27,851
Disposals	(12,335)	–	–	224	–	–	(12,111)
Translation differences	(49)	–	–	(129)	–	25	(153)
At 31 December 2014	70,212	1,899	–	4,019	–	713	76,843
Net book value:							
At 31 December 2014	429,985	6,582	106,000	2,904	10,276	16,306	572,053
At 31 December 2013	457,228	2,293	87,660	1,594	–	–	548,775

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

Assets pledged as security

At the balance sheet date, vessels and vessels under construction with a carrying amount totalling US$378,763,000 (2013: US$506,932,000) were mortgaged to bankers as collateral to secure the Group's bank loans (Note 24).

At the balance sheet date, buildings and ship-repair yard under construction with a carrying amount of US$26,582,000 (2013: US$Nil) were mortgaged to bankers as collateral to secure the Group's bank loans (Note 24).

Assets held under finance lease

During the year, the Group acquired plant and equipment with an aggregate cost of US$148,000 (2013: US$Nil) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to US$206,944,000 (2013: US$191,565,000).

At the balance sheet date, the carrying amount of plant and equipment held under finance leases was US$204,000 (2013: US$127,000).

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

Capitalisation of borrowing costs

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

During the financial year, the borrowing costs capitalised as cost of vessels and ship-repair yard under construction amounted to US$1,107,000 (2013: US$497,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.64% (2013: 2.68%) per annum, which was the weighted average effective interest rate of the specific borrowings.

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2014	2013
	US$'000	US$'000
Unquoted equity shares, at cost	44,752	36,337
Exchange differences*	–	8,219
	44,752	44,556

* The Company changed its functional currency from SGD to USD with effect from 1 July 2014.

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11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2014	2013
			%	%
Held by the Company				
Pacific Crest Pte Ltd (1)	Singapore	Ship chartering and ship owning	100	100
Strato Maritime Services Pte Ltd (1)	Singapore	Ship chartering and ship agency	100	100
Alstonia Offshore Pte Ltd (1)	Singapore	Ship agent and related business	100	100
Titan Offshore Equipment Pte Ltd (1)	Singapore	Design, sale and fabrication of marine equipment	80	80
Crest Subsea International Pte Ltd (1)	Singapore	Integrated subsea solutions	100	100
Crest Logistics Pte Ltd (1)	Singapore	Investment holding	100	100
Crest Offshore Marine Pte Ltd (1)	Singapore	Investment holding	100	100
Crest Shipyard Pte Ltd (1)	Singapore	Investment holding	100	100
Held through Pacific Crest Pte Ltd				
Prime Offshore International Pte Ltd (1)	Singapore	Ship chartering	60	60
Pacific Crest Labuan Ltd (3)	Malaysia	Ship chartering and ship owning	100	100
Held through Titan Offshore Equipment Pte Ltd				
Fleetwinch Control Pte Ltd (1)	Singapore	Rental and maintenance of marine equipment	60	60
Held through Alstonia Offshore Pte Ltd				
Radiance Offshore B.V (5)	Netherland	Ship chartering	100	100
Radiance Offshore Navegacao (Alagoas) Ltda (2)	Brazil	Ship chartering, ship owning and ship management	100	100
Radiance Catico Offshore Pte Ltd (1)	Singapore	Ship chartering and ship owning	63	63
Pacific Offshore Pte Ltd (1)	Singapore	Ship owning, ship chartering and ship management	100	100
Envestra Investments Limited (5)	British Virgin Islands	Investment holding	100	100
Radiance Offshore Australia Pty Ltd (5)	Australia	Marketing office	100	100
Pacific Radiance (East Africa) Lda (5)	Africa	Marketing office	100	100
Pacific Crest (Brunei) Sdn Bhd (4) (5)	Brunei	Marketing office	90	–
Radiance Offshore Holdings Pte Ltd (1) (4)	Singapore	Investment holding	100	–
Supreme Radiance Pte Ltd (5) (6)	Singapore	Dormant	100	–*

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2014 %	Percentage of equity held by the Group 2013 %
Held through Strato Maritime Services Pte Ltd				
Hudson Marine Pte Ltd (1)	Singapore	Investment holding	–	100
Held through Crest Offshore Marine Pte Ltd				
Firstmac Investments Limited (4) (5)	British Virgin Islands	Investment holding	100	–
Held through Firstmac Investments Limited				
Hudson Marine Pte Ltd (1)	Singapore	Investment holding	100	–
Held through Crest Logistics Pte Ltd				
Consolidated Pipe Carriers Pte Ltd (1)	Singapore	Integrated logistics solutions services provider	100	100
Held through Consolidated Pipe Carriers Pte Ltd				
CPC Solutions Pte Ltd (1)	Singapore	Integrated logistics solutions services provider	100	100
Consolidated Pipe Carriers (Australia) Pty Ltd (2)	Australia	Integrated logistics solutions services provider	100	100
Held through CPC Solutions Pte Ltd				
CPC PNG Limited (2)	Papua New Guinea	Cargo handling and other supporting transport activities	100	100
Held through Crest Subsea International Pte Ltd				
CSI Offshore Pte Ltd (1)	Singapore	Ship chartering, ship owning and ship management services	100	100
Offshore Subsea Services (Asia Pacific) Pte Ltd (1)	Singapore	Offshore subsea intervention for oil and gas industry	80	80
Held through Crest Shipyard Pte Ltd				
CrestSA Marine & Offshore Pte Ltd (1)	Singapore	Repair of offshore vessels and other ocean-going vessels	100	–**

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11. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2014	2013
			%	%
Held through Offshore Subsea Services (Asia Pacific) Pte Ltd				
PT Subsea Offshore [(3)]	Indonesia	Offshore subsea intervention for oil and gas industry	95	95
Held through PT Subsea Offshore				
PT Marine Engineering Services [(3)]	Indonesia	Offshore subsea intervention for oil and gas industry	95	95

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by member firms of EY Global in the respective countries.
(3) Not significant to Group and not required to be disclosed under SGX Listing Rule 717.
(4) Incorporated during the financial year.
(5) Not required to be audited under the laws of the country of incorporation.
(6) In the process of members' voluntary liquidation.

* The Group held 40% of ownership interest in Supreme Radiance Pte Ltd in 2013 and accounted for it as a joint venture (Note 13).

** The Group held 40% of ownership interest in CrestSA Marine & Offshore Pte Ltd in 2013 and accounted for it as a joint venture (Note 13).

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

As the Group's Indonesia subsidiaries was in a retained loss position as at 31 December 2014 and 31 December 2013, no reserve fund was allocated.

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

Transactions with non-controlling interests have been disclosed in Note 30(a).

(b) Acquisition of subsidiaries

Acquisition of subsidiary – CrestSA Marine & Offshore Pte Ltd ("CrestSA")

On 20 January 2014 ("the acquisition date"), the Group's subsidiary company, Crest Shipyard Pte Ltd ("Crest Shipyard") acquired an additional 20% equity interest in its 40% owned joint venture, CrestSA, which operates a ship-repair yard. Upon the acquisition, CrestSA became a subsidiary of the Group.

The Group acquired CrestSA in order to strengthen its position in the ship-repair works. The acquisition is also expected to reduce costs through economies of scale.

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

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries (cont'd)

Acquisition of subsidiary – CrestSA Marine & Offshore Pte Ltd ("CrestSA") (cont'd)

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

	Fair value recognised on acquisition 2014 US$'000
Property, plant and equipment (Note 10)	18,353
Other receivables	370
Amount due from related companies	1,112
Cash and cash equivalents	1,225
	21,060
Other liabilities	(2,773)
Amount due to related companies	(18,605)
Bank loans	(787)
	(22,165)
Total identifiable net liabilities at fair value	(1,105)
Provision for net liabilities of CrestSA written back [1]	1,176
Non-controlling interest measured at the non-controlling interest's proportionate share of CrestSA's net identifiable liabilities	442
Net impact arising from acquisition being net gain on acquisition recognised in other operating income (Note 5)	(497)
Cash paid	16

(1) The Company had provided for net liabilities of CrestSA of US$1,176,000 as at 31 December 2013. Since the Group had acquired the remaining equity interest of CrestSA in January 2014 and CrestSA became a subsidiary of the Group, the prior year's provision for net liabilities of CrestSA was written back during the financial year ended 31 December 2014.

Consideration transferred for the acquisition of CrestSA:

	2014 US$'000
Cash paid	16

The effect of acquisition on cash flows was:

Cash inflow on acquisition:	
Consideration settled in cash	(16)
Cash and cash equivalents of subsidiary acquired	1,225
Net cash inflow on acquisition	1,209

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11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries (cont'd)

Acquisition of subsidiary – CrestSA Marine & Offshore Pte Ltd ("CrestSA") (cont'd)

Other receivables and amounts due from related companies acquired

Both the fair values and gross amounts of the acquired other receivables and amounts due from related companies were US$1,482,000. At the acquisition date, it is expected that the full amount of other receivables and amounts due from related companies can be collected.

Impact of the acquisition on profit or loss

From the acquisition date, CrestSA contributed US$495,000 of revenue and a loss of US$3,856,000 to the Group's profit for the current financial year.

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

On 22 September 2014, Crest Shipyard acquired the remaining 40% equity interest in CrestSA from its non-controlling interests for a cash consideration of US$1,590,000. As a result of this acquisition, CrestSA became a wholly-owned subsidiary of Crest Shipyard. The carrying value of net liabilities of CrestSA as at 22 September 2014 was US$4,298,000 and the carrying value of the additional interest acquired was US$1,719,000. The difference of US$3,309,000 between the consideration and the carrying value of the additional interest acquired was recognised as "Premium paid on acquisition of non-controlling interests" within equity.

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

	2014 US$'000
Consideration paid for acquisition of non-controlling interests	1,590
Increase in equity attributable to non-controlling interests	1,719
Decrease in equity attributable to equity holders of the Company	3,309

Acquisition of subsidiary – Supreme Radiance Pte Ltd ("Supreme Radiance")

On 26 September 2014 ("the acquisition date"), the Group's subsidiary company, Alstonia Offshore Pte Ltd ("Alstonia") acquired an additional 60% equity interest in its 40% owned joint venture, Supreme Radiance as part of the liquidation process. Upon the acquisition, Supreme Radiance became a wholly owned subsidiary of the Group.

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

	Fair value recognised on acquisition 2014 US$'000
Amount due from a related company	42
Other receivables	38
Cash and cash equivalents	16
Total identifiable net assets at fair value	96
Loss arising from acquisition of subsidiary recognised in other operating expenses (Note 7)	63
	159

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries (cont'd)

Acquisition of subsidiary – Supreme Radiance Pte Ltd ("Supreme Radiance") (cont'd)

Consideration transferred for the acquisition of Supreme Radiance:

	2014 US$'000
Cash paid	*
Fair value of equity interest in Supreme Radiance held by the Group immediately before the acquisition	159
	159

* Denotes amount less than US$1,000

The effect of acquisition on cash flows was:

	2014 US$'000
Cash inflow on acquisition:	
Consideration settled in cash	*
Cash and cash equivalents of subsidiary acquired	16
Net cash inflow on acquisition	16

* Denotes amount less than US$1,000

Other receivables and amount due from a related company acquired

Both the fair values and gross amounts of the acquired other receivables and amount due from a related company were US$80,000. At the acquisition date, it is expected that the full amount of other receivables and amount due from a related company can be collected.

Impact of the acquisition on profit or loss

From the acquisition date, Supreme Radiance has no contribution to the Group's revenue and profit for the year. If the acquisition had taken place at the beginning of the year, the revenue and profit for the current financial year of the Group would have been US$172,219,000 and US$69,478,000 respectively.

Acquisition of subsidiaries – Consolidated Pipe Carriers Pte Ltd and its subsidiaries

On 25 April 2013 ("the acquisition date"), the Group's subsidiary company, Strato Maritime Services Pte Ltd ("SMS") acquired an additional 37.49% equity interest in its 62.51% owned associate, Consolidated Pipe Carriers Pte Ltd and its subsidiaries. The acquisition comprises Consolidated Pipe Carriers Pte Ltd, CPC Solutions Pte Ltd, Consolidated Pipe Carriers (Australia) Pty Ltd, CPC PNG Limited, CPC do Brasil Services de Logistica Ltda and Consolidated Pipe Carriers Ltd (Bahamas) (collectively known as "CPC"). The Group had acquired CPC in order to venture into the Project Logistic Services business. The fair value of the identifiable assets and liabilities of CPC as at the date of acquisition was:

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11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries (cont'd)

Acquisition of subsidiaries – Consolidated Pipe Carriers Pte Ltd and its subsidiaries (cont'd)

	Fair value recognised on acquisition 2013 US$'000
Property, plant and equipment (Note 10)	114
Inventories	586
Trade and other receivables	8,179
Cash and cash equivalents	3,447
	12,326
Trade payables and other liabilities	(17,576)
Provisions (Note 22)	(983)
Bank loans	(627)
Provision for taxation	(332)
Total identifiable net liabilities at fair value	(7,192)
Provision for net liabilities of CPC written-back net [1]	8,346
Negative goodwill arising from acquisition being net gain on acquisition recognised in other operating income (Note 5)	(1,154)
Cash paid	*

Consideration transferred for the acquisition of CPC

	2013 US$'000
Cash paid	*
Fair value of equity interest in CPC held by the Group immediately before the acquisition	–
	*

The effect of acquisition on cash flows was:

	2013 US$'000
Cash inflow on acquisition:	
Consideration settled in cash	*
Cash and cash equivalents of subsidiary acquired	3,447
Net cash inflow on acquisition	3,447

* Denotes amount less than US$1,000

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries (cont'd)

Acquisition of subsidiaries – Consolidated Pipe Carriers Pte Ltd and its subsidiaries (cont'd)

(1) The Company had provided for net liabilities of CPC of US$10,780,000 as at 31 December 2012. The US$10,780,000 provision (Note 22) included the financial year share of losses of CPC of US$2,048,000, which had been classified as "Share of post acquisition reserves" in the Group's investment in associates for the financial year ended 31 December 2012. The remaining US$8,732,000 (Note 22) was recorded in the Group's "Provisions" as at 31 December 2012. Since the Group has acquired the remaining equity interest of CPC in April 2013 and CPC has become a subsidiary of the Group, the prior year's provision for net liabilities of CPC was written back during the financial year ended 31 December 2013. As the Group has recorded share of results of associates amounting to US$386,000, the provision for net liabilities written back amounted to US$8,346,000.

From the date of acquisition, the acquired subsidiary contributed US$8,211,000 of revenue and US$1,092,000 of profit to the Group's profit for the period. If the acquisition had taken place at the beginning of the period, the revenue and profit for the financial year ended 31 December 2013 of the Group would have been US$183,830,000 and US$58,727,000 respectively.

Trade and other receivables acquired

Trade and other receivables acquired comprise of trade and other receivables with fair values of US$4,418,000 and US$3,761,000 and gross amounts of US$5,919,000 and US$3,761,000 respectively. At the acquisition date, US$1,501,000 of the contractual cash flows pertaining to trade receivables were not expected to be collected.

On 16 October 2013, SMS transferred its entire interest in CPC (excluding CPC do Brasil Services de Logistica Ltda and Consolidated Pipe Carriers Ltd (Bahamas)) to the Group's wholly-owned subsidiary, Crest Logistics Pte Ltd.

(c) Loss of control in subsidiaries

Deemed disposal of subsidiary – Duta Pacific Offshore Sdn Bhd ("Duta Pacific")

On 4 February 2014, the Group's subsidiary company, Alstonia subscribed for 85 shares in Duta Pacific, a company incorporated in Malaysia with a paid up capital of RM100, making it a 85% subsidiary of the Group. As Duta Pacific was dormant since incorporation, management did not engage an independent valuer to determine the fair value of the assets and liabilities of Duta Pacific.

On 15 April 2014, Duta Pacific issued additional ordinary shares to the existing shareholders. Following the additional subscriptions of 489,915 shares and 509,985 shares by Alstonia and the other shareholder respectively in the share capital of Duta Pacific and in accordance with the joint venture agreement, the equity interest of Alstonia in Duta Pacific was diluted from 85% to 49%, making it a joint venture of the Group.

Notes to the Financial Statements

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11. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Deemed disposal of subsidiary – Duta Pacific Offshore Sdn Bhd ("Duta Pacific") (cont'd)

The value of assets and liabilities of Duta Pacific recorded in the consolidated financial statements as at 15 April 2014, and the effects of the disposal were:

	2014 US$'000
Property, plant and equipment (Note 10)	12,237
Trade receivables	2,171
Amounts due from related companies	1,218
	15,626
Other liabilities	(91)
Amount due to related companies	(14,275)
Carrying value of net assets	1,260
Cash consideration	–
Cash and cash equivalents of the subsidiary	–
Net cash flow on disposal of subsidiary	–
Loss on deemed disposal:	
Net assets derecognised	(1,071)
Other adjustment [1]	361
Fair value of retained interest	618
Loss on deemed disposal	(92)

[1] Group adjustment on reversal of previous intercompany elimination on gain on sale of a vessel between Alstonia and Duta Pacific.

The loss on deemed disposal attributable to measuring the retained interest amounted to US$92,000 was included in other operating expenses (Note 7) in profit or loss.

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

On 13 March 2014, the Group's subsidiary company, Alstonia incorporated a wholly-owned subsidiary, Radiance Offshore Holding Pte Ltd ("Radiance Offshore") with an initial share capital of S$1. On the same day, Radiance Offshore incorporated a wholly-owned subsidiary, Aztec with an initial share capital of S$1.

On 1 August 2014, Radiance Offshore entered into a joint venture agreement with Hoteleria y Servicios Petroleros S.A. de C.V. ("HSP") to jointly own Aztec, where Radiance Offshore and HSP respectively hold 1,020,000 and 980,000 ordinary shares, representing 51% and 49% of the total equity interest in Aztec. As a result, Aztec became a joint venture of the Group.

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

The value of assets and liabilities of Aztec recorded in the consolidated financial statements and the effects of the disposal were:

	2014 US$'000
Property, plant and equipment (Note 10)	27,735
Other receivables	43
Amount due from related companies	862
Cash and cash equivalents	995
	29,635
Trade payables and other liabilities	(1,018)
Amount due to related companies	(28,625)
Carrying value of net liabilities	(8)
Cash consideration	–
Cash and cash equivalents of the subsidiary	(995)
Net cash outflow on deemed disposal of subsidiary	(995)
Gain on deemed disposal:	
Net liabilities derecognised	8
Fair value of retained interest	(4)
Gain on deemed disposal	4

The gain on deemed disposal attributable to measuring the retained interest amounted to US$4,000 was included in other operating income (Note 5) in profit or loss.

(d) Disposal of subsidiaries

On 4 July 2013, the Group divested 100% of its interest in CPC do Brasil Services de Logistica Ltda and Consolidated Pipe Carriers Ltd (Bahamas) for a consideration of US$1.

The subsidiaries previously earned a net profit of US$187,000 from the date of acquisition of CPC to the date of divestment.

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11. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Disposal of subsidiaries (cont'd)

The effects of the disposal of interests in the subsidiaries were:

	2013 US$'000
Property, plant and equipment (Note 10)	125
Trade and other receivables	1,400
	1,525
Trade payables and other liabilities	(379)
Bank loans	(161)
Provision for taxation	(67)
Carrying value of net assets	918
Net loss on disposal of subsidiaries recognised in other operating expenses (Note 7)	(918)
Cash consideration	*
Net cash inflow on disposal of subsidiaries	*

* Denotes amount less than US$1,000

12. INVESTMENT IN ASSOCIATE

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

	Group	
	2014 US$'000	2013 US$'000
PT Jawa Tirtamarin	6,156	2,721

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

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2014 %	2013 %
Held through subsidiary				
PT Jawa Tirtamarin ("PT Jawa") [1]	Indonesia	Ship owning, ship chartering and ship brokering	49	49

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

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

12. INVESTMENT IN ASSOCIATE (CONT'D)

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

Summarised balance sheet

	PT Jawa	
	2014 US$'000	2013 US$'000
Current assets	6,704	10,070
Non-current assets	28,749	31,822
Total assets	35,453	41,892
Current liabilities	(4,915)	(10,198)
Non-current liabilities	(16,809)	(17,896)
Total liabilities	(21,724)	(28,094)
Net assets	13,729	13,798
Proportion of the Group's ownership	49%	49%
Group's share of net assets	6,727	6,761
Elimation of gain on sale of vessels	(1,906)	(1,906)
Other adjustments	1,335	(2,134)
Carrying amount of the Group's investment in associate	6,156	2,721

Summarised statement of comprehensive income

	PT Jawa	
	2014 US$'000	2013 US$'000
Revenue	23,660	35,135
Profit after tax	469	682
Total comprehensive income	469	682

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

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

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13. INVESTMENT IN JOINT VENTURES

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

	Group 2014 US$'000	Group 2013 US$'000
PT Logindo Samudramakmur Tbk	41,397	33,562
Alam Radiance (L) Inc	10,421	7,001
Other joint ventures	7,542	1,066
	59,360	41,629
Fair value of investment in PT Logindo Samudramakmur Tbk for which there is a published price quotation	51,141	51,962

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2014 %	Percentage of equity held by the Group 2013 %
Held through subsidiaries				
Alam Radiance (M) Sdn Bhd [(2)]	Malaysia	Ship management and ship chartering	50	50
Alam Radiance (L) Inc [(2)]	Malaysia	Ship owning and ship chartering	49	49
PT Logindo Samudramakmur Tbk [(2)]	Indonesia	Ship owning and ship chartering	35	35
CA Offshore Investment Inc [(4)]	British Virgin Islands	Ship owning, and ship chartering	50	50
Supreme Radiance Pte Ltd [(4)(5)]	Singapore	Ship owning and ship chartering	–*	40
CrestSA Marine & Offshore Pte Ltd [(1)]	Singapore	Repair of offshore vessels and other ocean-going vessels	–**	40
Duta Pacific Offshore Sdn Bhd [(2)]	Malaysia	Ship owning and ship chartering	49	–
SDM Marine Pte Ltd [(1)]	Singapore	Ship owning and ship chartering	50	–
Aztec Offshore Holdings Pte Ltd [(1)(3)]	Singapore	Ship owning and ship chartering	51	–
CR Offshore S.A.P.I de C.V. [(3)(4)]	Mexico	Ship management and ship chartering	49	–
CEIBA Maritima, SAPI de CV,SOFOM ENR [(3)(4)]	Mexico	Ship chartering and leasing	50	–
Dot Radiance Pte Ltd [(3)(4)]	Singapore	Ship management and ship chartering	50	–
Westsea Radiance Pte Ltd [(1)(3)]	Singapore	Ship owning and ship chartering	50	–

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in the respective countries
(3) Incorporated during the financial year
(4) Not required to be audited under the laws of the country of incorporation
(5) In the process of members' voluntary liquidation.

* The Group held 100% of ownership interest in Supreme Radiance Pte Ltd in 2014 and accounts for it as a subsidiary (Note 11).

** The Group held 100% of ownership interest in CrestSA Marine & Offshore Pte Ltd in 2014 and accounts for it as a subsidiary (Note 11).

13. INVESTMENT IN JOINT VENTURES (CONT'D)

The Group had not recognised losses relating to joint ventures where its share of losses exceeds the Group's interest in the joint ventures. The Group's cumulative share of unrecognised losses at the end of the current financial year was US$1,785,000 (2013: US$930,000), of which US$1,323,000 (2013: US$554,000) was the share of the current year's losses. The Group had no obligation in respect of these losses.

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

	Group	
	2014 US$'000	2013 US$'000
The Group's share of the joint ventures'		
Loss after tax	(1,372)	(490)
Other comprehensive income	–	–
Total comprehensive income	(1,372)	(490)

The joint ventures which are material to the Group are PT Logindo Samudramakmur Tbk ("PT Logindo") and Alam Radiance (L) Inc ("AR (L)"). The joint ventures are incorporated in Indonesia and Malaysia respectively and are strategic ventures in the business of vessel owning and chartering.

Summarised financial information about material joint ventures

Summarised financial information in respect of PT Logindo and AR (L) based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements were as follows:

Summarised balance sheets

	PT Logindo		AR (L)	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Cash and cash equivalents	5,978	8,190	2,500	3,093
Trade receivables	14,368	13,231	–	–
Other receivables	2,461	3,050	9,907	5,868
Current assets	22,807	24,471	12,407	8,961
Non-current assets	239,276	211,273	50,572	56,735
Total assets	262,083	235,744	62,979	65,696
Current financial liabilities (excluding trade, other payables and provisions)	33,689	41,243	10,659	11,997
Other current liabilities	3,081	1,890	2,414	828
Non-current financial liabilities (excluding trade, other payables and provisions)	94,960	80,653	20,189	28,352
Total liabilities	131,730	123,786	33,262	41,177
Net assets	130,353	111,958	29,717	24,519
Proportion of the Group's ownership	35%	35%	49%	49%
Group's share of net assets	45,624	39,186	14,561	12,014
Elimination of gain on sale of vessels	(4,227)	(4,227)	(4,464)	(4,464)
Other adjustments	–	(1,397)	324	(549)
Carrying amount of the investment	41,397	33,562	10,421	7,001

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13. INVESTMENT IN JOINT VENTURES (CONT'D)

Summarised statement of comprehensive income

	PT Logindo		AR (L)	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Revenue	69,013	59,015	16,149	19,089
Depreciation and amortisation	(13,639)	(9,176)	(3,280)	(3,266)
Operating expenses	(27,614)	(25,970)	(3,775)	(3,555)
Finance income	33	27	–	–
Finance costs	(6,421)	(6,366)	(2,219)	(3,206)
Profit before tax	21,372	17,530	6,875	9,062
Income tax expense	(1,392)	(1,073)	(6)	(6)
Profit after tax	19,980	16,457	6,869	9,056
Total comprehensive income	19,980	16,457	6,869	9,056

Dividends of US$549,000 (2013: US$Nil) were received from PT Logindo.

PT Logindo is restricted by the Indonesia Law No. 40 Year 2007 to allocate a certain amount of its net profit in each financial year as a reserve fund. Please refer to Note 11(a) for further details. The reserve funds as at 31 December 2014 was US$100,000 (2013: US$Nil).

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

14. DERIVATIVES

	Group 2014			Group 2013		
	Contract notional amount US$'000	Assets US$'000	Liabilities US$'000	Contract notional amount US$'000	Assets US$'000	Liabilities US$'000
Forward currency contracts	6,000	–	(1,149)	8,810	564	(53)
Interest rate swaps	77,622	178	(471)	80,612	324	(782)
Cross currency swaps	80,178	–	(6,279)	–	–	–
		178	(7,899)		888	(835)
Less: Current portion		–	1,170		(564)	109
Non-current portion		178	(6,729)		324	(726)

	Company 2014			Company 2013		
	Contract notional amount US$'000	Assets US$'000	Liabilities US$'000	Contract notional amount US$'000	Assets US$'000	Liabilities US$'000
Non-current:						
Cross currency swaps	80,178	–	(6,279)	–	–	–

14. DERIVATIVES (CONT'D)

Forward currency contracts are used to hedge foreign currency risk arising from the Group's purchases denominated in SGD for which firm commitments existed at the end of the reporting period, extending to between May 2015 and October 2015 (2013: January 2014 and November 2014).

In 2013, the Group had transactional currency exposures arising from the construction of vessels in the People's Republic of China. Some of the shipbuilding contracts exposed the Group to Renminbi (RMB) fluctuations against the USD. The Group used forward currency contracts to hedge such currency exposures.

The interest rate swaps receive floating interest rates equal to 1 month LIBOR/SIBOR, pay an average fixed rate of interest of approximately 1.48% (2013: 1.91%) per annum and mature between April 2015 and March 2019 (2013: June 2014 and March 2019).

As at 31 December 2014, the Group and the Company held 3 cross currency swaps that have been designated as hedge of the Group's and the Company's interest rate and foreign currency exposure in respect of fixed rate notes with combined notional value of US$80,178,000 (2013: US$Nil). The cross currency swaps cover the SGD to USD exposure in respect of the fixed rate notes and interest rate due between August 2014 and August 2018. The terms of the contracts have been negotiated to match the terms for the fixed rate notes.

15. INVENTORIES

	Group	
	2014 US$'000	2013 US$'000
Balance sheet:		
Work-in-progress (at cost)	2,455	3,200
Finished goods (at cost or net realisable value)	874	287
	3,329	3,487

Consolidated Income statement:

The following is included in consolidated income statement:

	Group	
	2014 US$'000	2013 US$'000
Inventories recognised as an expense in cost of sales (Note 7)	835	740
Allowance for inventory obsolescence (Note 7)	7	149

16. TRADE RECEIVABLES

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

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

	Group	
	2014 US$'000	2013 US$'000
Singapore Dollar	437	790
Papua New Guinea Kina	–	216
Brazilian Real	241	425
Indonesian Rupiah	947	1,723

Included in trade receivables was an amount of US$1,595,000 (2013: US$8,915,000) relating to unbilled trade receivables.

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16. TRADE RECEIVABLES (CONT'D)

Receivables that were past due but not impaired

The Group had trade receivables amounting to US$26,258,000 (2013: US$28,198,000) that were past due at the balance sheet date but not impaired. These receivables were unsecured and the analysis of their aging at the balance sheet date was as follows:

	Group	
	2014	**2013**
	US$'000	**US$'000**
Trade receivables past due but not impaired:		
Less than 30 days	9,248	7,849
30 to 60 days	2,992	2,309
61 to 90 days	1,705	8,683
91 to 120 days	2,732	3,030
More than 120 days	9,581	6,327
	26,258	28,198

Receivables that were impaired

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

	Group	
	2014	**2013**
	US$'000	**US$'000**
Trade receivables – nominal amounts	2,250	5,073
Less: Allowance for impairment	(2,250)	(5,073)
	–	–
Movement in allowance accounts:		
At 1 January	5,073	1,985
Arising from acquisition of subsidiaries	–	1,501
Written off during the year	(801)	(656)
Charge for the year (Note 7)	159	2,793
Write back of allowance (Note 7)	(2,181)	(550)
At 31 December	2,250	5,073

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

17. OTHER RECEIVABLES

	Group		Company	
	2014	2013 (Reclassified)	2014	2013
	US$'000	US$'000	US$'000	US$'000
Deposits	416	545	24	24
Prepayments	1,834	2,115	12	13
GST receivable	921	527	–	144
Recoverables from customers	1,099	651	84	–
Advances to staff	200	190	–	–
Advance payment to suppliers	156	614	–	–
Accrued interest	123	88	85	–
Loan to a third party	2,030	1,843	–	–
Tax recoverable	1,017	757	–	–
Other receivables	1,169	2,278	–	10
	8,965	9,608	205	191
Less: Allowance for impairment	(2,439)	(2,425)	–	–
	6,526	7,183	205	191
Movement in allowance accounts:				
At 1 January	2,425	1,349	–	–
Charge for the year (Note 7)	137	1,362	–	–
Written off during the year	(123)	(286)	–	–
At 31 December	2,439	2,425	–	–

These amounts are unsecured, non-interest bearing and repayable upon demand and are to be settled in cash except for loan to a third party which bears interest rate at 7.5% (2013: 7.5%) per annum.

Other receivables that were individually determined to be impaired at the end of the reporting period relate to billings in disputes.

Included in other receivables were amounts of US$Nil (2013: US$2,000,000) due from a third party buyer for sale of vessels.

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

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	2,440	1,306	143	191

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18. AMOUNTS DUE FROM RELATED COMPANIES

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Amounts due from associate	3,639	4,280	–	–
Amounts due from joint ventures	51,920	24,287	–	68
Amounts due from subsidiaries	–	–	206,452	160,957
	55,559	28,567	206,452	161,025
Less: Allowance for impairment	(454)	(189)	(1,505)	–
	55,105	28,378	204,947	161,025
Movement in allowance accounts:				
At 1 January	189	189	–	–
Charge for the year (Note 7)	265	–	1,526	–
Exchange difference	–	–	(21)	–
At 31 December	454	189	1,505	–
Amounts due from related companies comprised:				
Trade	4,146	2,883	–	–
Non-trade	1,673	2,090	8,289	2,443
Loans	49,286	23,405	196,658	158,582
	55,105	28,378	204,947	161,025

Amounts due from associate and joint ventures are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash, except for loans to joint ventures and associate of US$49,286,000 (2013: US$23,405,000) which bear weighted average interest rate at 7.8% (2013: 4.7%) per annum.

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

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

Sales to related companies were made at terms equivalent to those prevailing in arm's length transactions with third parties.

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

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	6,105	20,494	72,906	59,931

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Cash at banks and on hand	57,854	23,354	25,069	518
Short-term bank deposits	43,469	40,957	27,586	–
Cash in holding accounts	113	563	–	–
	101,436	64,874	52,655	518
Less: Cash pledged	(700)	(1,189)	–	–
Cash and cash equivalents in the consolidated cash flow statement	100,736	63,685	52,655	518

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

Short-term bank deposits are made for varying periods of between one month and one year, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2014 for the Group and Company was 0.89% (2013: 0.16%) and 0.90% (2013: Nil%) per annum.

Cash in holding accounts are non-interest bearing and relate to cash held with a non-financial institution for payment of operating expenses.

Certain operating bank accounts of the subsidiaries are pledged to financial institutions for banking facilities granted to the Group. The amount of cash and cash equivalents that were not available for use was US$700,000 (2013: US$1,189,000).

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

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	13,766	11,814	7,738	462
Euro	3,529	62	–	–
Brazilian Real	248	537	–	–

20. TRADE PAYABLES

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

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

	Group	
	2014 US$'000	2013 US$'000
Singapore Dollar	5,362	4,476
Papua New Guinea Kina	31	558
Indonesia Rupiah	804	1,128
Brazilian Real	14	314
Great Britain Pound	66	376
Malaysia Ringgit	436	142
Brunei Dollar	194	7

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For the financial year ended 31 December 2014

21. OTHER LIABILITIES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Current:				
Other payables	3,809	3,102	154	403
Deposits received	8,700	2,000	–	–
Advance payments from customers	3,701	1,903	–	–
Amount due to shareholder of a subsidiary	2,899	11,130	–	–
Accrued operating expenses	21,632	20,445	5,169	3,601
Deferred gain on sale of vessels to joint ventures and associate	547	539	–	–
Payables to suppliers	–	65	–	–
Advance billings to customers	28	424	–	–
	41,316	39,608	5,323	4,004
Non-current:				
Deferred gain on sale of vessels to joint ventures and associate	8,777	9,169	–	–
Total other liabilities	50,093	48,777	5,323	4,004

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

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

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

Amount due to shareholder of a subsidiary is unsecured, repayable on demand and bears interest rate at 5% (2013: 5%) per annum and are to be settled in cash.

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

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

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	18,148	15,064	5,323	4,004

22. PROVISIONS

	Group		
	Legal claims US$'000	Other provisions US$'000	Total US$'000
At 1 January 2013	–	8,732	8,732
Acquisition of subsidiaries	983	–	983
Arose during the financial year (Note 7)	974	1,176	2,150
Written back (Note 11(b))	–	(8,732)	(8,732)
Exchange differences	(252)	–	(252)
At 31 December 2013 and 1 January 2014	1,705	1,176	2,881
Utilised during the financial year	(957)	–	(957)
Written back (Note 5/11(b))	(842)	(1,176)	(2,018)
Exchange differences	94	–	94
At 31 December 2014	–	–	–

22. PROVISIONS (CONT'D)

	Company Other provisions US$'000
At 1 January 2013	10,780
Written back	(9,604)
At 31 December 2013 and 1 January 2014	1,176
Written back	(1,176)
At 31 December 2014	–

Provision for legal claims arose from a claim against a subsidiary of the Group, Consolidated Pipe Carriers Pte Ltd. The claim relates to an alleged breach of contract by a contractor arising from early termination of a logistics contract for an old completed project in Brazil. The provision made represents the settlement consideration, being the claims and expected legal reimbursement. During the financial year ended 31 December 2014, the claim was settled for an amount of US$957,000 and the remaining US$842,000 was written back.

Other provisions relate to the Group's undertaking to provide continuing financial support to its joint venture and associate to meet its liabilities as and when they fall due. The provision was written back during the financial year after the Group acquired the remaining equity interest in the joint venture and consequently became a subsidiary of the Group (Note 11 (b)).

23. AMOUNTS DUE TO RELATED COMPANIES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Amount due to associate	128	74	–	–
Amount due to joint ventures	1,020	1,156	–	30
Amount due to subsidiaries	–	–	39,929	21,765
	1,148	1,230	39,929	21,795
Amounts due to related companies comprise:				
Trade	128	400	–	–
Non-trade	1,020	830	341	373
Loans	–	–	39,588	21,422
	1,148	1,230	39,929	21,795

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

Purchases from related companies were made at terms equivalent to those prevailing in arm's length transactions with third parties.

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

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore Dollar	–	1,051	16,072	1,870

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24. BANK LOANS

	Group	
	2014	2013
	US$'000	US$'000
Bank loans	252,068	292,909
Less: Current portion	(50,664)	(53,330)
Bank loans (Non-current portion)	201,404	239,579

Bank loans were secured by:

- First legal mortgages over the vessels of the Group, with net book values of US$378,763,000 (2013: US$506,932,000) (Note 10);
- First legal mortgages over the building and ship-repair yard under construction of the Group, with net book value of US$26,582,000 (2013: US$Nil) (Note 10);
- A right to take assignment of charter earnings and insurance policies of the mortgaged vessels;
- Legal assignment of all rights and benefits of the related shipbuilding contracts between the Group and the related shipbuilders and any subsequent variations; and
- Cash pledged of US$700,000 (2013: US$1,189,000).

In addition, certain of the Group's bank loans were secured by corporate guarantees from the Company.

Bank loans are repayable between 2 to 10 years, payable monthly/quarterly and bear interest. The weighted average interest rate on the bank loans was 2.62% (2013: 2.72%) per annum. Included in bank loans was an amount of US$16,795,000 (2013: US$5,616,000) denominated in SGD.

25. NOTES PAYABLE

		Group and Company	
		2014	2013
	Redemption date / Maturity date	US$'000	US$'000
Non-current:			
SGD100 million	August 2018	74,781	–

The notes bear fixed interest rate of 4.3% (2013: Nil%) per annum payable semi-annually with fair value of US$71,971,000 (2013: US$Nil) based on quoted market prices. The market value of the notes payable are based on quoted prices available in active market (fair value hierarchy Level 1). The above notes are listed on SGX-ST.

26. FINANCE LEASE OBLIGATIONS

The Group has finance leases for motor vehicles and equipment. There are no restrictions placed upon the Group by entering into the leases. The weighted average effective interest rate implicit in the leases was 3.64% (2013: 6.54%) per annum.

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

	Group			
	2014		2013	
	Minimum lease payments US$'000	Present value of payments US$'000	Minimum lease payments US$'000	Present value of payments US$'000
Not later than one year	29	29	8	3
Later than one year but not later than five years	114	102	–	–
Total minimum lease payments	143	131	8	3
Less: Amount representing finance charges	(12)	–	(5)	–
Present value of minimum lease payments	131	131	3	3

27. DEFERRED TAX LIABILITIES

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

	Group			
	Balance sheet		Consolidated income statement	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Deferred tax liabilities:				
Unremitted foreign sourced income	98	110	(12)	110
Undistributed earnings of joint venture	68	–	68	–
	166	110	56	110
Deferred tax expense			56	110

	Group	
	2014 US$'000	2013 US$'000
Movement in deferred tax liabilities:		
At 1 January	110	–
Charge to profit or loss	56	110
At 31 December	166	110

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27. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised tax losses

At the end of the financial year, the Group has tax losses of approximately US$4,758,000 (2013: US$2,711,000) that were available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

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

At the end of the financial year, deferred tax liability of US$68,000 (2013: US$Nil) had been recognised for taxes that would be payable on the undistributed earnings of a joint venture.

Such temporary differences for which no deferred tax liability had been recognised aggregate to US$26,418,000 (2013: US$21,313,000) as the Group had determined the undistributed earnings of its subsidiaries, joint ventures and associate will not be distributed in the foreseeable future. The joint ventures and associate of the Group cannot distribute its earnings until it obtains the consent of both the venturers and shareholders respectively. At the end of the financial year, the Group does not foresee giving such consent. The deferred tax liability was estimated to be US$2,682,000 (2013: US$2,160,000).

Tax consequences of proposed dividends

There are no income tax consequences (2013: US$Nil) attached to the dividends to shareholders proposed by the Company but not recognised as liability in the financial statements (Note 36).

28. SHARE CAPITAL

	Group and Company			
	2014		2013	
	No. of shares '000	US$'000	No. of shares US$'000	'000
Issued and fully paid ordinary shares:				
Balance at the beginning of the year	725,755	155,254	50,116	32,086
Issuance of ordinary shares (1)	–	–	119	323
Effects of change in functional currency (3)	–	7,600	–	–
	725,755	162,854	50,235	32,409
Adjusted for share split (2)	–	–	552,580	32,409
Issuance of new ordinary shares pursuant to listing of the Company on SGX-ST	–	–	171,875	124,136
Issuance of new ordinary shares pursuant to pre-listing financial arrangement	–	–	1,300	939
Share issuance expense	–	–	–	(2,230)
Balance at end of the year	725,755	162,854	725,755	155,254

28. SHARE CAPITAL (CONT'D)

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

(1) In 2013, the Company granted employees the rights to subscribe for the Company's ordinary shares (Note 29 (b)).

(2) On 28 October 2013, shareholders approved the sub-division of each share into 11 shares at an extraordinary general meeting held prior to the Initial Public Offering (IPO), resulting in the Company's pre-invitation share capital of 552,580,000 shares. Resulting from the IPO, the Company issued new shares and the resultant issued and paid-up capital of the Company increased to US$155,254,000 comprising 725,755,000 shares.

(3) The Company had changed its functional currency from SGD to USD with effect from 1 July 2014. The change in functional currency was a result of the increasing influence of USD over the Company's economic activities. Pursuant to FRS 21, The Effects of Changes in Foreign Exchange Rates, the Company changed its functional currency from SGD to USD and the financial statements were measured prospectively in USD with effect from 1 July 2014. Please refer to Note 2.1 for further details.

29. OTHER RESERVES

(a) Foreign currency translation reserve

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

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
At 1 January	(2,685)	(744)	5,931	8,907
Net effect of exchange differences arising from translation of financial statements	492	(1,941)	865	(2,976)
Effects of change in functional currency	(6,796)	–	(6,796)	–
At 31 December	(8,989)	(2,685)	–	5,931

(b) Employee share-based payments reserve

Employee share-based payments reserve represents the issuance of shares to employees.

Share based payments reserve represents the difference between the fair value and purchase price of shares issued to employees.

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29. OTHER RESERVES (CONT'D)

(b) Employee share-based payments reserve (cont'd)

	Group and Company	
	2014	2013
	US$'000	US$'000
At 1 January	172	–
Grant of shares to employees (Note 7)	–	172
At 31 December	172	172

(c) Hedging reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date. US$1,499,000 were made up of the net movements in cash flow hedges and the effective portion of the cross currency swaps, net of tax.

	Group and Company	
	2014	2013
	US$'000	US$'000
Net movement on cash flow hedge:		
Losses arising during the year		
- Cross currency swaps	(1,499)	–
	(1,499)	–

(d) Premium paid on acquistion of non-controlling interests

	Group	
	2014	2013
	US$'000	US$'000
At 1 January	130	130
Premium paid on acquisition of non-controlling interests (Note 11(b))	(3,309)	–
At 31 December	(3,179)	130

30. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	Group	
	2014 US$'000	2013 US$'000
Income		
Charter hire income:		
- Associates	616	549
- Joint ventures	2	2
Interest income from:		
- Associates	17	127
- Joint ventures	1,460	1,238
Gain on sale of vessels to:		
- Associates	–	235
- Joint ventures	2,008	–
Management fee income from:		
- Joint ventures	100	130
- A shareholder of a subsidiary	46	–
Ship management fee income from:		
- Associates	487	404
- Joint ventures	373	–
Miscellaneous income from:		
- Joint venture	6	–
Directors' fee from:		
- Associates	–	7
Expense		
Charter hire expense and other cost of sales paid to:		
- Associates	1,267	449
- Joint ventures	–	2,091
Management fee expense paid to:		
- Joint ventures	–	319
Interest expense paid to:		
- A shareholder of a subsidiary	502	478
- A director of the Company	–	259

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30. RELATED PARTY TRANSACTIONS (CONT'D)

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

	Group	
	2014 US$'000	2013 US$'000
Short-term employee benefits	5,343	4,530
Central Provident Fund contributions	58	60
Employee share-based payments	–	160
	5,401	4,750
Comprise amounts paid to:		
Directors of the Company	4,079	3,228
Other key management personnel	1,322	1,522
	5,401	4,750

31. COMMITMENTS

(a) Capital commitments

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

	Group	
	2014 US$'000	2013 US$'000
Capital commitments in respect of purchase/construction of vessels	275,629	245,292
Share of joint venture's capital commitments in relation to construction of vessels	58,159	36,232
Capital commitments in respect of construction of shipyard	26,399	–
	360,187	281,524

(b) Operating lease commitments – as lessee

Rental expense (principally for office premises) was US$1,133,000 and US$1,375,000 for the years ended 31 December 2014 and 2013, respectively.

Charter hire expense was US$3,594,000 and US$Nil for the years ended 31 December 2014 and 2013 respectively.

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

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

	Group	
	2014 US$'000	2013 US$'000
Not later than one year	5,457	910
Later than one year but not later than five years	21,826	3,640
Later than five years	36,253	17,288
	63,536	21,838

31. COMMITMENTS (CONT'D)

(c) Operating lease commitments – as lessor

The Group has entered into charter hire leases on its fleet of vessels. The leases have varying terms, renewal rights and purchase options.

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

	Group	
	2014	2013
	US$'000	US$'000
Not later than one year	51,583	88,102
Later than one year but not later than five years	73,827	20,922
	125,410	109,024

32. CORPORATE GUARANTEES

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

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Corporate guarantees given for the borrowings of:				
- Subsidiaries	–	–	243,820	292,819
- Joint ventures	39,930	75,493	29,607	75,493
- Associate	8,276	16,917	8,276	16,917
	48,206	92,410	281,703	385,229

The Company had also issued corporate guarantees amounting to US$43,605,000 (2013: US$ Nil) in respect of the operating lease commitment of 1 (2013: Nil) vessel under a sale and leaseback agreement entered by the Group.

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

Financial support

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Credit risk

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

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

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the balance sheets.
- Corporate guarantees provided by the Group and Company (Note 32).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing profile of its 5 major customers. At the balance sheet date, approximately 51% (2013: 59%) of the Group's trade receivables were due from 5 major customers.

	Total US$'000	Current US$'000	< 60 days US$'000	60 to 90 days US$'000	> 90 days US$'000
2014					
Top 5 customers	17,958	3,391	8,167	41	6,359
2013					
Top 5 customers	28,002	7,876	5,017	7,502	7,607

Financial assets that were neither past due nor impaired

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

Financial assets that were either past due or impaired

Information regarding financial assets that were either past due or impaired was disclosed in Note 16 (Trade receivables), Note 17 (Other receivables) and Note 18 (Amounts due from related companies).

(b) Liquidity risk

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

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

(b) Liquidity risk (cont'd)

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

Analysis of financial liabilities by remaining contractual maturities

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

	One year or less US$'000	One to five years US$'000	Over five years US$'000	Total US$'000
Group				
2014				
Financial liabilities:				
Trade payables and other liabilities	47,620	–	–	47,620
Derivatives:				
- Forward currency contracts – settled net	2,242	–	–	2,242
- Interest rate swaps – settled net	632	1,170	–	1,802
- Cross currency swaps – gross payments	3,682	90,119	–	93,801
- Cross currency swaps – gross receipts	(3,249)	(84,212)	–	(87,461)
Amounts due to related companies	1,148	–	–	1,148
Bank loans	56,672	196,701	14,858	268,231
Notes payable	–	83,964	–	83,964
Finance lease obligations	29	114	–	143
Total undiscounted financial liabilities	108,776	287,856	14,858	411,490
2013				
Financial liabilities:				
Trade payables and other liabilities	46,123	–	–	46,123
Provisions	1,705	–	–	1,705
Derivatives:				
- Forward currency contracts – settled net	61	–	–	61
- Interest rate swaps – settled net	712	1,222	3	1,937
Amounts due to related companies	1,230	–	–	1,230
Bank loans	60,663	240,063	13,453	314,179
Finance lease obligations	8	–	–	8
Total undiscounted financial liabilities	110,502	241,285	13,456	365,243

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For the financial year ended 31 December 2014

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

(b) Liquidity risk (cont'd)

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

	One year or less US$'000	One to five years US$'000	Total US$'000
Company			
2014			
Financial liabilities:			
Other liabilities	8,757	–	8,757
Amounts due to related companies	39,929	–	39,929
Notes payable	–	83,964	83,964
Derivatives:			
- Cross currency swaps – gross payments	3,682	90,119	93,801
- Cross currency swaps – gross receipts	(3,249)	(84,212)	(87,461)
Total undiscounted financial liabilities	49,119	89,871	138,990
2013			
Financial liabilities:			
Other liabilities	4,004	–	4,004
Amounts due to related companies	21,795	–	21,795
Total undiscounted financial liabilities	25,799	–	25,799

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

	One year or less US$'000
2014	
Group	
Corporate guarantees	48,206
Company	
Corporate guarantees	281,703
2013	
Group	
Corporate guarantees	92,410
Company	
Corporate guarantees	385,229

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

(c) Interest rate risk

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

Sensitivity analysis for interest rate risk

At the balance sheet date, if USD interest rates had been 75 (2013: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been US$1,452,000 (2013: US$1,664,000) higher/lower, arising mainly as a result of lower/ higher interest expense on floating rate bank loans. In computing the effect of changes in interest rates, the mitigating effect of interest rate swaps entered into by the Group has been considered. The analysis was performed on the same basis as prior year.

(d) Foreign currency risk

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

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

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD exchange rates against the USD, with all other variables held constant. The analysis is performed on the same basis for 2013.

		Group Profit before tax	
		2014 US$'000	**2013 US$'000**
USD/SGD	– strengthened 3% (2013: 3%)	531	(339)
	– weakened 3% (2013: 3%)	(531)	339

34. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

(i) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other 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.

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

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

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

	2014 Level 2 US$'000	2013 Level 2 US$'000
Group		
Assets measured at fair value		
Financial assets:		
Derivatives (Note 14)		
Forward currency contracts	–	564
Interest rate swaps	178	324
Financial assets as at 31 December	178	888
Liabilities measured at fair value		
Financial liabilities:		
Derivatives (Note 14)		
Forward currency contracts	(1,149)	(53)
Interest rate swaps	(471)	(782)
Cross currency swaps	(6,279)	–
Financial liabilities as at 31 December	(7,899)	(835)
Company		
Liabilities measured at fair value		
Financial liabilities:		
Derivatives (Note 14)		
Cross currency swaps	(6,279)	–
Financial liabilities as at 31 December	(6,279)	–

Determination of fair value

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

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

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

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

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

(b) Bank loans at floating rate, notes payable and lease obligations

The carrying value of the balances (except for lease obligations) approximate fair value as these balances are of variable interest rate with re-pricing features.

The carrying value of lease obligations approximate fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

Financial instruments by category

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

	Loans and receivables US$'000	Financial assets at fair value through profit or loss US$'000
Group		
2014		
Assets		
Derivatives	–	178
Trade receivables	35,102	–
Other receivables	2,598	–
Amounts due from related companies	55,105	–
Cash and cash equivalents	101,436	–
	194,241	178
2013		
Assets		
Derivatives	–	888
Trade receivables	47,609	–
Other receivables	3,170	–
Amounts due from related companies	28,378	–
Cash and cash equivalents	64,874	–
	144,031	888

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For the financial year ended 31 December 2014

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

(iii) Financial instrument whose carrying amounts are reasonable approximation of fair value (cont'd)

Financial instruments by category (cont'd)

	Financial liabilities at amortised cost US$'000	Financial liabilities at fair value through profit or loss US$'000
Group		
2014		
Liabilities		
Trade payables	15,846	–
Other liabilities	28,340	–
Amounts due to related companies	1,148	–
Bank loans	252,068	–
Notes payable	74,781	–
Derivatives	–	7,899
Finance lease obligations	131	–
	372,314	7,899
2013		
Liabilities		
Trade payables	11,381	–
Other liabilities	34,742	–
Amounts due to related companies	1,230	–
Bank loans	292,909	–
Derivatives	–	835
Finance lease obligations	3	–
	340,265	835

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

(iii) Financial instrument whose carrying amounts are reasonable approximation of fair value (cont'd)

Financial instruments by category (cont'd)

	Loans and receivables US$'000
Company	
2014	
Assets	
Other receivables	193
Amounts due from related companies	204,947
Cash and cash equivalents	52,655
	257,795
2013	
Assets	
Other receivables	34
Amounts due from related companies	161,025
Cash and cash equivalents	518
	161,577

	Financial liabilities at amortised cost US$'000	Financial liabilities at fair value through profit or loss US$'000
Company		
2014		
Liabilities		
Other liabilities	5,323	–
Amounts due to related companies	39,929	–
Notes payable	74,781	–
Derivatives	–	6,279
	120,033	6,279
2013		
Liabilities		
Other liabilities	4,004	–
Amounts due to related companies	21,795	–
	25,799	–

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35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure it maintains a strong credit rating and healthy capital ratios in order to support its business, maximise shareholder value and fulfil its financing commitments.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity attributable to equity holders of the company. The Group defines net debt as bank loans and notes payable, less cash and cash equivalents.

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2014.

	Group	
	2014	**2013**
	US$'000	**US$'000**
Bank loans	252,068	292,909
Notes payable	74,781	–
Less: Cash and cash equivalents	(101,436)	(64,874)
Net debt	225,413	228,035
Equity attributable to the equity holders of the Company	427,962	375,631
Gearing ratio (%)	53%	61%

36. DIVIDENDS

	Group and Company	
	2014	**2013**
	US$'000	**US$'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013 at 1.58 USD cents per share (~ 2.00 SGD cents per share) (2013: interim exempt (one-tier) dividend for 2013 at 14.19 USD cents per share (~17.86 SGD cents per share))	11,448	7,130
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2014 at 2.27 USD cents per share (~3.00 SGD cents per share) (2013: Final exempt (one-tier) dividend for 2013 at 1.59 USD cents per share (~2.00 SGD cents per share)	16,451	11,666

37. SEGMENT INFORMATION

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

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

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

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

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit from operations.

Inter-segment pricing, if any, is determined on an arm's length basis.

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

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

	Offshore support services businesses US$'000	Subsea businesses US$'000	Complementary businesses US$'000	Per consolidated financial statements US$'000
2014				
Revenue:				
Sales	162,747	39,460	11,599	213,806
Inter-segment sales (Note A)	(34,681)	(6,017)	(889)	(41,587)
Sales to external customers	128,066	33,443	10,710	172,219
Results:				
Interest income	1,845	109	2	1,956
Finance costs	(8,560)	(362)	(190)	(9,112)
Depreciation and amortisation	(20,777)	(5,705)	(1,369)	(27,851)
Share of results of joint ventures	12,145	–	–	12,145
Share of results of associate	389	–	–	389
Other non-cash expenses (Note B)	886	535	(78)	1,343
Segment profit/(loss)	65,135	5,440	(2,256)	68,319

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37. SEGMENT INFORMATION (CONT'D)

	Offshore support services businesses US$'000	Subsea businesses US$'000	Comple-mentary businesses US$'000	Per consolidated financial statements US$'000
2014 (cont'd)				
Segment assets:				
Investment in associate	6,156	-	-	6,156
Investment in joint ventures	59,360	-	-	59,360
Additions to non-current assets (Note C)	173,017	22,914	11,161	207,092
Segment assets	674,365	129,355	35,827	839,547
Segment liabilities	349,008	31,949	26,671	407,628
2013 (Reclassified)				
Revenue:				
Sales	144,207	48,933	14,801	207,941
Inter-segment sales (Note A)	(34,883)	(3,717)	(756)	(39,356)
Sales to external customers	109,324	45,216	14,045	168,585
Results:				
Interest income	1,558	106	2	1,666
Finance costs	(10,758)	(2,294)	(9)	(13,061)
Depreciation and amortisation	(19,654)	(5,297)	(95)	(25,046)
Share of results of joint ventures	13,813	–	(1,176)	12,637
Share of results of associate	576	–	386	962
Other non-cash expenses (Note B)	(952)	(1,277)	(5,276)	(7,505)
Segment profit/(loss)	41,237	15,908	(391)	56,754
Segment assets:				
Investment in associate	2,721	–	–	2,721
Investment in joint ventures	41,629	–	–	41,629
Additions to non-current assets (Note C)	190,959	533	73	191,565
Segment assets	566,700	169,237	9,932	745,869
Segment liabilities	281,170	77,119	10,129	368,418

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

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

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

37. SEGMENT INFORMATION (CONT'D)

Geographical information

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

	Revenues		Non-current assets	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Asia	140,854	116,420	569,571	545,703
Africa	18,001	26,673	–	–
Australia	–	11,899	–	–
South America	13,364	13,593	2,784	3,397
	172,219	168,585	572,355	549,100

Included in revenue from Asia was an amount of US$10,704,000 (2013: US$5,882,000) relating to revenue from Singapore.

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

Included in non-current assets from Asia was an amount of US$569,506,000 (2013: US$545,625,000) relating to non-current assets from Singapore.

Information about major customers

Revenue from 2 major customers (2013: 1 major customer) amounting to US$38,538,000 and US$19,463,000 for the financial years ended 31 December 2014 and 2013 respectively arose from sales by the Offshore Support Business.

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

38. COMPARATIVE FIGURES

Prior year's comparative figures have been reclassified due to the following:

(a) Certain of the prior year's comparative figures on interest income have been reclassified to conform with current year's presentation to better reflect the nature of these balances.

	2013	
	As reclassified	As previously reported
	US$'000	US$'000
Group		
Consolidated income statement		
Other operating income (Note 5)	25,962	26,146
Other operating expense	(5,734)	(5,918)
Balance sheet		
Other receivables (Note 17)	9,608	9,792
Allowance for impairment (Note 17)	(2,425)	(2,609)

Notes to the Financial Statements

For the financial year ended 31 December 2014

38. COMPARATIVE FIGURES (CONT'D)

(b) Certain of the prior year's comparative figures on withholding tax have been reclassified to conform with current year's presentation to better reflect the nature of these balances.

	2013	
	As reclassified US$'000	As previously reported US$'000
Group		
Consolidated income statement		
Cost of sales	(105,764)	(109,533)
Taxation	86	3,855

39. SUBSEQUENT EVENTS

In March 2015, the Group's wholly owned subsidiary, Crest Offshore Marine Pte Ltd ("COM"), entered into an agreement with Jiangsu Zhenjiang Shipyard (Group) Co., Ltd to incorporate Radiance ZJ Pte Ltd ("Radiance ZJ"), a company incorporated in Singapore. Following the subscription of 1,260,000 shares, Radiance ZJ became a 63% subsidiary of the Group.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 27 March 2015.

Statistics of Shareholders

As at 18 March 2015

SHARE CAPITAL

Number of issued and paid-up shares	: 725,755,013
Class of shares	: Ordinary shares
Voting rights	: One vote per share

There are no treasury shares held in the issued share capital of the Company.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	3	0.12	92	0.00
100 - 1,000	150	5.87	147,053	0.02
1,001 - 10,000	1,314	51.47	7,891,400	1.08
10,001 - 1,000,000	1,069	41.87	58,683,943	8.09
1,000,001 and above	17	0.67	659,032,525	90.81
Total	2,553	100.00	725,755,013	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
YM InvestCo Pte. Ltd.	465,470,000	64.14		
Mok Weng Vai	46,896,256	6.46	–	–
Pang Yoke Min	18,951,744	2.61	465,470,000 (1)	64.14

(1) Mr Pang Yoke Min is deemed to be interested in the shares held by YM InvestCo Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act as he holds 99.995% of the shares in YM InvestCo Pte. Ltd.

Statistics of Shareholders

As at 18 March 2015

TWENTY LARGEST HOLDERS OF SHARES

No.	Name	No. of Shares	%
1	HSBC (Singapore) Nominees Pte Ltd	374,004,100	51.53
2	Raffles Nominees (Pte) Ltd	124,512,138	17.16
3	Mok Weng Vai	46,896,256	6.46
4	United Overseas Bank Nominees Private Limited	43,794,286	6.03
5	Citibank Nominees Singapore Pte Ltd	26,944,900	3.71
6	BNP Paribas Securities Services	9,160,900	1.26
7	DBS Nominees Pte Ltd	8,994,431	1.24
8	Thomas Tan Soon Seng (Thomas Chen ShunCheng)	4,456,200	0.61
9	Pang Yoke Min	4,195,744	0.58
10	Maybank Kim Eng Securities Pte Ltd	3,593,500	0.50
11	DB Nominees (S) Pte Ltd	2,796,700	0.39
12	Ong Mary	1,930,000	0.27
13	UOB Kay Hian Pte Ltd	1,923,700	0.27
14	Lau Boon Hwee	1,609,970	0.22
15	OCBC Securities Private Ltd	1,540,100	0.21
16	Phillip Securities Pte Ltd	1,479,600	0.20
17	MARC-Plan Pte Ltd	1,200,000	0.17
18	Bank Of Singapore Nominees Pte Ltd	893,100	0.12
19	Chan Fook Kong OR Chan Moo Ying Sandra	891,000	0.12
20	OCBC Nominees Singapore Pte Ltd	859,900	0.12
Total:		661,676,525	91.17

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 March 2015, approximately 21.88% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the Company will be held at 15 Pandan Road, Singapore 609263 on Tuesday, 28 April 2015 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2014, the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt one-tier dividend of S$0.03 per ordinary share for the financial year ended 31 December 2014. **(Resolution 2)**

3. To approve the Directors' fees of S$432,000.00 for the financial year ending 31 December 2015. **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 111 of the Company's Articles of Association, and who, being eligible, offered themselves for re-election:-

   Article 111

   (a) Mr Yong Yin Min **(Resolution 4)**
   (b) Mr Mok Weng Vai **(Resolution 5)**
   (c) Mr Choo Boon Tiong **(Resolution 6)**
   (d) Mr Wong Meng Hoe **(Resolution 7)**

   (See Explanatory Note 1)

5. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

6. Authority to allot and issue shares

   (a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

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

      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

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

   provided always that

Notice Of Annual General Meeting

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

a) new shares arising from the conversion or exercise of convertible securities, or

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." **(Resolution 9)**

(See Explanatory Note 2)

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

"That approval be and is hereby given to the Directors of the Company to:

(a) grant awards in accordance with the provisions of the Pacific Radiance Performance Share Plan (the "Performance Share Plan"); and

(b) allot and issue such number of ordinary shares in the capital of the Company as may be required to be delivered pursuant to the vesting of awards under the Performance Share Plan, provided that the aggregate number of new shares to be issued under the Performance Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 3) **(Resolution 10)**

8. The Proposed Renewal of Share Buyback Mandate

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:-

(i) an on-market share acquisition ("**On-Market Purchase**") transacted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or

(ii) off-market share acquisition ("**Off-Market Purchase**") pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise be in accordance with all other laws, the listing manual of the SGX-ST and other regulations and rules of the SGX-ST,

Notice Of Annual General Meeting

(the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-

(i) the date on which the next AGM of the Company is held or required by law to be held; or

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in a general meeting, or

(iii) the date on which the Share Buybacks are carried out to the full extent mandated; and

(c) the directors of the Company and/or any of them be and is hereby authorised to do such acts and things (including, without limitation, enter into all transactions, arrangements and agreements and executing such documents) as they and/or he may consider necessary or expedient to give effect to this resolution.

In this Resolution:-

"**Maximum Limit**" means that number of Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Shares held by the Company as treasury shares shall be disregarded for purposes of computing the 10% limit of the issued ordinary share capital of the Company;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the price paid per Share which does not exceed 105% of the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action which occurs after the relevant 5-day period.

The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses; and

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the Shareholders of the Company in a general meeting. **(Resolution 11)**

(See Explanatory Note 4)

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary
13 April 2015

Notes:

1) A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2) The instrument appointing a proxy must be lodged at the registered office of the Company at 15 Pandan Road Singapore 609263 at least 48 hours before the time appointed for the AGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the AGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

Explanatory Notes:-

1. Both Messrs Choo Boon Tiong and Wong Meng Hoe are considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr Choo Boon Tiong will, upon re-election as a Director of the Company, remain as a Chairman of Remuneration Committee.

   Mr Wong Meng Hoe will, upon re-election as a Director of the Company, remain as a member of Nominating Committee.

   Key information on the retiring directors can be found on pages 20 to 23 of the Annual Report.

2. The ordinary resolution no. 9 under item no. 6 is to authorise the Directors of the Company from the date of this AGM until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of issued shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

3. The ordinary resolution no. 10 under item no. 7 is to authorise the Directors of the Company from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards under the Performance Share Plan, and to allot and issue shares in the capital of the Company pursuant to the Performance Share Plan provided that the aggregate number of shares to be issued under the Performance Share Plan does not exceed 15% of the total number of issued shares excluding treasury shares of the Company from time to time.

4. The ordinary resolution no. 11 under item no. 8 is to renew the Share Buyback Mandate which was approved by the shareholders on 30 April 2014. Please refer to the Appendix to this Notice of Annual General Meeting for details.

Please cut along dotted line

PACIFIC RADIANCE LTD
(the "Company")
(Incorporated in the Republic of Singapore)
(Company Registration No. 200609894C)

IMPORTANT:

1. For investors who have used their CPF moneys to buy shares in Pacific Radiance Ltd., this Appendix is forwarded to them at the request of the CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the AGM as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format with Company Secretary, by the time frame specified. (Agent Banks: Please see note 8 on the required format). Any voting instructions must also be submitted to their Agent Banks within the time frame specified to enable them to vote on the CPF investor's behalf.

PROXY FORM

ANNUAL GENERAL MEETING

*I/We ________________________________ (Name) ________________ (NRIC/Passport Number)

of ____ (Address)

being a member/members of Pacific Radiance Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

And/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing him/her, the **Chairman of the Meeting** as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 15 Pandan Road, Singapore 609263 on Tuesday, 28 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 resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her discretion, as he/they may on any other matter arising at the AGM.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
1.	Adoption of Financial Statements, Directors' Report and Auditors' Report		
2.	Declaration of a First and Final tax exempt one-tier dividend		
3.	Approval of Directors' Fees for the financial year ending 31 December 2015		
4.	Re-election of Mr Yong Yin Min as director		
5.	Re-election of Mr Mok Weng Vai as director		
6.	Re-election of Mr Choo Boon Tiong as director		
7.	Re-election of Mr Wong Meng Hoe as director		
8.	Re-appointment of Auditors		
9.	Authority to issue ordinary shares		
10.	Authority to grant awards and to issue shares under the Pacific Radiance Performance Share Plan.		
11.	Approval of the proposed Renewal of Share Buyback Mandate		

*If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] within the relevant box. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this ____________ day of ________________ 2015

Total number of Shares held:	No. of Shares
(a) CDP Register	
(b) Register of members	

Signature/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this flap for sealing

Please Affix
Postage Stamp

PACIFIC RADIANCE LTD
15 PANDAN ROAD,
SINGAPORE 609263

Fold here

Fold here

Notes:

1. A member of the Company entitled to attend the AGM and vote is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited with the Company Secretary at the registered office of the Company not less than 48 hours before the time appointed for holding the AGM.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the AGM.
4. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert 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 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.
5. The instrument appointing a proxy or proxies must be 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 attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form 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 the AGM, as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of CPF investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the AGM.

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Corporate Information

BOARD OF DIRECTORS
Mr Pang Yoke Min
Executive Chairman

Mr Mok Weng Vai
Executive Director

Mr Pang Wei Meng
Executive Director

Mr Lau Boon Hwee
Executive Director

Mr Yong Yin Min
Non-Executive Director

Mr Ng Tiong Gee
Lead Independent Director

Ms Ooi Chee Kar
Independent Director

Mr Goh Chong Theng
Independent Director

Mr Wong Meng Hoe
Independent Director

Mr Choo Boon Tiong
Independent Director

AUDIT COMMITTEE
Mr Goh Chong Theng Chairman
Ms Ooi Chee Kar
Mr Yong Yin Min

REMUNERATION COMMITTEE
Mr Choo Boon Tiong Chairman
Mr Ng Tiong Gee
Mr Yong Yin Min

NOMINATING COMMITTEE
Mr Ng Tiong Gee Chairman
Mr Wong Meng Hoe
Mr Pang Wei Meng

JOINT COMPANY SECRETARIES
Ms Lin Moi Heyang, ACIS
Ms Low Mei Wan, ACIS

REGISTERED OFFICE
15 Pandan Road
Singapore 609263
Tel +65 6238 8881
Fax +65 6278 2759
www.pacificradiance.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898

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

Partner-in-Charge:
Mr Philip Ling Soon Hwa
Chartered Accountant,
a member of the Institute of Singapore Chartered Accountants
Appointed since financial year ended 2014

PRINCIPAL BANKERS
Credit Suisse AG
One Raffles Quay
Singapore 048583

DBS Bank Ltd.
12 Marina Boulevard, Level 46
DBS Asia Central @ MBFC Tower 3
Singapore 018982

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre Tower 1
Singapore 018981

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

The initial public offering of Pacific Radiance Ltd. was sponsored by United Overseas Bank Limited and UOB Kay Hian Private Limited (the "Joint Issue Managers").

The Joint Issue Managers assume no responsibility for the contents of this annual report.

another egg creatives production

Pacific
Radiance

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Website www.pacificradiance.com

COMPANY REGISTRATION NUMBER 200609894C