Pacific Radiance

FOCUSED, SECURELY AHEAD

PACIFIC RADIANCE

Annual Report 2015

CONTENTS

PACIFIC RADIANCE HAS OVERCOME STORMY WEATHER BEFORE – KEPT FIRMLY ON COURSE BY A SURE, DECISIVE HAND ON THE RUDDER THAT BROUGHT US SAFELY BACK TO SHORE. WE REMAIN SECURE AND LOCKED TO OUR COURSE TODAY, DESPITE THE HEADWINDS BUFFETING THE INDUSTRY AS LOW OIL PRICES AND FALTERING ECONOMIC GROWTH FORCE MARKET PLAYERS TO CUT OR DEFER SPENDING.

RESPONDING SWIFTLY TO THIS DOWNTURN, WE HAVE WORKED TO SCALE, STRENGTHEN, AND REALIGN OUR OPERATIONS, AS WELL AS MANAGE AND OPTIMISE OUR COST STRUCTURE, WHILE CONTINUING TO BUILD UP OUR PRESENCE IN TARGETED MARKETS AND CAREFULLY TAILORING SELECTED SOLUTIONS TO MEET FAST-CHANGING CLIENT NEEDS. AS A RESULT, WE HAVE BEEN ABLE TO CLINCH NEW CHARTERS AND RENEW EXISTING ONES EVEN IN THIS CHALLENGING ENVIRONMENT, REAFFIRMING OUR REPUTATION FOR RELIABILITY AND COST-EFFICIENCY.

WE REMAIN *FOCUSED* ON DEEPENING OUR FOOTPRINT IN EMERGING MARKETS AND WIDENING OUR CLIENT BASE – WITH OUR SIGHTS SET ON OUR LONG-TERM GOAL TO ESTABLISH PACIFIC RADIANCE AS A TOP GLOBAL PROVIDER OF OFFSHORE SUPPORT SERVICES. SOUND LEADERSHIP, A PROVEN BUSINESS MODEL, AND A SOLID BALANCE SHEET CONTINUE TO STAND US IN GOOD STEAD, SO WE ARE CONFIDENT OF OUR ABILITY TO RIDE OUT THE STORM, *MOVING SECURELY AHEAD* IN THE SECTOR.

FINANCIAL HIGHLIGHTS

KEY FINANCIAL METRICS	FY11	FY12	FY13	FY14	FY15
Earnings per Share[(1)] (US cents)	3.4	5.8	9.9	9.4	0.5
Net Asset Value per Share[(1)] (US cents)	32.0	37.4	52.0	59.5	57.6
Net Gearing (times)	1.5	1.2	0.6	0.5	0.9
Return on Equity (%)	11.2	16.9	19.6	17.2	0.9
Return on Asset (%)	3.9	5.9	8.6	8.8	0.4

FINANCIAL POSITION (US$'m)	FY11	FY12	FY13	FY14	FY15
Fixed Assets	442.7	445.8	548.8	572.1	606.2
Total Assets	515.1	570.4	745.9	839.5	916.6
Total Liabilities	339.0	364.4	368.4	407.6	500.6
Shareholders' Equity	175.8	204.6	375.6	428.0	413.4
Non-controlling interests	0.3	1.8	1.8	4.0	2.6

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.

CORPORATE MILESTONES

2002

Birth of the Group as it started the provision of ship chartering services.

2005

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

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) Inc.

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 Logindo Samudramakmur Tbk and PT Jawa Tirtamarin.

2012

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

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

REVENUE
US$ millions : Year

FY15	121.8
FY14	172.2
FY13	168.6
FY12	130.8
FY11	95.1

EBITDA
US$ millions : Year

FY15	43.8
FY14	105.3
FY13	94.9
FY12	64.1
FY11	46.0

NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
US$ millions : Year

FY15	3.8
FY14	68.3
FY13	56.8
FY12	32.2
FY11	18.5

2006

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

2007

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

2009

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

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.

2015

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

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

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

LED BY A VETERAN MANAGEMENT TEAM THAT HAS NAVIGATED THROUGH PREVIOUS STORMS, WE POSSESS THE EXPERIENCE AND EXPERTISE TO RIDE OUT THE CURRENT DOWNTURN, AND POSITION OURSELVES FOR THE EVENTUAL INDUSTRY RECOVERY.

EXECUTIVE CHAIRMAN'S MESSAGE

PANG YOKE MIN
Executive Chairman

DEAR SHAREHOLDERS,

The past year proved to be a difficult one, not just for Pacific Radiance, but across the entire oil and gas (O&G) sector. The severe downswing in oil prices forced industry players around the world to cancel or defer projects and reduce capital expenditure, while seeking ways to scale down operating costs.

At Pacific Radiance, we have dug in for the long haul, moving quickly to roll out strategic initiatives that have enabled us to effectively realign both our operations and cost structure, while carefully managing our capital requirements. Our foothold in key markets gives us a strong competitive edge to ride through the downturn.

FINANCIAL REVIEW FOR FY2015

Even against this harsh backdrop, we were able to stay profitable with a net attributable profit (PATMI) of US$3.8 million for the financial year ended December 2015 (FY2015). Group revenue came in at US$121.8 million, down 29.3% year-on-year on lower utilisation of our offshore support and subsea vessels.

Offshore support services, which continued to be our revenue mainstay, generated 16.5% lower revenue of US$106.9 million. At the subsea division, revenue fell to US$8.6 million as compared to US$33.4 million in FY2014.

Decisive moves by our experienced management team to implement wide-ranging cost control measures had been in place since the onset of the downturn, more than a year ago. This has reduced our general and administrative expenses by 21.1% to US$23.9 million from the previous year, partly alleviating the impact of lower revenue and margins on our earnings.

Our financial standing remained sound despite continued headwinds in the industry. By carefully managing our working capital and balance sheet, we garnered a net operating cashflow of US$19.3 million. Net gearing stood at 0.9x as of 31 December 2015.

As a further precaution, we initiated an amendment by including a cure mechanism to the covenant on the

Interest Coverage Ratio (as defined in the trust deed) of our S$100 million Series 001 Notes issued in August 2014. The resolution was passed by our bondholders on 25 November 2015.

The Board has proposed a final ordinary dividend of 1.0 S¢ per share for FY2015, subject to shareholder's approval at the Annual General Meeting to be held on 28 April 2016. If approved, the total payout of approximately S$7.2 million is scheduled to be made on 20 May 2016.

FOCUSED, SECURELY AHEAD

The challenging conditions we are facing in today's market have not diluted our resolve to build a sustainable business that can offer solid growth over the long term. We remain focused on key strategies that can enable us to ride out this downcycle. These include deploying further cost control measures and continuing to manage our balance sheet and cash flows with care and vigilance, even as we intensify efforts to grow our foothold in targeted segments in both existing and emerging markets.

Indeed, one of our key competitive strengths is our veteran management team whose experience in navigating through the previous down cycles can provide us with the insights and expertise to steer the Group out of the current downturn. Another is our proven and scalable business model – owning and operating a diversified fleet of young and market-relevant vessels, has been central in establishing Pacific Radiance as a key player in this arena.

Our ability to extract significant cost savings from our supply chain also stands us in good stead. Our in-house shipbuilding expertise enables us to build vessels in a more cost efficient manner, as compared to acquiring vessels in the open market. Once we launch our new ship repair yard, expected to be operational by the first half of 2016, we expect to cut downtime for repairs and dry-docking, enhance response times, improve vessel reliability, and reduce maintenance costs.

Finally, our healthy financial position helps set us apart in a time when the industry is being buffeted by strong headwinds. By keeping our balance sheet sound, we continue to enjoy strong support from banks and other financial institutions.

PROSPECTS AND OUTLOOK

The coming year will certainly continue to test us, but we remain cautiously optimistic about the long-term prospects for the O&G sector. Global population growth and urbanisation remain key drivers to raise energy consumption and ultimately fuel demand for both offshore support vessels and services. Meanwhile, as the world's offshore infrastructure ages, the need for subsea inspection, repair and maintenance (IRM) services is anticipated to grow as well.

Our proven and scalable business model – owning and operating a diversified fleet of young and market-relevant vessels, has been central in establishing Pacific Radiance as a key player in this arena.

By staying nimble and adapting swiftly to ever-changing market and client needs, we seek to provide competitively priced and tailor-made solutions to continue to win over customers. Even in this gruelling environment, we have been able to secure new charters and renew existing contracts, maintaining our reputation for reliability, versatility, and cost-efficiency.

Experienced leadership, a robust business model, and our sound financial footing, have served us well and we continue to seek out fresh market opportunities and revenue streams as part of our long-term goal of establishing Pacific Radiance as a top global provider of offshore support services.

ACKNOWLEDGEMENTS AND APPRECIATION

We would like to thank both staff and management for their loyalty and commitment to Pacific Radiance – their determination to stand by the Company has kept the flag flying high. To our clients, shareholders, bondholders, and business partners, we extend our gratitude for your faith in us and our ability to steer a safe path forward. With your continued support, Pacific Radiance remains confident of rising above the challenges ahead.


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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 audit and remuneration committees at Global Yellow Pages Limited.

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.

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


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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.

07

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, Tokio Marine Life Insurance Singapore Ltd., and Tokio Marine Insurance Singapore Ltd..

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.

08

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.

09

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

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

10

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 executive chairman of Personnel Link Job Hub Pte. Ltd., an executive search and recruitment company, since 2004. He also serves on the board of Goldbell Corporation Pte. Ltd., a commercial vehicle leasing and car rental group, and several other private companies.

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

Mr Choo has served as president and board member of the International Factors Group SCRL, a global association of factoring companies and financial institutions based in Brussels, and was also chairman of its Asian Chapter.

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

11

MR PANG WEI KUAN, JAMES

Executive Officer

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

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

12

MR LOO CHOO LEONG

Executive Officer

Mr Loo Choo Leong joined Pacific Radiance in 2010 and is now its Group Finance Director. He oversees its overall financial, accounting, taxation, corporate finance, and treasury matters, ensuring compliance with financial reporting requirements. He was Chief Investment Officer from 2010 to 2011, and has been instrumental in driving the Group's investment activities. Mr Loo has more than 25 years of experience in general management, financial and management reporting and accounting, corporate planning and finance, treasury, taxation, internal audit, and implementation of information technology systems. He started out at Arthur Andersen & Co and later joined the Sime Darby group in 1992, 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 group head office, as well as its offshore engineering and construction, property development and investment, plantation and trading businesses.

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

OUR ABILITY TO ANTICIPATE MARKET NEEDS HAS LED US TO SWIFTLY REALIGN OUR OPERATIONS AND MANAGE OUR COSTS MORE EFFECTIVELY, EVEN AS WE CONTINUE TO GROW IN KEY MARKETS AND ESTABLISH PACIFIC RADIANCE AS A TOP GLOBAL PROVIDER OF OFFSHORE SUPPORT SERVICES.


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FINISHED WITH ENGINES
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FINANCIAL & OPERATIONS REVIEW

FINANCIAL REVIEW

For the offshore oil and gas sector, 2015 was a very difficult year in the aftermath of a sharp fall in oil prices. Demand and margins for offshore support services declined as oil companies scaled back or deferred capital expenditure and tightened operating expenses.

Revenue and Profit

At Pacific Radiance, we swiftly implemented cost management measures across the board to mitigate the impact of lower offshore support activity level, including tighter control of all personnel and administrative overheads, which helped the Group to remain profitable with a net attributable profit of US$3.8 million for the financial year ended 31 December 2015 (FY2015).

Group revenue came in at US$121.8 million as compared with US$172.2 million in the financial year ended 31 December 2014 (FY2014), due mainly to lower utilisation of its offshore support services and subsea fleet. Asia remained the largest contributor to Group revenue at US$98.4 million.

Our joint ventures were also affected by the depressed market conditions and yielded lower earnings in FY2015. The Group's share of results from joint ventures declined from US$12.1 million in FY2014 to US$4.5 million, due mainly to a lower contribution from our 35%-owned listed joint venture in Indonesia, PT Logindo Samudramakmur.

Segmental Performance

The decline in fleet utilisation contributed to the lower sales recorded by our core businesses. Our offshore support services posted 16.5% lower revenue of US$106.9 million, while sales at our subsea division came to US$8.6 million as compared with US$33.4 million in FY2014.

Lower activity levels during the year also contributed to the fall in earnings at our non-core complementary business arm, which reported revenue of US$6.3 million, against US$10.7 million in FY2014.

Despite an overall weaker performance, the Group generated a net operating cashflow of US$19.3 million as a result of prudent capital and cashflow management. As at 31 December 2015, we maintained a sound financial position with net gearing of 0.9 times.

OPERATIONS REVIEW

To weather the downturn, the Group has adopted a holistic approach in defining key strategic initiatives that would allow us to march on despite the expected prolonged impact of the low oil prices on our businesses, and yet remain flexible so that we can readily capture business development opportunities once the industry recovers.

Cost Management Measures

Additional cost management measures have been put in place since the onset of the crisis in the later part of 2014, enabling the Group to reduce its general and administrative expenses in FY2015 without any adverse impact on operations. Efforts to carve out a more efficient and sustainable cost structure include managing personnel costs through natural attrition and redeployment of resources, active fleet deployment management, and implementing overhead cost-saving solutions such as energy conservation measures.

Fleet Rejuvenation Programme

During the year, the Group took delivery of seven offshore support vessels (OSVs), ranging from anchor handling tugs and supply vessels (AHTS) to platform supply vessels (PSVs), all of which were undertaken and committed to before the market began to deteriorate. Simultaneously, the Group also sold several vessels to both third parties and our joint ventures or associate companies. The vessel injections into our joint venture partners or associate companies

should serve to secure strategic opportunities in various cabotage-protected markets.

As at the end of 2015, the size of our young and relevant fleet had grown to 141, comprising both wholly and jointly owned OSVs, and we currently possess one of the youngest fleets in the industry.

Building Core Competencies with Our People

Having recognised the need to continue optimising our operations to achieve our growth plans as well as to unite our people and improve productivity in this challenging environment, we have continued to roll out key initiatives under our Human Capital Strategy programme that will engage our employees and support the Group's long-term focus. These initiatives include formulating a more transparent and objective performance and reward system and implementing training programmes to improve core competencies.

OUTLOOK & STRATEGY

Moving forward, the Group expects market conditions to remain volatile and challenging, especially in the first half of 2016. However, we believe Pacific Radiance is strategically poised to ride out the current downturn as we are led by an experienced management team who has established a strong track record from weathering previous downcycles, and we are also supported by a sound business model and balance sheet.

We will remain focused on our long-term goal to become a top global offshore support service provider. We will continue to actively manage our fleet in a sustainable manner, keeping it young and relevant to market needs, while steadily raising our already high safety and operational standards. We will also strive to balance the pursuit of opportunities to grow our presence and clientele in existing and emerging markets through strategic partnerships, with the prudent management of both costs and capital.

SUSTAINABILITY REPORT

To ensure a sustainable world, not just for our own company and workforce, but also for the generations to come, we continue to seek new ways to enrich our people, advance the industry, protect the environment, and serve the community at large.

These efforts were acknowledged at the Singapore International Maritime Awards 2015, where Pacific Radiance received the Special Mention Award from the Maritime Port Authority (MPA). The Group was recognised not just as a fast-growing owner and operator in the offshore support sector, but also as a keen supporter of growth in Singapore's offshore and marine industry, contributing significantly through education and outreach activities, as well as training programmes to nurture maritime talents.

TAKING OUR PEOPLE TO THE NEXT STAGE

We firmly believe that the key to the future rests in our people. Only by fully engaging them and gaining their support through every step of the way, will we achieve the growth plans that we have mapped out. We are convinced that the way forward lies in shared goals that will unite and inspire our leadership and our workforce, deepening their commitment to creating an exciting new era for all.

To strengthen this bond, we rolled out a host of initiatives to further engage and motivate our people – ensuring a more transparent and objective system for managing and rewarding their performance, while upgrading their skills and arming them for the challenges in the future.

Organisational Development Project

At the heart of these initiatives was the Group-wide organisational development project run in partnership with an independent global management consulting firm, with the support of International Enterprise Singapore. We started off with a Town Hall that brought the whole organisation together to learn about our plans to foster a more cohesive workplace and performance-oriented culture at Pacific Radiance.

Management was fully involved throughout, starting with a strategic alignment workshop and an offsite session where they worked to craft a Human Capital Strategy that would embody the Group's vision and values while advancing its enterprise agenda. We also ran an employee effectiveness survey to obtain insights that could help us pinpoint the Group's strengths and weaknesses in order to better harness our assets.

These efforts enabled us to prioritise critical tasks aimed at developing resources to fine-tune our performance management system, thus shaping a more balanced and effective approach to the key performance indicators (KPIs) and assessment strategies used. Moreover, managers were trained to set both 'hard' and 'soft' KPIs for their staff, while learning techniques to coach their teams more effectively through regular engagement and feedback.

Other steps included holding visioning workshops with department heads to align them with strategic priorities, as well as group sessions with unit heads to promote sharing and cross-learning opportunities.

Performance Share Plan

In line with our Human Capital Strategy, we launched a long-term incentive plan designed to reward and motivate our people for their commitment to the Company. The Performance Share Plan seeks to enable every employee to become a vital stakeholder in Pacific Radiance, thus firmly aligning their long-term interests with the Group's and helping to ensure that we retain the best talent as we forge ahead with our growth plans. We intend to commence the implementation of the Performance Share Plan in 2016.

Learn and Grow

Training and development initiatives continued to focus on helping our people to excel in what they do and to achieve their full potential. New programmes emphasising both technical and functional skills were designed based on input from business heads, line managers, and staff, leading to a significant increase in average training hours per employee.

To bolster learning on a more informal basis, we introduced a series of "Lunch and Learn" talks focusing on key

industry and individual development issues, which proved to be popular and were well-received. Under our professional skills-based programme, two company-sponsored employees successfully completed diplomas in maritime and offshore management.

Staying Healthy and Productive
To aid our efforts to create a robust and vibrant workplace, we rolled out a number of targeted programmes to promote healthy lifestyles.

Staff welcomed regular lunchtime talks on nutrition and health, as well as demonstration workshops on healthy cooking. Many took advantage of the 12-week weight management programme that we started in conjunction with our Workplace Health Promotion (WHP) service provider.

Nurturing Young Talent
Recognising the need for new blood in the sector, we offered internship opportunities as part of the Global Internship Award organised by the MPA. The internships allowed students from local universities to gain first-hand knowledge of the industry through job attachments to overseas offices of international maritime companies including Pacific Radiance. The students posted to the Group were able to experience the dynamic working environment at our offices in Latin America, one of the world's largest oil and gas regions.

TAKING QHSSE STANDARDS HIGHER

Safety Targets
Pacific Radiance remains committed to raising quality, health, safety, security, and environment (QHSSE) standards by building a strong "safety first" culture, as well as by upgrading our systems and processes across the Group. The staunch support received from our management, staff, and contractors have been crucial in forging strong partnerships that allow us to execute each project safely and efficiently.

Over the year, we emphasised the need for constant review and communication across the value chain, to ensure that our processes and procedures remained in line with the latest statutory requirements and evolving industry needs. Key findings and imperatives were shared through regular safety meetings and management visits to the vessels.

New initiatives were rolled out, including the recruitment of an offshore training manager to oversee crew training and streamline requirements, as we strived to meet the highest standards in safety and operations despite the sector downturn.

The emphasis on behaviour-based safety (BBS) played a key role in boosting awareness and alertness during operations so that risks and hazards could be readily spotted and carefully managed. Crucial feedback was also gathered that helped us fine-tune our safety initiatives.

New standard operating procedures were put in place to enhance existing frameworks and to provide the crew with clear guidelines to follow even in the harshest conditions. Meticulous audits were carried out on our vessels and teams, both land-based and seafaring, which enabled us to accurately assess the effectiveness of our QHSSE management system.

Green Goals
Our new environmental objectives for the year included embracing the goals upheld at the 2015 Paris Climate Conference. The 21st Conference of

Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCC) saw participants entering a landmark agreement to keep global temperatures from rising more than 2°C above pre-industrial levels. At Pacific Radiance, our action plan included the monitoring and improvement of fuel utilisation rates and minimising monthly emissions of greenhouse gases (GHGs) for our vessels.

International Accreditations

We continue to benchmark ourselves against best-in-class international standards. We achieved ISO 9001:2008 and ISO 14001:2014 certifications for our quality management systems (QMS) and environmental management systems (EMS) respectively, and we are well on our way to obtaining the OHSAS 18001:2007 certification for our occupational health and safety management systems (OHSMS).

In the final quarter of the year, the accreditation scope of our ISO 9001:2008 and ISO 14001:2014 certifications was expanded after our wholly owned subsidiary, CrestSA Marine & Offshore Pte Ltd, successfully obtained class certification by ABS Quality Evaluations, Inc for the management of ship repairs, as well as fabrication and engineering of modules for offshore support vessels and barges. We now possess ISO 9001:2008 and 14001:2014 accreditations for seven of our entities and are seeking to obtain OHSAS 18001:2007 certifications by the end of 2016.

TAKING CARE OF HABITAT AND COMMUNITY

Outside the workplace as well, we believe that a socially responsible corporate family has a duty to conserve the environment for generations to come, while supporting the wider community around us.

Our staff volunteered to carry out clean-up exercises at both the Singapore River and Kallang River during the year as we did our part to keep Singapore's waterways clean and green. In previous years, we donated two safety boats to aid the Waterways Watch Society in its efforts to curb pollution. These measures are part of our continued efforts to contribute meaningfully to society, as well as promote staff cohesion.

For our community outreach drive, we organised a Kite Flying Day at the Marina Barrage for children, in conjunction with the Lakeside Family Services. Among the highlights were interactive activities that gave our employees the chance to share their experiences with the kids, especially during the educational tour on Singapore's water sources.

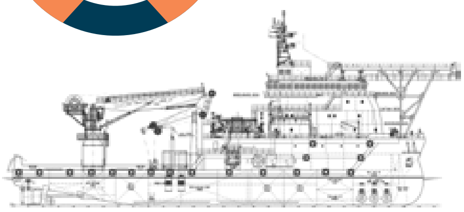
To further encourage our people to participate in such activities, we intend to hold at least two events a year where our staff can join in and give back to the community. In appreciation of their support for these efforts, our staff will be entitled to half a day's paid leave per event.

With the backing of our management and staff, we hope to continue making a difference by reaching out to the less fortunate and safeguarding our precious environment.

VESSEL PORTFOLIO

Directly owned vessels as at 31 December 2015

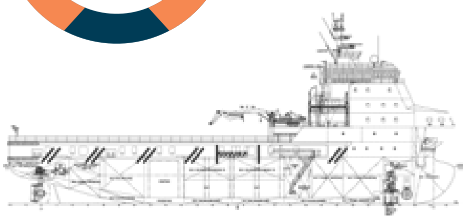
DIVING SUPPORT VESSELS



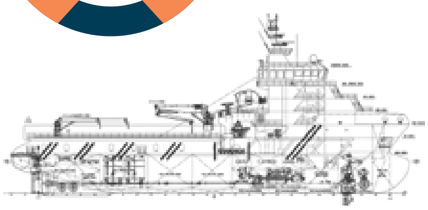
NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Odyssey 2	Singapore	12 men saturation dive system, 100 ton AHC subsea crane	ABS	2011
Crest Hydra	Singapore	Air dive & ROV, 24 ton AHC crane	BV	2014

PLATFORM SUPPLY VESSEL

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
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
Crest Apollo	Singapore	4,900 DWT/ diesel electric drive	ABS	2014
Crest Argus 3	Singapore	4,000 DWT	BV	2015
Crest Argus 5	Singapore	4,000 DWT	BV	2015



ANCHOR HANDLING TUG & SUPPLY VESSEL



NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Amethyst	Singapore	5,150 BHP	ABS	2012
Crest Tourmaline	Singapore	5,150 BHP	ABS	2012
Crest Imperial	Singapore	8,200 BHP	ABS	2013
Crest Mercury One	India	6,000 BHP	BV	2015
Crest Mercury Two	India	6,000 BHP	BV	2015
Crest Mercury 5	Singapore	6,000 BHP	BV	2015
Crest Optimus	Singapore	16,000 BHP	ABS	2015

VESSEL PORTFOLIO

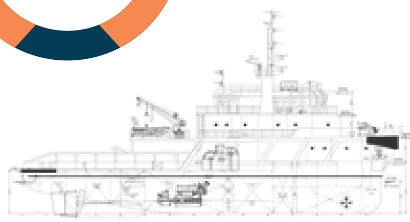
Directly owned vessels as at 31 December 2015

MULTI-PURPOSE SUPPORT VESSEL

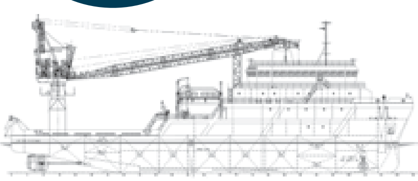
NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Radiant 1	Singapore	3,200 BHP	BV	2008
Crest Radiant 3	Singapore	3,200 BHP	BV	2008
Crest Radiant 5	Singapore	3,200 BHP	BV	2009
Crest Radiant 7	Singapore	3,200 BHP	BV	2010

ANCHOR HANDLING TUG

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



MAINTENANCE WORK VESSEL

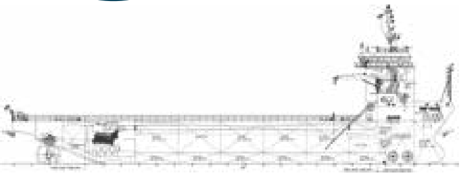


NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Nautilus 1	Singapore	120 men, 40 ton crane	ABS	2010
Crest Nautilus 2	Singapore	120 men, 40 ton crane	ABS	2010
Crest Athena 1	Singapore	208 men, 64 ton crane	ABS	2014
Crest Athena 2	Singapore	208 men, 64 ton crane	ABS	2014

VESSEL PORTFOLIO

Directly owned vessels as at 31 December 2015

SPECIAL CARRIER VESSEL



NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
Crest Angelica	Singapore	6,866 DWT	ABS	2012

ACCOMMODATION WORK BARGE

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

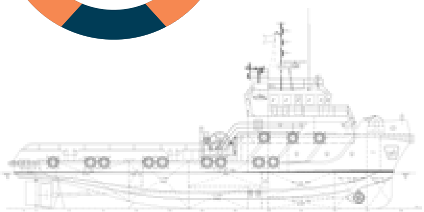
OCEAN TOWING TUG

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
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

VESSEL PORTFOLIO

Directly owned vessels as at 31 December 2015

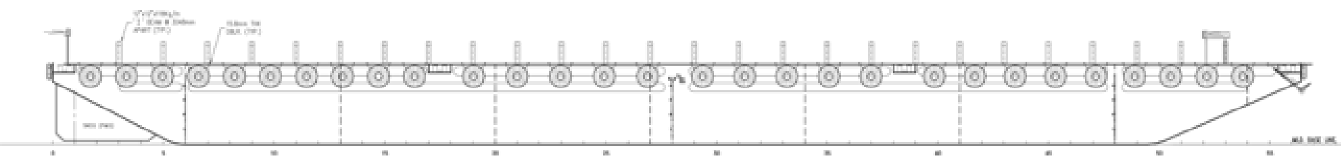
UTILITY SUPPLY VESSEL



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

NAME	FLAG	SPECIFICATIONS	CLASSIFICATION SOCIETY	YEAR DELIVERED
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	8,490 DWT	ABS	2010
Crest 2822	Singapore	8,490 DWT	ABS	2010
Crest 2823	Singapore	8,490 DWT	ABS	2013
Crest 2825	Singapore	8,490 DWT	ABS	2013
Crest 300	Singapore	9,000 DWT	ABS	2010
Crest 301	Singapore	9,000 DWT	ABS	2010

OFFSHORE BARGE



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 2015 (FY2015), 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 FY2015 is set out below:

	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
Name of director	**No. held**	**No. attended**	**No. held**	**No. attended**	**No. held**	**No. attended**	**No. held**	**No. attended**
Pang Yoke Min	4	4						
Mok Weng Vai	4	4						
Pang Wei Meng	4	3			1	1		
Lau Boon Hwee	4	4						
Yong Yin Min	4	4	4	4			1	1
Ng Tiong Gee	4	4			1	1	1	1
Ooi Chee Kar	4	4	4	4				
Goh Chong Theng	4	4	4	4				
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 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, and 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 development programs for the Board;
- Review and approval of new employment of persons related to the Directors and Controlling Shareholders and the proposed terms of their employment; and
- Appointment and re-appointment of directors.

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

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

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

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

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

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

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

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

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

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

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

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

Pursuant to the one-third rotation rule, Mr. Pang Yoke Min, Mr. Pang Wei Meng, Ms. Ooi Chee Kar, and Mr. Ng Tiong Gee 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 111 of the Company's Constitution at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations.

The key information on Directors and Proposed Directors for re-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 Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Listing Manual, are complied with. She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

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

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

REMUNERATION MATTERS

Principle 7: Procedures for developing remuneration policies

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

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

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

Principle 8: Level and mix of remuneration

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

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

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

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 FY2015 is as follows:

	Fees %	Salary[1] %	Bonus[1] %	Other Benefits[2] %	Total %
S$500,001 to S$750,000					
Pang Yoke Min	6.00	51.68	25.51	16.81	100
S$250,001 to S$500,000					
Mok Weng Vai	7.60	64.12	10.61	17.67	100
Pang Wei Meng	9.74	64.91	9.93	15.42	100
Lau Boon Hwee	8.33	64.86	9.54	17.27	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

There are only two top key management personnel (who are not directors or the CEO) whom the Company considers to be key executives of the Group. The remuneration paid to or accrued to the top key management personnel (who are not directors or the CEO) for FY2015 is as follows:

	Salary(1) %	Bonus(1) %	Other Benefits(2) %	Total %
S$250,001 to S$500,000				
Pang Wei Kuan, James	62.92	9.63	27.45	100
Loo Choo Leong	66.06	9.31	24.63	100

(1) Salary and bonus include employer's contributions to Central Provident Fund
(2) Other benefits refer to benefits-in-kind such as car, housing allowances, club membership etc. made available to key management personnel as appropriate.

There are only two employees who are considered to be immediate family members of a director or a CEO, and whose remuneration exceeds S$50,000 in FY2015:

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

For FY2015, save as disclosed in the above table which shows the breakdown of the remuneration (in percentage terms) of Mr. Pang Wei Meng and Mr. Pang Wei Kuan, James, the Company and its subsidiaries do not have any other employee who is an immediate family member of a director and whose remuneration exceeds S$50,000.

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

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

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

Principle 11: Risk management and internal controls

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, AC, and the Board, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks, and information technology controls and risk management systems were adequate as at 31 December 2015. This is in turn supported by assurance from the Executive Chairman and the Group Finance Director (i) that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) regarding the effectiveness of the Group's risk management and internal control systems.

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

Principle 12: Audit committee

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

The duties of the AC include:

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

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 FY2015 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.

CORPORATE GOVERNANCE REPORT

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 2015 and since its appointment, the AC carried out the following activities:

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

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

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

Principle 13: Internal audit

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

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

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder rights

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

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

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

Principle 15: Communication with shareholders

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

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

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

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

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

Principle 16: Conduct of shareholders meetings

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

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

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.

CORPORATE GOVERNANCE REPORT

Save as disclosed below, there were no material interested person transactions entered into by the Group for FY2015.

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	Services provided by an associate of Mr. Pang Yoke Min to the Group: S$120,000	None

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 2015.

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.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Pacific Radiance Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

2. DIRECTORS

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

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

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Pang Yoke Min	18,951,744	18,951,744	465,470,000	465,470,000
Mok Weng Vai	46,896,256	46,896,256	–	–
Pang Wei Meng	40,000	40,000	–	–
Lau Boon Hwee	1,609,970	1,609,970	–	–
Yong Yin Min	27,713,000	27,713,000	–	–
Ng Tiong Gee	25,000	25,000	–	–
Goh Chong Theng	160,000	160,000	–	–
Wong Meng Hoe	100,000	100,000	–	–
Choo Boon Tiong	20,000	70,000	–	–
Ordinary shares of the holding company YM Investco Pte Ltd				
Pang Yoke Min	19,999	19,999	–	–
Pang Wei Meng	1	1	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

5. PERFORMANCE SHARE PLAN

The Pacific Radiance Performance Share Plan ("Performance Share Plan") was approved by the shareholders on 28 October 2013 prior to the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 13 November 2013. The Board 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.

5. PERFORMANCE SHARE PLAN (CONT'D)

(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.

(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 re-appointment as auditor.

On behalf of the board of directors,

Pang Yoke Min Director	Mok Weng Vai Director

28 March 2016

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 41 to 117 which comprise the balance sheets of the Group and the Company as at 31 December 2015, 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 financial statements 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 financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, 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 subsidiary corporations 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
28 March 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	2015 US$'000	2014 US$'000
Revenue	4	121,799	172,219
Cost of sales		(97,503)	(118,054)
Gross profit		24,296	54,165
Other operating income	5	19,101	42,878
General and administrative expenses		(23,933)	(30,326)
Other operating expenses		(4,706)	(1,820)
Finance costs	6	(12,105)	(9,112)
Share of results of joint ventures		4,537	12,145
Share of results of associate		(1,883)	389
Profit before taxation	7	5,307	68,319
Taxation	8	(1,624)	1,103
Profit for the year		3,683	69,422
Profit for the year attributable to:			
Equity holders of the Company		3,829	68,316
Non-controlling interests		(146)	1,106
		3,683	69,422
Earnings per share attributable to equity holders of the Company (US cents per share)			
Basic	9	0.5	9.4
Diluted	9	0.5	9.4

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 2015

	2015 US$'000	2014 US$'000
Profit for the year	3,683	69,422
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
- Foreign currency translation	(361)	437
- Net fair value changes on cash flow hedges	(828)	(1,499)
- Share of other comprehensive loss of a joint venture	(441)	–
Other comprehensive income for the year, net of tax	(1,630)	(1,062)
Total comprehensive income for the year	2,053	68,360
Total comprehensive income for the year attributable to:		
Equity holders of the Company	2,259	67,309
Non-controlling interests	(206)	1,051
	2,053	68,360

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

BALANCE SHEETS

As at 31 December 2015

	Note	Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	606,249	572,053	–	–
Investment in subsidiaries	11	–	–	44,752	44,752
Investment in associate	12	–	6,156	–	–
Investment in joint ventures	13	68,045	59,360	–	–
Club memberships		289	302	–	–
Amounts due from related companies	14	75,363	–	–	–
Derivatives	15	58	178	–	–
		750,004	638,049	44,752	44,752
Current assets					
Inventories	16	942	3,329	–	–
Trade receivables	17	25,249	35,102	–	–
Other receivables	18	13,823	6,526	177	205
Amounts due from related companies	14	83,362	55,105	323,378	204,947
Investment securities	19	125	–	–	–
Cash and cash equivalents	20	43,133	101,436	302	52,655
		166,634	201,498	323,857	257,807
Total assets		916,638	839,547	368,609	302,559
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	21	14,321	15,846	–	–
Other liabilities	22	55,180	41,316	2,733	5,323
Amounts due to related companies	25	1,213	1,148	110,065	39,929
Bank loans	26	80,512	50,664	–	–
Provision for taxation		3,241	5,496	184	–
Finance lease obligations	28	150	29	–	–
Derivatives	15	37	1,170	–	–
		154,654	115,669	112,982	45,252
Net current assets		11,980	85,829	210,875	212,555
Non-current liabilities					
Other liabilities	22	13,117	8,777	–	–
Provisions	23	187	–	–	–
Deferred capital grant	24	1,418	–	–	–
Bank loans	26	248,977	201,404	–	–
Notes payable	27	69,331	74,781	69,331	74,781
Deferred tax liabilities	29	123	166	–	–
Finance lease obligations	28	430	102	–	–
Derivatives	15	12,390	6,729	11,971	6,279
		345,973	291,959	81,302	81,060
Total liabilities		500,627	407,628	194,284	126,312
Net assets		416,011	431,919	174,325	176,247
Equity attributable to equity holders of the Company					
Share capital	30(a)	162,854	162,854	162,854	162,854
Treasury shares	30(b)	(817)	–	(817)	–
Retained earnings		266,416	278,603	14,443	14,720
Other reserves	31	(15,065)	(13,495)	(2,155)	(1,327)
		413,388	427,962	174,325	176,247
Non-controlling interests		2,623	3,957	–	–
Total equity		416,011	431,919	174,325	176,247

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 2015

		Attributable to equity holders of the Company									
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
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	31(a)	–	–	492	492	–	–	–	492	(55)	437
- Net fair value changes on cash flow hedges	31(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	30(a), 31(a)	7,600	(1,025)	(6,796)	(6,796)	–	–	–	(221)	–	(221)
Contributions by and distributions to equity holders											
- Dividends on ordinary shares	38	–	(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	31(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.

Group	Note	Attributable to equity holders of the Company										
		Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Total other reserves US$'000	Foreign currency translation reserve US$'000	Employee share-based payments reserve US$'000	Hedging reserve US$'000	Premium paid on acquisition of non-controlling interests US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2015		162,854	–	278,603	(13,495)	(8,989)	172	(1,499)	(3,179)	427,962	3,957	431,919
Profit for the year		–	–	3,829	–	–	–	–	–	3,829	(146)	3,683
Other comprehensive income												
- Foreign exchange translation	31(a)	–	–	–	(301)	(301)	–	–	–	(301)	(60)	(361)
- Net fair value changes on cash flow hedges	31(c)	–	–	–	(828)	–	–	(828)	–	(828)	–	(828)
- Share of other comprehensive income of a joint venture	31(c)	–	–	–	(441)	–	–	(441)	–	(441)	–	(441)
Total comprehensive income for the year		–	–	3,829	(1,570)	(301)	–	(1,269)	–	2,259	(206)	2,053
Contributions by and distributions to equity holders												
- Equity contribution by non-controlling interests		–	–	–	–	–	–	–	–	–	740	740
- Acquisition of treasury shares	30(b)	–	(817)	–	–	–	–	–	–	(817)	–	(817)
- Dividends on ordinary shares	38	–	–	(16,016)	–	–	–	–	–	(16,016)	–	(16,016)
- Dividends paid to non-controlling shareholders by subsidiaries		–	–	–	–	–	–	–	–	–	(1,868)	(1,868)
Total contributions by and distributions to equity holders		–	(817)	(16,016)	–	–	–	–	–	(16,833)	(1,128)	(17,961)
Balance at 31 December 2015		162,854	(817)	266,416	(15,065)	(9,290)	172	(2,768)	(3,179)	413,388	2,623	416,011

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

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	31(a)	–	–	865	865	–	–	865
- Net fair value changes on cash flow hedges	31(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	30(a), 31(a)	7,600	(1,025)	(6,796)	(6,796)	–	–	(221)
Contributions by and distributions to equity holders								
- Dividends on ordinary shares	38	–	(11,448)	–	–	–	–	(11,448)
Balance as at 31 December 2014		162,854	14,720	(1,327)	–	172	(1,499)	176,247

Company	Note	Share capital US$'000	Treasury Shares US$'000	Retained earnings US$'000	Total other reserve US$'000	Employee share-based payments reserve US$'000	Hedging reserve US$'000	Total equity US$'000
Balance at 1 January 2015		162,854	–	14,720	(1,327)	172	(1,499)	176,247
Profit for the year		–	–	15,739	–	–	–	15,739
Other comprehensive income								
- Net fair value changes on cash flow hedges	31(c)	–	–	–	(828)	–	(828)	(828)
Total comprehensive income for the year		–	–	15,739	(828)	–	(828)	14,911
Contributions by and distributions to equity holders								
- Acquisition of treasury shares	30(b)	–	(817)	–	–	–	–	(817)
- Dividends on ordinary shares	38	–	–	(16,016)	–	–	–	(16,016)
Total contributions by and distributions to equity holders		–	(817)	(16,016)	–	–	–	(16,833)
Balance as at 31 December 2015		162,854	(817)	14,443	(2,155)	172	(2,327)	174,325

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 2015

	Note	2015 US$'000	2014 US$'000
Cash flows from operating activities:			
Profit before taxation		5,307	68,319
Adjustments for:			
Depreciation of property, plant and equipment	10	26,364	27,851
Net gain on acquisition of subsidiaries	11(b)	–	(434)
Finance costs	6	12,105	9,112
Interest income	5	(4,272)	(1,956)
Share of results of joint ventures		(4,537)	(12,145)
Share of results of associate		1,883	(389)
Gain on sale of property, plant and equipment, net	5	(11,733)	(34,637)
Impairment/(write back) of doubtful receivables, net	7	162	(1,620)
Allowance for inventory obsolescence	7	233	7
Provision for foreseeable losses of an equipment contract	7	–	91
Impairment of club memberships	7	13	23
Net loss on deemed disposal of subsidiaries	11(c)	–	88
Net gain on acquisition of interest in joint ventures	13(d)	(973)	–
Write back of provision for legal claims	5	–	(842)
Net fair value (gain)/loss on derivatives	7,5	(1,044)	1,494
Net fair value gain on held for trading investment securities	5	(18)	–
Exchange differences		(435)	(48)
Operating cash flows before changes in working capital		23,055	54,914
Decrease in trade and other receivables		5,561	12,963
Increase in amounts due from/to related companies		(9,687)	(11,682)
Decrease in inventories		2,154	61
Increase in trade payables and other liabilities		11,608	16,881
Cash generated from operations		32,691	73,137
Income tax paid		(2,733)	(3,655)
Interest paid		(11,779)	(7,523)
Interest received		1,105	266
Net cash flows generated from operating activities		19,284	62,225
Cash flows from investing activities:			
Purchase of property, plant and equipment	10	(161,565)	(206,944)
Proceeds from sale of property, plant and equipment		7,554	170,264
Investment in joint ventures		(3,319)	(7,913)
Purchase of investment securities		(107)	–
Net cash inflow on acquisition of subsidiaries	11(b)	–	1,225
Net cash outflow on deemed disposal of a subsidiary	11(c)	–	(995)
Loans repayment from/(to) related companies, net		17,727	(7,168)
Dividend income from a joint venture	13(c)	694	549
Net cash flows used in investing activities		(139,016)	(50,982)

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 2015

	Note	2015 US$'000	2014 US$'000
Cash flows from financing activities:			
Equity contribution by non-controlling interests		740	–
Acquisition of non-controlling interests	11(b)	–	(1,590)
Repayment of finance lease obligations		(164)	(19)
Proceeds from bank loans		199,342	98,255
Repayment of bank loans		(120,084)	(139,670)
Purchase of treasury shares	30(b)	(817)	–
Proceeds from issuances of notes payable, net of transaction costs		–	79,562
Dividends paid to equity holders of the Company	38	(16,016)	(11,448)
Dividends paid to non-controlling shareholders by subsidiaries		(1,868)	–
Cash and cash equivalents (pledged)/released as securities	20	(3,473)	489
Net cash flows generated from financing activities		57,660	25,579
Net (decrease)/increase in cash and cash equivalents		(62,072)	36,822
Effect of exchange rate changes on cash and cash equivalents		296	229
Cash and cash equivalents at 1 January		100,736	63,685
Cash and cash equivalents at 31 December	20	38,960	100,736

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 2015

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.

On 1 July 2014, the functional currency of the Company changed from Singapore Dollars (SGD or S$) to USD. As USD reflects the economic substance of the underlying 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. This change in functional currency is applied prospectively with effect from 1 July 2014. The impact of the change in functional currency has been disclosed in Note 30(a) and 31(a).

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 2015. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture - Bearer Plants	1 January 2016
Amendments to FRS 27 Separate Financial Statements (Equity Method in Separate Financial Statements)	1 January 2016
Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)	1 January 2016
Amendments to FRS 111 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(b) Amendments to FRS 19 Employee Benefits	1 January 2016
FRS 114 Regulatory Deferral Accounts	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Date to be determined*
Amendments to FRS 1 Presentation of Financial Statements (Disclosure Initiative)	1 January 2016
Amendments to FRS 110 Consolidated Financial Statements, FRS 112 Disclosure of Interests in Other Entities and FRS 28 Investments in Associates and Joint Ventures (Investment Entities: Applying the Consolidation Exception)	1 January 2016
Amendments to FRS 7 Statement of Cash Flows (Disclosure Initiative)	1 January 2017
Amendments to FRS 12 Income Taxes (Recognition of Deferred Tax Assets for Unrealised Losses)	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

*The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 is described below.

<u>FRS 115 Revenue from Contracts with Customers</u>
FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

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

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

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

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

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

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

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

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.

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

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

2.5 Transactions with non-controlling interests

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

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

2.6 Foreign currency

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

(a) Transactions and balances

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

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

2.6 Foreign currency (cont'd)

(a) Transactions and balances (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that 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.

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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.

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

Club memberships

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

2.9 Impairment of non-financial assets

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

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

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

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

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

2.10 Subsidiaries

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

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

2.11 Joint arrangements

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

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

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

Joint ventures

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

2.12 Joint ventures and associates

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.12 Joint ventures and associates (cont'd)

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.

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.

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

(a) Financial assets (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(b) Financial liabilities (cont'd)

(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.

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 15 for more details.

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

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

Hedge accounting (cont'd)

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

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

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

2.15 Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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.

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.

Provision for reinstatement costs

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

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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

2.20 Financial guarantee

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

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

2.21 Borrowing costs

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

2.22 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.23 Leases

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

As lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.23 Leases (cont'd)

As lessee (cont'd)

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

As lessor

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

2.24 Revenue

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

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

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

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

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

Interest income is recognised using the effective interest method.

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

2.25 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.

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

2.25 Income taxes and other taxes (cont'd)

(b) Deferred tax

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

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

– Where the deferred tax liability arises from the initial recognition of 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.26 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.

2.27 Treasury shares

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

2.28 Contingencies

A contingent liability is:

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING 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, 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.

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

Judgments made in applying accounting policies (cont'd)

(a) Functional currency (cont'd)

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.

(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 (2014: one) vessel that was on sale and leaseback arrangement amounting to US$4,654,000 (2014: US$2,588,000) 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 2015 were US$3,241,000 (2014: US$5,496,000) and US$123,000 (2014: US$166,000) 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. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

Judgments made in applying accounting policies (cont'd)

(f) Impairment of non-financial assets

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

For the purposes of impairment assessment of vessels, the fair value less costs to dispose is determined based on valuation reports issued by independent professional valuers. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the remaining useful life of the assets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

As at 31 December 2015, the carrying amount of property, plant and equipment is US$606,249,000 (2014: US$572,053,000) and there was no impairment charged for the financial year (2014: US$Nil).

Key sources of estimation uncertainty

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

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

Useful lives of vessels

Vessels are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of vessels to be 20 or 25 years. The carrying amount of the Group's vessels at 31 December 2015 was US$460,195,000 (2014: US$429,985,000). 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.

A 5% increase/(decrease) in the expected useful lives of these assets from management estimates would result in an decrease/(increase) of approximately US$1,041,000 and US$1,131,000 (2014: US$1,193,000 and US$1,244,000) respectively in the Group's profit before tax.

The Group revised the estimated useful lives of certain types of vessels from 20 years to 25 years after conducting an operational and sector review of each category of the vessels' useful lives. The Group has always been actively reviewing its fleet composition and newbuild programme to ensure that its fleet remains market relevant. Over the years, the fleet composition of the Group has gradually changed to larger vessels with higher specifications. The usability of such vessels is expected to be 25 years. As a result, the Group has revised the useful lives of certain types of vessels from 20 to 25 years.

In accordance with FRS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the change in accounting estimate has been applied from 1 January 2015. Accordingly, the adoption of the change in accounting estimate has no effect in prior years.

The effect of the revision on depreciation charge in current and future periods is disclosed in Note 10.

4. REVENUE

	Group 2015 US$'000	Group 2014 US$'000
Charter hire income	114,957	160,638
Ship management fee income	567	871
Sale of equipment	6,251	10,704
Others	24	6
	121,799	172,219

5. OTHER OPERATING INCOME

	Group 2015 US$'000	Group 2014 US$'000
Gain on sale of property, plant and equipment, net	11,733	34,637
Interest income from banks	489	394
Interest income from loans to joint ventures and associate	2,269	1,477
Interest income from third parties	1,514	85
Net fair value gain on derivatives	1,044	–
Net gain on acquisition of a subsidiary (Note 11(b))	–	497
Net gain on acquisition of joint ventures (Note 13(d))	973	–
Gain on deemed disposal of a subsidiary (Note 11(c))	–	4
Management fee income	187	162
Write back of provision for legal claims (Note 23)	–	842
Debts waived by previous shareholder of a subsidiary	–	888
Net fair value gain on held for trading investment	18	–
Sundry income	874	3,892
	19,101	42,878

Included in interest income from third parties is interest of US$168,000 (2014: US$133,000) from an impaired loan to a third party (Note 18).

6. FINANCE COSTS

	Group 2015 US$'000	Group 2014 US$'000
Interest expense on bank loans and finance lease obligations	9,304	8,532
Interest expense on notes payable	3,344	1,188
Interest expense on borrowings from a shareholder of a subsidiary	246	499
	12,894	10,219
Provisions discount adjustment (Note 23)	12	–
Less: Interest capitalised in property, plant and equipment (Note 10)	(801)	(1,107)
	12,105	9,112

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

7. PROFIT BEFORE TAXATION

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

	Group	
	2015 US$'000	2014 US$'000
Audit fees:		
- Auditors of the Company	168	226
- Other auditors	–	69
Non audit fees:		
- Auditors of the Company	98	148
- Other auditors	(3)	–
Legal and professional fees	589	697
Inventories recognised as an expense in cost of sales (Note 16)	2,383	835
Allowance for inventory obsolescence (Note 16)	233	7
Directors' remuneration	1,638	4,079
Key management personnel compensation	650	1,322
Staff salaries, wages and benefits (excluding directors' remuneration and key management personnel compensation)	13,129	15,378
Included in staff salaries, wages and benefits:		
- defined contribution plan expense	824	1,163
Depreciation of property, plant and equipment (Note 10)	26,364	27,851
Write back of doubtful trade receivables, net (Note 17)	(65)	(2,022)
Impairment of doubtful non-trade receivables, net (Note 18)	227	137
Impairment of doubtful receivables from related companies, net (Note 14)	–	265
Foreign exchange losses, net	4,160	1,365
Operating lease expenses (Note 33(b))	6,266	4,727
Loss on deemed disposal of a subsidiary (Note 11(c))	–	92
Loss on acquisition of a subsidiary (Note 11(b))	–	63
Net gain on acquisition of interest in joint ventures (Note 13(d))	(973)	–
Deemed dilution of interest in investment in a joint venture (included in share of results of joint ventures)	–	(1,391)
Impairment of club memberships	13	23
Net fair value (gain)/loss on derivatives	(1,044)	1,494
Provision for foreseeable losses of an equipment contract	–	91
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	(1,912)	(382)
Realisation of deferred gain on sale of vessels to associate (included in share of results of associate)	(552)	(159)

8. TAXATION

The major components of income tax expense/(credit) for the years ended 31 December 2015 and 2014 were:

	Group 2015 US$'000	Group 2014 US$'000
Consolidated income statements:		
Current income tax		
- Current year's income taxation	943	591
- Over provision in respect of prior years, net	(2,304)	(4,394)
	(1,361)	(3,803)
Deferred income tax (Note 29)		
- Origination of temporary differences	24	83
- Benefits from previously unrecognised tax losses	–	(27)
	24	56
Withholding tax	2,961	2,644
Tax expense/(credit) recognised in consolidated income statement	1,624	(1,103)

The reconciliation between the tax expense/(credit) and the product of accounting profit before taxation multiplied by the applicable tax rate for the financial years ended 31 December 2015 and 2014 was as follows:

	Group 2015 US$'000	Group 2014 US$'000
Profit before taxation	5,307	68,319
Tax charge at Singapore statutory rate of 17% (2014: 17%)	902	11,614
Adjustments:		
Income not assessable for tax purposes	(1,510)	(9,059)
Expenses not deductible for tax purposes	1,674	2,393
Over provision in respect of prior years, net	(2,304)	(4,394)
Effect of partial tax exemption and tax relief	(249)	(296)
Deferred tax assets not recognised	520	348
Benefits from previously unrecognised tax losses	–	(27)
Share of results of joint ventures	(771)	(1,997)
Share of results of associate	320	(66)
Net tax exempt income under Section 13A or 13F of the Singapore Income Tax Act and rebate available	(63)	(2,263)
Others	144	–
Withholding tax	2,961	2,644
Tax expense/(credit) recognised in consolidated income statement	1,624	(1,103)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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	
	2015	**2014**
	US$'000	**US$'000**
Profit for the year attributable to equity holders of the Company	3,829	68,316
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares for calculation:		
- Applicable to basic earnings per share	724,542	725,755
- On a fully diluted basis	724,542	725,755

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

Since the end of the financial year, the Company acquired 6,236,400 (2014: Nil) ordinary shares in the Company through purchases on the Singapore Exchange. There have been no other transactions involving ordinary shares since the reporting date and before the completion of these financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

	Vessels US$'000	Drydocking expenditure US$'000	Vessels under construction US$'000	Plant and equipment US$'000	Ship-repair yard under construction US$'000	Property and Buildings US$'000	Total US$'000
Group							
Cost:							
At 1 January 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 and 1 January 2015	500,197	8,481	106,000	6,923	10,276	17,019	648,896
Additions	5,283	3,569	125,806	265	23,135	883	158,941
Disposals	(108,957)	(1,851)	–	(1,789)	–	–	(112,597)
Transfer	142,146	–	(142,146)	–	–	–	–
Translation differences	(1,010)	–	–	(149)	(661)	(926)	(2,746)
At 31 December 2015	537,659	10,199	89,660	5,250	32,750	16,976	692,494
Accumulated depreciation:							
At 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 and 1 January 2015	70,212	1,899	–	4,019	–	713	76,843
Depreciation charge for the financial year	21,698	2,497	–	1,446	–	723	26,364
Disposals	(14,295)	(568)	–	(1,776)	–	–	(16,639)
Translation differences	(151)	–	–	(92)	–	(80)	(323)
At 31 December 2015	77,464	3,828	–	3,597	–	1,356	86,245
Net carrying amounts:							
At 31 December 2015	460,195	6,371	89,660	1,653	32,750	15,620	606,249
At 31 December 2014	429,985	6,582	106,000	2,904	10,276	16,306	572,053

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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$412,478,000 (2014: US$378,763,000) were mortgaged to bankers as collateral to secure the Group's bank loans (Note 26).

At the balance sheet date, buildings and ship-repair yard under construction with a carrying amount of US$47,691,000 (2014: US$26,582,000) were mortgaged to bankers as collateral to secure the Group's bank loans (Note 26).

Assets held under finance leases

During the year, the Group acquired plant and equipment with an aggregate cost of US$641,000 (2014: US$148,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to US$161,565,000 (2014: US$206,944,000).

At the balance sheet date, the carrying amount of plant and equipment held under finance leases was US$756,000 (2014: US$204,000).

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$801,000 (2014: US$1,107,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.67% (2014: 2.64%) per annum, which was the weighted average effective interest rate of the specific borrowings.

Change in estimate

During the financial year, the Group conducted an operational efficiency review on its fleet. The Group revised the estimated useful lives of certain types of vessels from 20 years to 25 years after conducting an operational and sector review of each category of the vessels' useful lives. The Group has always been actively reviewing its fleet composition and newbuild programme to ensure that its fleet remains market relevant. Over the years, the fleet composition of the Group has gradually changed to larger vessels with higher specifications. The usability of such vessels is expected to be 25 years. As a result, the Group has revised the useful lives of certain types of vessels from 20 to 25 years. The revision in estimate has been applied on a prospective basis from 1 January 2015. The effect of the above revision on depreciation charge in current and future periods are as follows:

	2015 $'000	2016 $'000	2017 $'000	Later $'000
(Decrease)/increase in depreciation expense	(5,618)	(5,555)	(5,555)	16,158

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 US$'000	2014 US$'000
Unquoted equity shares, at cost	44,752	44,752

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 2015 %	2014 %
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 (6)	Singapore	Dormant	60	60
Pacific Crest Labuan Ltd (3) (6)	Malaysia	Dormant	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 (7)	Australia	Marketing office	–	100
Pacific Radiance (East Africa) Lda (5)	Africa	Marketing office	100	100
Pacific Crest (Brunei) Sdn Bhd (2)	Brunei	Marketing office	90	90
Radiance Offshore Holdings Pte Ltd (1)	Singapore	Investment holding	100	100
Supreme Radiance Pte Ltd (7)	Singapore	Dormant	–	100
Continental Radiance Offshore Pvt Ltd (4) (5)	India	Ship chartering and ship owning	100	–

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For the financial year ended 31 December 2015

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	
			2015	2014
			%	%
Held through Crest Offshore Marine Pte Ltd				
Firstmac Investments Limited [5]	British Virgin Islands	Investment holding	100	100
Radiance ZJ Pte Ltd [1] [4]	Singapore	Ship chartering and ship owning	63	–
Held through Firstmac Investments Limited				
Hudson Marine Pte Ltd [1]	Singapore	Investment holding	100	100
Held through Crest Logistics Pte Ltd				
Consolidated Pipe Carriers Pte Ltd [1]	Singapore	Integrated logistics solutions services provider	100	100
Held through Consolidated Pipe Carriers Pte Ltd				
CPC Solutions Pte Ltd [1]	Singapore	Integrated logistics solutions services provider	100	100
Consolidated Pipe Carriers (Australia) Pty Ltd [3]	Australia	Integrated logistics solutions services provider	100	100
Held through CPC Solutions Pte Ltd				
CPC PNG Limited [3]	Papua New Guinea	Cargo handling and other supporting transport activities	100	100
Held through Crest Shipyard Pte Ltd				
CrestSA Marine & Offshore Pte Ltd [1]	Singapore	Repair of offshore vessels and other ocean-going vessels	100	100
Held through Crest Subsea International Pte Ltd				
CSI Offshore Pte Ltd [1]	Singapore	Ship chartering, ship owning and ship management services	100	100
Offshore Subsea Services (Asia Pacific) Pte Ltd [1]	Singapore	Offshore subsea intervention for oil and gas industry	80	80
PT Cahaya Offshore Indonesia [3] [4] [8]	Indonesia	Dormant	49	–
Held through Offshore Subsea Services (Asia Pacific) Pte Ltd				
PT Subsea Offshore [3]	Indonesia	Offshore subsea intervention for oil and gas industry	95	95

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	
			2015 %	2014 %
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.
(7) Dissolved in 2015.
(8) On 14 July 2015 (incorporation date), the Group's subsidiary company, Crest Subsea International Pte Ltd ("CSI") incorporated a company, PT Cahaya Offshore Indonesia ("PT Cahaya"), in Indonesia, and subscribed for 4,900 Series A shares, representing the entire voting shares and 49% of the total issued shares of PT Cahaya. Since the Group has control over PT Cahaya through its entire voting shares, PT Cahaya is accounted for as a subsidiary of the Group.

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

As the Group's Indonesian subsidiaries were not in retained profit positions as at 31 December 2015 and 31 December 2014, no reserve fund was allocated.

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

Transactions with non-controlling interests have been disclosed in Note 32(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.

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For the financial year ended 31 December 2015

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
Amounts due from related companies	1,112
Cash and cash equivalents	1,225
	21,060
Other liabilities	(2,773)
Amounts 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

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 financial year ended 31 December 2014.

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

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For the financial year ended 31 December 2015

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 financial year ended 31 December 2014 of the Group would have been US$172,219,000 and US$69,478,000 respectively.

(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.

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)

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.

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)
Amounts 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:

	2014 US$'000
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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.

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
Amounts due from related companies	862
Cash and cash equivalents	995
	29,635
Trade payables and other liabilities	(1,018)
Amounts 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 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) Interest in subsidiaries with material non-controlling interest

As at 31 December 2015, the Group has no subsidiaries (2014: Nil) that have non-controlling interest that are material to the Group.

12. INVESTMENT IN ASSOCIATE

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

	Group 2015 US$'000	Group 2014 US$'000
PT Jawa Tirtamarin	–	6,156

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

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2015 %	Percentage of equity held by the Group 2014 %
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.

On 1 January 2015, the functional currency of the associate changed from Indonesian Rupiah (IDR or Rp) to USD. As USD reflects the economic substance of the underlying events and circumstances relevant to the associate, USD was concluded to be the currency of the primary economic environment which the associate operates in. This change in functional currency is applied prospectively with effect from 1 January 2015.

The Group has not recognised losses relating to the associate where its share of losses exceeded the Group's interest in the associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was US$1,030,000 (2014: US$Nil) which relates to current year's losses. The Group has no obligation in respect of these losses.

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For the financial year ended 31 December 2015

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 are as follows:

Summarised balance sheet

	PT Jawa	
	2015	**2014**
	US$'000	**US$'000**
Current assets	7,178	6,704
Non-current assets	100,015	28,749
Total assets	107,193	35,453
Current liabilities	(27,667)	(4,915)
Non-current liabilities	(62,851)	(16,809)
Total liabilities	(90,518)	(21,724)
Net assets	16,675	13,729
Proportion of the Group's ownership	49%	49%
Group's share of net assets	8,171	6,727
Deferred group's share of net losses	1,030	–
Elimination of gain on sale of vessels	(5,626)	(1,906)
Effects of change in functional currency	(3,144)	–
Other adjustments*	(431)	1,335
Carrying amount of the Group's investment in associate	–	6,156

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

Summarised statement of comprehensive income

	PT Jawa	
	2015	**2014**
	US$'000	**US$'000**
Revenue	4,766	23,660
(Loss)/profit after tax	(6,194)	469
Other comprehensive income	–	–
Total comprehensive (loss)/income	(6,194)	469

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

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

13. INVESTMENT IN JOINT VENTURES

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

	Group 2015 US$'000	Group 2014 US$'000
PT Logindo Samudramakmur Tbk	40,906	41,397
Alam Radiance (L) Inc	9,273	10,421
Aztec Offshore Holdings Pte Ltd	5,733	1,271
Other joint ventures	12,133	6,271
	68,045	59,360
Fair value of investment in PT Logindo Samudramakmur Tbk for which there is a published price quotation	8,933	51,141

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
Held through subsidiaries				
Alam Radiance (M) Sdn Bhd (2)	Malaysia	Ship management and ship chartering	50	50
Alam Radiance (L) Inc (2) (5)	Malaysia	Ship owning and ship chartering	49	49
PT Logindo Samudramakmur Tbk (2) (5)	Indonesia	Ship owning and ship chartering	35	35
CA Offshore Investment Inc (4)	British Virgin Islands	Ship owning, and ship chartering	50	50
Duta Pacific Offshore Sdn Bhd (2) (5)	Malaysia	Ship owning and ship chartering	49	49
Duta Radiance Maritim Sdn Bhd (2) (3) (5)	Malaysia	Dormant	49	–
Duta Maritime Alliances Sdn Bhd (2) (5)	Malaysia	Ship owning and ship chartering	49	–
Duta Maritime Ventures Sdn Bhd (2) (5)	Malaysia	Ship owning and ship chartering	49	–
SDM Marine Pte Ltd (1)	Singapore	Ship owning and ship chartering	50	50
Aztec Offshore Holdings Pte Ltd (1) (5)	Singapore	Ship owning and ship chartering	78	51
CR Offshore S.A.P.I de C.V. (4) (5)	Mexico	Ship management and ship chartering	49	49
CEIBA Maritima, SAPI de CV,SOFOM ENR (4)	Mexico	Ship chartering and ship leasing	50	50
Dot Radiance Pte Ltd (1)	Singapore	Ship owning and ship chartering	50	50
Westsea Radiance Pte Ltd (1)	Singapore	Ship owning and ship chartering	50	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) Remains as a joint venture company of the Group as the entity remains jointly controlled as governed by the contractual arrangement between the shareholders where decisions about the relevant activities require the unanimous consent of the shareholders.

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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$4,111,000 (2014: US$1,785,000), of which US$2,416,000 (2014: US$1,323,000) was the share of the current year's losses. The Group had no obligation in respect of these losses.

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

	Group	
	2015	2014
	US$'000	US$'000
The Group's share of the joint ventures'		
Profit/(loss) after tax	1,837	(1,372)
Other comprehensive income	–	–
Total comprehensive income/(loss)	1,837	(1,372)

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

(a) Step increase in Aztec

In 2015, the Group's subsidiary company, Radiance Offshore Holdings Pte Ltd acquired an additional 27% equity interest in its 51% owned joint venture company, Aztec Offshore Holdings Pte Ltd ("Aztec"), through a series of capital injections. The other shareholder's equity interest in Aztec was diluted to 22%. Aztec remains a joint venture company of the Group as governed by the contractual arrangement between the shareholders where decisions about the relevant activities require the unanimous consent of the shareholders. Accordingly, Aztec continues to be a joint venture accounted for under the equity method. The total consideration paid of US$2,398,000 for the additional equity interest is added to the existing carrying amount of Aztec and the existing interest in Aztec is not re-measured.

(b) Summarised financial information about material joint ventures

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

13. INVESTMENT IN JOINT VENTURES (CONT'D)

(b) Summarised financial information about material joint ventures (cont'd)

Summarised balance sheets

	PT Logindo		AR (L)		Aztec	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Cash and cash equivalents	21,578	5,978	1,490	2,500	808	638
Trade receivables	11,134	14,368	–	–	–	–
Other receivables	17,563	2,461	6,338	9,907	8,909	3,147
Current assets	50,275	22,807	7,828	12,407	9,717	3,785
Non-current assets	216,960	239,276	39,943	50,572	29,718	30,963
Total assets	267,235	262,083	47,771	62,979	39,435	34,748
Current financial liabilities (excluding trade, other payables and provisions)	35,161	33,689	10,553	10,659	15,993	31,771
Other current liabilities	2,530	3,081	3,829	2,414	550	485
Non-current financial liabilities (excluding trade, other payables and provisions)	102,646	94,960	11,432	20,189	14,880	99
Total liabilities	140,337	131,730	25,814	33,262	31,423	32,355
Net assets	126,898	130,353	21,957	29,717	8,012	2,393
Proportion of the Group's ownership	35%	35%	49%	49%	78%	51%
Group's share of net assets	44,414	45,624	10,759	14,561	6,249	1,220
Elimination of gain on sale of vessels	(3,600)	(4,227)	(4,464)	(4,464)	–	–
Other adjustments	92	–	2,978*	324	(516)	51
Carrying amount of the investment	40,906	41,397	9,273	10,421	5,733	1,271

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

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13. INVESTMENT IN JOINT VENTURES (CONT'D)

(c) Summarised statement of comprehensive income

	PT Logindo		AR (L)		Aztec	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Revenue	47,127	69,013	5,215	16,149	6,570	1,890
Depreciation and amortisation	(12,588)	(13,639)	(2,291)	(3,280)	(1,258)	(591)
Operating (expenses)/income	(27,046)	(27,614)	(3,817)	(3,775)	(128)	37
Finance income	373	33	–	–	–	–
Finance costs	(7,278)	(6,421)	(1,599)	(2,219)	(1,739)	(752)
Profit/(loss) before tax	588	21,372	(2,492)	6,875	3,445	584
Income tax expense	(539)	(1,392)	(5)	(6)	(223)	(192)
Profit/(loss) after tax	49	19,980	(2,497)	6,869	3,222	392
Other comprehensive loss	(1,295)	–	–	–	–	–
Total comprehensive (loss)/income	(1,246)	19,980	(2,497)	6,869	3,222	392

Dividends of US$694,000 (2014: US$549,000) 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 fund as at 31 December 2015 was US$200,000 (2014: US$100,000).

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

(d) Acquisition of interest in joint ventures

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

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

13. INVESTMENT IN JOINT VENTURES (CONT'D)

(d) Acquisition of interest in joint ventures (cont'd)

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

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

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

* Denotes amount less than US$1,000

The total net gain arising from acquisition of DMA and DMV is US$973,000 (Note 5 & 7) for the financial year ended 31 December 2015.

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For the financial year ended 31 December 2015

14. AMOUNTS DUE FROM RELATED COMPANIES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Amounts due from associate	74,846	3,639	–	–
Amounts due from joint ventures	84,333	51,920	–	–
Amounts due from subsidiaries	–	–	325,150	206,452
	159,179	55,559	325,150	206,452
Less: Allowance for impairment	(454)	(454)	(1,772)	(1,505)
	158,725	55,105	323,378	204,947
Less: Current portion	(83,362)	(55,105)	(323,378)	(204,947)
Non-current portion	75,363	–	–	–
Movement in allowance accounts:				
At 1 January	454	189	1,505	–
Charge for the year (Note 7)	–	265	293	1,526
Exchange difference	–	–	(26)	(21)
At 31 December	454	454	1,772	1,505
Amounts due from related companies comprised:				
Trade	1,860	4,146	–	–
Non-trade	125,306	1,673	40,729	8,289
Loans	31,559	49,286	282,649	196,658
	158,725	55,105	323,378	204,947

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$28,242,000 (2014: US$49,286,000) which bear weighted average interest rate at 7.1% (2014: 7.8%) per annum, and non-trade amount due from joint ventures and associate of US$111,595,000 (2014: US$Nil) which bear weighted average interest rate at 6.1% (2014: Nil%) 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.

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

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Singapore Dollar	6,427	6,105	93,368	72,906

15. DERIVATIVES

	Group 2015 Contract notional amount US$'000	Group 2015 Assets US$'000	Group 2015 Liabilities US$'000	Group 2014 Contract notional amount US$'000	Group 2014 Assets US$'000	Group 2014 Liabilities US$'000
Forward currency contracts	–	–	–	6,000	–	(1,149)
Interest rate swaps	80,503	58	(456)	77,622	178	(471)
Cross currency swaps	80,178	–	(11,971)	80,178	–	(6,279)
		58	(12,427)		178	(7,899)
Less: Current portion		–	37		–	1,170
Non-current portion		58	(12,390)		178	(6,729)

	Company 2015 Contract notional amount US$'000	Company 2015 Assets US$'000	Company 2015 Liabilities US$'000	Company 2014 Contract notional amount US$'000	Company 2014 Assets US$'000	Company 2014 Liabilities US$'000
Non-current:						
Cross currency swaps	80,178	–	(11,971)	80,178	–	(6,279)

As at 31 December 2014, forward currency contracts were 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.

The interest rate swaps receive floating interest rates equal to 1 month LIBOR, pay an average fixed rate of interest of approximately 1.25% (2014: 1.48%) per annum and mature between February 2016 and March 2020 (2014: April 2015 and March 2019).

As at 31 December 2015, 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 (2014: US$80,178,000). The cross currency swaps cover the SGD to USD exposure in respect of the fixed rate notes and interest rate due between August 2014 and August 2018. The terms of the contracts have been negotiated to match the terms for the fixed rate notes.

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For the financial year ended 31 December 2015

16. INVENTORIES

	Group	
	2015	**2014**
	US$'000	**US$'000**
Balance sheet:		
Work-in-progress	455	2,455
Finished goods	487	874
	942	3,329

Consolidated Income statement:

The following is included in consolidated income statement:

Inventories recognised as an expense in cost of sales (Note 7)	2,383	835
Allowance for inventory obsolescence (Note 7)	233	7

17. TRADE RECEIVABLES

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

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

	Group	
	2015	**2014**
	US$'000	**US$'000**
Singapore Dollar	109	437
Brazilian Real	559	241
Indonesian Rupiah	884	947

Included in trade receivables was an amount of US$2,718,000 (2014: US$1,595,000) relating to unbilled trade receivables.

Receivables that were past due but not impaired

The Group had trade receivables amounting to US$15,607,000 (2014: US$26,258,000) that were past due at the balance sheet date but not impaired. These receivables were unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2015	**2014**
	US$'000	**US$'000**
Trade receivables past due but not impaired:		
Less than 30 days	5,223	9,248
30 to 60 days	3,372	2,992
61 to 90 days	1,124	1,705
91 to 120 days	64	2,732
More than 120 days	5,824	9,581
	15,607	26,258

17. TRADE RECEIVABLES (CONT'D)

Receivables that were impaired

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

	Group	
	2015 US$'000	2014 US$'000
Trade receivables – nominal amounts	2,185	2,250
Less: Allowance for impairment	(2,185)	(2,250)
	–	–
Movement in allowance accounts:		
At 1 January	2,250	5,073
Written off during the year	–	(801)
Charge for the year (Note 7)	69	159
Write back of allowance (Note 7)	(134)	(2,181)
At 31 December	2,185	2,250

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

18. OTHER RECEIVABLES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Deposits	366	416	–	24
Prepayments	1,725	1,834	10	12
GST/VAT receivable	1,043	921	47	–
Recoverables from customers	247	1,099	–	84
Recoverables from shipyard	5,351	–	–	–
Advances to staff	103	200	–	–
Advance payment to suppliers	296	156	–	–
Accrued interest	34	123	–	85
Loans to third parties	5,591	2,030	–	–
Tax recoverable	447	1,017	–	–
Other receivables	1,270	1,169	120	–
	16,473	8,965	177	205
Less: Allowance for impairment	(2,650)	(2,439)	–	–
	13,823	6,526	177	205
Movement in allowance accounts:				
At 1 January	2,439	2,425	–	–
Charge for the year (Note 7)	322	137	–	–
Write back of allowance (Note 7)	(95)	–	–	–
Written off during the year	–	(123)	–	–
Exchange	(16)	–	–	–
At 31 December	2,650	2,439	–	–

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For the financial year ended 31 December 2015

18. OTHER RECEIVABLES (CONT'D)

These amounts are unsecured, non-interest bearing and repayable upon demand and are to be settled in cash except for loans to third parties which bear a weighted average interest rate at 7.4% (2014: 7.5%) per annum.

Loans to third parties include an amount of US$715,000 (2014: US$Nil) secured by investment securities owned by the borrower, and an amount of US$4,876,000 (2014: US$2,030,000) secured by shares of the borrower.

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

Other receivables that are impaired

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

At the balance sheet date, the Group has provided an allowance of US$2,386,000 (2014: US$2,030,000) for impairment of loan to a third party with a nominal amount of US$4,876,000 (2014: US$2,030,000).

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

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	1,813	2,440	177	143
Papua New Guinea Kina	95	–	–	–

19. INVESTMENT SECURITIES

	Group	
	2015	2014
	US$'000	US$'000
Current:		
Held for trading investments		
- Equity securities (quoted)	125	–

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	33,509	57,854	302	25,069
Short-term bank deposits	9,624	43,469	–	27,586
Cash in holding accounts	–	113	–	–
	43,133	101,436	302	52,655
Less: Cash pledged	(4,173)	(700)	–	–
Cash and cash equivalents in the consolidated cash flow statement	38,960	100,736	302	52,655

20. CASH AND CASH EQUIVALENTS (CONT'D)

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

Short-term bank deposits are made for varying periods up to one year, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2015 for the Group and Company was 0.77% (2014: 0.89%) and Nil% (2014: 0.90%) per annum respectively.

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$4,173,000 (2014: US$700,000).

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

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Singapore Dollar	1,673	13,766	58	7,738
Euro	17	3,529	–	–
Brazilian Real	120	248	–	–

21. TRADE PAYABLES

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

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

	Group	
	2015 US$'000	2014 US$'000
Singapore Dollar	5,170	5,362
Papua New Guinea Kina	26	31
Indonesian Rupiah	869	804
Brazilian Real	102	14
Great Britain Pound	1	66
Malaysian Ringgit	120	436
Brunei Dollar	363	194

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22. OTHER LIABILITIES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Current:				
Other payables	3,401	3,809	421	154
Deposits received	17,665	8,700	–	–
Advance payments from customers	561	3,701	–	–
Amount due to shareholder of a subsidiary	16,676	2,899	–	–
Accrued operating expenses	15,596	21,190	2,312	5,073
Accrued tax expenses	144	442	–	96
Deferred gain on sale of vessels to joint ventures and associate	1,120	547	–	–
Advance billings to customers	17	28	–	–
	55,180	41,316	2,733	5,323
Non-current:				
Deferred gain on sale of vessels to joint ventures and associate	13,117	8,777	–	–
Total other liabilities	68,297	50,093	2,733	5,323

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 2.6% (2014: 5.0%) per annum and are to be settled in cash.

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

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

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Singapore Dollar	13,737	18,148	2,471	5,323

23. PROVISIONS

	Group			
	Legal claims US$'000	Reinstatement cost US$'000	Other provisions US$'000	Total US$'000
At 1 January 2014	1,705	–	1,176	2,881
Utilised during the financial year	(957)	–	–	(957)
Written back (Note 5 and Note 11(b))	(842)	–	(1,176)	(2,018)
Exchange differences	94	–	–	94
At 1 January 2015	–	–	–	–
Arose during the financial year	–	175	–	175
Discount rate adjustment (Note 6)	–	12	–	12
At 31 December 2015	–	187	–	187

	Company Other provisions US$'000
At 1 January 2014	1,176
Written back	(1,176)
At 31 December 2014 and 31 December 2015	–

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.

During the financial year ended 31 December 2015, provision for reinstatement cost of buildings was made based on the estimated cost of reinstating the leased premises when the leases expire in the year 2037, taking into consideration current market assessment of the time value of money.

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 ended 31 December 2014 after the Group acquired the remaining equity interest in the joint venture and consequently became a subsidiary of the Group (Note 11 (b)).

24. DEFERRED CAPITAL GRANT

	Group	
	2015 US$'000	2014 US$'000
Cost:		
At 1 January	–	–
Received during the financial year	1,418	–
At 31 December	1,418	–
Accumulated amortisation:		
At 1 January and 31 December	–	–
Net carrying amount:		
Non-current	1,418	–

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24. DEFERRED CAPITAL GRANT (CONT'D)

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

25. AMOUNTS DUE TO RELATED COMPANIES

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Amounts due to associate	1,024	128	–	–
Amounts due to joint ventures	189	1,020	–	–
Amounts due to subsidiaries	–	–	110,065	39,929
	1,213	1,148	110,065	39,929
Amounts due to related companies comprised:				
Trade	1,022	128	–	–
Non-trade	191	1,020	31	341
Loans	–	–	110,034	39,588
	1,213	1,148	110,065	39,929

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

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

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Singapore Dollar	20	–	55,282	16,072

26. BANK LOANS

	Group	
	2015 US$'000	2014 US$'000
Bank loans	329,489	252,068
Less: Current portion	(80,512)	(50,664)
Bank loans (Non-current portion)	248,977	201,404

26. BANK LOANS (CONT'D)

Bank loans were secured by:

- First legal mortgages over the vessels of the Group, with net book values of US$412,478,000 (2014: US$378,763,000) (Note 10);
- Escrow mortgages over the building and ship-repair yard under construction of the Group, with net book value of US$47,691,000 (2014: US$26,582,000) (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$4,173,000 (2014: US$700,000).

In addition, an amount of US$329,489,000 (2014: US$243,820,000) of the Group's bank loans were secured by corporate guarantees from the Company.

Bank loans are repayable between 1 to 9 years, payable monthly or quarterly and bear interest. The weighted average interest rate on the bank loans was 2.77% (2014: 2.62%) per annum. Included in bank loans was an amount of US$37,628,000 (2014: US$16,795,000) denominated in SGD.

Included in the bank loans are 2 (2014: Nil) revolving credit facilities amounting to a total of US$12,860,000, bearing interest at LIBOR + 2.0% & LIBOR + 1.75% (2014: Nil%) per annum respectively. These loans are secured by a charge over certain vessels of the Group and are repayable on 2 December 2018 and 7 February 2019 respectively.

27. NOTES PAYABLE

		Group and Company	
		2015	2014
	Redemption date / Maturity date	US$'000	US$'000
Non-current:			
SGD100 million	29 August 2018	69,331	74,781

The notes bear fixed interest rate of 4.3% (2014: 4.3%) per annum payable semi-annually with fair value of US$59,035,000 (2014: US$71,971,000) based on quoted market prices.

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

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28. FINANCE LEASE OBLIGATIONS

The Group has finance leases for motor vehicles and equipment. There are no restrictions placed upon the Group by entering into the leases. The weighted average effective interest rate implicit in the leases was 2.51% (2014: 3.64%) per annum.

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

	Group			
	2015		2014	
	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	151	150	29	29
Later than one year but not later than five years	492	430	114	102
Total minimum lease payments	643	580	143	131
Less: Amount representing finance charges	(63)	–	(12)	–
Present value of minimum lease payments	580	580	131	131

29. DEFERRED TAX LIABILITIES

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

	Group			
	Balance sheet		Consolidated income statement	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Deferred tax liabilities:				
Unremitted foreign sourced income	122	98	23	(12)
Undistributed earnings of joint venture	1	68	1	68
	123	166	24	56
Deferred tax expense			24	56

	Group	
	2015 US$'000	2014 US$'000
Movement in deferred tax liabilities:		
At 1 January	166	110
Charge to profit or loss	24	56
Taxes paid	(67)	-
At 31 December	123	166

29. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised tax losses

At the end of the financial year, the Group has tax losses of approximately US$7,944,000 (2014: US$4,758,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

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

At the end of the financial year, deferred tax liability of US$1,000 (2014: US$68,000) 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 have been recognised aggregate to US$27,411,000 (2014: US$26,418,000) as the Group determined that the undistributed earnings of its subsidiaries, joint ventures and associate will not be distributed in the foreseeable future. The joint ventures and associate of the Group cannot distribute its earnings until it obtains the consent of both the venturers and shareholders respectively. At the end of the financial year, the Group does not foresee giving such consent. The deferred tax liability is estimated to be US$2,762,000 (2014: US$2,682,000).

Tax consequences of proposed dividends

There are no income tax consequences (2014: US$Nil) attached to the dividends to shareholders proposed by the Company but not recognised as liability in the financial statements (Note 38).

30. SHARE CAPITAL AND TREASURY SHARES

a) Share capital

	Group and Company			
	2015		2014	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Issued and fully paid ordinary shares:				
Balance at the beginning of the year	725,755	162,854	725,755	155,254
Effects of change in functional currency [(1)]	–	–	–	7,600
Balance at end of the year	725,755	162,854	725,755	162,854

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

(1) 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.

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30. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

b) Treasury shares

	Group and Company			
	2015		2014	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Balance at the beginning of the year	–	–	–	–
Acquired during the financial year	(3,681)	(817)	–	–
Balance at end of the year	(3,681)	(817)	–	–

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

The Company acquired 3,681,000 (2014: Nil) shares in the Company through purchases on the Singapore Exchange Securities Trading Limited during the financial year. The total amount paid to acquire the shares was US$817,000 (2014: US$Nil) and this was presented as a component within shareholders' equity.

31. OTHER RESERVES

(a) Foreign currency translation reserve

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

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
At 1 January	(8,989)	(2,685)	–	5,931
Net effect of exchange differences arising from translation of financial statements	(301)	492	–	865
Effects of change in functional currency	–	(6,796)	–	(6,796)
At 31 December	(9,290)	(8,989)	–	–

(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.

31. OTHER RESERVES (CONT'D)

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

	Group and Company 2015 US$'000	Group and Company 2014 US$'000
At 1 January and 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$828,000 (2014: US$1,499,000) were made up of the net movements in cash flow hedges and the effective portion of the cross currency swaps.

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
At 1 January	(1,499)	–	(1,499)	–
Net movement on cash flow hedge:				
Losses arising during the year				
- Cross currency swaps	(828)	(1,499)	(828)	(1,499)
- Share of net movement in cashflow hedge of a joint venture	(441)	–	–	–
At 31 December	(2,768)	(1,499)	(2,327)	(1,499)

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

	Group 2015 US$'000	Group 2014 US$'000
At 1 January	(3,179)	130
Premium paid on acquisition of non-controlling interests (Note 11(b))	–	(3,309)
At 31 December	(3,179)	(3,179)

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For the financial year ended 31 December 2015

32. 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	
	2015 US$'000	2014 US$'000
Income		
Charter hire income:		
- Associate	–	616
- Joint ventures	–	2
Interest income from:		
- Associate	62	17
- Joint ventures	2,207	1,460
Gain on sale of vessels to:		
- Associate	8,800	–
- Joint ventures	3,147	2,008
Management fee income from:		
- Joint ventures	173	100
- A shareholder of a subsidiary	–	46
Ship management fee income from:		
- Associate	429	487
- Joint ventures	78	373
Miscellaneous income from:		
- Associate	148	–
- Joint ventures	112	6
Expense		
Charter hire expense and other cost of sales paid to:		
- Associate	819	1,267
Interest expense paid to:		
- A shareholder of a subsidiary	246	499

32. RELATED PARTY TRANSACTIONS (CONT'D)

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

	Group	
	2015	**2014**
	US$'000	**US$'000**
Short-term employee benefits	2,228	5,343
Central Provident Fund contributions	60	58
	2,288	5,401
Comprise amounts paid to:		
Directors of the Company	1,638	4,079
Other key management personnel	650	1,322
	2,288	5,401

33. 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	
	2015	**2014**
	US$'000	**US$'000**
Capital commitments in respect of purchase/construction of vessels	157,912	275,629
Share of joint venture's capital commitments in relation to construction of vessels	34,933	71,084
Capital commitments in respect of construction of ship-repair yard	16,567	26,399
	209,412	373,112

(b) Operating lease commitments – as lessee

Rental expense was US$794,000 and US$1,133,000 for the years ended 31 December 2015 and 2014, respectively.

Charter hire expense was US$5,472,000 and US$3,594,000 for the years ended 31 December 2015 and 2014 respectively.

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

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

	Group	
	2015	**2014**
	US$'000	**US$'000**
Not later than one year	5,393	5,457
Later than one year but not later than five years	21,532	21,826
Later than five years	28,397	36,253
	55,322	63,536

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33. COMMITMENTS (CONT'D)

(c) Operating lease commitments – as lessor

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

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

	Group	
	2015	2014
	US$'000	US$'000
Not later than one year	34,860	51,583
Later than one year but not later than five years	32,088	73,827
	66,948	125,410

34. CONTINGENT LIABILITIES

Corporate guarantee

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

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Corporate guarantees given for the borrowings of:				
- Subsidiaries	–	–	329,489	243,820
- Joint ventures	52,558	39,930	44,986	29,607
- Associate	7,726	8,276	7,726	8,276
	60,284	48,206	382,201	281,703

The Company had also issued corporate guarantees amounting to US$39,347,000 (2014: US$43,605,000) in respect of the operating lease commitment of 1 (2014: 1) vessel under a sale and leaseback agreement entered by the Group.

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

Financial support

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

35. 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.

35. 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 receivables, other receivables and amounts due from related companies. 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 34).

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 30% (2014: 37%) 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
2015					
Top 5 customers	7,698	2,979	4,551	-	168
2014					
Top 5 customers	12,833	4,551	8,280	-	2

Financial assets that were neither past due nor impaired

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

Financial assets that were either past due or impaired

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

(b) Liquidity risk

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

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

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

(b) Liquidity risk (cont'd)

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				
2015				
Financial liabilities:				
Trade payables and other liabilities	50,339	–	–	50,339
Derivatives:				
- Interest rate swaps – settled net	694	1,113	–	1,807
- Cross currency swaps – gross payments	3,682	86,376	–	90,058
- Cross currency swaps – gross receipts	(3,040)	(75,747)	–	(78,787)
Amounts due to related companies	1,213	–	–	1,213
Bank loans	91,737	242,624	16,819	351,180
Notes payable	4,724	75,097	–	79,821
Finance lease obligations	151	492	–	643
Total undiscounted financial liabilities	149,500	329,955	16,819	496,274
2014				
Financial liabilities:				
Trade payables and other liabilities	43,864	–	–	43,864
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	4,592	83,964	–	88,556
Finance lease obligations	29	114	–	143
Total undiscounted financial liabilities	109,612	287,856	14,858	412,326

35. 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			
2015			
Financial liabilities:			
Other liabilities	2,733	–	2,733
Amounts due to related companies	110,065	–	110,065
Notes payable	4,724	75,097	79,821
Derivatives:			
- Cross currency swaps – gross payments	3,682	86,376	90,058
- Cross currency swaps – gross receipts	(3,040)	(75,747)	(78,787)
Total undiscounted financial liabilities	118,164	85,726	203,890
2014			
Financial liabilities:			
Other liabilities	5,227	–	5,227
Amounts due to related companies	39,929	–	39,929
Notes payable	4,592	83,964	88,556
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	50,181	89,871	140,052

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
2015	
Group	
Corporate guarantees	60,284
Company	
Corporate guarantees	382,201
2014	
Group	
Corporate guarantees	48,206
Company	
Corporate guarantees	281,703

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35. 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 (2014: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been US$1,588,000 (2014: US$1,452,000) higher/lower, arising mainly as a result of lower/ higher interest expense on floating rate bank loans. In computing the effect of changes in interest rates, the mitigating effect of interest rate swaps entered into by the Group has been considered. The analysis was performed on the same basis as prior year.

(d) Foreign currency risk

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

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

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD exchange rates against the USD, with all other variables held constant. The analysis was performed on the same basis for 2014.

		Group Profit before tax 2015 US$'000	 2014 US$'000
USD/SGD	– strengthened 3% (2014: 3%)	1,413	531
	– weakened 3% (2014: 3%)	(1,413)	(531)

36. 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.

36. 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:

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

	2014 US$'000 Fair value measurements at the end of the reporting period using	
	Significant observable inputs other than quoted prices (Level 2)	Total
Group		
Assets measured at fair value		
Financial assets:		
Derivatives (Note 15)		
Interest rate swaps	178	178
Financial assets as at 31 December	178	178
Liabilities measured at fair value		
Financial liabilities:		
Derivatives (Note 15)		
Forward currency contracts	(1,149)	(1,149)
Interest rate swaps	(471)	(471)
Cross currency swaps	(6,279)	(6,279)
Financial liabilities as at 31 December	(7,899)	(7,899)
Company		
Liabilities measured at fair value		
Financial liabilities:		
Derivatives (Note 15)		
Cross currency swaps	(6,279)	(6,279)
Financial liabilities as at 31 December	(6,279)	(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.

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

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

(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, amounts due from related companies, notes payable and lease obligations.

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

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

Financial instruments by category

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

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

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36. 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		
2015		
Liabilities		
Trade payables	14,321	–
Other liabilities	35,673	–
Amounts due to related companies	1,213	–
Bank loans	329,489	–
Notes payable	69,331	–
Derivatives	–	12,427
Finance lease obligations	580	–
	450,607	12,427
2014		
Liabilities		
Trade payables	15,846	–
Other liabilities	27,898	–
Amounts due to related companies	1,148	–
Bank loans	252,068	–
Notes payable	74,781	–
Derivatives	–	7,899
Finance lease obligations	131	–
	371,872	7,899

36. 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	
2015	
Assets	
Other receivables	120
Amounts due from related companies	323,378
Cash and cash equivalents	302
	323,800
2014	
Assets	
Other receivables	193
Amounts due from related companies	204,947
Cash and cash equivalents	52,655
	257,795

	Financial liabilities at amortised cost US$'000	Financial liabilities at fair value through profit or loss US$'000
Company		
2015		
Liabilities		
Other liabilities	2,733	–
Amounts due to related companies	110,065	–
Notes payable	69,331	–
Derivatives	–	11,971
	182,129	11,971
2014		
Liabilities		
Other liabilities	5,227	–
Amounts due to related companies	39,929	–
Notes payable	74,781	–
Derivatives	–	6,279
	119,937	6,279

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For the financial year ended 31 December 2015

37. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure it maintains a strong credit rating and healthy capital ratios in order to support its business, maximise shareholder value and fulfil its financing commitments. No changes were made in the objectives during the years ended 31 December 2015 and 31 December 2014.

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

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2015.

	Group	
	2015	2014
	US$'000	US$'000
Bank loans	329,489	252,068
Notes payable	69,331	74,781
Less: Cash and cash equivalents	(43,133)	(101,436)
Net debt	355,687	225,413
Equity attributable to the equity holders of the Company	413,388	427,962
Gearing ratio (%)	86%	53%

38. DIVIDENDS

	Group and Company	
	2015	2014
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final dividend for 2014 at 2.27 USD cents per share (~3.00 SGD cents per share) (2014: Final dividend for 2013 at 1.58 USD cents per share (~ 2.00 SGD cents per share))	16,016	11,448
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final dividend for 2015 at 0.71 USD cents per share (~1.00 SGD cents per share) (2014: Final dividend for 2014 at 2.27 USD cents per share (~3.00 SGD cents per share))	5,105	16,451

39. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

	Offshore support services business US$'000	Subsea business US$'000	Complementary businesses US$'000	Per consolidated financial statements US$'000
2015				
Revenue:				
Sales	129,308	8,771	7,529	145,608
Inter-segment sales (Note A)	(22,412)	(143)	(1,254)	(23,809)
Sales to external customers	106,896	8,628	6,275	121,799
Results:				
Interest income	3,352	908	12	4,272
Finance costs	(11,266)	(614)	(225)	(12,105)
Depreciation and amortisation	(20,209)	(4,856)	(1,299)	(26,364)
Share of results of joint ventures	4,537	–	–	4,537
Share of results of associate	(1,883)	–	–	(1,883)
Other non-cash expenses (Note B)	17	(228)	(296)	(507)
Segment profit/(loss)	16,770	(6,845)	(4,618)	5,307

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39. SEGMENT INFORMATION (CONT'D)

	Offshore support services business US$'000	Subsea business US$'000	Comple-mentary businesses US$'000	Per consolidated financial statements US$'000
2015 (cont'd)				
Segment assets:				
Investment in associate	–	–	–	–
Investment in joint ventures	68,045	–	–	68,045
Additions to non-current assets (Note C)	132,859	2,361	23,721	158,941
Segment assets	719,942	139,863	56,833	916,638
Segment liabilities	431,042	29,592	39,993	500,627
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
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

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

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

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

39. 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	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Asia [(1)]	98,355	140,854	604,760	569,571
Africa	5,854	18,001	–	–
Australia	4,564	–	–	–
South America	13,026	13,364	1,778	2,784
	121,799	172,219	606,538	572,355

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

Included in revenue from Asia is an amount of US$3,630,000 (2014: US$10,704,000) relating to revenue from Singapore.

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

Included in non-current assets from Asia is an amount of US$604,725,000 (2014: US$569,506,000) relating to non-current assets from Singapore.

Information about major customers

Revenue from 2 major customers (2014: 2 major customer) amounting to US$34,887,000 and US$38,538,000 for the financial years ended 31 December 2015 and 2014 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.

40. SUBSEQUENT EVENTS

On 15 February 2016, the Group's wholly owned subsidiary, Radiance Offshore Holdings Pte. Ltd., incorporated a wholly-owned subsidiary in Singapore known as Radiance Alliance Pte. Ltd. ("Radiance Alliance"). Radiance Alliance has an initial issued and paid-up capital of US$500,000 with 500,000 ordinary shares and is principally engaged in the business of ship owning, ship chartering and provision of ship management services.

In January 2016, Radiance Offshore Holdings Pte Ltd acquired control over the Aztec pursuant to the contractual agreement between the shareholders of Aztec. As a result, Aztec will be accounted for as a subsidiary of the Group in 2016.

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 28 March 2016.

STATISTICS OF SHAREHOLDERS

As at 18 March 2016

SHARE CAPITAL

Class of Shares	: Ordinary Shares
Number of issued and paid-up shares (excluding Treasury Shares)	: 715,837,613
Number of Treasury Shares	: 9,917,400
Number (Percentage) of Treasury Shares to total number of issued shares excluding Treasury Shares	: 1.39%
Voting rights (excluding Treasury Shares)	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	3	0.11	114	0.00
100 - 1,000	156	5.45	148,800	0.02
1,001 - 10,000	1,283	44.81	7,912,309	1.11
10,001 - 1,000,000	1,402	48.97	82,334,330	11.50
1,000,001 and above	19	0.66	625,442,060	87.37
Total	2,863	100.00	715,837,613	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
YM InvestCo Pte. Ltd.	465,470,000	65.02		
Mok Weng Vai	46,896,256	6.55	-	-
Pang Yoke Min	18,951,744	2.65	465,470,000 [1]	65.02

[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.

TWENTY LARGEST HOLDERS OF SHARES

No.	Name	No. of Shares	%
1	HSBC (Singapore) Nominees Pte Ltd	370,394,300	51.74
2	Raffles Nominees (Pte) Ltd	78,687,179	10.99
3	DBS Nominees Pte Ltd	49,168,700	6.87
4	Mok Weng Vai	46,896,256	6.55
5	United Overseas Bank Nominees Private Limited	30,576,170	4.27
6	Citibank Nominees Singapore Pte Ltd	18,671,105	2.61
7	OCBC Securities Private Limited	6,294,200	0.88
8	Maybank Kim Eng Securities Pte Ltd	4,338,486	0.61
9	UOB Kay Hian Pte Ltd	4,096,600	0.57
10	Phillip Securities Pte Ltd	2,751,550	0.38
11	Pang Yoke Min	2,195,744	0.31
12	Ong Mary	1,930,000	0.27
13	Hong Leong Finance Nominees Pte Ltd	1,673,100	0.23
14	Lau Boon Hwee	1,609,970	0.22
15	Lim & Tan Securities Pte Ltd	1,406,000	0.20
16	OCBC Nominees Singapore Private Limited	1,342,800	0.19
17	Marc-Plan Pte Ltd	1,300,000	0.18
18	DBS Vickers Securities (S) Pte Ltd	1,070,000	0.15
19	BNP Paribas Securities Services	1,039,900	0.15
20	Tan Siang Seng	990,000	0.14
Total:		626,432,060	87.51

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 March 2016, approximately 20.78% 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 Thursday, 28 April 2016 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 2015 and the Directors' Statement and the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt one-tier dividend of S$0.01 per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**

3. To approve the Directors' fees of S$432,000.00 for the financial year ending 31 December 2016. **(Resolution 3)**

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

   Article 111

   (a) Mr Pang Yoke Min **(Resolution 4)**
   (b) Mr Pang Wei Meng **(Resolution 5)**
   (c) Ms Ooi Chee Kar **(Resolution 6)**
   (d) Mr Ng Tiong Gee **(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

(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,

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." **(Resolution 10)**

(See Explanatory Note 3)

8. Grant of Share Awards to Mr Pang Yoke Min

"That, subject to and contingent upon the passing of Resolution 10, the proposed grant of a share award to Mr Pang Yoke Min, a Controlling Shareholder of the Company, in accordance with the provisions of the Performance Share Plan on the following terms:

(a) Proposed date of grant: On or about 01 July 2016

(b) Number of shares which are the subject of the share award to be granted: 218,000

(c) Vesting period of the share award: 50% of total shares granted shall vest and become exercisable 2 years from date of grant, and remaining 50% of total shares granted shall vest and become exercisable 3 years from date of grant." **(Resolution 11)**

(See Explanatory Note 4)

NOTICE OF ANNUAL GENERAL MEETING

9. Grant of Share Awards to Mr Pang Wei Meng

"That, subject to and contingent upon the passing of Resolution 10, the proposed grant of a share award to Mr Pang Wei Meng, an associate of Mr Pang Yoke Min who is a Controlling Shareholder of the Company, in accordance with the provisions of the Performance Share Plan on the following terms:

(a) Proposed date of grant: On or about 01 July 2016

(b) Number of shares which are the subject of the share award to be granted: 142,000

(c) Vesting period of the share award: 50% of total shares granted shall vest and become exercisable 2 years from date of grant, and remaining 50% of total shares granted shall vest and become exercisable 3 years from date of grant."

(Resolution 12)

10. Grant of Share Awards to Mr Pang Wei Kuan, James

"That, subject to and contingent upon the passing of Resolution 10, the proposed grant of a share award to Mr Pang Wei Kuan, James, an associate of Mr Pang Yoke Min who is a Controlling Shareholder of the Company, in accordance with the provisions of the Performance Share Plan on the following terms:

(a) Proposed date of grant: On or about 01 July 2016

(b) Number of shares which are the subject of the share award to be granted: 142,000

(c) Vesting period of the share award: 50% of total shares granted shall vest and become exercisable 2 years from date of grant, and remaining 50% of total shares granted shall vest and become exercisable 3 years from date of grant."

(Resolution 13)

11. The Proposed Renewal of Share Buyback Mandate

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:-

(i) an on-market share acquisition ("**On-Market Purchase**") transacted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or

(ii) off-market share acquisition ("**Off-Market Purchase**") pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise be in accordance with all other laws, the listing manual of the SGX-ST and other regulations and rules of the SGX-ST, (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-

(i) the date on which the next AGM of the Company is held or required by law to be held; or

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in a general meeting, or

(iii) the date on which the Share Buybacks are carried out to the full extent mandated; and

(c) the directors of the Company and/or any of them be and is hereby authorised to do such acts and things (including, without limitation, enter into all transactions, arrangements and agreements and executing such documents) as they and/or he may consider necessary or expedient to give effect to this resolution.

In this Resolution:-

"**Maximum Limit**" means that number of Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction or increase of the ordinary share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Shares held by the Company as treasury shares shall be disregarded for purposes of computing the 10% limit;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the price paid per Share which does not exceed 105% of the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action which occurs after the relevant 5-day period.

The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses; and

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the Shareholders of the Company in a general meeting." **(Resolution 14)**

(See Explanatory Note 5)

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary
13 April 2016

NOTICE OF ANNUAL GENERAL MEETING

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 office of the Singapore Share Registrar and Share Transfer Office, either by hand at 80 Robinson Road, #11-02 Singapore 068898, or by post to 80 Robinson Road, #02-00, Singapore 068898, at least 48 hours before the time appointed for the AGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the AGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

Explanatory Notes:-

1. Both Ms Ooi Chee Kar and Mr Ng Tiong Gee are considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Ms Ooi Chee Kar will, upon re-election as a Director of the Company, remain as a member of Audit Committee.

   Mr Ng Tiong Gee will, upon re-election as a Director of the Company, remain as a Chairman of Nominating Committee, and a member of Remuneration Committee.

   Key information on the retiring directors can be found on pages 9 to 13 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. Mr Pang Yoke Min is our Executive Chairman and is, through his shareholding in YM InvestCo Pte. Ltd., also a Controlling Shareholder of the Company. His contributions in terms of his expertise, knowledge and vision have played a pivotal role in our Group's development and growth. He is responsible for our Group's overall strategic direction and growth, and has led its swift transformation into a promising major player in the provision of offshore vessels. The extension of the Performance Share Plan to Mr Pang Yoke Min would align the interests of key management or Controlling Shareholders with the long term development of the Company. This is consistent with our Company's objective to motivate our senior management and employees to achieve and maintain a high level of performance and contribution, which is vital to the success of our Company. The extension of the Performance Share Plan to him will ensure that he is equally entitled to take part in and benefit from this system of remuneration, thereby further enhancing his long-term commitment to our Company. Our Company recognises that Mr Pang Yoke Min will continue to play an integral role in driving the strategic development and success of our Group and therefore wishes to allow Mr Pang Yoke Min to participate in the Performance Share Plan.

5. The ordinary resolution no. 14 under item no. 11 is to authorise the Directors from the date of the above AGM until the date of the next AGM, or the date by which the next AGM of the Company is required by law to be held or the date on which such authority is revoked or varied by the Shareholders in a general meeting, whichever is the earliest, to purchase up to ten percent (10%) of the total number of issued Shares in the capital of the Company. Please refer to the Appendix to this Notice of Annual General Meeting for details.

PACIFIC RADIANCE LTD
(the "Company")
(Incorporated in the Republic of Singapore)
(Company Registration No. 200609894C)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter. 50 (the "Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

*I/We ______________________________ (Name) ____________________ (NRIC/Passport Number)

of ____ (Address)

being a member/members of Pacific Radiance Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

And/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing him/her, the **Chairman of the Meeting** as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 15 Pandan Road, Singapore 609263 on Thursday, 28 April 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her discretion, as he/they may on any other matter arising at the AGM.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
1.	Adoption of Financial Statements, Directors' Statement, and Independent 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 2016		
4.	Re-election of Mr Pang Yoke Min as director		
5.	Re-election of Mr Pang Wei Meng as director		
6.	Re-election of Ms Ooi Chee Kar as director		
7.	Re-election of Mr Ng Tiong Gee 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.	To approve the Grant of Share Awards to Mr Pang Yoke Min		
12.	To approve the Grant of Share Awards to Mr Pang Wei Meng		
13.	To approve the Grant of Share Awards to Mr Pang Wei Kuan, James		
14.	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

Signature/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total number of Shares held:	No. of Shares
(a) CDP Register	
(b) Register of members	

Please cut along dotted line

Fold this flap for sealing

Please Affix
Postage Stamp

TRICOR BARBINDER SHARE REGISTRATION SERVICES
80 ROBINSON ROAD #02-00
SINGAPORE 068898

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Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Companies Act, Chapter 50, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act.
5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be lodged at the office of the Singapore Share Registrar and Share Transfer Office, either by hand at 80 Robinson Road, #11-02 Singapore 068898, or by post to 80 Robinson Road, #02-00, Singapore 068898, at least 48 hours before the time appointed for the AGM..
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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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
Chartered Accountant,
a member of the Institute of Singapore Chartered Accountants
Appointed since financial year ended 2014

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

DBS Bank Ltd.
12 Marina Boulevard, Level 46
DBS Asia Central @ MBFC Tower 3
Singapore 018982

Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre Tower 1
Singapore 018981

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

CIMB Bank
50 Raffles Place
#01-02 Singapore Land Tower
Singapore 048623

HSH Nordbank AG
3 Temasek Avenue
#33-00 Centennial Tower
Singapore 039190

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COMPANY REGISTRATION NUMBER 200609894C