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BENG KUANG GROUP

Resilience
In The Face Of Challenges

ANNUAL REPORT 2014

Our Vision

We aspire to be the "Preferred Partner" in providing total solutions for the marine, offshore and oil & gas industries.

Our Mission

We will strategically develop and execute our business profitably, bearing safety and innovations in mind, through total integration of solutions, together with the support from our employees to customers and partners.

Contents

Corporate Profile

Growing Strategically

Beng Kuang Marine Limited (together with its subsidiaries called Beng Kuang Group) was founded in 1994 and has been listed on Singapore Exchange since 15 October 2004.

Over the years, Beng Kuang Group has been striving to be the "Preferred Partner" in providing total solutions for the offshore, oil and gas and marine industries.

As a testament to our commitment to quality, health and safety, many of our subsidiaries have been accredited with the ISO and OHSAS certifications. Likewise, we have also received numerous letters of appreciation from customers on our work quality.

Beng Kuang Group leverages its resources and talents to strategically grow its key businesses in Infrastructure Engineering, Corrosion Prevention, Supply & Distribution and Shipping.

Infrastructure Engineering

> Shipbuilding & Conversion
> Offshore Constructions
> Turnkey Projects
> Metalizing Services
> SPS Overlay Technology
> In-Situ Offshore Technology
> Fire Fighting & Fire Detection System

Corrosion Prevention

> Abrasive & Non-Abrasive Blasting
> Paint Application
> Rental of Machineries and Equipment
> Processing & Distributing of Copper Slag

Supply & Distribution

> Personal Protective Equipment
> Blasting Equipment & Accessories
> Welding Equipment & Accessories
> Painting Equipment & Accessories
> Other General Hardware Products

Shipping & Others

> Livestock Carriers
> Tugs & Barges
> Ship Management

Infrastructure Engineering Division ("IE Division")

Our Infrastructure Engineering Division has been accredited with ISO9001:2000 certification and has received numerous letters of appreciation from shipyard operators and vessel owners alike.

We provide a spectrum of turnkey engineering services from planning and project management to implementation involving procurement, fabrication, corrosion prevention, testing, installation and pre-commissioning of steel work modules and structures mainly for customers in the marine, offshore oil and gas industry.

In 2007, we acquired a 32.8-hectare land with 460 metres of waterfront in Kabil, Batam, Indonesia. The yard commenced operation in 4Q2008 and the timely delivery of its maiden project, a 260-man accommodation pipe-lay barge, in October 2009 marked a significant milestone for us. It has since successfully constructed and delivered a number of vessels and fabricated steel structures, such as the 160m submersible barge and 140m submersible barge, patrol vessel and various types of crane barges.

Going forward, IE division is moving on to secure more sophisticated engineering, procurement and construction projects.

Corrosion Prevention Division ("CP Division")

Our past vast records and reputation for reliability have enabled us to secure appointments such as "Resident Contractor" to provide corrosion prevention services in several established shipyards in Singapore and Batam, Indonesia. Our customers include Keppel Group of companies, Singapore Technologies Group of companies and DDW-PaxOcean Group of companies.

Supply and Distribution Division ("SD Division")

Supply and Distribution Division ("SD Division") carries over 400 types of products (marine hardware equipment, tools and other products) under our house brands like MASTER, PROMASTER and SPLASH, all of which are commonly used in the marine, offshore oil and gas, construction and other industries.

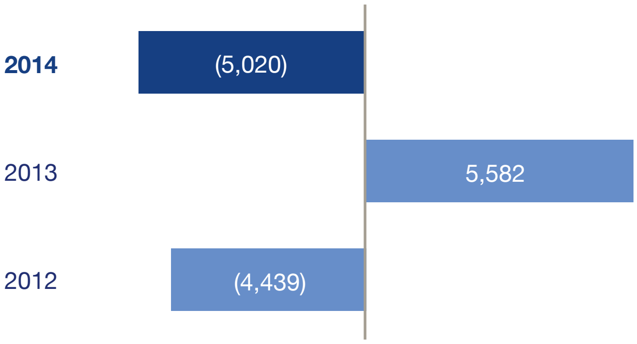
Shipping Division ("SH Division")

In 2010, we expanded the business into the owning and chartering of livestock carriers, tugs and barges. Subsequently, we started providing ship management services.

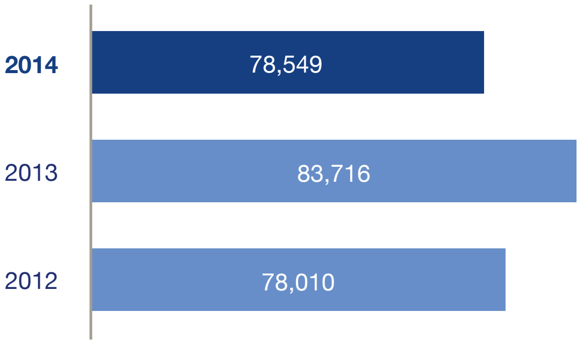
In year 2011, we commenced operation of our first livestock carrier "Barkly Pearl" and the second livestock carrier "Diamantina" commenced trading in the first half of 2014. Both these livestock carriers were converted from container vessels to livestock carriers by our yard in Batam. In addition, the Group operates 6 sets of tugs and barges in Indonesia.

Financial Highlights

Attributable profit / (loss)
(S$'000)

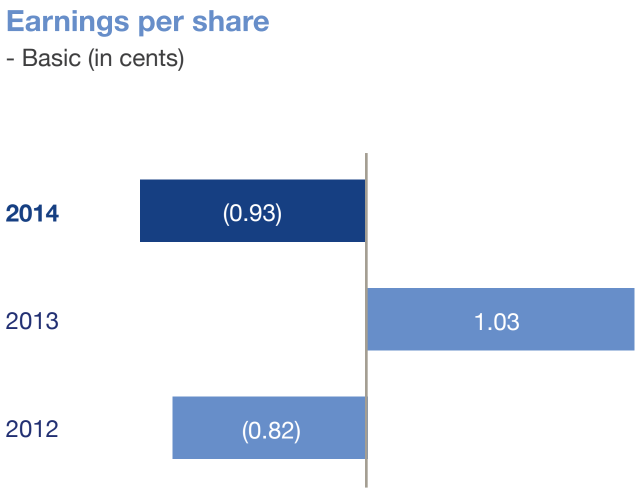


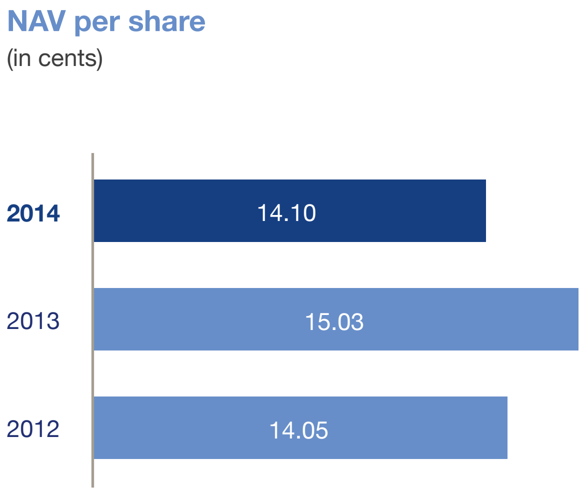
Tangible net worth
(S$'000)



	2014	2013	2012
Operating Results			
Turnover	75,631,090	83,830,939	94,571,038
EBITDA	6,363,553	17,800,339	10,070,469
Pretax (loss) / profit	(4,947,436)	6,845,063	(5,362,523)
Attributable (loss) / profit	**(5,020,435)**	**5,582,242**	**(4,438,550)**
Turnover decline	-9.8%	-11.4%	-35.0%
EBITDA (decline) / growth	-64.3%	76.8%	-25.8%
Pretax growth / (decline)	-172.3%	227.6%	-213.3%
Attributable profit (decline) / growth	-189.9%	225.8%	-198.4%
EBITDA margin	8.4%	21.2%	10.6%
Pretax margin	-6.5%	8.2%	-5.7%
Net profit margin	-7.0%	7.2%	-5.9%
Financial Position			
Total assets	173,905,043	182,386,364	188,493,101
Total liabilities	95,291,988	98,606,121	110,418,880
Net debt	57,578,839	56,772,175	59,562,760
Tangible Net Worth	**78,549,218**	**83,716,406**	**78,010,384**
Net Gearing ratio	73.3%	67.8%	76.4%

Financial Highlights





	2014	2013	2012
Per Share Data (In cents)			
Basic Earnings per Share - Basic	**(0.93)**	**1.03**	**(0.82)**
- Diluted	(0.93)	1.03	(0.82)
NAV per Share (in cents)	**14.10**	**15.03**	**14.05**
Segment results			
Turnover			
Infrastructure Engineering	15,665,613	25,398,470	41,304,855
Corrosion Prevention	36,123,870	35,127,369	30,468,271
Supply & Distribution	14,534,152	15,483,303	15,053,965
Shipping	9,307,455	7,821,797	7,743,947
Profit / (loss) from operating segments			
Infrastructure Engineering	(5,209,646)	(1,147,128)	(4,186,904)
Corrosion Prevention	6,135,213	3,106,025	6,507,494
Supply & Distribution	338,866	7,192,739	261,450
Shipping	(2,705,476)	1,249,262	987,488
Others	(57,045)	(65,453)	(4,696,403)
Capital Expenditure			
Infrastructure Engineering	593,607	1,254,298	7,232,703
Corrosion Prevention	1,806,213	749,954	753,354
Supply & Distribution	24,865	89,191	71,344
Shipping	5,066,040	17,893,996	10,733,315

Executive Chairman Statement

" We will continue our efforts to secure more substantial shipbuilding and fabrication contracts and barring any unforeseen events, we expect the Shipping Division to take advantage of the lower bunker prices and improve in FY2015. "

Dear Shareholders,

In FY2014, the regional shipbuilding and offshore oil and gas fabrication market remained challenging. Although there were some early indications of improvement in the offshore oil and gas industry, these fizzled out in mid FY2014 when crude oil prices started plunging. Competition for the much reduced available work in our market segment in Singapore and Batam was fierce with further pressures on profit margins. Despite intensive efforts, the Group was not successful in its attempts to secure any large shipbuilding or fabrication contract in FY2014 and this is one major contributing factor to the Group's results in FY2014.

The Group's total sales dropped by S$8.20 million or 9.8% from S$83.83 million in FY2013 to S$75.63 million in FY2014. The Infrastructure Engineering (IE) Division which used to be the largest contributor to Group revenue secured only small value fabrication contracts and these were not sufficient to cover the costs of operating our Batam yard.

Fortunately, the Corrosion Prevention Division improved its turnover marginally from S$35.13 million in FY2013 to S$36.12 milion in FY2014.

The Supply and Distribution (SD) business remained stable in FY2014 with revenue of S$14.53 million compared to S$15.48 million in FY2013.

Although revenue from Shipping Division increased by S$1.49 million from S$7.82 million to S$9.31 million in FY2014 with commencement of operation of the second livestock carrier, mv "Diamantina", the vessel experienced unforeseen downtime and repair costs and this affected the profitability of the Shipping Division in FY2014.

The Group's profit/(loss) attributable to shareholders fell to a loss of S$5.02 million for FY2014 compared to a profit of S$5.58 million in FY2013. The FY2013 profit was attributable to the sale of property at 38 Tuas View Square.

The loss in FY2014 was mainly attributable to the IE Division's inability to win bigger contracts, the mv "Diamantina's" unforeseen repairs and loss of revenue when she was off hired following an engine breakdown and the translation loss due to strengthening of US Dollar.

In view of the operating loss suffered by the Group, your Board has decided not to recommend any dividend for FY2014. We will reward shareholders when we are able to achieve good profits in the future.

Executive Chairman Statement

The Group has taken measures to reduce costs and improve operational efficiencies of all Divisions and our efforts to increase the sales in our Divisions showed some improvement in fourth quarter of FY2014. We are fully aware that we need to do more to return to profitability and will actively explore opportunities to grow our revenue even in new business areas. Our investments in Asian Sealand Offshore and Marine Pte Ltd in FY2014 and investment in International Offshore Equiments Pte Ltd in FY2015 are expected to contribute to revenue in FY2015.

We will continue our efforts to secure more substantial shipbuilding and fabrication contracts and barring any unforeseen events, we expect the Shipping Division to take advantage of the lower bunker prices and improve in FY2015.

On behalf of the Board, I welcome Mr Kwek Kok Beng and his alternate Director, Mr Lee Yaw Loong to the Board and I am confident that they will contribute significantly to the Board's strength and resources. I would like to place on records our thanks and appreciation to Mr Cheong Hock Wee for his contributions as a Director for the past 2 years. I also wish to thank my fellow Directors for their counsel and guidance in FY2014.

Your Board would also like to take this opportunity to express our heartfelt gratitude to our bankers, customers, suppliers and partners whose tremendous support have been invaluable; and to our management team and staff for showing much dedication and commitment to the Group in these difficult times.

Chua Beng Kuang
Executive Chairman

Financial & Operations Review

FY2014 was a rough ride for the marine industry throughout the year as world shipping continued to be sluggish due to overcapacity and low freight rates persisted. In addition, the sharp plunge in crude oil prices caused a major impact across the offshore, oil and gas sector which added intense pressures for projects. Deferred capital expenditure and scaled down operations from our valued customers worsened our revenue in FY2014 as compared to FY2013. Due to the above mentioned macro-economic conditions, the Group's revenue fell by 9.8% or S$8.20 million from S$83.83 million in FY2013 to S$75.63 million in FY2014.

Segmental Review

Infrastructure Engineering ("IE") Division

Revenue for our IE division from external customers decreased by 38.3% or S$9.73 million from S$25.40 million to S$15.67 million as no sizeable shipbuilding or fabrication contract was secured. Consequently, our IE division incurred operating loss of S$5.21 million for FY2014 compared to S$1.15 million in FY2013.

The IE division continued to stimulate business expansion through investment in Asian Sealand Offshore and Marine Pte Ltd to venture into onboard vessel repairs, including specialising on Sandwich Plate System Overlay Treatment ("SPS Overlay") targeting onboard repairs for FSO, FPSO and offshore structures.

In April 2014, our IE division successfully converted and delivered a Roll-On Lift-Off vessel into livestock carrier in compliance with the Australian Maritime Safety Authority. This is the second livestock carrier successfully converted by IE division at our Kabil yard in Batam. Towards the end of FY2014, we delivered one new 1,700 HP tug boat to our existing fleet of 6 sets of tug and barges fleet.

Corrosion Prevention ("CP") Division

Revenue for our CP division increased by S$0.99 million from S$35.13 million in FY2013 to S$36.12 million in FY2014. The increase in revenue was mainly due to increase in the demand for our corrosion prevention services in Batam during FY2014. In FY2014, the corrosion prevention services in Singapore managed to cope with the increase in manpower and workers' related costs through close monitoring on productivity rate, reduced reliance on subcontractors, and addressing these mandatory increased in costs to our valued customers which resulted in the recovery of operating profit of S$6.14 million in FY2014 as compared to S$3.11 million achieved in FY2013.

Supply & Distribution ("SD") Division

Our SD division registered a decline in revenue of S$0.95 million from S$15.48 million in FY2013 to S$14.53 million in FY2014. The demand for hardware remained relatively stable in Singapore. However, operating profit dropped in FY2014 to S$0.34 million compared to S$1.40 million recorded for FY2013 (excluding the gain on disposal of a property at 38 Tuas View Square in FY2013). The main factor for the reduced operating profit was due to costs incurred as a result of discontinuing local hardware distribution within Batam Island. However, our SD division re-aligned its sales strategy to export directly to third party hardware wholesalers in Indonesia.

Shipping and Others ("SH") Division

Our SH division reported increase in revenue of S$1.49 million for FY2014 from S$7.82 million in FY2013 to S$9.31 million in FY2014. This was attributed to the commencement of operations of our second livestock carrier in 2Q2014. However, revenue suffered due to ship downtime and increased costs due to unforeseen ship repairs in the SH division. As a result of the above-mentioned, SH division incurred S$2.71 million operating losses in FY2014 as compared to S$1.25 million operating profits in FY2013.

Operating Profits

Our gross profit margin dropped from 24.0% in FY2013 to 18.7% in FY2014 due primarily to IE division's unsuccessful

Financial & Operations Review

attempts to secure sizeable contracts to cover its high fixed costs in the past two years. This was the main reason for the fall in the gross profit by S$6.02 million from $20.14 million in FY2013 to S$14.12 million in FY2014.

The Group's profit/(loss) attributable to shareholders fell to a loss of $5.02 million for FY2014 compared to profit of S$5.58 million in FY2013. The FY2013 profit was attributable to the sale of the property at 38 Tuas View Square. The loss in FY2014 was primarily due to the weaker performance of the IE division, vessels' downtime, unforeseen repair costs for the SH division and the currency translation loss due to strengthening of the US Dollar.

Cash Flow Statement

The Group registered net cash inflow of S$5.58 million in FY2014 mainly from direct operating activities.

Our additions to fixed asset for FY2014 was S$6.65 million. The additions were mainly from SH division which incurred S$5.07 million, where S$2.61 million arose from the cost of conversion on the second livestock carrier and S$1.96 million for the acquisition of a new tug boat. Our CP division spent S$0.96 million on replacement of air compressors, air coolers and other equipment. The remaining sum was for minor capital expenditure on Batam yard development, new forklifts, computers, etc. During the year, our SD division sold a property warehouse located in woodland industrial park 1 for S$1.03 million.

Net cash outflow in financing activities was approximately S$3.53 million during FY2014. This was mainly due to repayment of hire purchase liabilities and bank borrowings.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of approximately S$2.52 million for FY2014.

Assets And Liabilities

The Group registered total assets of S$173.91 million as at 31 December 2014.

The Group's current assets declined from S$72.33 million as at 31 December 2013 to S$66.57 million as at 31 December 2014 mainly due to outflow in net cash and bank balance by S$1.91 million, reduction in net trade receivables by S$2.03 million and reduction in inventories.

Total liabilities for the Group were S$95.29 million at end of FY2014 as compared to S$98.61 million at end of FY2013. The reduction was mainly attributable to net repayment of bank borrowings of S$1.10 million during FY2014 and net payment to trade and other payables of S$2.16 million.

The Group registered net current liabilities of S$8.89 million as at 31 December 2014 as compared to S$7.14 million as at 31 December 2013. The net current liabilities position registered in both periods was due to the Group's utilisation of its short-term bank borrowings to finance the conversion of the second livestock carrier.

During the fourth quarter of FY2014, our wholly owned subsidiary, Asian Sealand Engineering Pte Ltd ("ASE") secured a term loan facility of S$16.0 million in relation to the lease extension and redevelopment of the waterfront yard at 55 Shipyard Road. As of 31 December 2014, ASE had drawn down the first S$4.0 million of the loan facility.

In December 2014, our subsidiary, PT. Nexus Engineering Indonesia successfully obtained HGB land title for its 32.8 hectare waterfront leasehold yard in Kabil, Batam which will provide an avenue to seek term financing to solve the Group's net current liability position. Currently, the yard is unencumbered.

Board of Directors

Mr. Chua Beng Kuang

Executive Chairman

Mr. Chua Beng Kuang is our Executive Chairman and one of our founders. He was first appointed Director on 8 January 1994 and last re-elected on 28 April 2014. He is primarily in charge of the overall management, including developing and steering corporate plans, business directions and strategies for the Group. He has over 32 years of experience in the marine industry. He leads the management in pursuing the Group's mission and objectives and has been instrumental to our growth.

Mr. Chua Meng Hua

Managing Director and Chief Executive Officer

Mr. Chua Meng Hua is our Managing Director and one of our founders. He was first appointed Director on 8 January 1994 and last re-elected on 19 April 2013. He oversees the overall administrative, safety and operational systems, including developing and steering plans, and directions for the Group. He has over 22 years of experience in the marine industry.

Mr. Alan Yong Thiam Fook

Executive Director

Mr. Alan Yong Thiam Fook was appointed as our Executive Director on 14 July 2008. Prior to that, he has been on the Board as a Non-Executive Director since May 2002. He was last re-elected on 23 April 2012. He is our head of the Shipping Division as well as overseeing the Risk Management Committee, investment & joint ventures and business development for the Group.

Mr. Yong was the Chief Financial Officer of Labroy Marine Limited from 1994 to October 2006. He was the Group Financial Controller of JK Yaming International Holdings Limited, Finance Manager of Kuok (Singapore) Ltd, Island Concrete group of companies and Neptune Orient Lines.

Mr. Yong obtained a Bachelor of Science (Economics) from the University of London in 1978. He is a fellow member of the Institute of Certified Public Accountants of Singapore and a member of the Singapore Institute of Directors.

Member, Audit Committee
Member, Remuneration Committee
Member, Nominating Committee

Mr. Kwek Kok Beng

Non-Executive Director

Mr. Kwek Kok Beng was appointed as our Non-Executive Director on 17 December 2014. He is currently Executive Director (China Shipyards) of PaxOcean Engineering Pte Ltd. He has extensive experience in the shipbuilding and marine industry having worked for more than 27 years in this industry. He has held senior positions in Pacc Ship Managers Pte Ltd, Jurong Shipyard Pte Ltd, Atlantis Shipyard Pte Ltd and ST Marine Limited.

Mr. Kwek obtained his Bachelor of Business in Business Administration (Business Finance) from Royal Melbourne Institute of Technology in 1998.

Board of Directors

Chairman, Nominating Committee
Member, Audit Committee
Member, Remuneration Committee

Mr. Goh Chee Wee

Independent Director

Mr. Goh Chee Wee was first appointed as our Independent Director on 30 August 2004 and was last re-elected on 19 April 2013. He is also a director of Chailease Holding Company Ltd, Chip Eng Seng Corporation Ltd, King Wan Corporation Ltd, Sinotel Technologies Ltd, Stamford Tyres Corporation Ltd and Sin Ghee Huat Corporation Ltd, all listed companies.

Mr. Goh was formerly a Member of Parliament and Minister of State for Trade and Industry, Labour and Communications. He was the Group Managing Director and Chief Executive Officer of Comfort Group Ltd until 2003.

Mr. Goh holds a Bachelor of Science (First Class Honours) degree and a Diploma in Business Administration from the then University of Singapore and a Master of Science (Engineering) degree from the University of Wisconsin, USA.

Chairman, Audit Committee
Chairman, Remuneration Committee
Member, Nominating Committee

Dr. Wong Chiang Yin

Independent Director

Dr. Wong Chiang Yin was first appointed as our Independent Director on 30 August 2004 and was last re-elected on 28 April 2014. He is currently the President of Healthcare Services, Sasteria Pte Ltd and Executive Director of TMC Life Sciences Berhad. He is also a Director of Rowsley Limited. He was previously Executive Director of Pantai Holdings Berhad and CEO of Pantai Hospitals Division.

From 1998 to April 2008, Dr. Wong held various senior positions in the public sector, including Chief Operating Officer of Changi General Hospital and Singapore General Hospital, Director of the Projects Office of Singapore Health Services and Assistant Director in the Ministry of Health of Singapore. He is a council member of both the Singapore Medical Association and Academy of Medicine Singapore. He was President of the Singapore Medical Association from 2006 to 2009.

Dr. Wong is the Chairman of the Citizen's Consultative Committee of the Holland-Bukit Timah Group Representation Constituency, Cashew Division. He holds a Master of Medicine (Public Health) from the National University of Singapore in 1999 and a Master in Business Administration (Finance) from the University of Leicester in 2001.

Mr. Lee Yaw Loong

Alternate Director to Mr. Kwek Kok Beng

Mr. Lee Yaw Loong was appointed as Alternate Director to Mr. Kwek Kok Beng on 30 December 2014. Currently, he is the General Manager of Fertilizer Department of NewQuest (Trading) Pte Ltd, a subsidiary of Kuok (Singapore) Ltd. He has held various senior positions in Coopers & Lybrand (now known as PriceWaterhouseCoopers), Pacific Carriers Ltd and Kuok (Singapore) Pte Ltd from 1995 till present.

Mr. Lee obtained his Bachelor's of Economics (Honours) in Accounting and Computer Science from Monash University, Clayton, Australia in 1991 and currently a member of Australian Society of Certified Practising Accountant (ASCPA).

Key Executives

Mr. Chua Beng Yong
Chief Operating Officer

Mr. Chua Beng Yong is one of the founders and the Head for our Infrastructure Engineering ("IE") Division.

He is currently overseeing the Group's business divisions, including developing and steering plans, directions in the marketing, business development and operations. He has over 22 years of experience in the marine, offshore, oil and gas industries. He leads the IE Division in pursuing the Group's mission and objectives and has been pivotal in the growth of the IE Division.

Mr. Chua Beng Hock
Deputy Chief Operating Officer

Mr. Chua Beng Hock is one of the founders and the Head for our Corrosion Prevention ("CP") Division.

He is currently overseeing the Group's business divisions, particularly in the CP Division, including developing and steering plans, directions in the marketing, business development and operations aspects. He has over 20 years of experience in the corrosion prevention business in the marine, offshore, oil and gas industries. He leads the CP Division in pursing the Group's mission and objectives and has been instrumental in the market expansion in CP Division.

Mr. William Lee
Chief Financial Officer

Mr. William Lee is our Chief Financial Officer and has overall responsibility on all financial related matters of the Group. He joined the Group as Finance Manager in 2000 and was promoted as Chief Financial Officer in 2012. Prior to joining the Group, his services were rendered to Bob Low and Company as an Audit Assistant to Audit Senior from 1998 to 2000. He obtained a Bachelor of Accountancy from Queensland University of Technology in 1999.

Corporate Structure

Infrastructure Engineering

Products & Services:

- Shipbuilding & Conversion
- Offshore Construction & Repairs
- Turnkey Projects
- Metalizing Services
- SPS Overlay Technology
- In-situ Offshore Technology
- Fire Fighting & Fire Detection System

COMPANY LISTINGS

- 100% Asian Sealand Engineering Pte Ltd
- 100% PT. Nexus Engineering Indonesia
- 100% ASIC Engineering Sdn Bhd
- 100% MTM (ASE) Metalization Pte. Ltd.
- 51% Asian Sealand Offshore and Marine Pte. Ltd.
- 51% Venture Automation & Electrical Engineering Pte. Ltd.

Corrosion Prevention

Products & Services:

- Abrasive & Non-Abrasive Blasting
- Paint Application
- Rental of Machineries and Equipment
- Processing & Distributing of Copper Slag

COMPANY LISTINGS

- 100% Beng Kuang Marine (B&Chew) Pte. Ltd.
- 100% Beng Kuang Marine (B&M) Pte. Ltd.
- 100% Beng Kuang Marine (B&Y) Pte. Ltd.
- 100% B&K Marine Pte. Ltd.
- 100% B&J Marine Pte. Ltd.
- 100% OneHub Tank Coating Pte. Ltd.
- 100% PT. Nexelite CP Indonesia
- 80% Nexus Hydrotech Pte. Ltd.
- 51% Pangco Pte. Ltd.
  - 51% PT. Berger Batam

Supply & Distribution

Products & Services:

- Personal Protective Equipment
- Blasting Equipment & Accessories
- Welding Equipment & Accessories
- Painting Equipment & Accessories
- Other General Hardware Products

COMPANY LISTINGS

- 100% Nexus Sealand Trading Pte Ltd
  - 100% Picco Enterprise Pte. Ltd.
- 100% PT. Master Indonesia

Shipping & Others

Products & Services:

- Livestock Carriers
- Tugs & Barges
- Ship Management

COMPANY LISTINGS

- 100% Quill Marine Pte Ltd
  - 85% Drako Shipping Pte. Ltd.
  - 85% PT. Marina Shipping
  - 70% Ocean Eight Shipping Pte. Ltd.
  - 70% Ocean Eight Pte Ltd
- 51% Water & Environmental Technologies (WET) Pte. Ltd.
  - 51% Pureflow Pte. Ltd.
  - 51% Asia Recovery Centre Pte. Ltd.

Group Corporate Services

// Corporate Finance & Special Project
// Corporate Administration
// Corporate Management
// Corporate Development
// Quality, Health, Safety & Environment

* Percentage is computed based on Beng Kuang Marine Limited's effective interest on subsidiaries and associates

Corporate Information

Board of Directors

Mr. Chua Beng Kuang
Executive Chairman

Mr. Chua Meng Hua
Managing Director

Mr. Yong Thiam Fook
Executive Director

Mr. Kwek Kok Beng
Non-Executive Director

Mr. Goh Chee Wee
Independent Director

Dr. Wong Chiang Yin
Independent Director

Mr. Lee Yaw Loong
Alternate Director to
Mr. Kwek Kok Beng

Audit Committee

Dr. Wong Chiang Yin, *Chairman*
Mr. Goh Chee Wee
Mr. Kwek Kok Beng

Renumerating Committee

Dr. Wong Chiang Yin, *Chairman*
Mr. Goh Chee Wee
Mr. Kwek Kok Beng

Nominating Committee

Mr. Goh Chee Wee, *Chairman*
Dr. Wong Chiang Yin
Mr. Kwek Kok Beng

Company Secretaries

Ms. Wee Woon Hong
Mr. Lee Hock Heng

Registered Office

55 Shipyard Road
Singapore 628141
Tel: (65) 6266 0010
Fax: (65) 6264 0010
Email: bkm@bkmgroup.com.sg
Website: www.bkmgroup.com.sg

Auditors

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Partner-In-Charge: Mr. Chin Chee Choon
(Appointed since Financial Year Ended 2010)

Bankers

CIMB Bank Berhad

United Overseas Bank Limited

DBS Bank Limited

Oversea-Chinese Banking Corporation Limited

BNP Paribas

Malayan Banking Berhad

RHB Bank Berhad

Hong Leong Finance Ltd

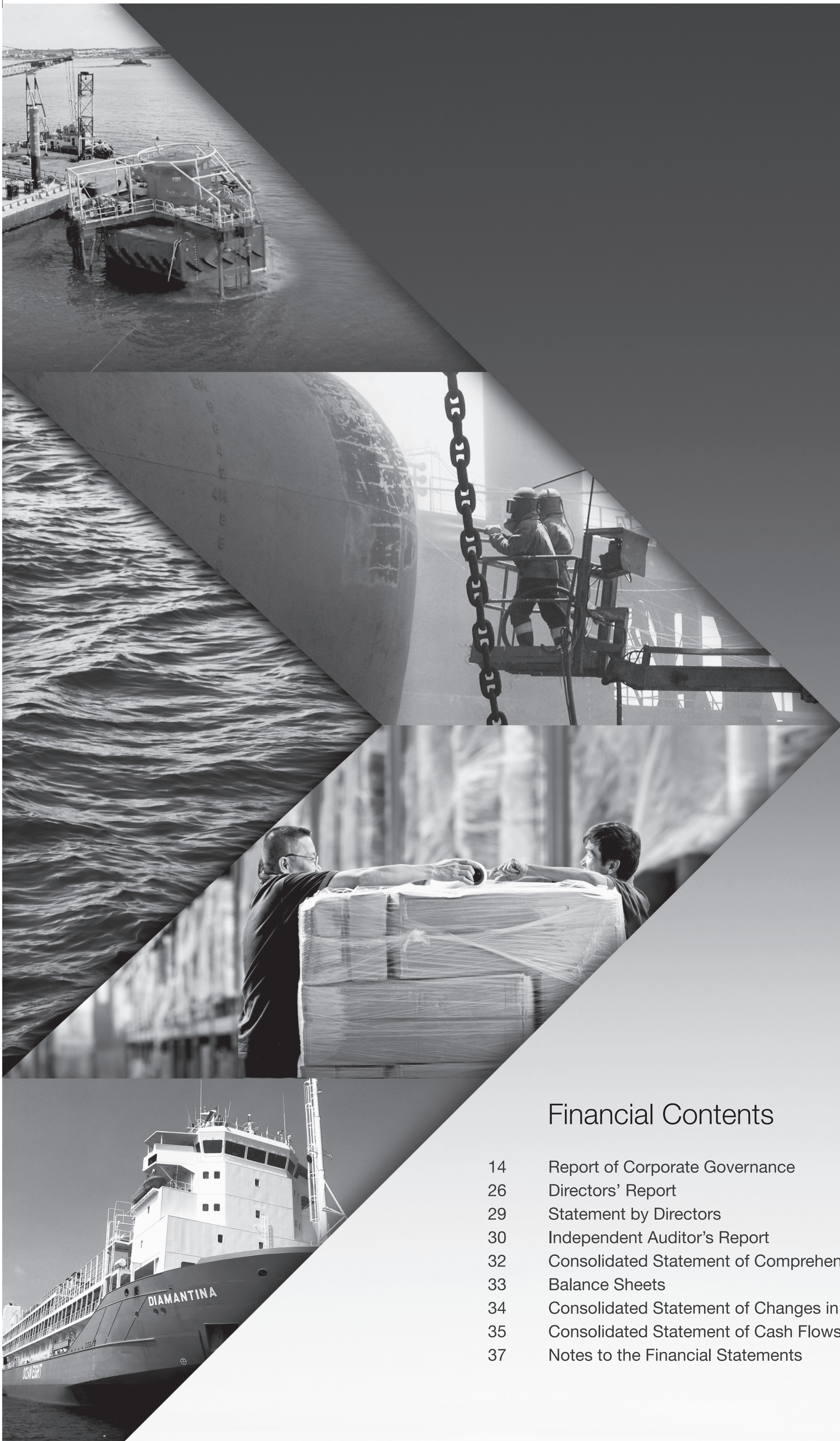
The Hongkong and Shanghai Banking Corporation Limited

PT Bank Mandiri (Persero) Tbk

PT Bank ICBC Indonesia

Registrar and the Share Transfer Office

M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902
Tel: (65) 6228 0530
Fax: (65) 6225 1452



Financial Contents

Report Of Corporate Governance

The Board of Directors (the "Board") of Beng Kuang Marine Limited is committed to maintaining a high standard of corporate governance within the Group. The Company has, put in place and adopted various principles, policies, and practices complying with revised Code of Corporate Governance 2012 ("the Code") where it is applicable and practical to the Group in the context of the Group's business and organisation structure.

The Company is pleased to report that it has generally adhered to the principles and guidelines as set out in the Code and exceptions are explained below.

(A) BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

The Board is entrusted with the responsibility of the overall management of the business and corporate affairs of the Group. Every Director is expected, in the course of carrying out his duties, to act in good faith and to consider at all times the interests of the Company.

The principal functions of the Board are to:-

(a) approve the Group's key business strategies and financial objectives, including the review of annual budgets, major investments / divestments, and funding proposals;

(b) oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

(c) review and monitor the Management performance;

(d) set the Company's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and

(e) approval of interested person transactions

Matters that specifically require the Board's decision or approval are:-

- Corporate strategy and business plans;
- Material investment and divestment proposals;
- Funding decisions of the Group;
- Nominations of Directors and appointment of key personnel;
- Announcement of financial results, the annual report and accounts;
- Material acquisitions and disposal of assets and material expenditures; and
- All matters of strategic importance.

All other matters are delegated to committees whose actions will be monitored by the Board. These committees include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") which operate within clearly defined terms of reference and functional procedures.

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The Board conducts regular scheduled meetings on a quarterly basis and where the circumstances require, ad-hoc meetings are arranged. Attendance of the Directors via telephone conference is allowed under Article 120(2) of the Company's Articles of Association. The Board may also make decisions by resolutions in writing. The number of Board and Board committees meetings held and attended by each Director during FY2014 are as follows:-

Name	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	No of meetings		No of meetings		No of meetings		No of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chua Beng Kuang	5	5	–	–	–	–	–	–
Chua Meng Hua	5	5	–	–	–	–	–	–
Yong Thiam Fook	5	5	–	–	–	–	–	–
Cheong Hock Wee* / Lee Yaw Loong	5	5	4	4	1	1	1	1
Kwek Kok Beng* / Lee Yaw Loong	–	–	–	–	–	–	–	–
Goh Chee Wee	5	5	4	4	1	1	1	1
Dr Wong Chiang Yin	5	5	4	4	1	1	1	1

* *Cheong Hock Wee resigned from his office as a non-executive director of the Company with effect from 17 December 2014. Kwek Kok Beng was appointed as a non-executive director of the Company with effect from 17 December 2014.*

Where necessary, the Directors will be updated on the latest governance and listing policies that are relevant to the Group. All Directors are also updated regularly concerning any changes in company policies.

The Directors are welcome to request further explanations, briefings or informal discussions on any aspects of the Company's operations or business issues from the Management. The Chairman and Managing Director will make the necessary arrangements for the briefings, informal discussions or explanations required by the Director.

Newly appointed Directors will undergo an orientation programme and will be provided with materials to help them familiarise themselves with the business and governance practices of the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

(i) As at the date of this report, the Board comprises two Independent Directors, one Non-Executive Director and three Executive Directors as follows:-.

Executive Directors
Chua Beng Kuang (Executive Chairman)
Chua Meng Hua (Managing Director)
Yong Thiam Fook (Executive Director)

Non-Executive Directors
Kwek Kok Beng (Non-Executive Director)
Goh Chee Wee (Independent Director)
Dr Wong Chiang Yin (Independent Director)

Alternate Director
Lee Yaw Loong (alternate to Kwek Kok Beng)

Report Of Corporate Governance

As the Independent Directors make up one third of the Board, there is a strong independent element on the Board, thereby allowing it to exercise objective judgment on all matters independently from the Management.

(ii) The independence of each Director is reviewed annually by the NC, which adopts the Code's definition of what constitutes an independent director. The NC is of the view that the Independent Directors, namely Mr. Goh Chee Wee and Dr. Wong Chiang Yin, are independent.

Mr. Goh Chee Wee and Dr. Wong Chiang Yin were first appointed Directors on 30 August 2004 and have held their office as Directors for more than 10 years and the Code requires their independence should be subject to rigorous review. In this context, the NC and the Board have separately reviewed the independence of Mr. Goh Chee Wee and Dr. Wong Chiang Yin and are satisfied that their long tenure does not impair their independence and they are able to discharge the duties as Directors independently and objectively. They remained independent in character and judgement and there are no relationships or circumstances which are likely to affect their judgement. Both of them are well qualified and experienced and have the ability to make impartial and well balanced decisions and to act in the best interests of the Company and shareholders.

(iii) The NC is satisfied that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. It is also of the view that the current Board size of six Directors is appropriate for effective decision making, taking into account the scope and nature of the Company's business. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making processes.

PRINCIPLE 3: CHAIRMAN AND MANAGING DIRECTOR

The Company keeps the posts of Chairman and Managing Director separate. There is a clear division of responsibilities between the Chairman and the Managing Director, which will ensure a balance of power and authority. Keeping the two posts separate will also ensure increased accountability and greater capacity of the Board for decision-making.

The Managing Director, Mr. Chua Meng Hua, with the team of key executive officers, is responsible for the day to day management of the Group's operations. He fulfills the role of Chief Executive Officer of the Group.

The Executive Chairman, Mr. Chua Beng Kuang is primarily responsible for the effective workings of the Board. He works together with the Managing Director in scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations. The Chairman and the Managing Director (with the assistance of the Company Secretary) also prepare the meeting agenda in consultation with the Directors.

The Chairman and the Managing Director also exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board and assist in ensuring the Group's compliance with the Code.

Mr. Chua Beng Kuang (Executive Chairman) and Mr. Chua Meng Hua (Managing Director) are brothers. The Board is aware of the timeline set by the Code for independent directors to make up half of the Board where the Chairman and CEO are immediate family members.

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PRINCIPLE 4: BOARD MEMBERSHIP

The NC has been established with written terms of reference and comprises two Independent Directors and one Non-Executive Director. They are:-

Goh Chee Wee	(Chairman, Independent Director)
Dr Wong Chiang Yin	(Member, Independent Director)
Cheong Hock Wee*	(Member, Non-Executive Director)
Kwek Kok Beng*	(Member, Non-Executive Director)

* *Cheong Hock Wee resigned from his office as a non-executive director of the Company with effect from 17 December 2014 and accordingly, he ceased to be a member of the NC on 17 December 2014. Kwek Kok Beng was appointed as a non-executive director of the Company with effect from 17 December 2014 and a member of the NC on 17 December 2014.*

The main terms of reference of the NC are as follows:-

- To review nominations for the appointment and re-appointment to the Board and the various Board committees;
- To decide on the evaluation criteria of the Board, propose an objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;
- To decide whether a Director is able to and has been adequately carrying out his duties as Director of the Company (in a case where the Director has multiple board representations);
- To ensure that Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years; and
- To determine, on an annual basis, whether a Director is independent.

The NC is responsible for the re-nomination of the Directors. Article 107 of the Company's Articles of Association requires one-third of the Directors to retire from office at least once in every three years at the Company's AGM whereas Article 112 provides that each term of appointment of the Managing Director shall not exceed five years. Retiring Directors are eligible to offer themselves for re-election pursuant to Article 109.

The NC will determine the criteria for the appointment of new Directors. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills and knowledge, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by directors or management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Having regard to the Directors' attendance and deliberations at meetings of the Board and Board Committees and the time spent on the Company's affairs, the NC and the Board are of the view that a maximum limit on the number directorship in listed companies for a director is not necessary.

Key information regarding the Directors is set out under "Board of Directors" section of this Annual Report.

Report Of Corporate Governance

PRINCIPLE 5: BOARD PERFORMANCE

Based on the recommendation of the NC, the Board has established processes and objective performance criteria for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director. The objective performance criteria address how the Board has enhanced long-term shareholders' value and include a comparison with the industry peers. The performance evaluation also includes consideration of return on equity, the Company's share price vis-à-vis the Singapore Straits Times Index. The selected performance criteria will not be changed from year to year unless they are deemed necessary and the Board is able to justify the changes.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

PRINCIPLE 6: ACCESS TO INFORMATION

The Company makes available to all Directors the management accounts, as well as the relevant background or explanatory information relating to matters, that are to be discussed at the Board meetings. Detailed board papers are sent out to the Directors before the scheduled meetings so that the members may be informed of the issues before hand and have sufficient time to formulate questions that they may have. In respect of budgets, any material variance between the forecasts and actual results is reviewed by the Board and disclosed and explained by the Management, where required by the Board.

The Directors have also been provided with the contact details of the Company's Senior Management and Company Secretary to facilitate separate and independent access.

The Company Secretary and/or his/her representatives attend Board meetings and assists the Board in ensuring that the Company complies with the relevant requirements of the Companies Act, Chapter 50, and the provisions in the Listing Manual of the SGX-ST. The appointment and removal of the Company Secretary would be a matter for the Board as a whole to decide.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

(B) REMUNERATION

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises the following three members:-

Dr Wong Chiang Yin	(Chairman, Independent Director)
Goh Chee Wee	(Member, Independent Director)
Cheong Hock Wee*	(Member, Non-Executive Director)
Kwek Kok Beng*	(Member, Non-Executive Director)

* *Cheong Hock Wee resigned from his office as non-executive director of the Company with effect from 17 December 2014 and accordingly, he ceased to be a member of the RC on 17 December 2014. Kwek Kok Beng was appointed as a non-executive director of the Company with effect from 17 December 2014 and a member of the RC on 17 December 2014.*

The RC members are familiar with executive compensation matters as they are performing executive functions in the companies where they are employed and/or are holding directorships in other public listed companies.

Report Of Corporate Governance

The RC recommends to the Board (in consultation with the Chairman) a framework of remuneration for the Board and the Executive Officers as well as specific remuneration packages for the Executive Directors and the Managing Director. The recommendations were submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' and Executive Officers' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises. The members of the RC do not participate in any decision concerning their own remuneration package.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The remuneration packages for Executive Directors take into account the performance of the Group and the individual Director. The RC also ensures that the Executive Directors are adequately remunerated as compared to industry and comparable companies. The Non-Executive Directors' remuneration in the form of directors' fees take into account the roles that the individual Director play, including but not limited to the efforts, time spent and responsibilities of the Non-Executive Director. The Directors' fees are subject to shareholders' approval at the forthcoming AGM.

The Company has entered into separate service agreements with Mr. Chua Beng Kuang and Mr. Chua Meng Hua for an initial period of three years commencing 1 January 2004 which shall be automatically renewed on a three-year basis and with Mr. Yong Thiam Fook for an initial period of three years commencing 14 July 2008 which shall be automatically renewed on an annual basis. There are no onerous removal clauses in the service agreements. Other than a fixed salary, Mr. Chua Beng Kuang and Mr. Chua Meng Hua are also entitled to an additional variable performance related bonus that is designed to align their interests with those of the shareholders and link rewards to corporate and individual performance.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The remuneration of each individual Director to the nearest thousand is not disclosed as the Board believes that the disclosure may be prejudicial to its business interests given the highly competitive marine business environment the Group operates in.

A summary compensation table of the directors' remuneration for the financial year ended 31 December 2014 is set out below:

Name of Directors	Salary# (%)	Bonus (%)	Fees* (%)	Benefits (%)	Total (%)
S$250,001 to S$500,000					
Chua Beng Kuang	88.07	7.17	0.22	4.54	100.00
Chua Meng Hua	86.15	7.03	2.52	4.30	100.00
Up to S$250,000					
Yong Thiam Fook	91.21	7.38	1.41	–	100.00
Goh Chee Wee	–	–	100.00	–	100.00
Dr Wong Chiang Yin	–	–	100.00	–	100.00
Cheong Hock Wee^	–	–	100.00	–	100.00
Kwek Kok Beng^	–	–	100.00	–	100.00

* *These fees are subject to approval of the shareholders at the forthcoming AGM.*

\# *Salary is inclusive of fixed allowance and CPF contributions.*

^ *Cheong Hock Wee resigned from his office as a non-executive director of the Company with effect from 17 December 2014. Kwek Kok Beng was appointed as a non-executive director of the Company with effect from 17 December 2014.*

Report Of Corporate Governance

A summary compensation table of the top five Executive Officers' remuneration for the financial year ended 31 December 2014 is set out below:

Name of Top 5 Executive Officers	Salary (%)	Bonus (%)	Fees (%)	Benefits (%)	Total (%)
S$250,001 to S$500,000					
Chua Beng Yong	92.60	7.40	–	–	100.00
Chua Beng Hock	90.40	8.10	1.50	–	100.00
Up to S$250,000					
Lee Wei Liang	92.30	7.08	0.62	–	100.00
S.Thillainathan	92.51	7.49	–	–	100.00
Tan Say Tian	93.49	6.51	–	–	100.00

The top five Executive Officers of the Group are Mr. Chua Beng Yong (Chief Operating Officer, Head of Infrastructure Engineering Division), Mr. Chua Beng Hock (Deputy Chief Operating Officer, Head of Corrosion Prevention Division), Mr. Lee Wei Liang (Chief Financial Officer), Mr. S.Thillainathan (Senior Manager) and Mr. Tan Say Tian (General Manager, Infrastructure Engineering Division).

Mr. Chua Beng Kuang and Mr. Chua Meng Hua (Executive Directors) and Mr. Chua Beng Yong and Mr. Chua Beng Hock (Executive Officers) are brothers. The Code recommends that the remuneration of employees who are immediate family member of a Director or CEO be disclosed within the bands of S$50,000. However, the Board is of the opinion that the remuneration details of Mr. Chua Beng Yong and Mr. Chua Beng Hock are confidential and disclosure of their remuneration in the bands of S$50,000 would not be in the interest of the Company. Mr. Chua Min Kong who is also a brother of Mr. Chua Beng Kuang and Mr. Chua Meng Hua is employed by the Group as a Manager and his total remuneration in 2014 was between $50,000 to $100,000.

Save as disclosed above, there is no employee who is an immediate family member of any Director, whose remuneration for FY2014 exceeds $50,000.

The aggregate total remuneration paid to or accrued to top five Executive Officers (who are not Directors or CEO) for FY2014 amounted to $1,021,103.

The gross remuneration disclosed is computed on gross salaries, allowances and other benefits accruing during the financial year.

The Company is of the opinion that it is not in the best interest of the Company to disclose the total remuneration of each Director and Key Executive in dollar terms, given the sensitivity of remuneration matters and the competitiveness of the industry for key talent.

The BKM Performance Share Plan was adopted at an Extraordinary General Meeting held on 27 April 2009. The BKM Performance Share Plan is administered by Dr. Wong Chiang Yin, Mr. Goh Chee Wee and Mr. Kwek Kok Beng and contemplates the award of fully paid shares, free of charge, when or after prescribed performance targets are achieved by the selected employees of the Group. No shares have been issued under this plan during the financial year.

Report Of Corporate Governance

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Company has taken efforts to comply with the Listing Manual of the SGX-ST on the disclosure requirements of material information. The Board is mindful of the obligation to provide shareholders of all major developments that affect the Group and strives to maintain a high standard of transparency.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to reports to regulators. The Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board committees and the Board, the Board, with concurrence of the AC, is of the view that, the system of internal control maintained by the Group provides reasonable assurance of the adequacy of the internal controls in addressing the financial, operational (including information technology) and compliance risks of the Group. This is in turn supported by assurance from the Managing Director and the Chief Financial Officer that:

(a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and are in accordance with the relevant accounting standards; and

(b) they have evaluated the effectiveness of the Company's internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that the Company has put in place and will continue to maintain a reliable, comprehensive and sound system of risk management and internal control.

The Company does not have a Board Committee for Risk Management. The Board and the AC has supervised the setting up of an enterprise risk management framework to evaluate and continuously improve the effectiveness of risk management capabilities, control and governance processes. The internal auditors have assisted in setting up this structure and have presented their key findings of their review to the AC and the Board. Key operational (including information technology), business, and financial risks faced by the Group generally and in major contracts and transactions are continuously analysed and identified so that all key risks (including information technology risk) are addressed and internal controls are in place and reviewed periodically by Management, the AC and the Board.

The Board and AC noted that all internal controls contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process with a view to improve the Group's internal control systems.

Report Of Corporate Governance

PRINCIPLE 12: AUDIT COMMITTEE

The AC has been established with written terms of reference and comprises two Independent Directors and one Non-Executive Director. They are:-

Dr Wong Chiang Yin	(Chairman, Independent Director)
Goh Chee Wee	(Member, Independent Director)
Cheong Hock Wee*	(Member, Non-Executive Director)
Kwek Kok Beng*	(Member, Non-Executive Director)

* *Cheong Hock Wee resigned from his office as a non-executive director of the Company with effect from 17 December 2014 and accordingly, he ceased to be a member of the AC on 17 December 2014. Kwek Kok Beng was appointed as a non-executive director of the Company with effect from 17 December 2014 and a member of the AC on 17 December 2014.*

Dr. Wong Chiang Yin, an Independent Director, chairs this Committee. The AC met four times in the financial year under review. It performs the following functions:-

- Reviewing the audit plans and reports of the independent auditor and to consider the effectiveness of the actions taken by the Management on the auditor's recommendations;
- Reviewing the internal audit plans, the scope and results of internal audit procedures;
- Review Enterprise Risk Management structure, governance and processes;
- Reviewing the balance sheet of the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2014 and other announcements to shareholders and the SGX-ST before submission to the Board of Directors ("Board") for approval, as well as the independent auditor's report on the balance sheets of the Company and the Consolidated financial statements of the Group;
- Appraising and reporting to the Board on the audits undertaken by the independent auditor, the adequacy of disclosure of information, and the adequacy and effectiveness of the system of management internal audit function and internal controls;
- Reviewing the assistance and co-operation given by the Management to the independent auditor;
- Evaluating quality of work performed by independent auditor;
- Discussing problems and concerns, if any, arising from the interim and final audits;
- Considering and make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, their remuneration and terms of engagement;
- Reviewing the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- Reviewing interested person transactions, as defined in the Listing Manual of SGX-ST.

Report Of Corporate Governance

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation by the Management. It also has full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

The AC, having reviewed all non-audit services provided by the independent auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the independent auditors and it has accordingly recommended to the Board that Nexia TS Public Accounting Corporation be nominated for reappointment as auditors of the Company at the forthcoming annual general meeting of the Company ("AGM").

The aggregate amount of fees paid or payable to the independent auditors of the Company, broken down into audit and non-audit services during FY2014 are as follows:-

Audit fees	: S$190,401
Non-audit fees	: S$37,500

The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to its independent auditors.

Whistle Blowing Policy

The AC has put in place a whistle-blowing arrangement whereby the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. There are arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken.

Where the need arises, the AC will meet with the independent auditors, without the presence of the Management, to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditors.

PRINCIPLE 13: INTERNAL AUDIT

The Company outsourced its internal audit function to an external professional firm, who reports directly to the AC and administratively to the Executive Directors. The objective of the internal audit function is to determine whether the Group's risk management, internal controls and governance processes, as designed by the Company, are adequate and functioning in the required manner. The internal auditors have identified the Group's main business processes and developed an audit plan that covers the main business process over a 1-3 year audit cycle.

The AC will review the adequacy of the internal audit function annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDERS RIGHTS

The Company recognises and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Singapore Companies Act and the Company's Articles of Association. Information to all shareholders is disclosed to in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote at the Company's general meetings.

Report Of Corporate Governance

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Company has complied with the Listing Manual on the disclosure requirements of material information to shareholders. The Board is mindful of the obligation to provide shareholders of all major developments that affect the Group and strives to maintain a high standard of transparency.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to reports to regulators.

Information is communicated to shareholders on a timely basis through quarterly financial results and annual reports that are prepared and issued to all shareholders within the mandatory period, SGXNET, press releases and the Company's website at which the shareholders can access information on the Group. The Company does not practice selective disclosure and price sensitive information is first publicly released before the Company meets with any group of investors or analysts.

In view of the Group's weak operating results in FY2014, the Board has decided not to declare any dividend for FY2014.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Shareholders are given the opportunity to pose questions to the Directors or the Management at the AGM and all extraordinary general meetings. Shareholders are informed of shareholders' meetings through notices published in the newspapers, annual reports and circulars sent to all shareholders. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues. The members of the AC, NC and RC will be present at these meetings to answer questions relating to matters that are overseen by these committees. The independent auditors will also be present to assist the Directors in addressing any queries posed by the shareholders.

The Articles of Association of the Company allows for members to appoint up to two proxies to attend and vote in place of the member. The Company does not intend to implement absentia voting methods until security, integrity and other pertinent issues are resolved.

Effective 1 August 2015, the Company is required under the Listing Manual to put all resolutions at general meetings to voting by poll. Until this rule becomes effective, voting at general meetings will be by way of show of hands unless a poll is demanded as the Board is of the view that this manner of voting is expedient when no objection or opposition has been raised to any resolution.

(E) DEALINGS IN SECURITIES

The Company has adopted policies in line with the Rule 1207(19) set out in the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company and its officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before full financial year, and ending on the date of announcement of the relevant results.

(F) INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested person which set out the procedures for review and approval of such transactions.

Report Of Corporate Governance

All interested person transactions will be documented and submitted on a quarterly basis to the AC for their review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the Company.

Disclosure of interested person transactions are made together with the Company's quarterly results. The AC reviewed the significant transactions entered into by the Company with its interested persons for FY2014 in accordance with its existing procedures.

A summary of the interested person transactions for FY2014 is as follows:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920).	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000).
[Revenue / (Expenses)]	**S$**	**S$**
DP Shipbuilding & Engineering Pte Ltd		
Provision of Infrastructure Engineering Services		5,696
Ship Repair Services		(161,000)
PT Nanindah Mutiara Shipyard		
Sale of Hardware Equipment, Tools and Other Consumables		6,613
Procurement of Materials and Consumables		(326,080)
Provision of Corrosion Prevention Services		937,831
PT Graha Trisaka Industri		
Provision of Corrosion Prevention Services		1,788,556
Procurement of Materials and Consumables		(255,354)
Sale of Hardware Equipment, Tools and Other Consumables		3,989
DDW - PaxOcean Shipyard Pte Ltd		
Provision of Corrosion Prevention Services		3,292,993
Procurement of Materials and Consumables		(116,047)
Transportation Charges		(5,414)
PT. Drydocks World Pertama		
Provision of Corrosion Prevention Services		2,195,175
Procurement of Materials and Consumables		(205,159)
Sale of Hardware Equipment, Tools and Other Consumables		6,415

(G) MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Report of Directors and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the Managing Director or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Directors' Report

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

DIRECTORS

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

Chua Beng Kuang
Chua Meng Hua
Yong Thiam Fook
Goh Chee Wee
Dr Wong Chiang Yin
Kwek Kok Beng (Appointed on 17 December 2014)
Lee Yaw Loong (Appointed on 30 December 2014 as alternative director to Kwek Kok Beng)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee	
	At 31.12.2014	At 1.1.2014 or date of appointment, if later
The Company		
(No. of ordinary shares)		
Chua Beng Kuang	36,267,500	36,267,500
Chua Meng Hua	35,319,500	35,319,500
Yong Thiam Fook	256,000	256,000
Dr Wong Chiang Yin	100,000	100,000

The directors' interests in the ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

Directors' Report

For the financial year ended 31 December 2014

DIRECTORS' CONTRACTUAL BENEFITS

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

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares in the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Dr Wong Chiang Yin	(Chairman, Independent Director)
Goh Chee Wee	(Member, Independent Director)
Kwek Kok Beng	(Member, Non-independent and Non-executive Director)

The AC met four times in the financial year under review and carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. It performs the following:

- Reviewing the audit plans and reports of the independent auditor and to consider the effectiveness of the actions taken by Management on the auditor's recommendations;
- Reviewing the internal audit plans, the scope and results of internal audit procedures;
- Review Enterprise Risk Management structure, governance and processes;
- Reviewing the balance sheet of the Company, the consolidated financial statements of the Group for the financial year ended 31 December 2014 and other announcements to shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") before submission to the Board of Directors ("Board") for approval, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;
- Appraising and reporting to the Board on the audit conducted by the independent auditor, the adequacy of disclosure of information, and the adequacy and effectiveness of the system of management internal audit function and internal controls;
- Reviewing the assistance and co-operation given by Management to the independent auditor;
- Evaluating quality of work performed by the independent auditor;
- Discussing problems and concerns, if any, arising from the interim and final audits;
- Considering and make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, their remuneration and terms of engagement.
- Reviewing the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- Reviewing interested person transactions, as defined in the Listing Manual of SGX-ST.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Report

For the financial year ended 31 December 2014

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chua Beng Kuang
Executive Chairman

Chua Meng Hua
Managing Director

26 March 2015

Statement by Directors

For the financial year ended 31 December 2014

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 32 to 95 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended, 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors

Chua Beng Kuang
Executive Chairman

Chua Meng Hua
Managing Director

26 March 2015

Independent Auditors' Report

to the Members of Beng Kuang Marine Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Beng Kuang Marine Limited (the "Company") and its subsidiaries (the "Group") set out on pages 32 to 95, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial 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 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

Independent Auditors' Report

to the Members of Beng Kuang Marine Limited

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Chin Chee Choon
Appointed since the financial year ended 31 December 2010

Singapore

26 March 2015

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	Note	2014 $	2013 $
Revenue	4	75,631,090	83,830,939
Cost of sales		(61,510,629)	(63,689,878)
Gross profit		14,120,461	20,141,061
Other gains – net	7	624,745	6,772,454
Expenses			
- Selling and distribution		(1,997,305)	(1,980,451)
- Administrative		(15,329,630)	(15,974,859)
- Finance	8	(2,365,707)	(2,113,142)
(Loss)/profit before income tax		(4,947,436)	6,845,063
Income tax expense	9	(338,516)	(820,591)
Net (loss)/profit		(5,285,952)	6,024,472
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – gains / (losses)		20,764	(318,450)
Total comprehensive (loss)/income		(5,265,188)	5,706,022
(Loss)/profit attributable to:			
Equity holders of the Company		(5,020,435)	5,582,242
Non-controlling interests		(265,517)	442,230
		(5,285,952)	6,024,472
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(5,008,764)	5,329,674
Non-controlling interests		(256,424)	376,348
		(5,265,188)	5,706,022
(Loss)/earnings per share attributable to equity holders of the Company (cents per share)			
- Basic	10	(0.93)	1.03
- Diluted	10	(0.93)	1.03

Balance Sheets
As at 31 December 2014

	Note	Group		Company	
		2014 $	2013 $	2014 $	2013 $
ASSETS					
Current assets					
Cash and cash equivalents	11	6,495,080	8,403,197	174,925	226,032
Trade and other receivables	12	47,320,383	49,345,219	68,086,900	70,654,473
Inventories	13	12,750,430	14,581,050	–	–
		66,565,893	72,329,466	68,261,825	70,880,505
Non-current assets					
Investments in subsidiaries	15	–	–	10,827,249	4,256,615
Intangible assets	16	63,837	63,837	–	–
Property, plant and equipment	17	106,902,384	109,802,463	772,134	958,946
Deferred income tax assets	23	372,929	190,598	7,920	–
		107,339,150	110,056,898	11,607,303	5,215,561
Total assets		173,905,043	182,386,364	79,869,128	76,096,066
LIABILITIES					
Current liabilities					
Trade and other payables	18	28,281,635	30,156,889	10,499,547	6,114,437
Deferred income	19	408,420	491,977	–	–
Provision for warranty	20	67,500	48,720	–	–
Current income tax liabilities		732,650	976,366	–	–
Borrowings	21	45,960,368	47,790,624	17,297,557	17,552,417
		75,450,573	79,464,576	27,797,104	23,666,854
Non-current liabilities					
Deferred income	19	933,756	1,148,042	–	–
Borrowings	21	18,113,551	17,384,748	16,250	48,750
Deferred income tax liabilities	23	794,108	608,755	–	5,650
		19,841,415	19,141,545	16,250	54,400
Total liabilities		95,291,988	98,606,121	27,813,354	23,721,254
NET ASSETS		78,613,055	83,780,243	52,055,774	52,374,812
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	49,651,347	49,651,347	49,651,347	49,651,347
Currency translation reserve	25	(395,650)	(407,321)	–	–
Retained profits	26	26,915,424	31,935,859	2,404,427	2,723,465
		76,171,121	81,179,885	52,055,774	52,374,812
Non-controlling interests		2,441,934	2,600,358	–	–
Total equity		78,613,055	83,780,243	52,055,774	52,374,812

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2014

	Note	Attributable to equity holders of the Company				Non-controlling interests $	Total equity $
		Share capital $	Retained profits $	Currency translation reserve $	Total $		
2014							
Beginning of financial year		49,651,347	31,935,859	(407,321)	81,179,885	2,600,358	83,780,243
Acquisition of subsidiary by non-controlling interest	15	–	–	–	–	98,000	98,000
Total comprehensive loss for the financial year		–	(5,020,435)	11,671	(5,008,764)	(256,424)	(5,265,188)
End of financial year		49,651,347	26,915,424	(395,650)	76,171,121	2,441,934	78,613,055
2013							
Beginning of financial year		49,651,347	26,353,617	(154,753)	75,850,211	2,224,010	78,074,221
Total comprehensive income for the financial year		–	5,582,242	(252,568)	5,329,674	376,348	5,706,022
End of financial year		49,651,347	31,935,859	(407,321)	81,179,885	2,600,358	83,780,243

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Net (loss)/profit		(5,285,952)	6,024,472
Adjustments for:			
Income tax expense	9	338,516	820,591
Allowance for impairment of trade receivables	5	221,240	115,492
Write down of inventories	5	102,868	50,926
Inventories written off	5	1,070	20,335
Write-back of allowance for impairment of trade receivables	5	(85,272)	(251,754)
Gain on disposal of property, plant and equipment	7	(859,451)	(332,798)
Gain on disposal of assets held-for-sale	7	–	(5,796,253)
Property, plant and equipment written off	7	1,503	32,631
Depreciation of property, plant and equipment	17	8,956,298	8,854,127
Interest income	7	(11,015)	(11,993)
Finance expense	8	2,365,707	2,113,142
Amortisation of deferred income	19	(214,286)	(137,673)
Unrealised currency translation losses		1,010,896	264,052
		6,542,122	11,765,297
Change in working capital:			
Inventories and construction work-in-progress		1,684,640	7,469,454
Trade and other receivables		6,441,413	(6,340,829)
Trade and other payables		(6,450,536)	(3,692,800)
Cash flows generated from operations		8,217,639	9,201,122
Interest received		11,015	11,993
Interest paid		(2,068,214)	(1,528,374)
Income tax paid		(579,210)	(937,835)
Net cash flows generated from operating activities		5,581,230	6,746,906
Cash flows from investing activities			
Additions to property, plant and equipment	17(a)	(6,648,405)	(19,618,951)
Proceeds from disposal of property, plant and equipment		2,167,787	2,003,824
Proceeds from disposal of assets held-for-sale		–	15,149,841
Interest paid		(91,310)	(393,601)
Net cash flows used in investing activities		(4,571,928)	(2,858,887)

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	2014 $	2013 $
Cash flows from financing activities			
Proceeds from borrowings		9,690,811	4,918,132
Repayment of borrowings		(10,804,283)	(14,711,459)
Repayment of finance lease liabilities		(1,919,469)	(2,319,306)
Repayment of bills payable		(391,104)	(900,268)
Interest paid		(206,744)	(278,182)
Proceeds from subscription of ordinary shares by non-controlling interests		98,000	–
Net cash flows used in financing activities		(3,532,789)	(13,291,083)
Net decrease in cash and cash equivalents		(2,523,487)	(9,403,064)
Cash and cash equivalents			
Beginning of financial year		5,581,599	15,076,945
Effects of currency translation on cash and cash equivalents		61,493	(92,282)
End of financial year	11	3,119,605	5,581,599

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

Beng Kuang Marine Limited (the "Company") is a limited liability company, which is incorporated in the Republic of Singapore and publicly traded on the Singapore Stock Exchange. The address of its registered office is 55 Shipyard Road, Singapore 628141 which is also its principal place of business.

The principal activities of the Company are provision of corrosion prevention services relating to repairing of ships, tankers and other ocean-going vessels and investment holding. The principal activities of subsidiaries are shown in Note 15 of the financial statements.

Related parties mentioned in these notes refer to the following:

(a) DDW-PaxOcean Asia Pte Ltd (formally known as Drydocks World-Southeast Asia Pte. Limited) and its subsidiaries ("DDW-PaxOcean Group") in which the Company is an associate of the DDW PaxOcean Group; and

(b) Hwah Hong Transportation Pte. Ltd. ("Hwah Hong") which is significantly influenced by one of the Group's key management personnel by virtue of his directorship and substantial shareholdings in Hwah Hong.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

In preparing the consolidated financial statements, the management has given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of $5,265,188 during the financial year ended 31 December 2014 (2013: net profit of $5,706,022) and, as of that date, the Group's current liabilities exceed its assets by $8,884,680 (2013: $7,135,110).

In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the directors have taken the following measures:

(i) On 25 March 2015, the Company has entered into redeemable convertible bond subscription agreements with investors to issue convertible bonds of up to $5 million. The bonds when issued will bear interest at 8% per annum. The agreements are subject to certain conditions precedent and approval from government regulatory authorities including and not limited to SGX-ST. All or any part of the bonds may be converted to new shares at $0.21 after 12 months from the date of issue or redeemable within 4 years from the date of issue. The proceeds will be used for working capital, to repay short bank borrowings and to fund business expansion.

(ii) On 24 September 2014, the Group obtained a term loan facility of $16 million from a bank to finance the addition and alteration to its existing property at 55 Shipyard Road, purchase of equipment and working capital. As of 31 December 2014, the Group has utilised $4 million of the facility and a further $3 million is expected to be drawdown during first half 2015 at a floating interest rate with a tenor of 10 years.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

The directors are of the opinion that, taking into accounts the above measures, the Group will have sufficient working capital to finance its operations and to pay financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 112 Disclosures of Interests in Other Entities

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS and amendment for consolidation exceptions for "investment entity" from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

The adoption of FRS 112 does not have any material impact on the accounting policies of the Group.

2.2 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

(a) Subsidiaries (cont'd)

(i) Consolidation (cont'd)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been charged where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and of net assets, which is attributable to the interests which are not owned directly or indirectly by the entity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interest having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognised any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to paragraph "Intangible assets – Goodwill" for the accounting policy on goodwill subsequent to initial recognition.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

(a) Subsidiaries (cont'd)

(iii) Disposals (cont'd)

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transaction with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transaction with equity owners of the Company. Any difference between the changes in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

(c) Associated companies (cont'd)

(ii) Equity method of accounting (cont'd)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated companies is a financial assets, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.3 Property, plant and equipment

(a) Measurement

(i) Leasehold land and buildings

Leasehold land and buildings are initially recognised at cost. Buildings and leashold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Leasehold land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated deprecation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, plant and equipment (cont'd)

(a) Measurement (cont'd)

(ii) Dry dockings

Components of vessel which are required to be replaced at the next drydocking are identified. The cost of these components is depreciated over the period to the next estimated drydocking date. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next drydocking date. When significant drydocking costs recur prior to the expiry of the depreciation period, the remaining costs of the previous drydocking are written off in the month of the subsequent drydocking.

(iii) Other property, plant and equipment

Other item of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.17) directly attributable to the acquisition or constructions of property, plant and equipment.

(b) Depreciation

Depreciation is calculated using a straight-line method to allocate their depreciable amounts of property, plant and equipment over their estimated useful lives as follows:

	Useful lives
Motor vehicles	8 – 10 years
Furniture fittings and equipment	3 – 10 years
Forklifts, machinery, tools and equipment	2 – 15 years
Yard development	20 – 30 years
Leasehold improvement and renovation	3 – 10 years
Leasehold building	20 – 30 years
Leasehold land	30 years
Vessels	15 – 20 years
Drydockings	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expense are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and business on or after 1 January 2010 represents the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed.

Goodwill on acquisition of subsidiaries and business prior to 1 January 2010 and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) Intellectual property rights

Intellectual property rights acquired in business combinations are measured initially at valuation. Intellectual property rights 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. The Company's existing intellectual property rights have a finite useful life and are amortised over the period of 8 years on a straight-line basis.

2.5 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.6 Impairment of non-financial assets

Intangible assets
Property, plant and equipment
Investments in subsidiaries and associated companies

Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Impairment of non-financial assets (cont'd)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12) and "cash and cash equivalents" (Note 11) on the balance sheet.

(b) Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Measurement

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method.

(d) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (cont'd)

(d) Impairment (cont'd)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.8 Investment in subsidiary

Investment in subsidiary is stated at cost less accumulated impairment losses in the Company's balance. On disposal of an investment in subsidiary, the difference between disposal proceeds and its carrying amount are recognised in profit or loss.

2.9 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the aggregated costs incurred plus recognised profit (less recognised losses) on each contract is compared against the progress billings. Where cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables" (Note 12). Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables" (Note 18).

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Inventories

Inventories relate to trading goods and construction materials to be used in the rendering of services. Inventories are carried at the lower of cost (determined on a weighted average basis) and net realisable value. Work-in-progress vessels under construction for future sale is made up of direct material, direct labour cost, subcontractors cost, appropriate allocation of fixed and variable production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses.

2.11 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Government grants

Government grants are recognised as a receivable at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Governments grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.13 Provisions

Provisions for warranty and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past event, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are reviewed at each balance sheet date 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 obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance expense. Changes in the estimated timing or amount of the expenditure are recognised in profit or loss when the changes arise.

The Group recognises the estimated liability to repair products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs.

2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Income taxes (cont'd)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax taxes are recognised as income and expense in profit or loss.

2.15 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.16 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that 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 ready for their intended use or sale.

2.18 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sales of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the group activities are met as follows:

(a) Corrosion prevention and infrastructure engineering services

Revenue from corrosion prevention and infrastructure engineering services are recognised based on the stage of completion or to the extent of contract costs incurred where it is probable those costs will be recoverable. The stage of completion for a given project is measured by reference to the contract costs incurred to date against the estimated total costs for the contract. Revenue is recognised to the extent of contract costs incurred, in situations where the contract outcome cannot be reliably measured.

Please refer to the paragraph "Construction Contracts" for the accounting policy for revenue from construction contracts.

(b) Supply and distribution of products

Supply and distribution revenue is recognised net of goods and services tax and discounts when goods have been delivered and accepted by the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Chartering income

Chartering income is recognised on a straight-line basis over the charter hire period.

(d) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plan

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

(b) Employment leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

(c) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefit falling due more than 12 months after balance sheets are discounted to present value.

2.20 Share capital

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

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All foreign exchange gains and losses impacting profit or loss are presented in income statement within "other gain/(losses) – net".

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Currency translation (cont'd)

(c) Translation of Group entities' financial statements

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.22 Fair value estimation

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Officers whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Lease

(a) When the Group is the lessee:

The Group leases land, motor vehicles and certain plant and machinery under finance leases and land, factories and warehouses under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Lease (cont'd)

(b) When the Group is the lessee:

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(c) When the Group is the lessor:

The Group leases equipment and vessels under operating leases to non-related parties.

Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.25 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, property plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and where applicable, cash-generating units, have been determined based on higher of fair value less costs to sell and value-in-use calculations. The calculation of value-in-use requires the use of estimates (Note 16(b) and Note 17(c)). The carrying amounts of non-financial assets are disclosed in Notes 15 to 17.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

3.1 Critical accounting estimates and assumptions (cont'd)

(a) Estimated impairment of non-financial assets (cont'd)

Impairment of property, plant and equipment

If the management estimated growth rate used in the value-in-use calculation for shipping CGU as at 31 December 2014 had been lower by 5% the carrying amount of the property, plant and equipment in shipping CGU would have been reduce by $2,836,075 and the Group would have been recognised an impairment charge on property, plant and equipment in shipping CGU of $2,836,075.

If the management estimated weighted cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows for shipping CGU had been raised by 1% than management's estimates (for example, 11% instead of 10%) at 31 December 2014, the Group would have recognised an impairment charge on property, plant and equipment in shipping CGU of $901,625.

If the valuation of property, plant and equipment for infrastructure engineering CGU had been lower by 10%, the Group would have recoverable amount of $58,229,595 instead of $68,699,550, while the carrying amount of the infrastructure engineering CGU is $35,773,381. No allowance for impairment has been recognised in the shipping and infrastructure engineering CGU in the financial year ended 31 December 2014.

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delays in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there is a significant change in the payment ability of the debtor, 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, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar risk characteristics. The methodology and assumptions used are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. The carrying amounts of trade and other receivables at the balance sheet date are disclosed in Note 12.

If the values of financial assets that is past due but not impaired as at 31 December 2014 increase/decrease by 10%, the Group's allowance for impairment will increase/decrease by $874,917 and $813,075 respectively.

(c) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 30 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2014 were $106,902,384 (2013: $109,802,463). 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 charges could be revised.

If the actual useful lives of the property, plant and equipment differ by 10% from management's estimate, the carrying amount of the property, plant and equipment will be approximately higher/lower by $859,985 and $1,051,093 (2013: $721,525) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

3.1 Critical accounting estimates and assumptions (cont'd)

(d) Construction contracts

The Group recognised revenue arising from provision of corrosion prevention and infrastructure engineering services based on the stage of completion method or to the extent of contract costs incurred where it is probable those costs will be recoverable. The stage of completion is measured by reference to the contract costs incurred to date against the estimated total costs for the contract.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contract costs incurred. Total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and historical settlements with the customers. The carrying amount of construction contracts is disclosed in Note 14.

If the revenue on uncompleted contracts at the balance sheet date increases/decreases by 10% from management's estimates, the Group's revenue will increase/decrease by $912,813 and $847,024 respectively.

If the contract costs of uncompleted contracts to be incurred increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by $159,101 and $240,152 respectively.

(e) Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group and the Company's current income tax liabilities and deferred income/(asset) tax at 31 December 2014 were $732,650 and $Nil (2013: $976,366 and $Nil) and $421,179 and ($7,920) (2013: $418,157 and $5,650) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2014

4 REVENUE

	Group 2014 $	Group 2013 $
Infrastructure engineering services	15,665,613	25,398,470
Corrosion prevention services	36,123,870	35,127,369
Supply and distribution of products	14,534,152	15,483,303
Chartering income	9,307,455	7,821,797
	75,631,090	83,830,939

5 EXPENSES BY NATURE

	Group 2014 $	Group 2013 $
Purchases of inventories and construction materials	28,279,550	32,459,867
Subcontractors' fees	2,014,312	1,632,213
Depreciation of property, plant and equipment (Note 17)	8,956,298	8,854,127
Write-back of allowance for impairment of trade receivables (Note 29(b)(ii))	(85,272)	(251,754)
Inventories written off	1,070	20,335
Write down of inventories	102,868	50,926
Allowance for impairment of trade receivables (Note 29(b)(ii))	221,240	115,492
Total amortisation, depreciation and impairment	9,196,204	8,789,126
Fees on audit services paid/payable to:		
- Auditor of the Company	190,401	168,204
- Other auditor	2,550	35,100
Total fees on audit services	192,951	203,304
Fees on non-audit services paid/payable to:		
- Auditor of the Company	37,500	44,788
- Other auditor	3,847	4,245
Total fees on non-audit services	41,347	49,033
Employee compensation (Note 6)	24,120,984	23,375,861
Employees' accommodation and utilities	2,940,668	2,697,969
Rental and repair of equipment and machinery	58,699	1,178,944
Maintenance of equipment and machinery	2,550,396	2,901,043
Transport and travelling	1,263,994	1,232,155
Office related expenses	662,599	775,832
Insurance	1,564,068	1,214,629
Foreign worker levies	1,980,027	1,404,365
Shipping related expenses	2,822,860	1,068,716
Other expenses	2,875,587	2,833,958
Changes in inventories	(1,726,682)	(171,827)
Total cost of sales, selling and distribution and administrative expenses	78,837,564	81,645,188

Notes to the Financial Statements

For the financial year ended 31 December 2014

6 EMPLOYEE COMPENSATION

	Group	
	2014 $	2013 $
Wages and salaries	21,756,074	21,126,054
Employer's contribution to defined contribution plans including Central Provident Fund	960,803	1,039,779
Other short-term benefits	1,404,107	1,210,028
	24,120,984	23,375,861

7 OTHER GAINS – NET

	Group	
	2014 $	2013 $
Interest income from bank deposits	11,015	11,993
Gain on disposal of property, plant and equipment	859,451	332,798
Property, plant and equipment written off	(1,503)	(32,631)
Gain on disposal of assets held-for-sale	–	5,796,253
Currency translation losses, net	(966,068)	(233,378)
Government grants [a]	202,501	185,294
Sales of scrap	224,607	265,197
Deposits written off	–	95,989
Miscellaneous back-charge of services	294,742	350,939
	624,745	6,772,454

[a] There is no condition attached to government grants.

8 FINANCE EXPENSES

	Group	
	2014 $	2013 $
Interest expense		
- Bank borrowings	2,037,244	2,120,533
- Bank overdrafts	150,595	60,219
- Finance lease liabilities	206,744	234,831
- Bills payable	62,434	91,160
	2,457,017	2,506,743
Less: Amount capitalised in property, plant and equipment	(91,310)	(393,601)
Finance expenses recognised in profit or loss	2,365,707	2,113,142

Borrowing costs on construction of a vessel were capitalised at a rate of 3.16% (2013: 3.40%).

Notes to the Financial Statements

For the financial year ended 31 December 2014

9 INCOME TAX EXPENSE

	Group	
	2014 $	2013 $
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax – Singapore	32,976	169,224
– Foreign	438,542	1,004,387
	471,518	1,173,611
Deferred income tax (Note 23)	40,035	(149,599)
	511,553	1,024,012
- Over provision in prior financial years		
Current income tax	(136,024)	(93,274)
Deferred income tax (Note 23)	(37,013)	(110,147)
	(173,037)	(203,421)
	338,516	820,591

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2014 $	2013 $
(Loss)/profit before income tax	(4,947,437)	6,845,063
Tax at the applicable tax rate of 17% (2013: 17%)	(841,064)	1,163,661
Effects of:		
- expenses not deductible for tax purposes	556,941	1,178,316
- income not subject to tax	(247,500)	(1,201,573)
- tax incentives	(62,632)	(63,996)
- different tax rates in other countries	(130,702)	(42,188)
- deferred tax assets not recognised	1,215,866	7,986
- others	20,644	(18,194)
Tax charge	511,553	1,024,012

Notes to the Financial Statements

For the financial year ended 31 December 2014

10 (LOSS)/EARNINGS PER SHARE

	Group	
	2014	2013
(Loss)/profit attributable to equity holders of the Company ($)	(5,020,435)	5,582,242
Weighted average number of ordinary shares for basic earnings per share	540,041,625	540,041,625
Basic (loss)/earnings per share (cents per share)	(0.93)	1.03
Diluted (loss)/earnings per share (cents per share)	(0.93)	1.03

a) Basic earnings per share

Basic earnings per ordinary share amounts are 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.

b) Diluted earnings per shares

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and weighted average number of ordinary shares outstanding are adjusted for the effects of all diluted potential ordinary shares.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

As loss was recorded in 2014, the dilutive potential shares from shares to be issued and performance shares are anti-dilutive and no change is made to the diluted loss per share.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Cash at bank and on hand	6,495,080	8,403,197	174,925	226,032

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2014 $	2013 $
Cash and bank balances (as above)	6,495,080	8,403,197
Less: Bank overdrafts (Note 21)	(3,375,475)	(2,821,598)
Cash and cash equivalents per consolidated statement of cash flows	3,119,605	5,581,599

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For the financial year ended 31 December 2014

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Trade receivables				
- Subsidiaries	–	–	1,569,534	2,019,687
- Related parties	3,425,754	2,969,282	–	–
- Non-related parties	27,334,711	35,882,625	–	14,560
	30,760,465	38,851,907	1,569,534	2,034,247
Less: Allowance for impairment of trade receivables - non related parties (Note 29(b)(ii))	(813,075)	(683,638)	–	–
Trade receivables – net	29,947,390	38,168,269	1,569,534	2,034,247
Construction contracts				
- Due from customers (Note 14)	12,982,936	8,430,390	484,657	231,935
- Retentions (Note 14)	926,987	517,415	–	–
	13,909,923	8,947,805	484,657	231,935
Non-trade receivables				
- Subsidiaries	–	–	65,577,847	67,865,199
- Non-related parties	2,809,680	1,474,817	452,162	521,292
	2,809,680	1,474,817	66,030,009	68,386,491
Deposits	374,510	291,849	–	–
Prepayments	278,880	462,479	2,700	1,800
	47,320,383	49,345,219	68,086,900	70,654,473

The non-trade receivables from subsidiaries are unsecured, interest-free and are receivable on demand except for:

i) An amount of $426,448 (2013: $1,305,861) due from a subsidiary which bears fixed interest amount of $80,000 (2013: $120,000) per annum and is receivable on demand.

ii) Amounts of $5,435,077 (2013: $2,710,666) due from certain subsidiaries which bear fixed interest rate from the range of 3.22% to 5.00% (2013: 3.22% to 5.00%) per annum and are receivable on demand.

13 INVENTORIES

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Construction materials	3,837,961	3,830,598	–	–
Trading goods	5,891,143	5,832,566	–	–
Work-in-progress	3,021,326	4,917,886	–	–
	12,750,430	14,581,050	–	–

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For the financial year ended 31 December 2014

13 INVENTORIES (CONT'D)

The cost of inventories related to construction materials and trading goods recognised as an expense and included in "cost of sales" amounted to $7,623,772 (2013: $11,048,962) and $13,980,008 (2013: $16,788,555) respectively. The Group reversed $43,124 (2013: $40,597) of previous inventory write-down in prior years, as the inventories were sold above the carrying amounts in 2014. The amount reversed has been included in "cost of sales".

The work-in-progress represents costs incurred for unsold vessels under construction.

14 CONSTRUCTION CONTRACTS

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	32,500,707	27,624,222	484,657	231,935
Less: Progress billings	(19,809,997)	(19,436,351)	–	–
	12,690,710	8,187,871	484,657	231,935
Presented as:-				
Due from customers on construction contracts (Note 12)	12,982,936	8,430,390	484,657	231,935
Due to customers on construction contracts (Note 18)	(292,226)	(242,519)	–	–
	12,690,710	8,187,871	484,657	231,935
Retentions on construction contracts (Note 12)	926,987	517,415	–	–

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 $	2013 $
Equity investments at cost		
Beginning of financial year	4,256,615	4,515,468
Impairment charge	–	(258,853)
Additions	6,570,634	–
End of financial year	10,827,249	4,256,615

<u>Impairment charge on investments in subsidiaries</u>

The impairment charge of $258,853 was made to write down the carrying value of investment in a subsidiary, Asian Sealand Automation Pte Ltd for financial year ended 31 December 2013.

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Increase in share capital of subsidiary

On 9 May 2014, the Company increased its investment in Asian Sealand Engineering Pte Ltd ("ASE") from $1 million to $5 million by subscribing additional 4,000,000 ordinary shares allotted by ASE. The payment for the 4,000,000 ordinary shares in ASE was made by way of capitalisation of an amount of $4,000,000 owing by ASE to the Company.

On 20 August 2014, the Company increased its investment in PT Nexus Engineering Indonesia ("Nexus") from $388,233 (US$250,000) to $2,856,870 (US$2,250,000) by subscribing additional 2,000,000 ordinary shares allotted by Nexus. The payment for the 2,000,000 shares in Nexus was made by way of capitalisation of an amount of $2,468,636 (US$2,000,000) owing by Nexus to the Company.

Subscription of interests in subsidiary by non-controlling interests without loss of control

On 12 May 2014, a wholly owned subsidiary, Asian Sealand Offshore and Marine Pte Ltd (formerly known as Asian Sealand Automation Pte Ltd) ("ASOM") increase its issued and paid-up share capital from $2 to $200,000. The Company has subscribed for an additional 101,998 ordinary shares in cash of $101,998 and the remaining 98,000 ordinary shares were subscribed for in cash of $98,000 by an existing employee of the Group, who is not related to any of the Directors or Substantial Shareholders of the Company.

Following the aforesaid subscription, the Company now holds 102,000 ordinary shares of the total 200,000 paid up share capital in ASOM. This resulted in a decrease in the Company's interests in ASOM from 100% to 51% and increase in non-controlling interests in ASOM from Nil to 49%. The Company's investment in ASOM is paid by cash. However, there is no impact at group level.

Effects of transactions with non-controlling interests on the equity attributable to owners of the parent for the year ended 31 December 2014

	2014 $
Changes in equity attributable to shareholders of the Company arising from:	
- Subscription of interests in subsidiary by non-controlling interests without loss of control	(98,000)

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries as at 31 December are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Cost of investment	
			2014 %	2013 %	2014 %	2013 %	2014 $	2013 $
Significant subsidiaries held by Company								
Nexus Sealand Trading Pte Ltd (1)	Supply and distribution of hardware equipment, tools and other products	Singapore	100	100	–	–	2	2
Asian Sealand Engineering Pte Ltd (1)	Provision of infrastructure engineering services	Singapore	100	100	–	–	5,800,000	1,800,000
PT. Nexus Engineering Indonesia (2)	Provision of infrastructure engineering services	Indonesia	100(5)	100(5)	–	–	2,856,869	388,233
PT. Master Indonesia (4)	Supply and distribution of hardware equipment, tools and other products	Indonesia	100(5)	100(5)	–	–	177,000	177,000
B & J Marine Pte Ltd. (1)	Provision of hydro-jetting and tank cleaning services	Singapore	100	100	–	–	87,848	87,848
B & K Marine Pte. Ltd.(1)	Provision of corrosion prevention services	Singapore	100	100	–	–	100,000	100,000
Beng Kuang Marine (B&Chew) Pte. Ltd. (1)	Provision of corrosion prevention services	Singapore	100	100	–	–	100,000	100,000
Beng Kuang Marine (B&M) Pte. Ltd. (1)	Provision of corrosion prevention services	Singapore	100	100	–	–	100,000	100,000
Beng Kuang Marine (B&Y) Pte. Ltd. (1)	Provision of corrosion prevention services	Singapore	100	100	–	–	100,000	100,000
Nexus Hydrotech Pte Ltd. (1)	Provision of corrosion prevention services (utilising hydro-jetting machines)	Singapore	80	80	20	20	80,000	80,000

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For the financial year ended 31 December 2014

15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Cost of investment	
			2014 %	2013 %	2014 %	2013 %	2014 $	2013 $
Significant subsidiaries held by Company								
ASIC Engineering Sdn Bhd (3)	Provision of infrastructure engineering services	Malaysia	100	100	–	–	43,479	43,479
Venture Automation & Electrical Engineering Pte Ltd. (1)	Provision of industrial and marine automation works	Singapore	51	51	49	49	102,000	102,000
Pangco Pte. Ltd. (1)	Provision of corrosion prevention services	Singapore	51	51	49	49	51	51
Water and Environmental Technologies (WET) Pte. Ltd. (1)	Provision of research and development, and solution for waste management	Singapore	51	51	49	49	498,000	498,000
Asian Sealand Offshore and Marine Pte. Ltd. (formerly known as Asian Sealand Automation Pte. Ltd.) (1)	Provision of offshore repair and maintenance services	Singapore	51	100	49	–	102,000	2
PT. Nexelite CP Indonesia (4)	Provision of corrosion prevention services	Indonesia	100(5)	100(5)	–	–	280,000	280,000
Quill Marine Pte. Ltd. (1)	Investment holding company and provision of freight transport services	Singapore	100	100	–	–	400,000	400,000
							10,827,249	4,256,615

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15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2014 %	2013 %	2014 %	2013 %
Held by Nexus Sealand Trading Pte Ltd						
MTM (ASE) Metalizing Pte Ltd (1)	Provision of metalising services	Singapore	100	100	–	–
Picco Enterprise Pte. Ltd.) (1)	Supply and distribution of beverage products	Singapore	100	100	–	–
OneHub Tank Coating Pte. Ltd.) (1)	Provision for internal tank coating services	Singapore	100	100	–	–
Held by Water & Environmental Technologies (WET) Pte. Ltd.						
Pureflow Pte. Ltd. (1)	Provision of water and waste water treatment, recycling, consultancy and management services	Singapore	51	51	49	49
Asia Recovery Centre Pte. Ltd. (1)	Provision of water, waste treatment and oilfield chemical	Singapore	51 (6)	51 (6)	49	49
Held by Pangco Pte. Ltd.						
PT. Berger Batam (4)	Provision of corrosion prevention services	Indonesia	51 (5)	51 (5)	49	49
Held by Quill Marine Pte. Ltd.						
Drako Shipping Pte. Ltd. (1)	Provision of freight transport services	Singapore	85	85	15	15
Ocean Eight Shipping Pte Ltd. (1)	Provision of freight transport services	Singapore	70	70	30	30
Held by Drako Shipping Pte Ltd.						
PT. Marina Shipping (4)	Provision of freight transport services	Indonesia	85	85	15	15
Held by Ocean Eight Shipping Pte Ltd						
Ocean Eight Pte Ltd (4)	Provision of freight transport services	Marshall Islands	70	70	30	30

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(1) Audited by Nexia TS Public Accounting Corporation, Singapore

(2) Audited by Kantor Akuntan Publik Charles & Nurlena, Indonesia and audited by Nexia TS Public Accounting Corporation for consolidation purposes.

(3) Audited by Nexia SSY, Malaysia

(4) Audited by Nexia TS Public Accounting Corporation for consolidation purposes. Not required to be audited under the laws of the country of incorporation.

(5) 1% of the shareholding is held in trust for the Group by an employee of the Group.

(6) 100% of the shareholding is held by Pureflow Pte. Ltd.

Carrying value of non-controlling interests

	2014 $	2013 $
Nexus Hydrotech Pte Ltd	358,144	272,028
Pangco Pte Ltd	259,315	(100,154)
Venture Automation & Electrical Engineering Pte Ltd	556,227	654,791
Water and Environmental Technologies (WET) Pte Ltd and its subsidiaries	417,765	445,717
Drako Shipping Pte Ltd and its subsidiary	4,202	205,889
Ocean Eight Shipping Pte Ltd and its subsidiary	706,125	1,122,087
Asian Sealand Offshore and Marine Pte Ltd	140,156	–
	2,441,934	2,600,358

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised of unaudited financial informations for subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations. These were no transactions with non-controlling interests for the financial years ended 31 December 2014 and 2013.

Summarised balance sheet

	Ocean Eight Shipping Pte Ltd	
	2014 $	2013 $
As at 31 December		
Current		
Assets	3,137,692	796,797
Liabilities	(33,175,028)	(22,050,831)
Total current net liabilities	(30,037,336)	(21,254,034)
Non-current		
Assets	44,167,626	39,612,137
Liabilities	(11,776,540)	(14,617,813)
Total non-current net assets	32,391,086	24,994,324
Net assets	2,353,750	3,740,290

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Summarised statement of comprehensive income

	Ocean Eight Shipping Pte Ltd	
	2014 $	2013 $
Revenue	7,115,989	4,652,498
(Loss) / profit before income tax	(1,386,540)	707,173
Income tax expense	–	5
(Loss) / profit for the financial year	(1,386,540)	707,178
(Loss) / profit for the financial year allocated to non-controlling interests	(415,962)	212,153

Summarised statement of cash flows

	Ocean Eight Shipping Pte Ltd	
	2014 $	2013 $
Cash flows from operating activities		
Cash generated from operating	9,060,853	6,548,396
Income tax received	–	1
Interest received	494	379
Net cash generated from operating activities	9,061,347	6,548,776
Net cash used in investing activities	(6,478,275)	(9,917,916)
Net cash (used in) / generated from financing activities	(2,266,250)	2,993,756
Net increase / (decrease) in cash and cash equivalents	316,822	(375,384)
Cash and cash equivalents		
Beginning of financial year	700,280	1,075,664
End of financial year	1,017,102	700,280

Notes to the Financial Statements

For the financial year ended 31 December 2014

16 INTANGIBLE ASSETS

Group	Goodwill arising on consolidation $	Intellectual property rights $	Total $
2014			
Cost			
Beginning and end of financial year	2,368,545	467,000	2,835,545
Accumulated impairment and amortisation			
Beginning and end of financial year	2,304,708	467,000	2,771,708
Net book value			
End of financial year	63,837	–	63,837
2013			
Cost			
Beginning and end of financial year	2,368,545	467,000	2,835,545
Accumulated impairment and amortisation			
Beginning of financial year	2,304,708	467,000	2,771,708
Net book value			
End of financial year	63,837	–	63,837

a) Intellectual property rights

The Group holds two patent applications, namely Nano-Structured Photocatalytic Oxidation Process and Rotating Flow Membrane. Patents are amortised over 8 years from the date of commercialisation and have a remaining amortisation period of 1 year (2013: 2 years).

b) Impairment tests for goodwill

Goodwill is allocated to the Group's CGU identified to countries of operation and business segment where goodwill is tested annually for impairment or more frequently if there are indications of impairment.

The recoverable amounts of the CGUs are determined based on value in use. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Cash flow projection used in the value-in-use calculations were based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of 16% per annum. The growth rate did not exceed the long-term average growth rate in which the CGU operates. The rate used to discount the forecast cash flows is 10% per annum.

There is no impairment charge recognised for the financial years ended 31 December 2014 and 31 December 2013.

Notes to the Financial Statements

For the financial year ended 31 December 2014

17 PROPERTY, PLANT, EQUIPMENT

Group 2014	Motor vehicles $	Furniture fittings and equipment $	Forklifts, machinery, tools and equipment $	Leasehold improvement and renovation $	Leasehold building $	Leasehold land $	Yard development $	Construction in progress $	Vessels $	Drydockings $	Total $
Cost											
Beginning of financial year	3,707,997	3,074,027	43,650,812	3,470,025	8,722,131	1,924,353	16,384,689	29,279,388	37,521,093	393,463	148,127,978
Reclassification	–	–	–	–	–	–	–	(123,464)	–	–	(123,464)
Addition	130,480	157,679	1,645,478	–	–	287,847	23,914	4,751,618	–	493,709	7,490,725
Disposal/write off	(167,776)	(110,646)	(2,734,670)	(2,417)	(643,867)	–	–	(10,927)	–	–	(3,670,303)
Transfer	–	–	38,580	–	(260,733)	–	260,733	(29,464,291)	29,425,711	–	–
Currency translation differences	(2,509)	(936)	2,269	–	–	–	1,183	–	–	–	7
End of financial year	3,668,192	3,120,124	42,602,469	3,467,608	7,817,531	2,212,200	16,670,519	4,432,324	66,946,804	887,172	151,824,943
Accumulated depreciation											
Beginning of financial year	2,027,586	2,405,134	23,108,592	3,251,951	1,110,452	338,278	1,564,569	–	4,382,040	136,913	38,325,515
Depreciation charge (Note 5)	357,183	333,225	3,671,581	82,196	383,911	69,958	821,779	–	3,027,731	208,734	8,956,298
Disposal/write off	(82,504)	(104,874)	(2,067,009)	(1,249)	(104,827)	–	–	–	–	–	(2,360,463)
Transfer	–	–	–	–	(15,204)	–	15,204	–	–	–	–
Currency translation differences	(1,037)	(859)	1,922	–	–	–	1,183	–	–	–	1,209
End of financial year	2,301,228	2,632,626	24,715,086	3,332,898	1,374,332	408,236	2,402,735	–	7,409,771	345,647	44,922,559
Net book value											
End of financial year	1,366,964	487,498	17,887,383	134,710	6,443,199	1,803,964	14,267,784	4,432,324	59,537,033	541,525	106,902,384

Notes to the Financial Statements

For the financial year ended 31 December 2014

17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2013	Motor vehicles $	Furniture fittings and equipment $	Forklifts, machinery, tools and equipment $	Leasehold improvement and renovation $	Leasehold building $	Leasehold land $	Yard development $	Construction in progress $	Vessels $	Drydockings $	Total $
Cost											
Beginning of financial year	3,844,728	3,106,501	43,760,331	3,582,337	8,023,095	1,836,367	10,098,992	21,200,342	37,727,043	–	133,179,736
Addition	237,155	175,047	822,828	2,920	–	87,986	–	18,246,173	21,866	393,463	19,987,438
Disposal/write off	(345,186)	(233,946)	(3,986,750)	(83,878)	–	–	–	–	(235,317)	–	(4,885,077)
Transfer	(8,982)	31,160	3,170,863	(31,160)	699,036	–	6,298,709	(10,167,127)	7,501	–	–
Currency translation differences	(19,718)	(4,735)	(116,460)	(194)	–	–	(13,012)	–	–	–	(154,119)
End of financial year	3,707,997	3,074,027	43,650,812	3,470,025	8,722,131	1,924,353	16,384,689	29,279,388	37,521,093	393,463	148,127,978
Accumulated depreciation											
Beginning of financial year	1,764,556	2,237,609	21,140,361	3,271,798	727,104	273,844	910,481	–	2,436,451	–	32,762,204
Depreciation charge (Note 5)	362,034	371,542	4,826,995	96,170	385,438	64,434	665,012	–	1,945,589	136,913	8,854,127
Disposal/write off	(94,513)	(231,498)	(2,770,545)	(84,864)	–	–	–	–	–	–	(3,181,420)
Transfer	–	30,960	–	(30,960)	(2,090)	–	2,090	–	–	–	–
Currency translation differences	(4,491)	(3,479)	(88,219)	(193)	–	–	(13,014)	–	–	–	(109,396)
End of financial year	2,027,586	2,405,134	23,108,592	3,251,951	1,110,452	338,278	1,564,569	–	4,382,040	136,913	38,325,515
Net book value											
End of financial year	1,680,411	668,893	20,542,220	218,074	7,611,679	1,586,075	14,820,120	29,279,388	33,139,053	256,550	109,802,463

Notes to the Financial Statements

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17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2014	Motor vehicles $	Furniture Fittings and equipment $	Forklifts, machinery, tools and equipment $	Leasehold improvement and renovation $	Total $
Cost					
Beginning of financial year	1,402,678	818,749	840,199	163,191	3,224,817
Addition	27,049	40,865	–	–	67,914
Disposal/write off	–	(2,507)	–	–	(2,507)
Transfer	–	1,473	–	–	1,473
End of financial year	1,429,727	858,580	840,199	163,191	3,291,697
Accumulated depreciation					
Beginning of financial year	596,375	703,538	820,411	145,547	2,265,871
Depreciation charge	123,968	106,603	6,652	17,544	254,767
Disposal/write off	–	(2,507)	–	–	(2,507)
Transfer	–	1,432	–	–	1,432
End of financial year	720,343	809,066	827,063	163,091	2,519,563
Net book value					
End of financial year	709,384	49,514	13,136	100	772,134

Company 2013	Motor vehicles $	Furniture fittings and equipment $	Forklifts, machinery, tools and equipment $	Leasehold improvement and renovation $	Total $
Cost					
Beginning of financial year	1,692,690	813,099	902,199	163,191	3,571,179
Addition	-	49,419	–	–	49,419
Disposal/write off	(290,012)	(43,769)	(62,000)	–	(395,781)
End of financial year	1,402,678	818,749	840,199	163,191	3,224,817
Accumulated depreciation					
Beginning of financial year	534,504	666,249	875,292	120,097	2,196,142
Depreciation charge	142,232	82,542	7,119	25,450	257,343
Disposal/write off	(80,361)	(45,253)	(62,000)	–	(187,614)
End of financial year	596,375	703,538	820,411	145,547	2,265,871
Net book value					
End of financial year	806,303	115,211	19,788	17,644	958,946

Notes to the Financial Statements

For the financial year ended 31 December 2014

17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

a) Assets held under finance lease

The carrying amounts of motor vehicles and forklifts, machinery, tools and equipment held under finance leases amounted to $937,633 (2013: $1,403,059) and $5,232,108 (2013: $7,209,459) respectively.

For the purpose of the consolidated statement of cash flows during the financial year, the Group acquired property, plant and equipment with an aggregate cost of $7,490,725 (2013: $19,987,438) of which $842,320 (2013: $368,487) were acquired under finance leases and cash payments of $6,648,405 (2013: $19,618,951).

b) Assets pledged as security

The Group's leasehold building and vessels with carrying amounts of $1,544,451 (2013: Nil) and $58,347,485 (2013: $31,077,897) respectively, are mortgaged to secure the Group's bank borrowings (Note 21).

c) Impairment testing

The Group performed impairment assessment for property, plant and equipment during the financial year because of the losses made by subsidiaries which operate in the Shipping and Infrastructure Engineering segments.

The recoverable amounts of the CGUs are determined based on value in use. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Cash flow projection used in the value-in-use calculations were based on financial budgets approved by management covering a thirteen-year period. Cash flows beyond the thirteen-year period were extrapolated using an estimated growth rate of 16% per annum. The growth rate did not exceed the long-term average growth rate in which the CGU operates. The rate used to discount the forecast cash flows is 10% per annum.

The recoverable amount of the Infrastructure Engineering CGU as at 31 December 2014, is measured based on fair value less costs to sell. The fair values of leasehold building, leashold land and yard development are determined by independent valuers and the fair value of other categories of property, plant and equipment are measured based on quotation from non-related suppliers, therefore, are classified under level 2. The most significant input into valuation approach is the estimated selling prices.

During the financial year, no allowance for impairment is recognised for property, plant and equipment under Shipping and Infrastructure Engineering segments as the recoverable amounts exceed the carrying amounts by $124,643 (2013: Nil) and $32,926,169 (2013: $24,380,563) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2014

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Current				
Trade payables				
- Subsidiaries	–	–	–	48
- Related parties	61,011	296,652	–	–
- Non-related parties	12,936,802	14,586,750	59,552	57,352
	12,997,813	14,883,402	59,552	57,400
Construction contracts				
- Due to customers (Note 14)	292,226	242,519	–	–
Non-trade payables				
- Subsidiaries	–	–	7,397,651	4,156,972
- Related parties	1,465	1,499	–	–
- Non-related parties	6,830,574	4,915,992	1,556,431	447,310
	6,832,039	4,917,491	8,954,082	4,604,282
Accruals for operating expenses	5,938,920	3,452,659	1,485,913	1,452,755
Accruals for project expenses	2,220,637	6,660,818	–	–
	28,281,635	30,156,889	10,499,547	6,114,437

The non-trade payables due to subsidiaries and related parties are unsecured, interest-free and are payable on demand.

19 DEFERRED INCOME

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Current	408,420	491,977	–	–
Non-current	933,756	1,148,042	–	–
	1,342,176	1,640,019	–	–
Movement of deferred income is as follows:				
Beginning of financial year	1,640,019	–		
Sales and leaseback	–	1,500,000		
Charter income	(83,557)	277,692		
Amortisation of deferred income	(214,286)	(137,673)	–	–
End of financial year	1,342,176	1,640,019	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

19 DEFERRED INCOME (CONT'D)

In 2012, the Company entered into a sale and leaseback transaction for the property at 38 Tuas View Square, Singapore 637770. The property was sold at a consideration of $14.5 million which resulted in a gain of $5.8 million, out of gain which $1.5 million was deferred due to the excess in sales price over the fair value of the property. The excess amount has been deferred and will be amortised in proportion to the lease payments over the lease period.

Charter income represents ship chartering revenue received in advance and is non-refundable.

20 PROVISION FOR WARRANTY

The Group gives one year warranty on major construction contracts and undertakes to repair the constructed products for defects attributable to poor workmanship and defective materials provided by the Group. A provision is recognised at the balance sheet date of expected warranty claims based on past experience of the level of repairs.

Movement in provision for warranty is as follows:-

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Beginning of financial year	48,720	396,145	–	–
Provisions utilised	(1,374)	(28,398)	–	–
Provisions written back	(47,346)	(470,027)	–	–
Provisions made	67,500	151,000	–	–
End of the financial year	67,500	48,720	–	–

21 BORROWINGS

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Current				
Bank borrowings	38,296,077	39,775,665	15,019,628	14,023,575
Bank overdrafts (Note 11)	3,375,475	2,821,598	2,245,429	2,503,811
Bills payable	2,925,359	3,316,463	–	889,227
Finance lease liabilities (Note 22)	1,363,457	1,876,898	32,500	135,804
	45,960,368	47,790,624	17,297,557	17,552,417
Non-current				
Bank borrowings	17,099,546	15,807,035	–	–
Finance lease liabilities (Note 22)	1,014,005	1,577,713	16,250	48,750
	18,113,551	17,384,748	16,250	48,750
Total borrowings	64,073,919	65,175,372	17,313,807	17,601,167

Notes to the Financial Statements

For the financial year ended 31 December 2014

21 BORROWINGS (CONT'D)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
6 months or less	39,527,111	44,517,312	17,281,307	17,484,515
6 – 12 months	6,433,257	3,273,312	16,250	67,902
1 – 5 years	15,817,568	13,775,255	16,250	48,750
Over 5 years	2,295,983	3,609,493	–	–
	64,073,919	65,175,372	17,313,807	17,601,167

a) Security granted

Total borrowings included amounts of $27,537,312 (2013: $24,487,131) and $48,750 (2013: $184,554) for the Group and the Company respectively which are secured over certain assets of the Group. Bank borrowings of the Group are secured over vessels and certain projects work-in-progress (Note 17(b)). Finance lease liabilities of the Group and the Company are effectively secured over the leased motor vehicles and machineries (Note 17(a)), as the legal title is retained by the lessor and will be transferred to the Group and the Company upon full settlement of the finance lease liabilities.

The bank overdrafts, bills payable and other short-term bank borrowings were supported by corporate guarantees given by the Company (Note 27(a)).

b) Fair value of non-current borrowings

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Bank borrowings	17,602,283	16,395,608	–	–
Finance lease liabilities	1,100,194	1,730,748	51,091	51,091

The fair value above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the director expect to be available to the Group and the Company as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Bank borrowings	2.20 – 3.25	2.20 - 5.25	–	–
Finance lease liabilities	2.20 – 3.25	2.20 - 3.25	3.25	3.25

Notes to the Financial Statements

For the financial year ended 31 December 2014

22 FINANCE LEASE LIABILITIES

The Group and the Company lease certain motor vehicles and machineries from non-related parties under finance leases. The lease agreements do not have renewal clauses but provided the Group and the Company with options to purchase the leased assets at nominal values at the end of the lease term.

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Minimum lease payment due				
- Not later than one year	1,517,988	2,076,062	34,944	145,897
- Between one and five years	1,110,736	1,744,983	17,472	52,416
- Later than five years	10,859	28,349	–	–
	2,639,583	3,849,394	52,416	198,313
Less: Future finance charges	(262,121)	(394,783)	(3,666)	(13,759)
Present value of finance lease liabilities	2,377,462	3,454,611	48,750	184,554

The present value of finance lease liabilities are analysed as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Not later than one year (Note 21)	1,363,457	1,876,898	32,500	135,804
Later than one year (Note 21)				
- Between one and five years	1,005,210	1,551,751	16,250	48,750
- Later than five years	8,795	25,962	–	–
	1,014,005	1,577,713	16,250	48,750
Total	2,377,462	3,454,611	48,750	184,554

23 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Deferred income tax assets				
- To be settled after one year	(37,054)	(1,038)	(7,920)	–
Deferred income tax liabilities				
- To be settled after one year	458,233	419,195	–	5,650

Notes to the Financial Statements

For the financial year ended 31 December 2014

23 DEFERRED INCOME TAX (CONT'D)

Movement in deferred income tax account is as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Beginning of financial year	418,157	677,903	5,650	16,370
Tax charge/(credit) to profit or loss (Note 9)	3,022	(259,746)	(13,570)	(10,720)
End of financial year	421,179	418,157	(7,920)	5,650

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) is as follows:

Deferred income tax assets

	Accelerated tax depreciation $	Provision $	Tax losses $	Total $
Group				
2014				
Beginning of financial year	(73,660)	(19,138)	(97,800)	(190,598)
(Credited)/charged to profit or loss (Note 9)	(164,247)	(56,414)	38,330	(182,331)
End of financial year	(237,907)	(75,552)	(59,470)	(372,929)
2013				
Beginning of financial year	–	–	–	–
(Credited)/charged to profit or loss (Note 9)	(73,660)	(19,138)	(97,800)	(190,598)
End of financial year	(73,660)	(19,138)	(97,800)	(190,598)

Deferred income tax liabilities

	Accelerated tax depreciation $	Provision $	Tax losses $	Total $
Group				
2014				
Beginning of financial year	645,983	(37,198)	(30)	608,755
Charged to profit or loss (Note 9)	148,125	37,198	30	185,353
End of financial year	794,108	–	–	794,108

Notes to the Financial Statements

For the financial year ended 31 December 2014

23 DEFERRED INCOME TAX (CONT'D)

Deferred income tax liabilities (cont'd)

	Accelerated tax depreciation $	Provision $	Tax losses $	Total $
Group				
2013				
Beginning of financial year	787,211	(60,018)	(49,290)	677,903
(Credited)/charged to profit or loss (Note 9)	(141,228)	22,820	49,260	(69,148)
End of financial year	645,983	(37,198)	(30)	608,755

	Accelerated tax depreciation $	Provision $	Total $
Company			
2014			
Beginning of financial year	25,920	(20,270)	5,650
(Credited)/charged to profit or loss (Note 9)	(13,800)	230	(13,570)
End of financial year	12,120	(20,040)	(7,920)
2013			
Beginning of financial year	38,580	(22,210)	16,370
(Credited)/charged to profit or loss (Note 9)	(12,660)	1,940	(10,720)
End of financial year	25,920	(20,270)	5,650

Deferred income tax liabilities of $529,232 (2013: $640,029) have not been recognised for the withholding and other taxes that will be payable on the earnings of certain overseas subsidiaries when remitted to the holding company. These unremitted earnings are permanently reinvested and amount to $10,584,649 (2013: $12,800,588) at the balance sheet date.

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $2,556,790 (2013: $2,401,663) and $6,635,116 (2013: $70,319) respectively, available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with certain provision of the Singapore Income Tax Act. The tax losses and capital allowances have no expiry date.

The potential deferred tax assets of approximately $1,636,103 (2013: $420,237) have not been recognised in the financial statements in accordance with accounting policy stated in Note 2.14.

Notes to the Financial Statements

For the financial year ended 31 December 2014

24 SHARE CAPITAL

	Group and Company	
	No of shares	Amounts $
2014		
Beginning and end of financial year	540,041,625	49,651,347
2013		
Beginning and end of financial year	540,041,625	49,651,347

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and a right to dividends as and when declared by the Company.

25 CURRENCY TRANSLATION RESERVE

	Group	
	2014 $	2013 $
Beginning of financial year	(407,321)	(154,753)
Net currency translation differences of financial statements of foreign subsidiaries	11,671	(252,568)
End of financial year	(395,650)	(407,321)

Currency translation reserve is non-distributable.

26 RETAINED PROFITS

Retained profits of the Group and Company are distributable.

27 CONTINGENT LIABILITIES

Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These bank borrowings amount to $34,154,388 (2013: $38,316,630). The fair values of the corporate guarantees have not been recognised in the financial statements of the Company as the amounts involved are not material to the Company and has no significant impact on the consolidated financial statements of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2014

28 COMMITMENTS

a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statement are as follows:-

	Group	
	2014 $	2013 $
Property, plant and equipment	370,975	4,888,875

b) Operating lease commitments – where the Group and the Company are the lessees

The Group and the Company lease office premises and workers' accommodation from non-related parties under non-cancellable operating lease arrangements. These leases have varying terms, escalation clauses and renewal rights.

Operating lease payments recognised in the Group's profit or loss during the financial year amounted to $1,892,777 (2013: $1,250,600).

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

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Not later than one year	1,600,367	1,768,387	18,000	224,119
Between one and five years	5,569,193	5,450,770	–	–
Later than five years	6,137,145	7,114,712	–	–
	13,306,705	14,333,869	18,000	224,119

c) Operating lease commitments – where the Group is the lessor

The Group leases out vessels to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.

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

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Not later than one year	11,221,204	10,137,886	–	–
Between one and five years	23,076,052	32,237,377	–	–
	34,297,256	42,375,263	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

29 FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Though the Group does not have written risk management policies and guidelines, the Audit Committee and the Board of Directors meet periodically to review and analyse the Group's exposure to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group does not hold or issue derivative financial instruments for trading purposes.

The Group adopts a conservative strategy on managing its financial risks, thus, the exposure to market risk is kept at a minimum level. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

a) Market risk

(i) *Currency risk*

The Group operates in South East Asia with dominant operations in Singapore, Indonesia and Malaysia. Currency risk arises when transactions are denominated in foreign currencies such as Indonesian Rupiah ("IDR") and United States Dollar ("USD"). The Group's exposure to currency translation risk is not considered as significant by management and the risk is primarily managed by natural hedges of matching assets and liabilities denominated in foreign currencies. The Group closely monitors the currency translation risk and will consider hedging significant currency translation exposure should the need arise in future.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD	USD	IDR	Other	Total
At 31 December 2014					
Financial assets					
Cash and cash equivalents	4,486,008	1,486,609	511,344	11,119	6,495,080
Trade and other receivables	41,905,308	1,897,634	1,237,368	2,001,193	47,041,503
Receivables from subsidiaries	100,783,389	5,446,831	904,885	–	107,135,105
	147,174,705	8,831,074	2,653,597	2,012,312	160,671,688
Financial liabilities					
Borrowings	(41,361,753)	(22,592,549)	–	(119,617)	(64,073,919)
Trade and other payables	(17,836,775)	(1,328,678)	(753,026)	(203,599)	(20,122,078)
Payables to subsidiaries	(100,783,389)	(5,446,831)	(904,885)	-	(107,135,105)
	(159,981,917)	(29,368,058)	(1,657,911)	(323,216)	(191,331,102)
Net financial (liabilities)/assets	(12,807,212)	(20,536,984)	995,686	1,689,096	(30,659,414)
Add: Net non-financial assets/ (liabilities)	111,647,739	–	(2,175,818)	(199,452)	109,272,469
Currency profile including non-financial assets and liabilities	98,840,527	(20,536,984)	(1,180,132)	1,489,644	78,613,055
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	-	(20,536,984)	(1,180,132)	1,489,644	(20,227,472)

Notes to the Financial Statements

For the financial year ended 31 December 2014

29 FINANCIAL RISK MANAGEMENT (CONT'D)

a) Market risk (cont'd)

(i) *Currency risk (cont'd)*

	SGD	USD	IDR	Other	Total
At 31 December 2013					
Financial assets					
Cash and cash equivalents	6,715,652	636,876	561,827	488,842	8,403,197
Trade and other receivables	44,435,277	667,546	1,024,578	2,755,339	48,882,740
Receivables from subsidiaries	95,757,003	5,852,271	849,484	–	102,458,758
	146,907,932	7,156,693	2,435,889	3,244,181	159,744,695
Financial liabilities					
Borrowings	(40,861,590)	(24,159,132)	–	(154,650)	(65,175,372)
Trade and other payables	(24,547,351)	(1,026,697)	(4,576,707)	(546,831)	(30,697,586)
Payables to subsidiaries	(95,757,003)	(5,852,271)	(849,484)	–	(102,458,758)
	(161,165,944)	(31,038,100)	(5,426,191)	(701,481)	(198,331,716)
Net financial (liabilities)/ assets	(14,258,012)	(23,881,407)	(2,990,302)	2,542,700	(38,587,021)
Add: Net non-financial assets/ (liabilities)	123,074,081	–	(943,435)	236,618	122,367,264
Currency profile including non-financial assets and liabilities	108,816,069	(23,881,407)	(3,933,737)	2,779,318	83,780,243
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	–	(23,881,407)	(3,933,737)	2,779,318	(25,035,826)

Notes to the Financial Statements

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29 FINANCIAL RISK MANAGEMENT (CONT'D)

a) Market risk (cont'd)

(i) *Currency risk (cont'd)*

The Company's currency exposure based on the information provided to key management is as follows:

	2014			2013		
	SGD	USD	Total	SGD	USD	Total
Financial assets						
Cash and cash equivalents	159,322	15,603	174,925	212,111	13,921	226,032
Trade and other receivables	68,084,200	–	68,084,200	70,652,673	–	70,652,673
	68,243,522	15,603	68,259,125	70,864,784	13,921	70,878,705
Financial liabilities						
Borrowings	(17,313,807)	–	(17,313,807)	(17,601,167)	–	(17,601,167)
Trade and other payables	(10,499,547)	–	(10,499,547)	(6,114,437)	–	(6,114,437)
	(27,813,354)	–	(27,813,354)	(23,715,604)	–	(23,715,604)
Net financial assets	40,430,168	15,603	40,445,771	47,149,180	13,921	47,163,101
Add: Net non-financial assets	11,610,003	–	11,610,003	5,211,711	–	5,211,711
Currency profile including non-financial assets	52,040,171	15,603	52,055,774	52,360,891	13,921	52,374,812
Currency exposure of financial assets net of those denominated in the Company's functional currencies	–	15,603	15,603	–	13,921	13,921

Notes to the Financial Statements

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29 FINANCIAL RISK MANAGEMENT (CONT'D)

a) Market risk (cont'd)

(i) *Currency risk (cont'd)*

If the IDR and USD change against the SGD by approximately 2% (2013: 18%) and approximately 4% (2013: 4%) respectively with all other variable including tax rate being held constant, the effect arising from the net financial liability/asset position will be as follows:

	Group	
	2014	2013
	Loss after tax $	Profit after tax $
IDR against SGD		
- Strengthened	(21,216)	(590,383)
- Weakened	21,216	590,383
USD against SGD		
- Strengthened	(754,413)	(700,672)
- Weakened	754,413	700,672

(ii) *Interest rate risk*

The Group's exposure to interest rate risks relates primarily to interest earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to obtain the most favorable interest rates available in the market.

The table below analyses the Group's and the Company's borrowings by different type of financing at fixed rate and floating rate and their maturity.

Notes to the Financial Statements

For the financial year ended 31 December 2014

29 FINANCIAL RISK MANAGEMENT (CONT'D)

a) Market risk (cont'd)

(ii) *Interest rate risk (cont'd)*

	Within 1 year $	Within 2 to 5 years $	More than 5 years $	Total $
Group				
2014				
Fixed rate				
Finance lease liabilities	1,363,457	1,005,210	8,795	2,377,462
Bank borrowings	902,778	1,000,000	–	1,902,778
Floating rate				
Bank borrowings	35,193,299	16,012,358	2,287,188	53,492,845
Bank overdraft	3,375,475	–	–	3,375,475
Bills payable	2,925,359	–	–	2,925,359
2013				
Fixed rate				
Finance lease liabilities	1,876,898	1,551,751	25,962	3,454,611
Bank borrowings	555,556	347,222	–	902,778
Floating rate				
Bank borrowings	39,220,110	15,459,813	–	54,679,923
Bank overdraft	2,821,598	–	–	2,821,598
Bills payable	3,316,462	–	–	3,316,462
Company				
2014				
Fixed rate				
Finance lease liabilities	32,500	16,250	–	48,750
Floating rate				
Bank borrowings	15,019,628	–	–	15,019,628
Bank overdraft	2,245,429	–	–	2,245,429
2013				
Fixed rate				
Finance lease liabilities	135,804	48,750	–	184,554
Floating rate				
Bank borrowings	14,023,575	–	–	14,023,575
Bank overdraft	2,503,811	–	–	2,503,811
Bills payable	889,227	–	–	889,227

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29 FINANCIAL RISK MANAGEMENT (CONT'D)

a) Market risk (cont'd)

(ii) *Interest rate risk (cont'd)*

For the floating rate financial assets and liabilities, a change of 100 basis points (bp) in the interest rate at the reporting date would increase/(decrease) profit or loss by the amount shown below. This analysis assumes that all variables including tax rate are held constant.

	Group		Company	
	100 bp Increase $	100 bp Decrease $	100 bp Increase $	100 bp Decrease $
2014				
Floating rate Instruments				
Singapore Dollar	357,284	(357,284)	150,196	(150,196)
United States Dollar	225,925	(225,925)	–	–
2013				
Floating rate instruments				
Singapore Dollar	347,400	(347,400)	149,128	(149,128)
United States Dollar	241,591	(241,591)	–	–

b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis through the application of credit approvals, credit limits and debt monitoring procedures. Where appropriate, the Company and its subsidiaries obtain guarantee from the customer or arrange netting agreements. For customer of lower credit standing, the Group would usually enforce to transact in cash terms, advance payments and letters of credit. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2014 $	2013 $
Corporate guarantees provided to banks on subsidiaries' bank borrowings (Note 27(a))	34,154,388	38,316,630

The trade receivables of the Group comprise of 3 debtors (2013: 3 debtors) that individually represented 10 - 20% (2013: 10 – 20%) of the Group's trade receivables.

Notes to the Financial Statements

For the financial year ended 31 December 2014

29 FINANCIAL RISK MANAGEMENT (CONT'D)

b) Credit risk

The credit risk for trade receivables based on the information provided by management is as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
By geographical areas				
- Singapore	19,190,240	23,355,278	978,146	1,442,859
- Indonesia	10,521,295	13,738,814	591,388	591,388
- Malaysia	235,855	1,074,176	–	–
	29,947,390	38,168,268	1,569,534	2,034,247
By types of customers				
- Non-related parties	26,521,636	35,198,986	–	14,560
- Related parties	3,425,754	2,969,282	–	–
- Subsidiaries	–	–	1,569,534	2,019,687
	29,947,390	38,168,268	1,569,534	2,034,247

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with bank with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Past due				
- Less than 30 days	3,896,882	6,663,287	–	7,280
- 30 to 60 days	2,731,286	3,763,521	–	–
- 61 to 90 days	1,334,082	2,206,053	–	–
- More than 91 days	8,917,660	13,361,020	–	–
	16,879,910	25,993,881	–	7,280

Notes to the Financial Statements
For the financial year ended 31 December 2014

29 FINANCIAL RISK MANAGEMENT (CONT'D)

b) Credit risk (cont'd)

(ii) *Financial assets that are past due and/or impaired* (cont'd)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Past due 1 to 3 months	1,662,171	2,785,120	–	–
Past due over 3 months	5,784,452	2,183,821	–	–
	7,446,623	4,968,941	–	–
Less: Estimated rebates/discount	(2,641,740)	(1,485,666)	–	–
	4,804,883	3,483,275	–	–
Less: Allowance for impairment (Note 12)	(813,075)	(683,638)	–	–
	3,991,808	2,799,637	–	–
Beginning of financial year	683,638	1,775,230	–	–
Allowance made (Note 5)	221,240	115,492	–	–
Allowance utilised	(6,531)	(955,330)	–	–
Allowance written-back (Note 5)	(85,272)	(251,754)	–	–
End of the financial year	813,075	683,638	–	–

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities (Note 21) to enable the Group to meet its normal operating commitments. The Group's objective is to maintain a balance through the use of bank borrowings, bank overdrafts and finance lease liabilities. As at balance sheet date, assets held by the Group for managing liquidity risks included cash and bank balance as disclosed in Note 11.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by the Group management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group also managed sufficient funding through short-term bank loans and overdraft facilities.

Notes to the Financial Statements

For the financial year ended 31 December 2014

29 FINANCIAL RISK MANAGEMENT (CONT'D)

c) Liquidity risk (cont'd)

The table below analyses non-financial derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $	Between 1 to 5 years $	Over 5 years $
Group			
At 31 December 2014			
Trade and other payables	20,122,078	–	–
Borrowings	45,960,368	18,662,243	2,294,798
At 31 December 2013			
Trade and other payables	30,697,412	1,148,042	–
Borrowings	47,790,624	15,733,280	3,645,966
Company			
At 31 December 2014			
Trade and other payables	10,499,547	–	–
Borrowings	17,297,557	16,250	–
Financial guarantee contracts	22,412,899	13,966,068	–
At 31 December 2013			
Trade and other payables	6,114,437	–	–
Borrowings	17,552,417	52,416	–
Financial guarantee contracts	21,304,077	18,964,870	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

29 FINANCIAL RISK MANAGEMENT (CONT'D)

d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain certain gearing ratio. The Group's and the Company's strategies, which remain unchanged during the financial years ended 31 December 2014 and 31 December 2013, are to maintain a gearing ratio not exceeding 1.5 times of the tangible net worth.

The gearing ratio is calculated as net debt divided by tangible net worth. Net debt is calculated as interest bearing borrowings less cash and cash equivalents. Tangible net worth is calculated by shareholders' equity less intangible assets.

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Net debt				
Interest bearing borrowings	64,073,919	65,175,372	17,313,807	17,601,167
Less: Cash and cash equivalents	(6,495,080)	(8,403,197)	(174,925)	(226,032)
	57,578,839	56,772,175	17,138,882	17,375,135
Tangible net worth				
Shareholders' equity	78,613,055	83,780,243	52,055,774	52,374,812
Less: Intangible assets	(63,837)	(63,837)	–	–
	78,549,218	83,716,406	52,055,774	52,374,812
Gearing ratio	0.73	0.68	0.33	0.33

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

e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Loan and receivables	53,536,583	57,285,937	68,259,125	70,878,705
Financial liabilities at amortised cost	84,195,997	85,218,784	27,813,354	23,715,604

Notes to the Financial Statements

For the financial year ended 31 December 2014

30 RELATED PARTY TRANSACTION

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

a) Sale and purchase of goods and services

	Group	
	2014 $	2013 $
Sale of goods and/or services to related parties	8,237,374	6,985,459
Purchase of material and/or services from related parties	1,153,821	1,133,571

Outstanding balances at 31 December 2014, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 18 respectively.

b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2014 $	2013 $
Wages and salaries	2,643,934	4,272,125
Employer's contribution to defined contribution plans, including Central Provident Fund	134,428	171,769
	2,778,362	4,443,894
Directors of the Company	1,549,151	2,065,600
Executive officers of the Group	1,229,211	2,378,294
	2,778,362	4,443,894

Notes to the Financial Statements

For the financial year ended 31 December 2014

31 SEGMENT INFORMATION

Business segments

For management purposes, the Group organised their business unit into five reportable operating segments as follows:

(a) Infrastructure Engineering
This relates to the turnkey engineering services from planning, project management to implementation involving fabrication of steel structures and modules for offshore oil and gas industry and construction of new vessels.

(b) Corrosion Prevention
This relates to the provision of corrosion prevention services, mainly blasting and painting services as part of the shipbuilding, ship conversion and ship repair activities in the marine, oil and gas and other industries.

(c) Supply and Distribution
This relates to the supply and distribution of equipment, tools and other products used in the marine, oil and gas and construction industries.

(d) Shipping
This relates to the chartering of livestock carriers, tugs and barges and ship management services.

(e) Others
This relates to the provision of effective and efficient technological solution for water and waste water treatment; solid waste management; and other areas on recovery of natural resources.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

31 SEGMENT INFORMATION (CONT'D)

	Infrastructure Engineering $	Corrosion Prevention $	Supply and Distribution $	Shipping $	Others $	Total $
2014						
Total segment sales	20,692,531	37,886,229	18,720,183	9,307,455	–	86,606,398
Inter-segment sales	(5,026,918)	(1,762,359)	(4,186,031)	–	–	(10,975,308)
Sales to external customers	15,665,613	36,123,870	14,534,152	9,307,455	–	75,631,090
Results:						
Segment result	(4,262,408)	6,661,139	494,539	(1,980,544)	(57,045)	855,681
Interest expense	(951,800)	(529,674)	(157,757)	(726,476)	–	(2,365,707)
Interest income	4,562	3,748	2,084	1,544	–	11,938
Loss from operating segment	(5,209,646)	6,135,213	338,866	(2,705,476)	(57,045)	(1,498,088)
Unallocated administrative expenses						(3,449,350)
(Loss) / profit before income tax						(4,947,438)
Income tax expense						(338,516)
Net loss						(5,285,954)
Profit attributable to non-controlling interests						265,517
						(5,020,437)
Net loss includes:						
- Depreciation	3,780,508	1,857,670	75,934	3,242,186	–	8,956,298
Other information						
Segment assets	55,306,780	39,012,757	11,145,027	67,595,333	845,146	173,905,043
Segment assets include:						
Additions to: Property, plant and equipment	593,607	1,806,213	24,865	5,066,040	–	7,490,725
Segment liabilities	(30,010,296)	(16,307,319)	(8,140,269)	(25,751,731)	(13,994)	(80,223,609)

Notes to the Financial Statements

For the financial year ended 31 December 2014

31 SEGMENT INFORMATION (CONT'D)

	Infrastructure Engineering $	Corrosion Prevention $	Supply and Distribution $	Shipping $	Others $	Total $
2013						
Total segment sales	43,156,913	39,121,464	19,723,456	7,821,797	–	109,823,630
Inter-segment sales	(17,758,443)	(3,994,095)	(4,240,153)	–	–	(25,992,691)
Sales to external customers	25,398,470	35,127,369	15,483,303	7,821,797	–	83,830,939
Results:						
Segment result	(131,265)	3,439,131	7,423,060	1,771,121	(65,453)	12,436,594
Interest expense	(1,019,586)	(335,517)	(231,324)	(526,715)	–	(2,113,142)
Interest income	3,723	2,411	1,003	4,856	–	11,993
Profit from operating segment	(1,147,128)	3,106,025	7,192,739	1,249,262	(65,453)	10,335,445
Unallocated administrative expenses						(3,490,382)
(Loss) / profit before income tax						6,845,063
Income tax expense						(820,591)
Net profit						6,024,472
Profit attributable to non-controlling interests						(442,230)
						5,582,242
Net profit includes:						
- Depreciation	4,964,866	1,677,733	122,025	2,089,503	–	8,854,127
Other information						
Segment assets	72,400,201	36,378,919	13,159,507	59,536,997	910,740	182,386,364
Segment assets include:						
Additions to: Property, plant and equipment	1,254,298	749,954	89,191	17,893,996	–	19,987,439
Segment liabilities	(34,817,561)	(13,496,230)	(8,402,895)	(27,846,163)	(19,696)	(84,582,545)

Notes to the Financial Statements

For the financial year ended 31 December 2014

31 SEGMENT INFORMATION (CONT'D)

a) Reconciliations

(i) Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, management monitors the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments.

Segment assets are reconciled to total assets as follows:

	2014 $	2013 $
Segment assets for reportable segments	173,059,897	181,475,624
Other segment assets	845,146	910,740
	173,905,043	182,386,364

(ii) Segment liabilities

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than borrowings.

Segment liabilities are reconciled to total liabilities as follows:

	2014 $	2013 $
Segment liabilities for reportable segments	80,209,615	84,562,849
Other segment liabilities	13,994	19,696
Unallocated:		
Borrowings	15,068,379	14,023,576
	95,291,988	98,606,121

b) Geographical information

The Group's four business segments operate in three main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the infrastructure engineering, the corrosion prevention, supply and distribution, and investment holdings;
- Indonesia – the operations in this area relate to all the reportable segments;
- Other countries – the operations include the shipping in Australia and the infrastructure engineering in Malaysia.

Notes to the Financial Statements

For the financial year ended 31 December 2014

31 SEGMENT INFORMATION (CONT'D)

b) Geographical information (cont'd)

Revenues and non-current assets based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2014 $	2013 $	2014 $	2013 $
Singapore	42,015,068	45,916,785	41,348,219	41,280,100
Indonesia	23,512,923	27,894,463	50,068,598	52,035,450
Others	10,103,099	10,019,691	15,890,312	16,741,348
	75,631,090	83,830,939	107,307,129	110,056,898

Non-current assets presented above consist of property, plant and equipment and intangible assets as presented in the consolidated balance sheet.

(c) Revenue from major services and customers

Revenues from external customers are derived from all reportable segments as disclosed in Note 4.

Revenues from a major customer amounted to $9,175,365 (2013: $5,428,968), arising from sales by infrastructure engineering segment.

Revenues from another major customer amounted to $12,049,632 (2013: $11,195,344), arising from sales by the corrosion prevention segment.

32 EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 2 March 2015, the Group announced that its wholly-owned subsidiary, Asian Sealand Engineering Pte Ltd ("ASE") has acquired 316,200 numbers of new ordinary share (representing 51% shareholding) in the capital of International Offshore Equipments Pte Ltd ("IOE") for a cash consideration of $316,200. The remaining 49% share capital of IOE is owned equally by 2 individuals who are not related to any of the Directors or substantial shareholders of the Company.

On 25 March 2015, the Company has entered into redeemable convertible bonds subscription agreements with investors to issue convertible bonds of up to $5 million. The bonds when issued will bear interest at 8% per annum. The agreements are subject to certain conditions precedent and approval from government regulatory authorities including and not limited to SGX-ST. All or any part of the bonds may be converted to new shares at $0.21 after 12 months from the date of issue or redeemable within 4 years from the date of issue. The major use of the proceeds for working capital, is to repay short bank borrowings and to fund business expansion.

Notes to the Financial Statements

For the financial year ended 31 December 2014

33 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted:

- Amendments to FRS 19: Defined Benefit Plans: *Employee Contributio*ns (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 102: *Share-based payment* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 103: *Business Combinations* (effective for annual periods beginning on or after 1 January 2015)
- Amendments to FRS 108: *Operating Segments* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 16: *Property, Plant and Equipment* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 24: *Related Party Disclosures* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 38: *Intangible Assets* (effective for annual periods beginning on or after 1 January 2015)
- Amendments to FRS 113: *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2015)
- Amendment to FRS 40: *Investment Property* (effective for annual periods beginning on or after 1 January 2015)

The Group has yet to assess the full impact from adoption of the above standards and intends to apply the relevant standards in the financial years where the standards become effective.

34 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Beng Kuang Marine Limited on 26 March 2015.

Shareholding Statistics

As at 16 March 2015

Issued and fully paid	: S$50,127,342.00
Number of shares	: 540,041,625
Number of Treasury Shares held	: Nil
Class of shares	: Ordinary shares
Voting rights	: 1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 16 March 2015, 52.21% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	–	–	–	0.00
100 - 1,000	23	1.21	21,200	0.00
1,001 - 10,000	438	23.03	3,322,500	0.62
10,001 - 1,000,000	1,405	73.87	108,718,100	20.13
1,000,001 and above	36	1.89	427,979,825	79.25
	1,902	100.00	540,041,625	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	DP Marine Pte Ltd	98,555,625	18.25
2	Raffles Nominees (Pte) Ltd	49,300,100	9.13
3	Chan Kwan Bian	36,965,000	6.84
4	Chua Beng Kuang	36,267,500	6.71
5	Chua Meng Hua	35,319,500	6.54
6	Chua Beng Hock	25,319,500	4.69
7	Chua Beng Yong	25,319,500	4.69
8	Phoon Wui Nyen (Pan Weiyuan)	22,014,700	4.08
9	OCBC Securities Private Ltd	18,505,000	3.43
10	CIMB Securities (S) Pte Ltd	14,996,100	2.78
11	Maybank Kim Eng Securities Pte Ltd	6,778,000	1.26
12	Tan Ang Piaw	5,897,300	1.09
13	Morgan Stanley Asia (S) Securities Pte Ltd	5,379,000	1.00
14	Tay Yew Chong	4,132,000	0.76
15	United Overseas Bank Nominees Pte Ltd	3,729,000	0.69
16	Jason Sim Chon Ang	3,700,000	0.68
17	Chang Thiam Hui	3,600,000	0.67
18	Phillip Securities Pte Ltd	3,392,000	0.63
19	DBS Nominees Pte Ltd	2,572,000	0.48
20	UOB Kay Hian Pte Ltd	2,105,000	0.39
		403,846,825	74.79

Shareholding Statistics

As at 16 March 2015

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Chan Kwan Bian	36,965,000	6.84	–	–
Chua Beng Kuang	36,267,500	6.72	–	–
Chua Meng Hua	35,319,500	6.54	–	–
DP Marine Pte. Ltd.	102,355,625	18.95	–	–
DDW-PaxOcean Asia Pte. Ltd.(1)	–	–	102,355,625	18.95
PaxOcean Holdings Pte. Ltd.(2)	–	–	102,355,625	18.95
Kuok (Singapore) Limited(3)	–	–	102,355,625	18.95
Drydocks World LLC(4)	–	–	102,355,625	18.95
Drydocks & Maritime World LLC(5)	–	–	102,355,625	18.95
Dubai World Holdings Limited(6)	–	–	102,355,625	18.95

Notes:

(1) DDW-PaxOcean Asia Pte. Ltd. is the holding company of DP Marine Pte. Ltd. Therefore, DDW-PaxOcean Asia Pte. Ltd. is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(2) PaxOcean Holdings Pte. Ltd. has a 67% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, PaxOcean Holdings Pte. Ltd. is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(3) Kuok (Singapore) Limited is the holding company of PaxOcean Holdings Pte. Ltd. PaxOcean Holdings Pte. Ltd. has a 67% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, Kuok (Singapore) Limited is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(4) Drydocks World LLC has a 33% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, Drydocks World LLC is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(5) Drydocks & Maritime World LLC is the shareholder of Drydocks World LLC. Drydocks World LLC has a 33% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, Drydocks & Maritime World LLC is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(6) Dubai World Holdings Limited is the shareholder of Drydocks & Maritime World LLC. Drydocks & Maritime World LLC is the shareholder of Drydocks World LLC. Drydocks World LLC has a 33% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, Dubai World Holdings Limited is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Beng Kuang Marine Limited (the "Company") will be held at 55 Shipyard Road, Singapore 628141 on Tuesday, 28 April 2015 at 11.00 a.m., for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Yong Thiam Fook as a Director retiring pursuant to Article 107 of the Company's Articles of Association. **(Resolution 2)**

3. To re-elect Mr Chua Meng Hua as a Director retiring pursuant to Article 107 of the Company's Articles of Association. **(Resolution 3)**

4. To re-elect Mr Kwek Kok Beng as a Director pursuant to Article 117 of the Company's Articles of Association. **(Resolution 4)**

5. To approve the payment of Directors' fees of S$103,900 (2013: S$106,900) for the financial year ended 31 December 2014. **(Resolution 5)**

6. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments:

   Authority to allot and issue shares up to 50 per centum (50%) of issued share capital **(Resolution 7)**

   "That pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to allot and issue shares or convertible securities from time to time (whether by way of rights, bonus or otherwise) and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities issued pursuant to such authority shall not exceed 50 per centum (50%) of the issued share capital of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed 20 per centum (20%) of the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion or exercise of convertible securities or exercise of share options or vesting of awards outstanding or subsisting at the time such authority is given and any subsequent consolidation or subdivision of shares) and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or on the date by which the next AGM is required by law to be held, whichever is the earlier."

   [See Explanatory Note 1]

Notice Of Annual General Meeting

8. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modification:

   Authority to grant awards and to allot and issue shares under BKM Performance Share Plan (Resolution 8)

   "That approval be and is hereby given to the Directors to grant awards from time to time in accordance with the provisions of Beng Kuang Performance Share Plan ("BKM PSP"), and, pursuant to Section 161 of the Act, to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of the awards under BKM PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to BKM PSP, when aggregated together with Shares to be allotted and issued pursuant to any other existing employee share schemes of the Company shall not exceed 15 per cent. of the total number of issued Shares excluding treasury shares from time to time."

   [See Explanatory Note 2]

9. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments:

   Renewal of Shareholders' Mandate for Interested Person Transactions (Resolution 9)

   "That:

   (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual), or any of them, to enter into any of the transactions falling within the types of interested person transactions set out in the addendum to this Annual Report dated 13 April 2015 (the "Addendum") with any party who is of the class of interested persons described in Addendum provided that such transactions are on normal commercial terms, not prejudicial to the interests of the Company and its minority Shareholders and in accordance with the review procedures for such interested person transactions (the "Shareholders' Mandate");

   (b) the Shareholders' Mandate 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; and

   (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution."

   [See Explanatory Note 3]

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

BY ORDER OF THE BOARD

Wee Woon Hong
Lee Hock Heng
Company Secretaries

Singapore

13 April 2015

Notice Of Annual General Meeting

Notes:

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 55 Shipyard Road, Singapore 628141, not less than 48 hours before the time appointed for holding the above Meeting.

Personal data privacy:

"Personal data" in this proxy form has the same meaning as "personal data" in the Personal Data Protection Act 2012 ("**PDPA**"), which includes your and your proxy's and/or representative's name, address and NRIC/Passport No. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. Your and your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share register and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Explanatory Notes:

1. The proposed Ordinary Resolution 7, if passed, will authorise the Directors of the Company to issue shares up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

2. The proposed Ordinary Resolution 8, if passed, will empower the Directors to offer and grant awards under BKM PSP (as from time to time amended, modified or supplemented), which was approved at the extraordinary general meeting of the Company on 27 April 2009, and to allot and issue Shares in the capital of the Company, pursuant to the vesting of the awards under BKM PSP provided that the aggregate number of Shares to be issued under BKM PSP, when aggregated with Shares to be issued under any other existing share schemes of the Company, does not exceed 15 per cent. of the total number of issued Shares excluding treasury shares of the Company for the time being.

3. The proposed Ordinary Resolution 9, if passed, will authorise the interested person transactions as described in the Addendum and recurring in the year and will empower the Directors of the Company, from the date of this Annual General Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to do all acts necessary to give effect to the Shareholders' Mandate. The rationale for and categories of interested person transactions pursuant to the Shareholders' Mandate are set out in greater detail in the Addendum accompanying this Notice.

ADDENDUM DATED 13 APRIL 2015

This Addendum is circulated to Shareholders of Beng Kuang Marine Limited (the "Company") together with the Company's Annual Report. Its purpose is to explain to Shareholders the rationale and provide information to the Shareholders for proposed renewal of the Shareholders' Mandate for Interested Person Transactions to be tabled at the Annual General Meeting to be held on 28 April 2015 at 11.00 a.m. at 55 Shipyard Road, Singapore 628141. The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

If you are in any doubt as to the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Addendum.

BENG KUANG MARINE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199400196M)

Addendum

in relation to

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS
DEFINITIONS

In this Addendum, the following definitions apply throughout unless otherwise stated:-

"Act"	:	The Companies Act (Chapter 50) of Singapore
"AGM"	:	The annual general meeting of the Company
"Board" or "Directors"	:	The directors of the Company as at the date of this Addendum
"CDP"	:	The Central Depository (Pte) Limited of Singapore
"Company"	:	Beng Kuang Marine Limited
"Controlling Shareholder"	:	A person who has an interest in the Shares of an aggregate of not less than 15% of the total votes attached to all the Shares, or in fact exercises control over the Company
"DDW-PA"	:	DDW-PaxOcean Asia Pte. Ltd. (formerly known as Drydocks World-Southeast Asia Pte. Limited)
"DDW LLC"	:	Drydocks World LLC
"DDW LLC Group"	:	Drydocks World LLC and its existing subsidiaries and associated companies, together with any of their respective future subsidiaries which may be newly set up or to be acquired by them from time to time
"DPMPL"	:	DP Marine Pte. Ltd. (formerly known as Labroy Marine Pte. Ltd.)
"DPSPL"	:	DDW-PaxOcean Shipyard Pte. Ltd. (formerly known as Drydocks World – Singapore Pte. Ltd.)
"Group"	:	The Company and its subsidiaries
"Hwah Hong"	:	Hwah Hong Transportation Pte. Ltd.
"Interested Person"	:	A director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder
"Interested Person Transaction"	:	Transactions proposed to be entered into between the Group and any interested person
"KSL"	:	Kuok (Singapore) Limited
"Latest Practicable Date"	:	16 March 2015, being the latest practicable date prior to the printing of this Addendum
"Listing Manual"	:	The listing manual of the SGX-ST

"NTA"	:	Net tangible assets
"PaxOcean"	:	PaxOcean Holdings Pte. Ltd. (formerly known as PaxOcean Shilbuilding Pte. Ltd.)
"Securities Account"	:	Securities account maintained by a Depositor with CDP
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
"Shareholders' Mandate"	:	The shareholders' general mandate pursuant to Chapter 9 permitting the Company, its subsidiaries and associated companies or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature necessary for day-to-day operations with specific classes of Interested Persons, which was approved by Shareholders at the extraordinary general meeting held on 7 August 2013 and renewed at the AGM held on 28 April 2014
"Substantial Shareholder"	:	A person who owns directly or indirectly 5% or more of the total share capital in the Company or in a company, as the case may be
"S$" or "$" and "cents"	:	Singapore dollars and cents, respectively
"%" or "per cent"	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the same meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Listing Manual or any modification thereof and not otherwise defined in this Addendum shall have the same meaning assigned to it under the Act, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Addendum is made by reference to Singapore time unless otherwise stated.

BENG KUANG MARINE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199400196M)

Directors	***Registered Office***
Mr Chua Beng Kuang (Executive Chairman)	55 Shipyard Road
Mr Chua Meng Hua (Managing Director)	Singapore 628141
Mr Yong Thiam Fook (Executive Director)	
Mr Kwek Kok Beng (Non-Executive Director)	
Mr Goh Chee Wee (Independent Director)	
Dr Wong Chiang Yin (Independent Director)	
Mr Lee Yaw Loong (Alternate Director to Mr Kwek Kok Beng)	13 April 2015

To: The Shareholders of Beng Kuang Marine Limited

Dear Sir/Madam

1. INTRODUCTION

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its unlisted subsidiaries or unlisted associated companies proposes to enter with an interested person of the listed company. An "interested person" is defined as a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

Chapter 9 of the Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations which may be carried out with the listed company's interested persons, but not the purchase or sale of assets, undertakings or businesses provided such transactions are entered into at arm's length basis and on normal commercial terms and are not prejudicial to the interests of the listed company and its minority shareholders.

The current Shareholders' Mandate, which was last renewed by the Shareholders during the AGM held on 28 April 2014, will continue to be in force until the forthcoming AGM. Accordingly, the Directors propose that the Shareholders' Mandate be renewed at the forthcoming AGM.

The purpose of this Addendum is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval to renew the Shareholders' Mandate at the forthcoming AGM which is scheduled to be held on 28 April 2015.

General information relating to Chapter 9 of the Listing Manual, including the meanings of terms such as "interested person", "associate", "associated company" and "controlling shareholder", are set out in the annexure of this Addendum.

2 SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 CATEGORIES OF INTERESTED PERSONS

The renewed Shareholders' Mandate will apply to the transactions (as defined below) with:-

(a) KSL, its existing subsidiaries and associated companies together with any of their respective future subsidiaries and associated companies which may be newly set up or to be acquired by them from time to time (collectively, "Kuok Group");

(b) DDW LLC, its existing subsidiaries and associated companies, including DPMPL and its subsidiaries and DPSPL and its subsidiaries, together with any of their respective future subsidiaries which may be newly set up or to be acquired by them from time to time (collectively, " DDW LLC Group"); and

(c) Hwah Hong.

Prior to the Acquisition (as defined below), DDW LLC owned the entire issued share capital of DDW-PA, which in turn, owned the entire issued share capital of DPMPL. DPMPL is the Company's Controlling Shareholder, which holds approximately 18.95% of the issued share capital of the Company as at the Latest Practicable Date.

DDW LLC and PaxOcean had on 26 September 2012 entered into a shareholders' agreement in respect of DDW-PA and its subsidiaries, pursuant to which, PaxOcean acquired and subscribed for 67% of the shareholding interest of DDW-PA while 33% shareholding interest remained with DDW LLC (the "Acquisition").

By virtue of PaxOcean's effective interest of 67% in DPMPL, PaxOcean, together with its holding company, KSL and their respective subsidiaries and associated companies are deemed as Interested Persons of the BKM Group for the purpose of Chapter 9 of the Listing Manual. By virtue of DDW LLC's effective interest of 33% in DPMPL, DDW LLC Group remained as an Interested Person of the Group for the purpose of Chapter 9 of the Listing Manual.

Mr Chua Beng Hock, who is the Executive Officer of the Group and the brother of Mr Chua Beng Kuang (Executive Chairman), Mr Chua Meng Hua (Managing Director) and Mr Chua Beng Yong (Executive Officer), has an equity interest of approximately 65% in Hwah Hong as at the Latest Practicable Date. Accordingly, Hwah Hong is deemed as an Interested Person of the Company for the purposes of Chapter 9 of the Listing Manual.

Transactions with the Kuok Group, the DDW LLC Group, Hwah Hong or any other Interested Person of the Group that do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

2.2 CATEGORIES OF INTERESTED PERSONS TRANSACTIONS

The interested Person Transactions with the Kuok Group, the DDW LLC Group and/or Hwah Hong which will be covered by the Shareholders' Mandate ("Mandate Transactions") include the following:

(a) the provision of corrosion prevention services and infrastructure engineering services to the Kuok Group and the DDW LLC Group;

(b) the engagement of services and sub-contract work from the Kuok Group and the DDW LLC Group to fulfill the contractual commitments relating to the infrastructure engineering projects including but not limited to pipe fabrication services and steel welding services, and the purchase of items necessary from the Kuok Group and the DDW LLC Group to carry out such work including, but not limited to, steel materials, angle bars and electrodes;

(c) the supply of hardware equipment and tools (such as electrode holders, welding cables, wire brushes) and other consumables (such as electrodes and gloves) to the Kuok Group and the DDW LLC Group;

(d) the engagement of sea transportation services from the Kuok Group and the DDW LLC Group;

(e) the engagement of lorry and crane services from Hwah Hong; and

(f) the hire of heavy lift or specialised marine vessels from the Kuok Group.

The Shareholders' Mandate will not cover any Mandate Transaction that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. Interested Person Transactions entered or to be entered into by the Group that do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

2.3 RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS' MANDATE

The Mandate Transactions are entered into or are to be entered into by the Group in its ordinar course of business. The Mandate Transactions are recurring transactions which are likely to occur with some degree of frequency and may arise at any time and from time to time. The Directors are of the view that it will be beneficial to the Group to transact with the Kuok Group, the DDW LLC Group and/or Hwah Hong. It is intended that the Mandate Transactions shall continue in the future as long as the Kuok Group, the DDW LLC Group and/or Hwah Hong (as the case may be) are Interested Persons of the Group and so long as the transactions are at arm's length basis and on normal commercial terms and are not prejudicial to the Company and the minority Shareholders.

The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to announce and/or convene separate general meetings on each occasion in order to seek Shareholders' prior approval for the entry by the Group into Mandate Transactions. This will substantially reduce the expenses associated with the convening of such general meetings from time to time, improve administrative efficiency, and allow resources and time of the Group to be focused towards other corporate and business opportunities.

The Shareholders' Mandate is intended to facilitate the Mandate Transactions, provided that they are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the Company and the minority Shareholders.

2.4 REVIEW PROCEDURES FOR MANDATE TRANSACTIONS

To ensure that Mandate Transactions are undertaken at arm's length basis and on normal commercial terms and are consistent with the Group's usual business practices and policies, which are generally no more favourable to the Kuok Group, the DDW LLC Group and/or Hwah Hong than those extended to unrelated third parties, we will adopt the specific guidelines and procedures as set out below:-

(i) All Mandate Transactions of which are S$100,000 and above in value shall not be entered into unless the terms are determined as follows:

  (a) In relation to the sale of products to the Kuok Group and the DDW LLC Group, the selling price or fee shall not be more favourable to the Kuok Group and the DDW LLC Group than that offered to the Group's unrelated third party customers in recent transactions after taking into consideration non-price factors such as customers' credit standing, volume of transactions, delivery requirements, length of business relationship and potential for future repeated business;

  (b) In relation to the supply of services to the Kuok Group and the DDW LLC Group, the fee shall not be more favourable to the Kuok Group and the DDW LLC Group than that offered to the Group's unrelated third party customers in recent transactions after taking into consideration non-price factors as mentioned in (a) above and additional factors such as the type of facilities available and material requirements; and

  (c) In relation to the purchase of items and the engagement of services or hire of marine vessels from the Kuok Group and the DDW LLC Group and/or Hwah Hong, the Group shall obtain two other quotations from non-Interested Persons for comparison. The purchase price or fee shall not be less favourable to the Group than the most competitive price or fee of the other quotations from non-Interested Persons. In determining the most competitive price or fee, non-price factors such as quality, delivery time, credit terms granted and track record will be taken into account.

(ii) In the event that it is not possible for external quotations to be obtained (for instance, if there is no unrelated third party who is able to provide the same products or perform the same function) or there are no relevant successful sales of products or services to unrelated third party customers for the comparison, the Group will adopt the following procedures to determine whether the prices or fees offered by or to the Kuok Group, the DDW LLC Group and/or Hwah Hong are in accordance with the industry norms, at arm's length basis and on normal commercial terms:-

(a) For purchases of products and/or engagement of services from the Kuok Group, the DDW LLC Group and/or Hwah Hong, the purchase price must be no less favourable to the Group than that charged by the Kuok Group, DDW LLC Group and/or Hwah Hong to their other unrelated customers after taking into consideration other non-price factors such as quality, delivery time, track record, and credit terms granted. We will obtain from the Kuok Group, the DDW LLC Group, Hwah Hong and elsewhere, the necessary evidence to satisfy ourselves that the basis set out herein have been adhered to in the purchases from them. We will also consider the cost and benefits of such transactions to the Group; and

(b) For sale of products and services to the Kuok Group and the DDW LLC Group, the price charged by the Group shall be determined in accordance with the Group's usual business practices and consistent with the Group's profit margin to be obtained by the Group for the same or substantially the same products and services after taking into consideration non-price factors such as customers' credit standing, volume of transactions, delivery requirements, length of business relationship, type of working facilities and equipment available, scope of supply of materials and potential for future repeat business.

(iii) In addition, the following review and approval procedures will be implemented by the Group:-

(a) Any Mandate Transaction which equals or exceeds more than S$100,000 but less than or equal to 3% of the Group's latest audited NTA in value will be reviewed and approved by either a Director, the Financial Controller or an Executive Officer of the Group (each of whom shall not be an Interested Person in respect of the particular transaction) prior to entering into the transaction; and

(b) Any Mandate Transaction which exceeds 3% of the Group's latest audited NTA in value will be reviewed and approved by the Audit Committee prior to entering into the transaction.

(iv) The Group has also implemented the following procedures for the identification of Interested Persons and the recording of Interested Person Transactions (including the Mandate Transactions):-

(a) The Company will maintain a list of Interested Persons (which is to be updated immediately if there are any changes), and disclose the list to relevant key personnel of each subsidiary to enable identification of Interested Persons. The master list of Interested Persons which is maintained shall be reviewed on at least a quarterly basis; and

(b) The Company will maintain a register of transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into).

(v) The Audit Committee will review the Interested Person Transactions on at least a quarterly basis as part of its standard procedures while examining the adequacy of the Group's internal controls including those relating to Interested Person Transactions. The Board will also ensure that all disclosures, approvals and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

(vi) In the event that the Chief Financial Officer, Executive Officer, Director or a member of the Audit Committee (where applicable) is interested in any Interested Person Transaction, he will abstain from reviewing and/or approving that particular transaction. The Board will also ensure that all disclosure requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

(vii) The Audit Committee shall review from time to time the above guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Mandate Transactions are conducted at arm's length basis and on normal commercial terms and are not prejudicial to the Company and the minority Shareholders. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and procedures as stated above are inappropriate or are not sufficient to ensure that the Mandate Transactions will be at arm's length basis and on normal commercial terms and will not be prejudicial to the Company and the minority Shareholders, the Company will (pursuant to the Listing Manual) revert to Shareholders for a fresh mandate based on new guidelines and procedures.

2.5 AUDIT COMMITTEE'S STATEMENTS

(a) The independent Directors from the Audit Committee have reviewed the terms of the Shareholders' Mandate and are satisfied that the review procedures for the Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee in relation thereto, are sufficient to ensure that the Interested Person Transactions will be made with the relevant categories of Interested Persons at arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Independent Directors from the Audit Committee confirm that the methods and procedures for determining the transaction prices have not changed since the last Shareholders' approval which took place on 28 April 2014.

(b) If, during the periodic reviews by the Audit Committee, the Independent Directors from the Audit Committee are of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transactions will be at arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Interested Persons.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the capital of the Company as at the Latest Practicable Date are as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Chua Beng Kuang	36,267,500	6.72	–	–
Chua Meng Hua	35,319,500	6.54	–	–
Yong Thiam Fook	256,000	0.05	–	–
Kwek Kok Beng	–	–	–	–
Goh Chee Wee	–	–	–	–
Dr Wong Chiang Yin	100,000	0.02	–	–
Lee Yaw Loong	–	–	–	–
Substantial Shareholders (other than Directors)				
Chan Kwan Bian	36,965,000	6.84	–	–
DP Marine Pte. Ltd.	102,355,625	18.95	–	–
DDW-PaxOcean Asia Pte. Ltd.[(1)]	–	–	102,355,625	18.95
PaxOcean Holdings Pte. Ltd.[(2)]	–	–	102,355,625	18.95
Kuok (Singapore) Limited [(3)]	–	–	102,355,625	18.95
Drydocks World LLC [(4)]			102,355,625	18.95
Dry Docks & Maritime World LLC [(5)]	–	–	102,355,625	18.95
Dubai World Holdings Limited [(6)]	–	–	102,355,625	18.95

Notes:

(1) DDW-PaxOcean Asia Pte. Ltd. is the holding company of DP Marine Pte. Ltd. Therefore, DDW-PaxOcean Asia Pte. Ltd. is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(2) PaxOcean Holdings Pte. Ltd. has a 67% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, PaxOcean Holdings Pte. Ltd. is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(3) Kuok (Singapore) Limited is the holding company of PaxOcean Holdings Pte. Ltd. PaxOcean Holdings Pte. Ltd. has a 67% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, Kuok (Singapore) Limited is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(4) Drydocks World LLC has a 33% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, Drydocks World LLC is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(5) Drydocks & Maritime World LLC is the shareholder of Drydocks World LLC. Drydocks World LLC has a 33% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, Drydocks & Maritime World LLC is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(6) Dubai World Holdings Limited is the shareholder of Drydocks & Maritime World LLC. Drydocks & Maritime World LLC is the shareholder of Drydocks World LLC. Drydocks World LLC has a 33% stake in DDW-PaxOcean Asia Pte. Ltd., the holding company of DP Marine Pte. Ltd. Therefore, Dubai World Holdings Limited is deemed to have an interest in the shares held by DP Marine Pte. Ltd.

(7) In the event that any of the above Directors and Substantial Shareholders is interested in any Interested Person Transaction, he will abstain from reviewing and/or approving that particular transaction.

4. APPROVALS AND RESOLUTIONS

Shareholders' approval for the proposed renewal of the Shareholders' Mandate is sought at the AGM. The resolution relating to the proposed renewal of the Shareholders' Mandate is contained in the Notice of AGM as Ordinary Resolution 9.

As Rule 919 of the Listing Manual requires that interested persons must not vote on any shareholders' resolution approving any mandate in respect of any interested person transactions, each of the interested persons referred to in paragraph 2.1 of this Addendum together with their associates who are shareholders of the Company shall abstain from voting in respect of Ordinary Resolution 9 at the AGM to be held on 28 April 2015.

5. DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders' Mandate are Mr Yong Thiam Fook, Mr Goh Chee Wee and Dr Wong Chiang Yin (the "Independent Directors"). The Independent Directors are of the opinion that the entry into the Interested Person Transactions by the Group in the ordinary course of business will enhance the efficiency of the Group and is in the best interests of the Company. For reasons set out in paragraph 2.3 of this Addendum, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution 9, being the resolution relating to the proposed renewal of the Shareholders' Mandate at the forthcoming AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors who collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of Shareholders' Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

7. INSPECTION OF DOCUMENTS

Copies of the audited financial statements of the Company for the last two financial years ended 31 December 2013 and 31 December 2014 are available for inspection at the registered office of the Company at during normal business hours from the date of the Addendum up to the date of AGM.

Yours faithfully
For and on behalf of the Board of Directors

Chua Beng Kuang
Executive Chairman

Annexure

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

SCOPE

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries (other than a subsidiary that is listed on an approved stock exchange) or associated companies (other than an associated company that is listed on an approved stock exchange or over which the listed group and/or its interested person(s) has no control) proposes to enter into a counter-party who is an interested person of the listed company.

DEFINITIONS

An "interested person" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An "associate" means:-

(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:-

  (i) his immediate family;

  (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

  (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more

(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or it's a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

An "associated company" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

A "controlling shareholder" means a person who holds (directly or indirectly) 15% or more of the nominal amount of all voting shares in the listed company or one who in fact exercises control over its listed company.

GENERAL REQUIREMENTS

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement, or, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA), are reached or exceeded. In particular, shareholders' approval is required where:

(a) the value of such transaction is equal to or exceeds 5% of the latest audited consolidated NTA of the group; or

(b) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the group is equal to or exceeds 5% of the latest audited consolidated NTA of the group. However, a transaction which has been approved by shareholders, or is the subject approved by shareholders, need not be included in any subsequent aggregation.

Immediate announcement of a transaction is required where:

(a) the value of such transaction is equal to or exceeds 3% of the latest audited consolidated NTA of the group, or

(b) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the group is equal to or exceeds 3% of the latest audited consolidated NTA of the group.

The above requirements for immediate announcement and for shareholders' approval do not apply to any transaction below $100,000.

GENERAL MANDATE

A listed company may seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

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BENG KUANG MARINE LIMITED
(Registration No.: 199400196M)
(Incorporated in the Republic of Singapore)

Proxy Form

ANNUAL GENERAL MEETING

Important:

1. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2015.

I/We*, ___________________________________ (Name) NRIC/Passport/Company Registration No.*____________________

of ____ (Address)

being a shareholder/shareholders of **BENG KUANG MARINE LIMITED** (the "Company") hereby appoint :

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or *

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting (the "**AGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 55 Shipyard Road, Singapore 628141 on Tuesday, 28 April 2015 at 11.00 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM)

No.	Resolutions	For	Against
1.	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2014		
2.	Re-election of Mr Yong Thiam Fook as a Director		
3.	Re-election of Mr Chua Meng Hua as a Director		
4.	Re-election of Mr Kwek Kok Beng as a Director		
5.	Approval of Directors' Fees for the financial year ended 31 December 2014		
6.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors and authorise the Directors to fix their remuneration		
7.	Authority to allot and issue of shares		
8.	Authority to grant awards and to allot and issue shares under BKM PSP		
9.	Renewal of Shareholders' Mandate for Interested Person Transactions		

* Delete accordingly

Dated this _____________ day of _____________ 2015.

Total Number of Shares held

____
Signature(s) of Shareholder(s)/or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 55 Shipyard Road, Singapore 628141, not less than 48 hours before the time appointed for the meeting.

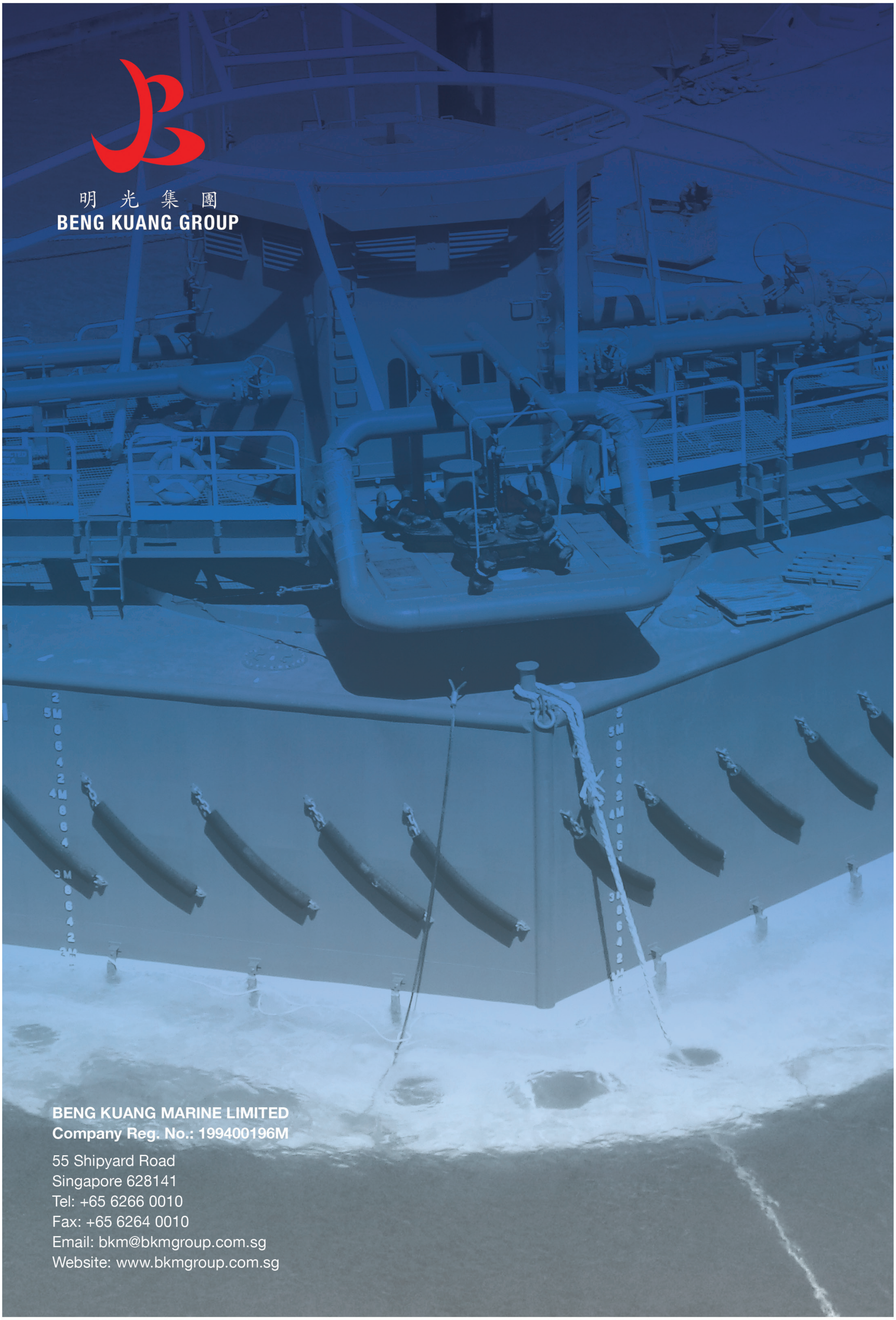
4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

5. 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 a duly authorised officer.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, 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 a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the meeting, as certified by the Depository to the Company.



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BENG KUANG GROUP

BENG KUANG MARINE LIMITED
Company Reg. No.: 199400196M

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