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Proposal for the provision of statutory audit services to
Neptune Orient Lines Limited and its subsidiaries

June 2015

“As CEO of Deloitte Singapore and a member of the leadership team for Deloitte Southeast Asia, you have my commitment that the NOL Group will have access to Deloitte’s best resources and top talent. In my role as your Lead Client Service Partner, I will use my experience and contacts to ensure our member firms are aligned and ready to provide a consistent high quality service to you.”

*Philip Yuen
Lead Client Service Partner
CEO, Deloitte Singapore*

Deloitte.

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19 June 2015

Neptune Orient Lines Limited
9 North Buona Vista Drive
#14-01 The Metropolis
Singapore 138588

Attention: Soh Kam Giap (Group Controller)

Dear Mr Soh

On behalf of all of us at Deloitte & Touche LLP (“Deloitte”), thank you for the opportunity to present our proposal for the provision of statutory audit services to Neptune Orient Lines Limited and its subsidiaries (“NOL Group”).

At Deloitte, we place our clients at the centre of everything we do. We commit that we will partner with you and provide a differentiated service experience that will give you the assurance – and insights – that you need to strengthen your platform for sustainable growth in the years to come.

We have placed the highest priority in identifying the right people and establishing the infrastructure to serve you. The engagement team we have assembled for this proposal includes senior leaders and seasoned professionals who understand your business, bring extensive experience serving on the audit of large groups and are recognised for their competence and commitment to client service. They are further supported by our industry and subject matter specialists, who have in-depth technical expertise and industry knowledge serving many of the world’s leading shipping companies.

The Deloitte Audit is partner-led, client-centric and leverages on innovative auditing tools and technologies for an efficient and cost effective audit. The focus is on delivering value and giving business insights.

We look at NOL Group not only as a key client of our network but a partnership that we would like to develop. By partnering with you, we can both benefit and grow together.

We look forward to demonstrating our commitment and capacity to deliver world class audit services to NOL Group.

Please do not hesitate to contact us if you require any clarifications or additional information.



Philip Yuen
Lead Client Service Partner

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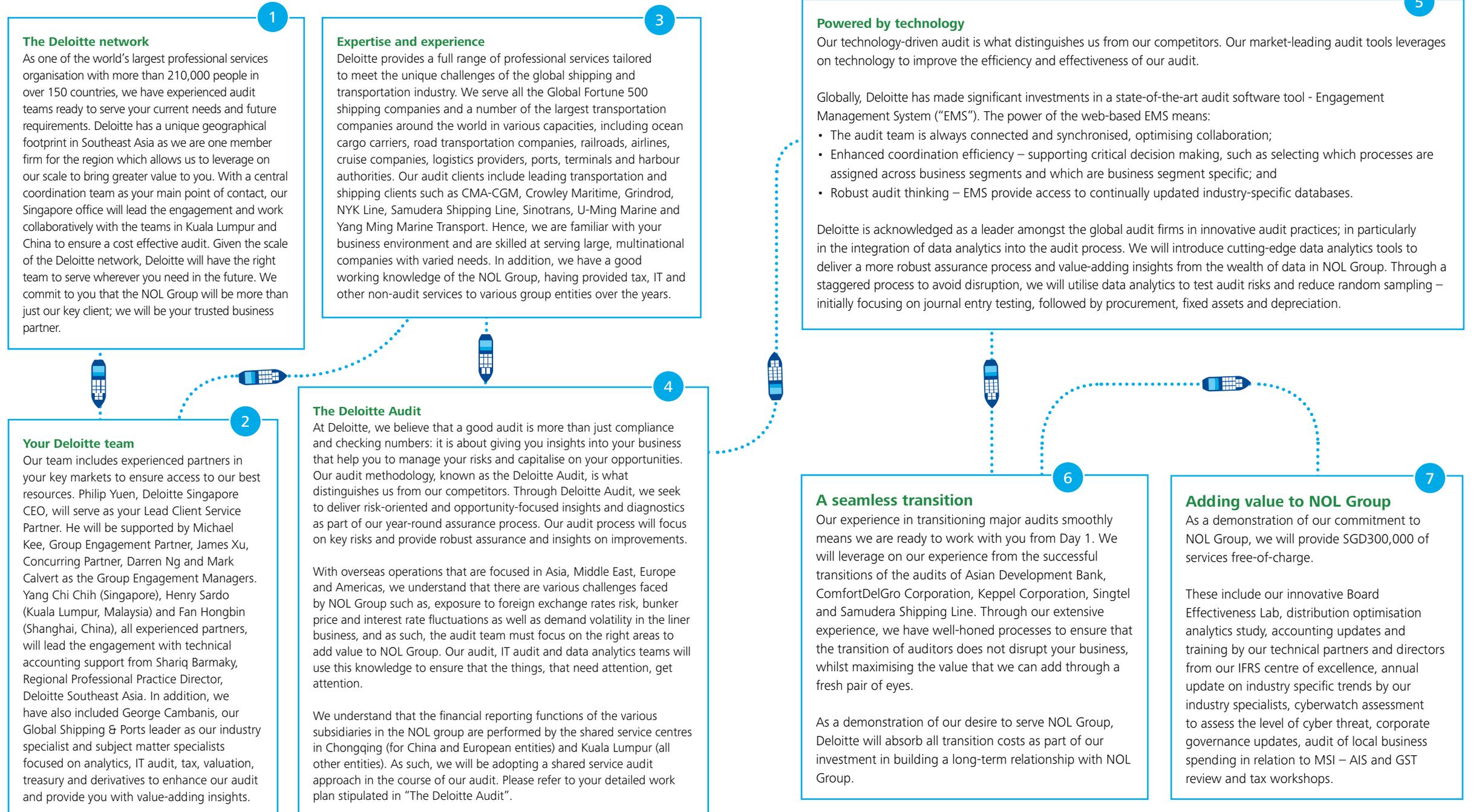
Ready to serve you

Deloitte: The right auditor for NOL Group

In the face of challenging market conditions, the NOL Group has introduced innovative and value-added services to better serve your customers and put in place measures to increase operational efficiency, simplify work processes and optimise your organisational structure to compete more effectively.

Similarly, Deloitte places a high value on innovation and have developed market-leading auditing tools and technologies to continually improve the quality of our services. As a customer-centric, service-oriented business, Deloitte is committed to serve clients distinctively, bringing innovative insights, solving complex challenges and unlocking sustainable growth.

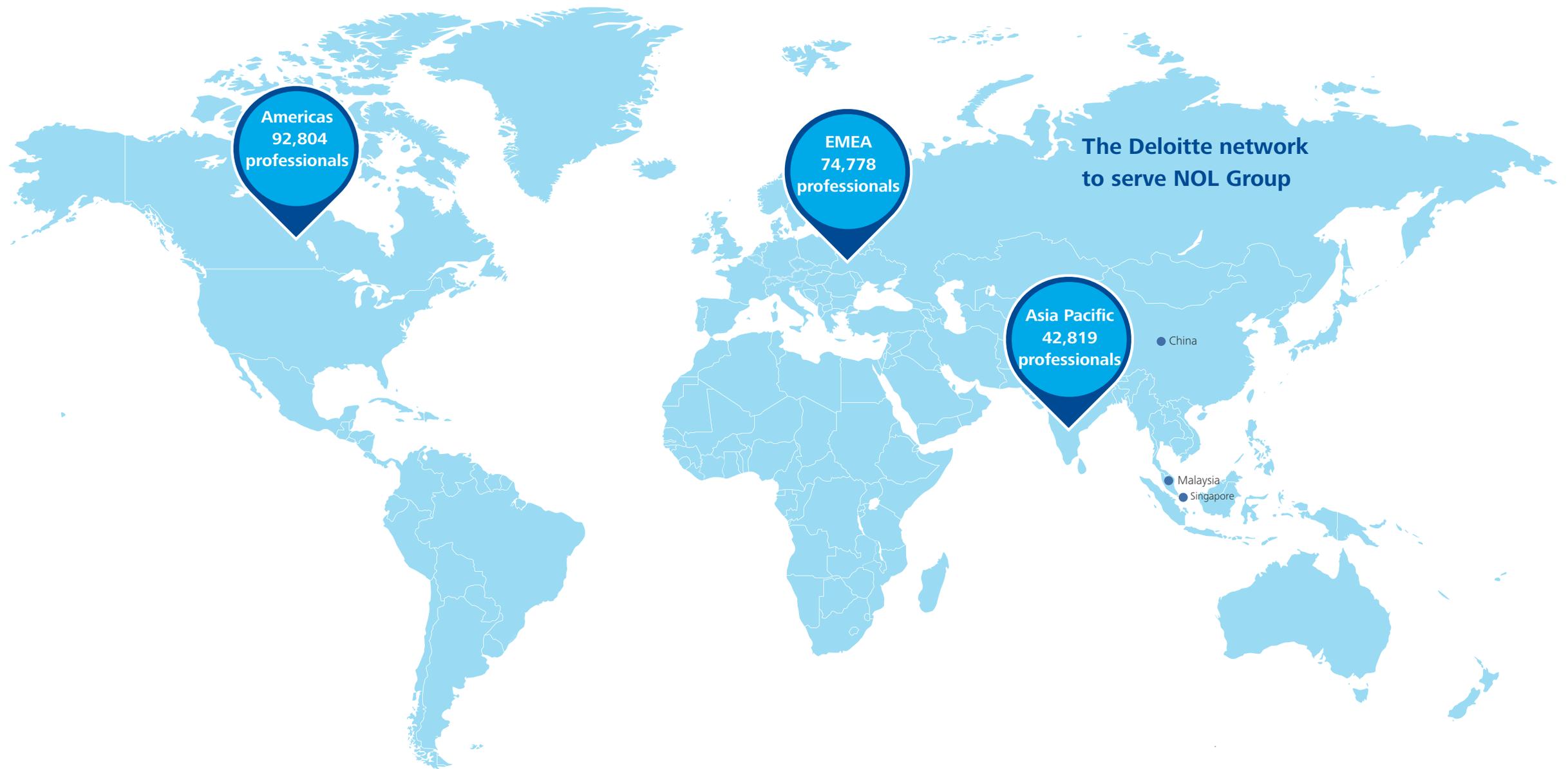
With a team led by experienced partners who understand your business and with in-depth knowledge of the audits of companies in the shipping and transportation industry, Deloitte is ready to offer a fresh perspective on your business and bring new ideas and value-added insights. As the world's leading professional services organisation, we will bring all the power of our global network to serve the NOL Group. This will enable you to focus on the things that matters, as we support your growth as your trusted adviser.



The Deloitte network

Deloitte has teams in place, globally and regionally, ready to serve you in all your key markets now. And wherever you go in the future, you can be confident that Deloitte will have an experienced team ready to serve you.

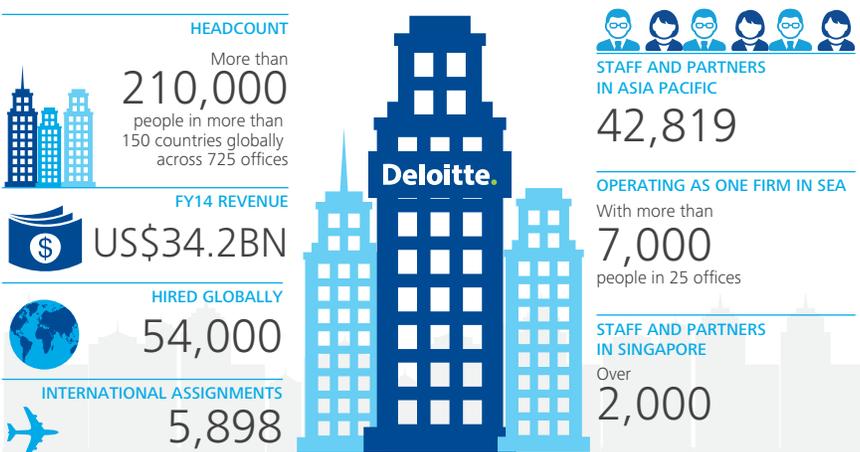
Resources in your key locations				
Levels	Southeast Asia	Singapore	Malaysia	China
Partner/Director	492	177	111	867
Senior Manager/Manager	959	440	158	2,572
Assistant Manager/Senior	1,977	622	443	4,411
Staff/Admin/Support Staff	3,713	1,087	954	5,619
Total	7,141	2,326	1,666	13,469



Our global organisation

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning across multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 210,000 professionals are committed to becoming the standard of excellence.

Our member firms serve more than 80 percent of the world's largest companies, as well as large national enterprises, public institutions, locally important clients, and successful, fast-growing global companies. We audit nearly 20 percent of the companies with assets that exceed USD1 billion.



Our Southeast Asia Firm and China Firm

Deloitte has a unique geographical footprint in Southeast Asia as we are one member firm for the 11 countries of the region. Our SEA practice comprises of 270 partners and over 7,000 professionals in 25 office locations across Brunei, Cambodia, Guam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

With nearly 50 years of history in Singapore, our **Deloitte Singapore** practice has grown rapidly over the years to its current size of over 2,000 staff and 100 partners. Deloitte Singapore enjoys the status of being one of Deloitte's centres of excellence in Asia for various service lines including International Financial Reporting Standards (IFRS), tax compliance and data analytics. This designation as a centre of excellence is in recognition of the depth of experience and quality of resources of our Singapore office that now joins the ranks of an exclusive list of such centres located in some of the world's largest capital markets.

In **Malaysia**, we have a long tradition of excellence stretching back to 1968 with the founding of KassimChan & Co. Today, Deloitte Malaysia has over 1,600 professionals in 8 offices across the country.

Deloitte was the first foreign accounting firm to open an office in Shanghai in 1917. Now **Deloitte China** have nearly 13,500 people in 22 offices working on a collaborative basis to serve clients, delivering a full range of audit, consulting, financial advisory, risk management, tax, and related services. Deloitte China is a recognised market leader with the largest advisory practice among the Big Four and audits the largest number of companies listed on the Hong Kong Stock Exchange.

Assurance on your overseas operations

Deloitte Singapore will be the main point of contact for communications with NOL's management. Our governance structure ensures the timely management of issues that would otherwise place the delivery of services at risk. Issues requiring escalation are passed up the governance model for prompt action/resolution.

Our delivery model is unique due to the centralised structure of management and delivery, hence, the quality assurance processes will also be centralised. In addition, the services themselves are independently certified.

We understand that the operational functions of the various subsidiaries within NOL Group are handled by shared service centres within the continent. The finance function for subsidiaries are mainly handled by Chongqing shared service centre (China and European entities) and Kuala Lumpur shared service centre (all other entities).

Our Kuala Lumpur team will work with, and report to the Group Engagement team in Singapore for audit of significant subsidiaries. Concurrently, our Kuala Lumpur and Shanghai teams will liaise directly with the respective local Deloitte offices for the statutory audits of the scoped-out subsidiaries.

Our Kuala Lumpur team has significant experience in working with clients that operate with shared service centres, such as Baker Hughes. As one Southeast Asia firm, we are able to utilise the skill sets of our Kuala Lumpur team for the shared service audit approach tailored for the NOL Group.



Your Deloitte team

The selection of the right team of professionals to serve NOL Group is the most important engagement decision we make – and one to which we devote undivided attention. Our services are, after all, inseparable from the professionals who deliver them. Providing exceptional client service to NOL Group requires a strong leader who is your single point of contact; proactive communication; people knowledgeable about your business; and creativity and flexibility.

Focus on serving NOL Group

People who listen, understand and act

At Deloitte, all professional service is personal. In selecting our client service team for NOL Group, we are mindful that the quality and the value we bring to your business depend on the skills, experience, insight, and commitment of the people who deliver our services. Simply stated, it is the people on the engagement team who make the difference in your level of service satisfaction.

The team we have selected is designed to maximise the skills and experience available to NOL Group, encourage effective communication and teamwork and smoothen the transition process. The team has:

- Extensive experience with large group audits including companies in sector similar to NOL Group;
- Strong backgrounds of service to both public-listed and multinational clients;
- Industry experience gained from working with some of the world’s largest shipping and transportation clients;
- Proficiency in Singapore Financial Reporting Standards and International Financial Reporting Standards; and
- Effective communication skills and experience in coordinating group audits.

Our team stands ready to serve you to deliver a world-class audit with value-adding insights in all your locations.

In selecting our team members, we also have given considerable attention to the personal elements that must be present in a successful team: approachability, personal integrity, dedication to client service, and communication skills.

All key members of our team for NOL Group understand what it means to work closely and cooperatively with client’s management and staff. Their leadership of the engagement will set the tone at the top—the highest standard of integrity and quality in delivering timely services to NOL Group.

Responsiveness is key

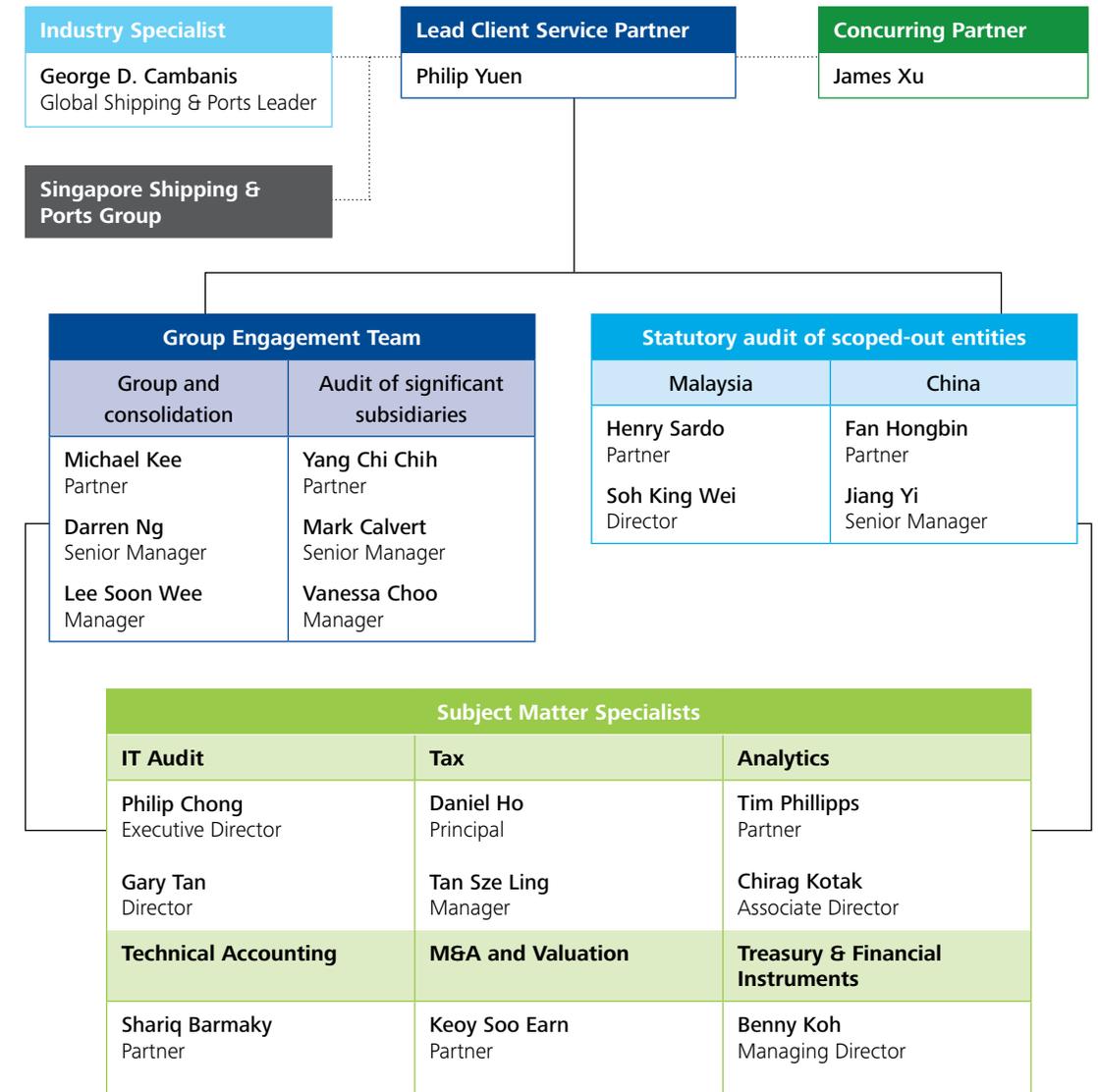
At Deloitte, we pride ourselves on providing timely and accurate responses to requests from our clients. Our focus is on having continuous communication to ensure ‘no surprises’ and so that you know that your requests are being dealt with appropriately and with the necessary speed.

We commit to provide a response or provide an acknowledgment to any query or request from the NOL Group within 24 hours from receipt; if it is not possible to provide the information requested immediately, then we will acknowledge receipt of the request and provide you with an expected response time.

Succession planning and staff continuity

Our team structure includes significant partner involvement that will ensure continuity at senior levels. We commit to the continuity of our core team and do not plan to transition off any team members over the course of our appointment.

Team chart



Please refer to Appendix 1 for team members’ profiles.

The senior leadership team: Setting the tone from the top

Recognising the importance of NOL Group to Deloitte, we have included our most senior leaders from Singapore and Deloitte's global shipping industry practice to serve you.

Philip Yuen, the CEO of Deloitte Singapore, will be personally involved as the Lead Client Service Partner ("LCSP"). He will commit time to meet with the leadership of the NOL Group and to attend the Audit Committee meetings to answer any questions and resolve any issues that may arise. As the LCSP, Philip will be the main point of contact for all your service requirements and oversee the delivery of all Deloitte's services to ensure a consistent high quality service to NOL Group. He will be supported by **James Xu** as the Concurring Partner. James brings with him more than 16 years experiences in public accounting in Singapore and United States and has extensive experience serving clients in the transportation, energy and resources, technology, media and telecommunications, manufacturing, real estate and construction, consumer products and agriculture industries.

The team has the full support of our global shipping and port practice who serves many of the world's leading companies in your sector. To ensure you receive quality service on the audit, we have on our team a shipping industry specialist, **George D. Cambanis**, Global Shipping & Ports Leader. As a shipping industry specialist, George is familiar with many of the issues the NOL Group faces. The engagement team will be able to tap on his deep industry knowledge and experience as and when required. He will be available for consultation at all times and will meet with your Management and Audit Committee at least once a year to share his experience and insights on industry trends. Through George, the team will have access

to all the resources of Deloitte's Global Shipping & Ports Group who will be pleased to share their practical insights to help you stay one step ahead.

Michael Kee will serve as your Group Engagement Partner for NOL Group. He is an experienced partner with over 23 years of public accounting experience in Singapore, Malaysia and the United Kingdom, who also has significant experience serving a number of our major clients including KKR and several of its portfolio companies.

The audit of significant subsidiaries will be overseen by **Yang Chi Chih** who brings with him more than 16 years of public accounting experience of which 2 years were spent with Deloitte New York. He has served local, multinational and listed companies in Singapore and the United States.

They will be supported by **Darren Ng** and **Mark Calvert** as the Group Engagement Managers, who will offer knowledge of the local environment and extensive group audit coordination experience and they will work together with the other managers as detailed in the team chart to ensure NOL Group receives the highest level of service at the ground level.

Leading our team in Kuala Lumpur will be **Henry Sardo** who will oversee the statutory audit of the scoped-out entities at NOL Global Services Centre. With more than 30 years of professional experience in Deloitte, Henry is currently the Audit Risk Leader and Engagement Quality Control Assurance Leader for our Malaysia practice. He is also part of the audit team for the global shared services centre of Baker Hughes based in Kuala Lumpur. Baker Hughes is one of the world's largest oilfield services companies with more than 53,000 employees operating in over 80 countries.

Fan Hongbin, a specialist in the transportation and logistics sector, will be responsible for the audit of your scoped-out China and European entities including the shared service centre in Chongqing, China. He brings with him over 20 years of professional experience including managing mega audit engagement and carrying out multinational companies' PRC statutory audits.

In addition, the core engagement team will be able to call on a team of subject matter specialists that includes analytics, IT audit, tax, technical accounting, valuations and treasury experts. This team includes:

Philip Chong will serve as the IT Audit Partner and will coordinate closely with the audit engagement partners on NOL Group. He will provide guidance in planning the IT audit for NOL Group. Philip is the Governance, Regulation & Risk Leader in Enterprise Risk Services for Deloitte Southeast Asia. He has 27 years of experience in IT audit and security. Besides IT auditing, Philip is also an experienced risk management professional. In recent years, Philip has led a number of leading edge business and IT risk management consultancy projects in Singapore and the region.

Our Tax team will be led by **Daniel Ho**, who has more than 15 years of extensive experience in the areas of Singapore tax compliance, tax planning and consultancy work for local and multinational companies as well as corporate restructuring, mergers and acquisition and tax due diligence. Daniel is a member of the Singapore Shipping Industry Group and has extensive experience with international taxation of shipping profits and tax treatment of shipping leases.

Based in Singapore, **Tim Phillipps**, the Global Leader for Deloitte Analytics will be the subject matter specialist responsible for the analytics procedures within the

audit of NOL Group. He was appointed in 2010 to lead the Global Deloitte analytics initiative and works closely with designated Deloitte Analytics leaders to build a scalable and globally consistent cross-functional Analytics proposition in each of Deloitte's global businesses – Audit, Tax, Consulting and Financial Advisory. He also ensures that analytics is increasingly embedded in our industry and priority market activities.

Shariq Barmaky will provide accounting technical support to the team and be available to NOL Group for consultation on IFRS matters. Shariq has more than 20 years of experience in public accounting in Singapore and the United Kingdom. He brings to the table a wealth of experience leading large group audits and deep IFRS expertise. He currently leads the Deloitte Singapore IFRS Centre of Excellence, one of 18 IFRS Centres of Excellence within Deloitte worldwide and is Deloitte Southeast Asia Regional Professional Practice Director.

Keoy Soo Earn, our Southeast Asia Mergers & Acquisitions and Valuation & Modelling Leader, will be the M&A and Valuation Specialist for this engagement. He is an experienced partner with over 20 years of professional experience in the provision of business and financial advisory services. He has worked with a diversified range of corporations, private equity investors and lenders providing a range of transaction services.

Benny Koh will serve as the Treasury & Financial Instruments Specialist supporting the audit of financial instruments for NOL Group. He brings with him over 20 years of treasury advisory expertise, ranging from setting up funding programs, originating bond issues for the world's largest corporate borrower to establishing a bank from the ground-up. He is currently the Managing Director of Deloitte Southeast Asia's Treasury & Financial Instruments Advisory practice.

Driving service efficiency

Recognising the need of companies working in a centralised shared services environment such as NOL Group, we offer a centralised, integrated delivery model supported by a network of expert local country teams. This approach allow you to benefit from the efficiency of central coordination while providing access to local market expertise.

Deloitte Singapore will work closely with our Deloitte teams in Kuala Lumpur and Shanghai, to coordinate the audits of various entities within the NOL Group; perfectly mirroring NOL's set up with your shared services centres in Kuala Lumpur and Chongqing. Our Kuala Lumpur and Shanghai offices have experienced professionals of different seniority who are focused on providing full support to the engagement team in Singapore. This collaborative team structure will ensure a seamless delivery of our audit services to the NOL Group.

As we operate as one Deloitte member firm across Southeast Asia, our clients reap the benefits of our combined pool of expertise and specialised skills. With a well-defined engagement set-up and delivery process in place, our Kuala Lumpur team will work with and report to the Group Engagement team in Singapore for the audit of significant subsidiaries. Subsequently, our Kuala Lumpur and Shanghai teams will report to the respective Deloitte offices for the statutory audits of the scoped-out subsidiaries.

Through direct reporting to Deloitte Singapore, this eliminates an additional layer of reporting between Singapore and our Deloitte Kuala Lumpur team whilst maintaining the same service quality standards of our Singapore practice. NOL can be assured of a consistently high quality, cost effective and well-coordinated audit.

Our centralised management and delivery model

In view of the reporting deadlines and statutory deadlines of NOL Group, project management is a critical part of our engagement. As such, we will maintain the following:

- Two dedicated, experienced lead engagement managers; one for group reporting purposes and one for statutory audit services of significant subsidiaries;
- Both lead engagement managers have extensive experience serving large co-sourcing engagements and will leverage on the skill-sets learned on previous engagements as well as our global methodology and tools;
- Providing frequent and regular status reports, so you are well informed of the status of our engagement every step along the way; and
- A mutually developed, formal process for your involvement in the engagement process including a series of touch points that help focus your attention on critical analyses and decisions.

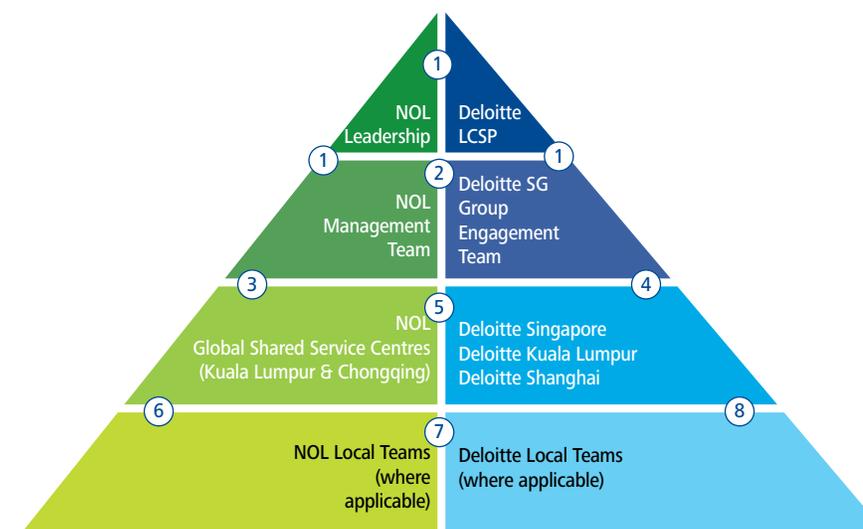
Our delivery model and infrastructure is designed to allow our services to be performed on-site in your Singapore office and off-site at the shared service centres in Kuala Lumpur and Chongqing. The flexibility of our delivery model enables maximum efficiency while addressing your needs and facilitating an integrated team. We believe that working on site at NOL's offices facilitates communication but we are mindful of space issues, resource restrictions, access rights and your expectations. During the engagement planning stage, we will discuss and agree upon when and how often we are on-site performing our work.

For group reporting purposes, our Kuala Lumpur team will liaise with the Group Engagement team in Singapore for the audit of significant subsidiaries to ensure that NOL is able to meet the reporting deadlines.

Concurrently, our teams in Kuala Lumpur and Shanghai will liaise directly with the local Deloitte teams for the statutory audits of the subsidiaries within the NOL Group. The audits would be prioritised according to statutory filing deadlines and we will work closely with the local Deloitte teams to meet those required deadlines. All queries from the local Deloitte teams in relation to the audit of account balances and transactions processed in the shared service centre in Kuala Lumpur would be directed to our Deloitte Kuala Lumpur team to facilitate the local financial statements audit issuance.

For the audit of the China statutory entities, due to the country regulatory requirements to maintain audit working papers in Mandarin and to archive all the final audit working papers in China, the audit will be fully conducted by the Deloitte Shanghai team. As the European entities are also managed by your Chongqing shared service centre, the audit will also be conducted by the Deloitte Shanghai team. This arrangement is specific to the audit of the China and European subsidiaries. For all other entities, audit work will be performed in Kuala Lumpur and the respective in country teams will perform specific work to be able to sign off the statutory audit.

Our management and delivery model



1. Presentation of audit plan, escalation/resolution of issues and finalisation of audit
2. Exchange of information for audit planning, execution and reporting to leadership
3. Communication and escalation of unresolved issues
4. Management and control of audit process
5. Day-to-day communication/execution of the audit
6. Exchange of working information
7. Communication and clarification of issues for local statutory filing (where applicable)
8. Coordination of local statutory filing

Commitment of time by key team members

The anticipated hours per year shown below do not include the hours for transitioning the audit. The cumulative hours of our partners represents approximately 20% of the total budgeted hours which is in-line with Deloitte's partner-led audit approach.

Hours by key partners and managers

Name	Role	Hours
Partners		
Philip Yuen	Lead Client Service Partner	120
Michael Kee	Group Engagement Partner	360
George D. Cambanis	Industry Specialist	80
James Xu	Concurring Partner	60
Yang Chi Chih	Audit Engagement Partner	360
Philip Chong	IT Audit Specialist	70
Daniel Ho	Tax Specialist	120
Tim Phillipps	Data Analytics Specialist	40
Shariq Barmaky	Technical Accounting Specialist	40
Keoy Soo Earn	M&A and Valuation Specialist	40
Benny Koh	Treasury & Financial Instruments Specialist	40
Henry Sardo	Audit Engagement Partner – Kuala Lumpur, Malaysia	200
Fan Hongbin	Audit Engagement Partner – Shanghai, China	120
Managers		
Darren Ng	Group Engagement Manager	450
Mark Calvert	Group Engagement Manager	450
Lee Soon Wee	Audit Engagement Manager	450
Vanessa Choo	Audit Engagement Manager	450
Gary Tan	Enterprise Risk Services Director	300
Tan Sze Ling	Tax Manager	180
Chirag Kotak	Analytics Associate Director	300
Soh King Wei	Audit Engagement Director – Kuala Lumpur, Malaysia	450
Jiang Yi	Audit Engagement Manager – Shanghai, China	180

Understanding your business

Leveraging on the resources and capabilities of the Deloitte global network, each Deloitte member firm is able to bring outstanding experience that has been gained through blending international best practice with in-depth industry knowledge and local market expertise.

Deloitte's approach to the development of our industry practice puts great emphasis on exceptional delivery through shared experience, deliverables, and solutions that cross country borders, connecting through practice groups and communities focused on specific sectors and service lines. In Southeast Asia, our more than 7,000 professionals receive specialist industry-relevant training to enable them to better serve the many global and regional top players in each industry with a wide range of services to help keep our clients one step ahead.

Our diversified industry qualifications

Deloitte has a wealth of experience in serving clients from all the major industries and a diversified client base which includes major multinationals, large national enterprises, small and medium enterprises, public institutions and non-profit organisations.

In Singapore, Deloitte currently serves some of the largest listed companies such as ComfortDelGro Corporation, Keppel Corporation, Singtel as well as organisations such as Agency for Science, Technology and Research ("A*STAR"), Asian Development Bank, Nanyang Technological University and Singapore Workforce Development Agency. In addition, we serve a number of large shipping groups including AP Moller-Maersk, COSCO Singapore, NOL Group, NYK Group and Samudera Shipping Line.

Deloitte's Shipping & Ports Group

Deloitte's Shipping & Ports Group provides professional services to the international deep sea transportation industry which includes oil & gas carriers, dry bulk carriers, containerships, offshore drill ships and support vessels, marine fuel logistics companies, ports, terminals and harbour authorities. We work with clients to develop solutions to complex business issues, enhancing their effectiveness in a dynamic industry.

A team dedicated to shipping – In order to ensure that our shipping clients are provided with a top class service, we have identified certain partners and managers to serve shipping clients.

Our Global Shipping & Ports network

The group's network of more than 700 industry professionals in 59 countries is prepared to serve clients, wherever and whenever they may need us.



Our Singapore Shipping & Ports

Established in 2008, Deloitte Singapore Shipping and Ports Group specialises in providing professional services to the water transportation industry including cruise liners, ferries, cargo shipping, ports and harbour authorities. The main objective is to develop solutions to assist our clients resolve the issues affecting them and the complex industry environment in which they operate. Our shipping group aims to pool our shipping and ports expertise across all functions to share knowledge and strengthen the network. The co-operation of Deloitte professionals increases our strength and eminence in the maritime business. In 2009, the group joined Singapore Shipping Association ("SSA"), conducted our first external seminar in 2010 through SSA and continued with more external seminars featuring various topics led by various service groups.

Our group regularly hosts a series of breakfast seminars and roundtable discussions specifically for management, accounting, and finance professionals within the shipping industry. The seminars are set in an informal setting where participants can freely interact with the industry leaders and with other participating professionals in the industry. In collaboration with SSA, we initiated a breakfast seminar series as well as a roundtable on "Efficiency Upgrade Financing Opportunities" and with SGX and SSA a seminar on "Capital Market Opportunities for the Maritime Sector in Singapore".

The group also tracks legislative, regulatory, and industry activities to keep in tune with new developments and issues that affect the environment in which you operate. Our shipping practitioners regularly share these insights through our published thoughtware such as IFRS for Shipping in Singapore and internal shipping newsletters and specialised training.

Other representative clients served by Deloitte in the Logistics, Shipping and Ports sectors

Global representative clients

- | | | | |
|--|--|---|--|
| <ul style="list-style-type: none"> • Aegean Marine Petroleum* • Ahrenkiel Ship Management Cyprus • Ancora Investments Trust • Andriaki Shipping • A.P. Moller - Maersk A/S • Ariston Navigation • Atlas Maritime • Bernhard Schulte • Bolloré* • Box Ships* • Capital Product Partner* • Ceres Shipping • China Ocean Shipping Company (COSCO) • China Shipping Container Lines • China International Marine Container (CIMC) | <ul style="list-style-type: none"> • China Merchants Energy Shipping • China Merchants (International) • Clipper Group A/S* • CMA-CGM* • Columbia Shipmanagement • Conbulk Shipping • Costamare* • Courage Marine • Cyprus Shipowners Employers Association • DFDS • DHT Holdings • Euroseas* • Eurotankers • Evripos Shipmanagement • FedEx • FirstGroup* | <ul style="list-style-type: none"> • Franco Compania Naviera • Gaslog* • Globus Maritime • Great Harvest Maeta • Grecomar Shipping • Grindrod* • Gulf Marine • Hutchison Whampoa • InterManager (International Shipmanagers' Association) • Laskaridis Group* • Meadway Shipping and Trading • Nippon Yusen K.K. (NYK Line)* • Pan-Regional Marine Transportation • Paragon Shipping • Ports of Auckland | <ul style="list-style-type: none"> • Quintana Shipping • Renfe Operadora • S. Frangoulis Ship Management • Safe Bulkers • Samos Island Maritime • Schoeller • Seamar • Shelton Navigation • Stiftelsen Det Norske Veritas • TankLog • Tidewater* • Top Ships • Trans-Med Shipping • Transocean • United Parcel Service* • UTi Holdings* • Yang Ming Marine Transport Corporation* |
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*Denotes audit client

Southeast Asia representative clients

- | | | | |
|---|--|---|---|
| <ul style="list-style-type: none"> • Active Shipping* • Agility Logistics • Aman Freight • American Bureau of Shipping • APL Logistics • Armada* • Asian Bulk Logistics* • Atlas* • Austral Asia Line* • Aurora Tankers • Avic International* • AZ Marine Logistics* • Ben Line Agencies* • Berli Jucker Logistics* • BHP Billiton Freight • Brightoil Petroleum Singapore* • Bourbon* • China Shipping Regional* • Celgene Logistics • CBS Ventures* • Century Total Logistics* | <ul style="list-style-type: none"> • CH Offshore* • Clipper Group* • Cosco Corporation • Cogent Logistics* • Damco Logistics • Diamond Star Shipping* • Dragon Logistics • ECL Group* • EMAS Offshore* • First Logistics Development Joint* • GAC Samudera Logistics* • Geods Wilson Freight Management • Glenn Marine* • Glenn Marine Logistics Base* • Glory Wealth Shipping* • Grindrod* • IFB International Freightbridge • Iris Shipping* (Mitsui) • JCL Transport and Logistics* • K Line Logistics* | <ul style="list-style-type: none"> • Keppel Group* • Kinetisu Logistics • Maritime Port Authority of Singapore* • Mercator Lines* • Mermaid Marine* • Miclyn Express Offshore* • MM Logistics Company* • Morrison Express Logistics* • Multimodal Freight* • NYK Line* • On-Time Worldwide Logistics* • Pan Asia Logistics* • PDZ Holdings • Parakou Tankers* • Portek International* • Portek Ports* • PT Arpeni Pratama Ocean Line • PT Pelabuhan Indonesia • LD Ports and Logistics • LF Logistics | <ul style="list-style-type: none"> • Louis Dreyfus Commodities Freight* • PT Trada Maritime • Rapid Offshore* • OMC Shipping* • Otto Marine* • Samudera Shipping* • Scorpio Group* • SDV Logistics* • Sentek Marine and Trading* • Sukses Osean • Tidewater* • Toll Global Logistics* • Torm* • Tri-Net Logistics* • U-Ming Marine Transport* • UTi Global Logistics • V Ships Asia Group* • Vallianz Holdings* • Winning International Group* • Womar Logistics* |
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*Denotes audit client

Keeping you informed – our thought leadership



Challenge to the industry-securing skilled crews in today's marketplace

The survey reveals that attracting and retaining competent seafarers is a growing global problem and that crewing is high on the list of business issues for all shipping companies.



Shipping Tax Guide

The publication presents a high level overview of taxation of shipping and individuals deriving income from shipping operations in the countries Greece, Cyprus, Luxembourg, Malta, Singapore, UK.



IFRS for Shipping-Accounting for owned vessels by shipping companies

This publication focuses on accounting issues for the shipping industry.



IFRS Industry Insights - Shipping industry implications of the revised leasing exposure draft

The international Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) published a revised proposed standard on lease accounting with comments requested by September 18, 2013. The IASB has published it as a revised exposure draft (the "ED") whilst the FASB has published a revised proposed Accounting Standards update (ASU). In this publication, we have specifically looked at the implications of the ED on shipping entities.



Crisis in shipping

Shipping has been hit hard by the liquidity crisis and global recession affecting all sectors. "Crisis in shipping" explores the options available to banks on how to safeguard their position and mitigate losses.



Report Shipping Finance Forum – Who is picking up the tab?

This is a report on the second shipping finance forum of energy and resource industry.



Sustain your ability

The report explores how shipping companies can formulate their Corporate Responsibility strategy within the parameters of recent regulatory developments.

Keeping you informed – our thought leadership



The Path to IFRS

Provides practical and useful industry insights on IFRS, which include understanding the implications of IFRS for the shipping industry and evaluating approaches to IFRS conversion.



Analytics Trend 2015: A below-the-surface look

Analytics momentum continues to grow, moving squarely into the mainstream of business decision-making worldwide. Put simply, analytics is becoming both the air that we breathe—and the ocean in which we swim. Take a below-the-surface look at our Analytics Trends Report.



Restructuring and beyond - The marine industry's routes to safety

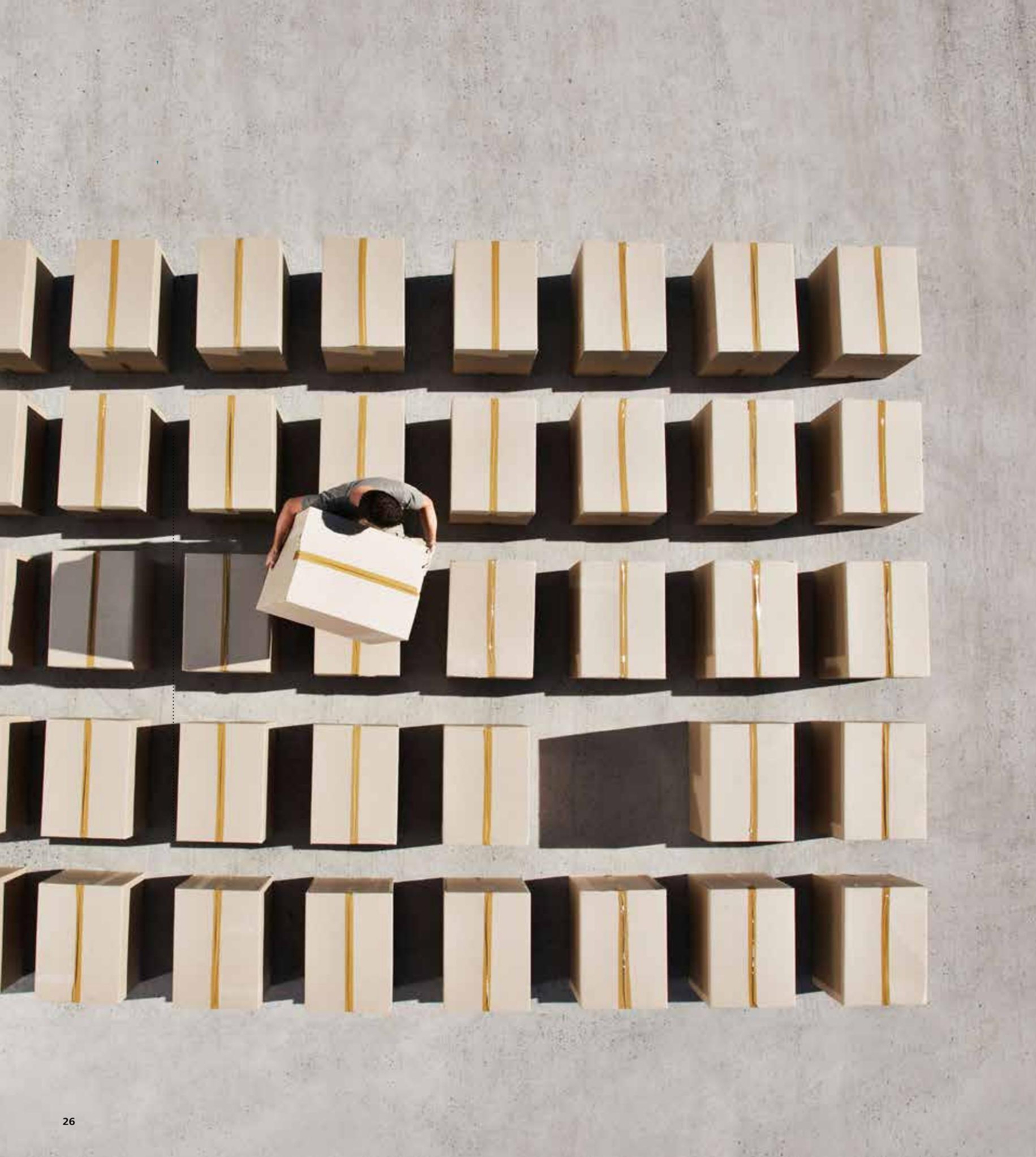
New opportunities for companies and banks in the marine sector



Ship shape and ready for business

Deloitte member firms have an established track record in the shipping sector, and, as a consequence, have the specialist skills and market knowledge to help clients at all stages of their business' development.

For additional Thought Leadership, please visit Deloitte.com



The Deloitte Audit

The fundamentals of the Deloitte Audit Approach are rooted in the accounting industry professional standards; but what differentiates Deloitte is the depth of perspective and professional judgment we bring to tailor our audits to each client's business and risks and our use of data analytics to bring value to our audits.

A unique view and integrated approach

Deloitte listens carefully to what our clients and the accounting profession indicate are important criteria for enhancing audit quality. With this understanding, we continuously improve our approach in order to increase the effectiveness of our procedures and achieve an efficient audit process.

With this approach, we maximise audit quality while appropriately controlling your audit costs. Our focus on continuous improvement and our commitment to professional standards, come together in the careful planning and knowledgeable execution that characterise the Deloitte Audit. In applying our audit approach and methodology on the NOL Group audit, we will:

- Deliver a partner-led planning process that enhances risk identification and assessment and promotes an appropriate response in controls testing and substantive procedures;
- Empower our people to apply professional judgment and insight based on a thorough understanding of your business strategies, operations, structure, risks, internal control environment, and accounting policies;
- Leverage our global investments in technology to increase productivity through the scalability and flexibility of our audit tools and ease of access to comprehensive accounting and financial disclosure literature;
- Recognise the specifics of your situation and capabilities; and
- Promote value-added service, by using the knowledge we gain from the audit to provide business and industry insights and identify specialist resources who can help address your areas of interest.

As your auditor, Deloitte will look at your financial statements with objectivity and independence. Our work will be focused on providing value to your business relating to the integrated audit of the financial statements and internal control over financial reporting.

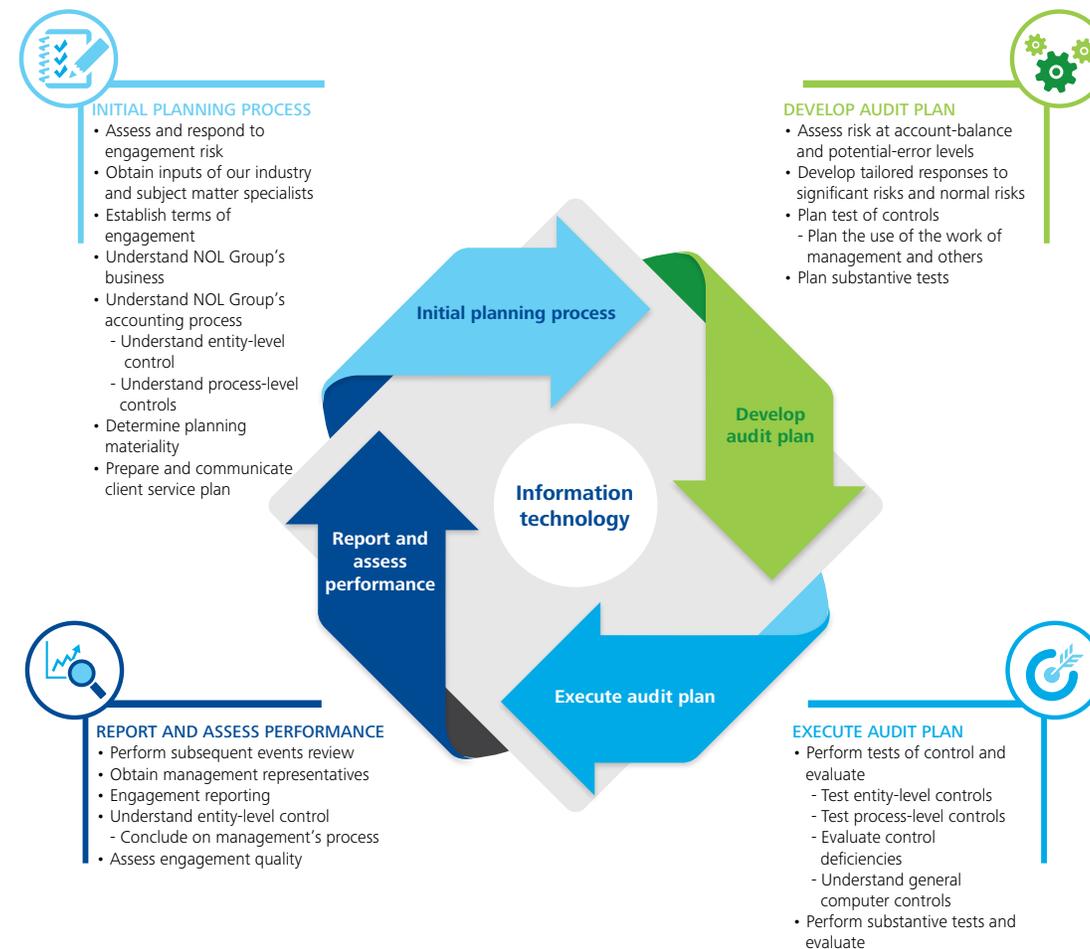
Because we know that early identification of issues and on-going communication is important, our approach to the integrated audit is based on leveraging on our group of industry-experienced partners, directors and managers.

Our engagement management technology

DTi is our global online portal which brings together due date tracking, process and document management all in one place. DTi is a central place for both client and Deloitte teams to manage the engagement process that allows efficient collaboration between the two teams. Access is tailored to the individual, so each person only see the sections of the site that are relevant to them. Senior team members with regional/global responsibilities can see everything aggregated at a top summary level, and can then drill down further to see the specifics. It therefore allows valuable insight into the engagement process across the globe. Dashboard reporting allows client to review status at the touch of a button.

DTi uses programmed logic behind the due date tracking which is centrally managed and maintained by Deloitte, meaning clients are always sure of having the correct tasks appearing in the system. Due date tracking feature list all statutory obligations and filing deadlines in the overview page which clients can see with the click of a button.

An integrated audit methodology



Our audit planning process



Focusing on your business

When we speak of a tailored risk-based approach, we mean more than simply concentrating on headline risks. Our approach is distinguished by a refined view of risk that pinpoints what could go wrong to cause a material misstatement for significant account balances, transactions and disclosures. Applying this lens to the NOL Group audit, we will spend time on the areas that matter most and limit testing in areas that provide little or no additional audit assurance. In short, we will perform appropriate, but not excessive, audit procedures.

Benefits of pinpointing risks

Client service	<ul style="list-style-type: none"> Helps us identify opportunities for NOL Group to refine its assessment of risks and control Enables value-added feedback on industry insights, business issues and risks that could have an impact on NOL Group
Quality	<ul style="list-style-type: none"> Focuses our use of the right specialist resources to address areas of specific audit risk Drives an integrated approach that covers both control and substantive responses Facilitates identification of more effective methods of auditing
Efficiency	<ul style="list-style-type: none"> Creates a targeted response for both significant and normal risk areas, aligning audit effort with the risk Facilitates the identification of more efficient methods of auditing, including opportunities to integrate testing procedures

Deloitte's methodology

Materiality level for the Group is based on the Group's revenue for the year, as this benchmark is deemed to be a key driver of business value and is a stable component of the Group's financial results. It is also a critical component of the financial statements and is a focus of for the users of the financial statements.

Based on the Group materiality computed, significant account balances and classes of transactions are identified as significant risk areas and audit focus areas. Please refer to the identification of significant risks and audit focus areas in the section below.

Identification of key audit areas

The table below sets out our preliminary assessment of key audit areas. We would also like to reiterate that we have reviewed NOL Group accounting policies and are in the agreement with your policies.

Significant audit risks (A heightened risk of material misstatement that in the auditor's judgement requires significant attention)

1. Cash and cash equivalents	6. Assessment of impairment of property, plant and equipment
2. Assessment of recoverability of trade and other receivables	7. Trade payables
3. Inventories at cost	8. Assessment of compliance with bank covenants
4. Derivative financial instruments and hedge accounting	9. Revenue recognition
5. Assessment of impairment of other non-current assets (except property, plant and equipment)	10. Management override of controls

Areas of audit focus (Industry-related account balances and transactions of areas specific to NOL Group that require some attention but has normal risk of misstatement)

11. Consolidation process	17. Post-employment defined benefit plans
12. Assessment of recoverability of insurance claims	18. Cost of sales (Inclusive bunker costs, port charges and staff costs)
13. Assessment of impairment investment in subsidiaries, associates and joint ventures	19. Identification of related parties and disclosure of related party transactions
14. Current and deferred tax	20. Impact of new Auditor's report
15. Assessment of adequacy of provisions	21. Key accounting exposure draft
16. Share-based compensation	

Audit risks and our responses

Statement of Financial Position

	FY2014 US\$'000	Significant risks/ audit focus areas
ASSETS		
Current Assets		
Cash and cash equivalents	1,225,771	[1]
Trade and other receivables	1,080,359	[2]
Available-for-sale financial assets	24,516	
Inventories at cost	175,244	[3]
Derivative financial instruments	726	[4]
Other current assets	103,206	
Total current assets	2,609,822	
Non-current Assets		
Investment in associated companies	160,835	[13]
Investment in joint ventures	21,220	[13]
Property, plant and equipment	6,012,433	[6]
Deferred charges	5,387	
Intangible assets	31,100	[5]
Land use rights	817	
Goodwill arising on consolidation	158,068	[5]
Deferred income tax assets	42,575	[14]
Other non-current assets	57,367	[5], [12]
Total non-current assets	6,489,802	
LIABILITIES		
Current liabilities		
Trade and other payables	1,178,233	[7]
Current income tax liabilities	132,448	[14]
Borrowings	615,095	[8]
Provisions	40,378	[15]
Deferred income	5,156	
Derivative financial instruments	30,363	[4]
Other current liabilities	226,949	
Total current liabilities	2,228,622	
Non-current liabilities		
Borrowings	4,676,308	[8]
Provisions	191,654	[15]
Deferred income	1,566	
Deferred income tax liabilities	6,431	[14]
Derivative financial instruments	160,357	[4]
Other non-current liabilities	26,809	
Total non-current liabilities	5,063,125	

	FY2014 US\$'000	Significant risks/ audit focus areas
EQUITY		
Share capital	1,834,341	
Treasury shares	(5,216)	
Shares held by employee benefit trust	(5,719)	
Treasury shares reserve	(1,195)	
Foreign currency translation reserve	(25,357)	
Retained earnings	28,756	
Share-based compensation reserve	44,582	[16]
Hedging reserve	(60,555)	[4]
Fair value reserve	(26)	
Pension re-measurement reserve	(67,484)	[17]
Statutory reserve	6,085	
Other reserve	1,901	
Non-controlling interest	57,764	
Total equity	1,807,877	

Consolidated Income Statement

	FY2014 US\$'000	Significant risks/ audit focus areas
Revenue	8,616,782	[9]
Cost of sales	(7,945,772)	[18]
Gross Profit	671,010	
Other gains (net)	25,232	
Expenses:		
• Administrative: IT and non-IT	(712,489)	
• Restructuring costs	-	
• Finance	(139,737)	
• Other operating	(72,665)	
Share of results of associates	9,700	
Share of results of joint ventures	2,073	
Loss before income tax	(216,876)	
Income tax expense	(34,621)	[14]
Net loss for the financial year	(251,497)	

1. Cash and cash equivalents

As at December 26, 2014, NOL Group had total balance of cash and cash equivalents of USD 1.2 billion, with details as follows:

	FY2014 (US\$'000)
Current:	
- Fixed deposits	106,394
- Demand deposits	11,867
- Bank and cash balances	1,107,510
	<u>1,225,771</u>

We understand that the management has policies and internal controls in place over the cash handling and reconciliation.

We will:

- Assess the design and implementation of the controls over the cash handling and reconciliation and perform a walkthrough of the relevant controls in place; and
- We will send external confirmations and completeness checks through bank confirmation process.

2. Assessment of recoverability of trade and other receivables

As at December 26, 2014, NOL Group had total balance of trade and other receivables of USD 1.1 billion.

During the financial year of December 26, 2014, NOL Group had made an impairment loss on trade receivables, other receivables and recoverable of USD 13.1 million which was recognised as an expense. Further noted that as at December 26, 2014, NOL Group had trade receivables which amounting to USD 103.5 million that are past due at the end of the reporting period but not impaired.

A considerable amount of judgment is required in assessing the ultimate realisation of the receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in their inability to make payments, additional allowances may be required.

2. Assessment of recoverability of trade and other receivables (continued)

Management will evaluate the recoverability and aging analysis of its trade receivables and make appropriate allowance for bad and doubtful debts, if any.

We will:

- Review the debtors aging analysis and subsequent settlement trend of major customers;
- Examine evidence for subsequent receipts and/or obtain explanations and evidence from management to support the recoverability of long outstanding debts;
- Evaluate the reasonableness of management's assessment and adequacy of allowance for bad and doubtful debts including independently examining available data points on the latest credit standing of significant customers;
- Perform a retrospective review to assess and evaluate the management's assumption and judgement used to ensure that there is no evidence of bias involved in the assumption and judgement process; and
- Review the related disclosures and classifications in the financial statements in accordance with FRS, including credit risk concentration profile, critical accounting judgements and key sources of estimation uncertainty.

3. Inventories at cost

As at December 26, 2014, NOL Group had a total inventories at cost amounting to USD 175.2 million. Inventories mainly comprise bunkers and consumable stores.

We will:

- Send confirmation to respective ship masters and perform reasonableness tests on the inventories;
- Send external confirmation to a third party for those inventories held by third party; and
- Perform inventory valuation testing for unit cost of bunkers and consumable stores.

4. Derivative financial instruments and hedge accounting

We understand that the operations in the shipping industry may involve significant exposure to risk such as foreign exchange differences, bunker price fluctuations and interest rate volatility.

The management of these risks often involved the use of financial instruments and hedging activities.

In order to reduce the impact of movement in the above risks, NOL Group enters into forward contracts, bunker swaps and interest rate swaps to hedge future cash flows and future bunker price.

As at December 26, 2014, NOL Group had derivative financial assets of USD 726,000 and derivative financial liabilities of USD 190.7 million.

4. Derivative financial instruments and hedge accounting (continued)

	FY2014 Assets (US\$'000)	FY2014 Liabilities (US\$'000)
Current:		
Cash flow hedge:		
- Bunker swaps	-	(13,377)
- Foreign exchange forward contracts	726	(14,966)
- Interest rate swaps	-	(2,020)
Non-current:		
Cash flow hedge:		
- Cross currency interest rate swaps	-	(37,084)
Fair value hedge:		
- Cross currency interest rate swaps	-	(123,273)
Total:	726	(190,720)

We will:

- Obtain and review the contracts entered into for derivative financial instruments and assess the appropriateness of hedge accounting;
- Review management's FRS 39 accounting treatment on the outstanding hedging instruments at the end of each reporting period, and to review the appropriateness of management's accounting and documentation for hedging;
- With the assistance of our financial derivative specialist, we will assess and test the integrity and reliability of controls within treasury systems; and
- Send external confirmations and completeness checks through bank confirmation process.

5. Assessment of impairment of non-current assets (except property, plant and equipment)

The Group has substantial investments in non-current assets which are mainly investments in subsidiaries, associates and joint ventures, goodwill, intangible assets and other non-current assets.

In accordance with FRS 36 *Impairment of Assets*, an asset will be impaired if its carrying value is in excess of its recoverable amount. The recoverable amount of an asset is defined to be the higher of fair value less cost to sell ("FVLCS") or value-in-use ("VIU").

Goodwill on consolidation

As at December 26, 2014, the goodwill arising on consolidation amounted to USD 158 million. Goodwill arising on consolidation is tested for impairment annually and at other times when such indicators arise.

Intangible assets

As at December 26, 2014, the carrying amount of intangible assets of the Group amounting to USD 31.1 million comprised of system technology and software, terminal berthing rights, licence fee, customer relationships and non-compete agreement.

Other non-current assets

As at December 26, 2014, the carrying amount of other non-current assets of the Group amounting to USD 57.4 million comprised of long term deposits, long-term investments and insurance receivables.

We will:

- Evaluate the appropriateness of the identified asset groups (Cash Generating Units or "CGU") for evaluation of impairment;
- Evaluate if any triggering events have occurred (for other than goodwill on consolidation);
- If a triggering event has occurred, evaluate the recoverable amount of the CGU which is higher of discounted cash flows, i.e. the value-in-use of these assets, and fair value less costs of disposal from an external industry source and/or future cash flow projections;
- Assess the assumptions used in external industry source and/or future cash flow projections;
- If any external valuer used, hold a discussion with the external valuer to have an understanding of the following items:
 - 1) Reasons for any significant change in valuation (if any);
 - 2) Approach adopted in the valuation;
 - 3) Any key assumptions adopted by the valuer in the valuation; and
 - 4) Assess the objectivity and independence of the valuer.
- If the asset group is not recoverable, determine the amount of impairment, if any, which will include coordinating with Deloitte valuation specialists to audit the underlying valuation assumptions used in the calculation; and
- Review the related disclosures and classifications in the financial statements in accordance with FRS including critical accounting judgements and key sources of estimation uncertainty.

6. Assessment of impairment of property, plant and equipment

As at December 26, 2014, the net book value of the Group's property, plant and equipment amounted to USD 6.0 billion. It is mainly made up of vessels in operation amounting to USD 4.7 billion, comprising of 55 owned container vessels ranging from 2,478 TEUs to 13,892 TEUs.

We expect that liner business will continue to be volatile in near term as the global economic recovery remains uncertain. The overcapacity of container vessels in the liner industry may persist. These conditions will lead to an uncertainty on the demand and freight rate which will have an indirect impact the recoverable amount of the vessels.

Impairment assessment

In accordance with FRS 36 *Impairment of Assets*, an asset will be impaired if its carrying value is in excess of its recoverable amount. The recoverable amount of an asset is defined to be the higher of fair value less cost to sell ("FVLCS") or value-in-use ("VIU").

Management will review the carrying amounts of these assets whenever there is any objective evidence or indication that these assets may be impaired. This includes engaging external valuers to assess the market values of the vessels and properties, and computing the VIU of those vessels that have depressed market values.

Residual values and useful lives

The Group reviews the residual values and useful lives of property, plant and equipment as at each financial year end. In determining residual values, the Group considers the net proceeds that would be obtained from the disposal of the assets in the resale or scrap markets, fluctuations in scrap steel prices and industry practice. In determining the useful lives, which is based on the period over which an asset is expected to be available for efficient use, the Group considers factors like insurance coverage requirement, maintenance and repair cost, technical or commercial obsolescence and legal or similar limits to the use of the property, plant and equipment.

We will:

- Evaluate the appropriateness of the identified asset groups (Cash Generating Units or "CGU") for evaluation of impairment, including any hub and spoke arrangements, interchangeability of vessel in liner routes through "pooling" arrangement;
- Evaluate if any triggering events have occurred;
- If a triggering event has occurred, evaluate the recoverable amount of the CGU which is higher of discounted cash flows i.e. the value-in-use of these assets and fair value less costs of disposal from an external industry source for fleet with similar operation lives;
- Assess the assumptions used by external valuer (including considerations of similar size vessels, technical specifications and country made);

6. Assessment of impairment of property, plant and equipment (continued)

- Hold a discussion with the external valuer to have an understanding of the following items:
 - 1) Reasons for any significant change in valuation (if any);
 - 2) Approach adopted in the valuation;
 - 3) Any key assumptions adopted by the valuer in the valuation; and
 - 4) Assess the objectivity and independence of the valuer.
- If the asset group is not recoverable, determine the amount of impairment, if any, which will include coordinating with Deloitte valuation specialists to audit the underlying valuation assumptions used in the calculation (including Weighted Average Cost of Capital ("WACC"), revenue rates and running costs);
- Compare the residual values and useful lives of property, plant and equipment used by the management to the industry practice; and
- Review the related disclosures and classifications in the financial statements in accordance with FRS including critical accounting judgements and key sources of estimation uncertainty.

7. Trade payables

As at December 26, 2014, NOL Group had a total of USD 1.2 billion of trade and other payables, with the detail as follows:

	FY2014 (US\$'000)
Current:	
• Trade payables and accrued operating expenses	1,103,307
• Accrued interest payable	27,451
• Sundry payables	46,428
• Dividend payable	1,047
	<u>1,178,233</u>

Included in trade payables and accrued operating expenses of the Group were USD 18.4 million (2013: USD 21.6 million) and USD 0.9 million (2013: USD 0.8 million) due to fellow subsidiaries, associated companies and joint ventures of the ultimate holding company and a joint venture respectively. These balances were trade in nature.

We will:

- Send external confirmations to the third party suppliers and intercompany to ensure the completeness of the liability; and
- Evaluate and assess management's assumptions on the accrued expenses.

8. Assessment of compliance with bank covenants

As at December 26, 2014, NOL Group had total bank borrowings amounting to USD 5.3 billion, representing 72.6% of total liabilities. These banking facilities granted by banks or financial institutions are subject to compliance with bank covenants.

In accordance with FRS 1 *Presentation of Financial Statements*, when an entity breaches a condition of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least twelve months after that date.

Management will need to assess the terms of the borrowings to ensure proper classification of those borrowings in the Group financial statements. It may be appropriate that the Group renegotiates the terms of the loans or obtain waiver letters, which have to be agreed and obtained before the end of the reporting period.

We will:

- Review the terms and conditions of all borrowings by the Group to ensure that they have been appropriately accounted for and classified in the Group financial statements, and that bank covenants have been complied with;
- If there are instances of non-compliance, we will review the disclosure of such non-compliance events in the financial statements to ensure they are adequate to meet the requirements of FRS 1 *Presentation of Financial Statements* and FRS 107 *Financial Instruments: Disclosures*; and
- Discuss with the management on how they monitor their working capital requirements to ensure that they have sufficient cash resources available to fund their continuing operations and how they monitor and ensure compliance with bank covenants.

9. Revenue recognition

Material misstatement due to fraudulent financial reporting often results from an overstatement of revenue (for example, through premature revenue recognition or recording fictitious revenues) or an understatement of revenue (for example, through improper shifting of revenue to a later period).

Therefore, the auditor is required to presume that there is risk of fraud in revenue recognition in accordance with the revised SSA 240 – *The Auditor’s Responsibilities Relating to Fraud in Audit of Financial Statements* and to consider which types of revenue transactions or assertions may give rise to such risk. These assessed risks of material misstatement due to fraud related to revenue recognition are significant risks to be addressed in accordance with SSA 240.

The Group derives revenue rendering of liner services.

9. Revenue recognition (continued)

Revenue stream	Accounting treatment
Liner services	Revenue from liner services is recognised on an accrual basis, using the percentage-of-completion method.

We understand for liner services related revenue, the sales are through agencies and alliances which require different considerations for each streams.

Where shipments are through alliance slot arrangements, there may be time lag between completion of a shipment and invoice generation. Where monthly revenue contains a significant portion of such unprocessed transactions, focus on control over the accrual, both revenue (cut-off) and costs (completeness), process will be vital.

We will:

- Update our understanding from management with regards to the various revenue sources and their respective revenue recognition criteria;
- Assess the design and implementation of controls by obtaining or developing systems flow diagrams to show the intended operation of key processes and related control activities and then test operating effectiveness of controls;
- Assess the test of controls over the sales platform and the completeness of data extraction and transfer into the financial system and ensure the interfacing is working appropriately;
- Obtain understanding of the various arrangements in practice, including agreements with customers, alliances and agencies;
- Assess and evaluate if proper revenue and cost accruals have been made;
- Assess and evaluate management’s revenue recognition criteria and address the potential audit issues, where appropriate, relating to occurrence, completeness and cut-off (significant risk) through our test of controls and substantive audit procedures; and
- Review the related disclosures and classifications in the financial statements in accordance with Financial Reporting Standards (“FRS”).

9. Revenue recognition (continued)

FRS 115 Revenue from Contract with customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management will assess the application of FRS 115 in the future and make appropriate disclosure of the impact in the financial statements. We will review the management's assessment and the impact to the financial statements.

10. Management override of controls

Under SSA 240, management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a presumed risk of material misstatement due to fraud and thus a significant risk.

We will:

- Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements and we will involve our specialist team in identifying journal entries of interest;
- Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; and
- For significant transactions that are outside the normal course of business for the NOL Group, or that otherwise appear to be unusual given our understanding of NOL Group and its environment and other information obtained during our course of audit, we shall evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

11. Consolidation process

Subsidiaries are entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights 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 deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany 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.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the parent company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. 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 interests having a deficit balance.

We will:

- Discuss with management and document the process to prepare the corporate consolidation;
- Review the accounting treatments of components in group accounts;
- Obtain Group's consolidation schedules, agree amounts in consolidation to respective audited trial balances or reporting packages and test arithmetical accuracy;
- Obtain Group's consolidation entries and consider appropriateness of the entries;
- For foreign currency subsidiaries, perform reasonableness of exchange rates used and re-compute foreign currency amounts in reporting currency; and
- Perform independent proof of consolidation – proof of profit before tax, minority interest and translation reserve.

12. Assessment of recoverability of insurance claims

In ascertaining whether the insurance claims could be recognised in as an asset, management made reference to FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* which indicates that insurance claims should be recognised as an asset only when it is virtually certain that the amount can be collected.

As at December 26, 2014, the significant insurance claim recoverable of the NOL Group which has not been settled in full amounted to USD 30.5 million.

Management is required to assess the recoverability of the insurance receivables and provide explanations to support the recoverability of the claims.

We will:

- Review controls over the process in evaluating, validating and recording the claims;
- Review the insurance policies evidencing the insurance claims clauses;
- Evaluate on the reasonableness of management's assessment on the recoverability of the claims;
- Regular discussions with the representatives of the insurance company and adjuster surveyor on certainty of the claims; and
- Review for appropriateness for recognition of the insurance claims recoverable in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

13. Assessment of impairment investment in subsidiaries, associates and joint ventures

The Group has substantial investments in investments in subsidiaries, associates and joint ventures.

In accordance with FRS 36 *Impairment of Assets*, an asset will be impaired if its carrying value is in excess of its recoverable amount. The recoverable amount of an asset is defined to be the higher of fair value less cost to sell ("FVLCS") or value-in-use ("VIU").

Subsidiaries, associates and joint venture

Management will also assess at the end of the reporting period whether there is any indication that the investment in subsidiaries, associates and joint venture may be impaired. If such indication exists, management will carry out a review of the business plans and future cash projections and determine if an impairment loss is required to be recorded in the current year.

We will review management's assessment of impairment of the investment in subsidiaries, associates and joint ventures in accordance with FRS 36 *Impairment of Assets* during year end audit.

We will review the reasonableness of the assumptions used in the future cash projections prepared by management for impairment assessment purposes.

14. Current and deferred tax

As at December 26, 2014, the Group had deferred income tax assets and deferred income tax liabilities of USD 42.6 million and USD 6.4 million respectively. The Group also had a current income tax payable of USD 132.4 million.

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the Group wide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based upon information presently available and the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current and deferred income tax balances in the period in which such determination is made.

We understand that no provision shall be made for taxation on qualifying shipping income derived from the operation of the NOL Group's vessels which is exempt from taxation under Section 13A of the Singapore Income Tax Act and the Singapore's Maritime Sector Incentive Approved International Shipping Enterprise Scheme ("MSI – AIS"). In the United States of America ("US") in which the NOL Group operates, income arising from liner activities are subject to a tonnage-based tax system under which the computation of taxable income is based on the tonnages of the qualifying vessel fleet.

We will:

- Review management's assessment of current and deferred income taxes and satisfy ourselves that the amount recognised is sufficient and appropriate in accordance with FRS12 *Income Taxes*;
- Review and assess management's judgement and estimates in determining the Group wide provision for income tax due to the multiple jurisdictions;
- Work with our international tax colleagues to assess the permanent establishment risk where you have overseas operations and stations in those countries and leverage on our international tax network;
- Use Deloitte tax specialists to review accounting for any significant income tax positions to ensure appropriateness of treatment adopted and to review certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business;
- Review the management's assessment on the temporary differences and ensure deferred taxation is recorded on items such as depreciation, revaluation of fuel hedging, currency hedging and interest cap hedging contracts to fair value and actuarial gain/loss on revaluation of defined benefit plans; and
- Review the disclosure of management's estimates used in deriving the provision for current and deferred income tax in the Group's financial statements.

As a value added services to our audit, we will also audit the Local Business Spending Statement which shall be submitted to the Maritime Port Authority ("MPA") of NOL Group for the qualifying period in connection to MSI – AIS.

15. Assessment of adequacy of provisions

With reference to FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision shall be recognised when an entity has a present obligation as a result of a past event, the outflow of economic benefits is probable and the amount of obligation can be reliably estimated.

To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the Group takes into consideration factors such as the existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

As at December 26, 2014, the total provision amounting to USD 232.0 million comprised provision for restructuring and termination costs, insurance, litigation and other claims, onerous contracts - leased premises and net defined benefit pension plan obligations.

We will:

- Review the contracts and supporting documents related to the provision for restructuring and termination costs, insurance, litigation and other claims (where applicable);
- Evaluate on the reasonableness of management's assessment on the adequacy of provisions; and
- Review for appropriateness for recognition of provisions in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

16. Share-based compensation

NOL Group offers the following employee equity compensation plans:

i. Employee Share Option Plan (terminated with effect from 30 August 2010)

Share options under the NOL Share Option Plan ("NOL SOP") were granted to Directors and employees of the Group. The grant of NOL SOP to non-executive directors had ceased with effect from the financial year ended 28 December 2007.

ii. Performance Share Plan 2004 (terminated with effect from 30 August 2010) and Performance Share Plan 2010 (with effect from 30 August 2010)

Performance shares under the NOL Performance Share Plan 2004 ("NOL PSP 2004") were awarded to key executives conditional upon the Group meeting or exceeding a prescribed financial target condition during the performance period, and also conditional on the participants meeting their performance conditions. Pursuant to the terms of the NOL PSP 2004, performance shares would vest after a specified number of years from the end of the performance period. The NOL PSP 2004 was terminated following the adoption of the NOL Performance Share Plan 2010 ("NOL PSP 2010") by the shareholders of the Company at an EGM held on 30 August 2010.

17. Share-based compensation (continued)

iii. Restricted Share Plan 2010 (with effect from 30 August 2010)

Awards of restricted shares to Directors and employees of the Group under the NOL RSP 2010 take into consideration the Group's financial performance, and the employee's job level, job performance, length of service (pro-rated for employees without full year of service) and contribution to the success and development of the Group.

iv. Staff Share Ownership Scheme

The Group offers the Staff Share Ownership Scheme to all eligible Singapore employees. Certain companies in the Group will make corresponding contributions of S\$0.50 for every S\$1.00 contributed by the employees, up to a maximum of S\$250 per month for each employee.

At every financial year end, the Group revises its estimates of the number of share options that are expected to become exercisable on vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to share-based compensation reserve over the remaining vesting period. When shares awarded under the above schemes are vested, the balance previously recognised in the share-based compensation reserve is credited to the share capital account when new ordinary shares are issued. Where treasury shares are re-issued pursuant to the above schemes, the cost of the treasury shares is reversed from the treasury shares account against the related balances previously recognised in the share-based compensation reserve. The resulting realised gain or loss on re-issue, net of any directly attributable incremental transaction costs and related income tax, is taken to the treasury shares reserve of the Company.

As at December 26, 2014, the share-based compensation reserve was USD 44.6 million.

We will:

- Review the terms and conditions of the various equity compensation plans to validate the appropriateness of the accounting treatment as share-based compensation;
- Use our valuation specialists to review the management's determination of the fair value of the share options and shares issued under the share plan;
- Assess the independency, reliability and competency of management's expert; and
- Review the related disclosures and classification in the financial statements in accordance with FRS.

17. Post-employment defined benefit plans

The Group has several defined benefit plans covering eligible employees of certain subsidiaries. As at December 26, 2014, the net defined benefit liability amounted to USD 48.1 million.

For defined benefit plans, pension costs are assessed using the projected unit credit method: Net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligations (measured as the present value of the estimated future cash outflows using interest rates of corporate securities which have terms to maturity approximating the terms of the related liability) reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

In accordance with FRS 19 *Employee Benefits*, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise and current service costs, net interest costs, past service costs and gain or loss on non-routine settlements in profit or loss.

We will:

- Obtain actuary report and review the assumptions used, computation and accuracy of data used;
- Hold a discussion with the independent actuary to have an understanding of the following items:
 - 1) Approach adopted in the valuation; and
 - 2) Key assumptions adopted by the actuary.
- Review if there are any changes in the plan which should be considered in the actuarial calculations;
- Assess the independency, reliability and competency of management's expert; and
- Review the related disclosures and classification in the financial statements in accordance with FRS.

18. Cost of Sales (inclusive of bunker costs, port charges and staff costs)

Cost of sales for the year ended December 26, 2014 amounting to USD 7.9 billion comprised of depreciation and amortisation, employee benefits, cost of inventories (bunker costs), transportation and logistics operating expenses and rental expenses.

We will:

- Obtain an understanding of the Group and its operations, and substantively test staff costs based on audit sampling and trace back to originating documents supporting amount paid and perform reasonableness test based on headcount report;
- Assess contracts entered into for transportation and logistics operating expenses and substantively test expenses on sample basis by tracing from amounts recorded back to originating documents; and
- Review the rental agreements entered by the Group and perform reasonableness test based on terms and conditions specified.

Embedding Data Analytics ("DA"): We plan to embed the use of DA into procurement cycle. A careful inspection of the electronic records produced and used in the procurement process can identify inefficiencies, abuse and other opportunities for overall improvement. Deloitte analyses a suite of procurement metrics for a full perspective on the effectiveness of business spend.

19. Identification of related parties and disclosure of related parties transactions

Under FRS 24 *Related Party Disclosures*, NOL Group is required to identify related party relationships and disclose any related party transactions, the terms of arrangement and commitments.

Management, with oversight from those charged with governance, is responsible for designing, implementing and maintaining adequate controls over related party relationships and transactions so that these are identified and appropriately accounted for and disclosed in accordance with FRS 24.

We will:

- Inquire the identity of the entity's related parties, including changes from prior period;
- Inquire the nature of the relationships between the entity and these related parties;
- Inquire whether the entity entered into any transactions with these related parties during the period and, if so, the type and purpose of the transactions;
- Obtain an understanding of the controls that the management has established to:
 - 1) Identify, account for, and disclose related party relationships and transactions in accordance with FRS 24;
 - 2) Authorise and approve significant transactions and arrangements with related parties; and
 - 3) Authorise and approve significant transactions and arrangements outside the normal course of business.
- Review the related party transactions disclosure in the financial statements.

20. Impact of new Auditors' Report

On January 15, 2015, the International Auditing and Assurance Standards Board (IAASB) has approved the following new and revised ISAs effective for listed companies for annual periods ending December 15, 2016:

ISA	Title
ISA 700 (Revised)	Forming an Opinion and Reporting on Financial Statements

"Enhanced auditor reporting is viewed as critical to the perceived value of the financial statement audit and thus to the continued relevance of the auditing profession. The new and revised Auditor Reporting standards lay the foundation for the future of global auditor reporting and improved auditor communications." - IAASB

The key enhancements to the audit report are:

For audits of financial statements of listed entities:

- 1) Key Audit Matters (KAMs)
- 2) Opinion section required to be presented first followed by a Basis of Opinion section
- 3) Enhanced auditor reporting on Going Concern
- 4) Affirmative statement about the auditor's independence and fulfilment of relevant ethical responsibilities
- 5) Enhanced description of the responsibilities of management and the auditor

We will hold an upfront discussion with the management and the Audit Committee on the significant changes on our Auditor's report during the transition period.

21. Key accounting exposure draft

Lease accounting exposure draft (Revised)

The revised ED would significantly affect the accounting for lease contracts by both lessees and lessors. Under the ED, leases would be classified as either "Type A" or "Type B", the latter being leases of property, including land, a building, or part of a building, unless the lease term is for a major part of the underlying asset's remaining economic life or the present value of fixed lease payments accounts for substantially all of the fair value of the underlying asset. Leases other than those property defined within Type B would be classified as "Type A".

	Type A – Other leases	Type B – Leases of most property
Lessee accounting		
Statement of financial position	Recognise a right-of-use asset and a lease liability, both initially measured at the present value of the lease payments	
Statement of comprehensive income	<ul style="list-style-type: none"> • Amortise the right-of-use asset using a systematic method. • Recognise interest expense on the lease liability using the effective interest method 	<ul style="list-style-type: none"> • Recognise a single lease expense on a straight line basis

Management will assess the application of the revised ED in the future and we will review the management's assessment and the impact to the financial statements.

Information Technology Audit

We understand that the main ERP system used by NOL Group is SAP. We recognise the importance of SAP system and controls in ensuring reliable financial reporting. In establishing our approach to control reliance, our IT audit team is an integral part of the audit team and is heavily involved in establishing the audit strategy and approach. This ensures a cohesive and efficient audit approach with appropriate linkage between the IT audit testing and the internal control and substantive testing performed.

Our IT audit team will be a critical interface between our Data Analytics (“DA”) and audit teams to develop protocols and procedures with regards to transfer of data that will be used by our DA team to develop their tools and will assist to verify accuracy and completeness of data prior to commencing work. The IT audit work will be coordinated centrally by the audit team by liaising with Philip Chong who will be supported by Gary Tan, who will ensure a focused review of computer systems for in-scope entities. We will identify the key controls relied upon for the integrity of the financial statements and we will test these controls to ensure they have been designed and implemented and are operating effectively. This will include testing general controls around key platforms and environments and the general controls operated at head office and shared services centres where applicable. It will also include application controls supporting the business processes. We will review access and system based controls at this level, including the enforcement of appropriate segregation of duties controls and sensitive transactions.

Interaction and communication

To effectively align with NOL Group, we believe communication and planned interactions are fundamental to the success of the audit execution and performing quarterly agreed-upon procedures and reporting back to you on a timely basis. Meetings with the Group Chief Financial Officer and his finance team (including meetings with the management of your significant subsidiaries) and respective

business units, will allow us to understand management’s concerns and the latest business developments and to communicate our thoughts and assessment on accounting and risk matters surrounding NOL Group. This ensures that we are both aligned and focused on areas that matter to you. Philip and Michael will all be involved in these meetings.

To assist the Audit Committee in fulfilling its responsibilities to shareholders, we will perform a high quality, integrated audit and quarterly agreed-upon procedures of NOL Group while communicating all issues, findings and results in a direct, professional and timely manner. It is our role to assist the Audit Committee and the Board of Directors to fulfil their oversight responsibilities by providing updates on the latest governance trends, regulations and audit practices. We will ensure all service expectations and reporting requirements are met.

Non-statutory audit services and non-audit services

The following are the procedures we will perform for the non-statutory audit services and non-audit services as requested by NOL Group:

AUP – consolidated reporting package to Temasek

- Obtain listings and/or breakdowns for various schedules;
- Agree within the listings and breakdowns to supporting documents which may include accounting systems, audited financial statements, external confirmations; and
- Check arithmetic accuracy, including computation of Economic Profit (“EP”) and other financial ratios.

Quarterly agreed upon procedures

- Perform inquiries with officers responsible for financial and accounting matters on:
 - a) whether the management accounts of quarterly results have been prepared using consistent accounting policies and estimates as those used in the preceding year;

- b) whether the accounting policies and estimates conform with acceptable accounting standards/principles;
 - c) changes in accounting systems and significant changes in system of internal controls;
 - d) any decrease/increase in income statement items for the quarterly results as compared with the preceding quarter; and
 - e) any decrease/increase in balance sheet items at the end of the quarter as compared with the amounts shown in the audited consolidated financial statement at the end of the prior year;
- Get an understanding of the consolidation process and review the consolidation, including key consolidation entries, adjustments and extraction from underlying data;
 - Agree the information in the draft quarterly announcement to the quarterly management accounts prepared by the management;
 - Understand key developments and changes in the quarter and agree accounting with management;
 - Discuss key areas of judgment and ensure accounting and disclosures are appropriate;
 - Review overall presentation of the consolidated profit and loss account, statements of comprehensive income, statements of financial position, consolidated statement of cash flows and statements of changes in equity, in accordance with Singapore Financial Reporting Standards;
 - Review completeness of disclosures in accordance with SGX listing manual requirements for Financial Statements Announcements;
 - Review computation of financial ratios in draft quarterly announcements;
 - Review commentaries, qualitative performance reviews and additional disclosures in the announcement for consistency with financial information within the announcement;

- For any material, non-recurring transactions that are of audit interest, we may request underlying agreements, supporting documents and workings and review management’s accounting for these transactions;
- Read minutes of all the meetings of the shareholders and the Board of Directors of the Company as set forth in the minute books to the quarterly announcement date;
- Perform analytical review for the NOL Group numbers;
- Test the application of percentage-of-completion method in revenue recognition at quarter end;
- Check material reconciling items from accruals of costs in sub-systems to general ledger;
- Perform bunker fuel purchase cut-off procedures;
- Test the application of Group policy to arrive at allowance for doubtful account receivables and unbilled receivables at quarter end;
- Obtain updates on material outstanding debts as at year end;
- Obtain supporting documents (e.g. statement of accounts, invoices, receipt/payment documents) to evidence closure for alliance slot arrangement; report on amount of alliance slot accruals management has recorded for open periods/quarters;
- Report on material inter-company differences and the accounts (e.g. other receivables, other payables, suspense accounts and/or income statement accounts) these differences are recorded in the consolidated financial statements;
- Make inquiries of management and hold discussions where necessary; and
- Present a report to the management and the Audit Committee on our key findings for the quarter, to assist them in the review and approval of the SGX announcement.

Powered by technology

“Deloitte is seen as most capable of all firms at providing the necessary spectrum of business consulting services. Clients view Deloitte as among the most capable at leveraging appropriate analytics in an engagement, integrating the company’s project team with the clients, and implementing risk awareness and solutions within other consulting engagements.”

IDC MarketScape: Worldwide Enterprise Performance Management Business Consulting Services 2014 Vendor Assessment

Harnessing technology for a more robust audit

The market landscape is continuously changing and our clients are dealing with greater complications in adapting quickly to those changes. This continuous challenge demands that we innovate how we execute our audit. Our technology-driven audit is our solution to dealing with the increasing complexity of current audit regulation.

An innovative, technology-driven audit

Deloitte places a high value on innovation, which has long been a strong global initiative of ours. As a result, we lead the profession in the development and use of innovative auditing tools and technologies. These tools help us determine audit scope, prepare globally consistent audit work papers and files, conduct analytical reviews, select data for testing, accumulate audit results, and monitor progress to provide for the timely completion of tasks.

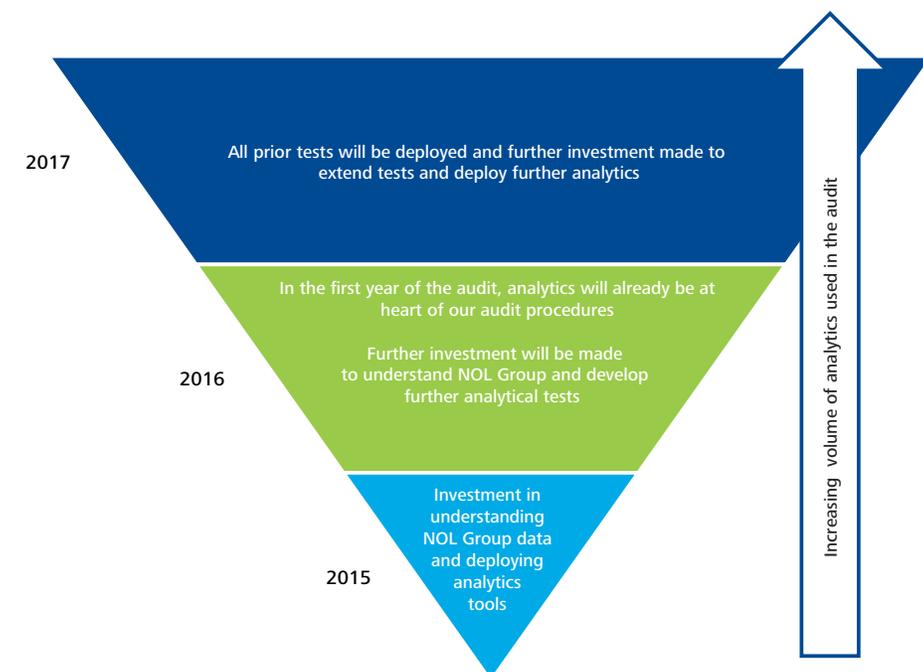
Technology	Description	Benefits
EMS	<p>Deloitte's automated working paper system which incorporates audit-specific templates, reference materials and support documents, file interrogation, and management tools.</p> <p>Deloitte's new audit software tool which incorporates a cutting edge web-based software platform, it is also a market-leading audit tools that leverages on technology to improve the efficiency and effectiveness of our audit.</p>	<ul style="list-style-type: none"> The engagement team (including our specialists) is always connected and synchronised, optimising collaboration; Enhanced coordination efficiency – supporting critical decision making, such as selecting which processes are assigned across business segments and which are business segment specific; Robust audit thinking – EMS provide access to continually updated industry-specific databases.
Journal Entry Data Analysis Routines ("JEDAR") and Journal Entry Tool ("JET")	Exploratory data analysis ("JEDAR") and file interrogation procedures ("JET") used to test journal entry populations with the objective of journal profiling, unusual item identification and item selection for testing.	Helps audit teams focus more effectively on high risk areas for fraud and error in journal entry testing analysis. Reduces the time necessary to perform the tests and allows for tests to be performed that could not have been done manually.
Deloitte Technical Library	A comprehensive online compilation of accounting and financial disclosure literature that allows Deloitte and NOL Group to research specific accounting issues and functions through access to authoritative literature from pertinent regulatory bodies, as well as our interpretations and guidance. This subscription service, which is unique to Deloitte, provides a natural mechanism for integrating our positions into NOL Group's research on accounting matters and helps achieve a high degree of synergy between our organisations.	Contains extensive accounting and reporting guidance. Supports the quick and efficient research of complex accounting matters by allowing clients access to our accounting interpretation and guidance.
Data Analytics	Encompasses a variety of hardware and software tools for data management and analysis.	Allows businesses to generate previously unimaginable levels of insight.

Embedding data analytics in our audit

Deloitte's Audit Analytics methodology is our answer to present large amounts of financial data in user friendly, intuitive and highly visual formats. Globally, we have implemented this methodology at over 200 of our clients.

We will design our audit procedures to challenge your key audit risks and seek to embed an analytics-driven approach to test audit risks especially where NOL Group processes, or has large volumes of data.

We will deploy Audit Analytics in a phased approach, to minimise impact on your resources and maximise the value of the analysis for the audit and for NOL Group. The shared approach will further allow us to use only tried and tested techniques that have been proven first before being deployed for NOL Group.



Analytics roadmap

We have identified areas of focus for embedding analytics in a phased analytics strategy, and they are designed to bring maximum insight around your strategic priorities. These include detailed analyses of journal entries testing, procurement, fixed

assets testing, assets under construction (AUC) profiling and depreciation.

Our phased strategy will be shaped and periodically revalidated with your management team to evolve alongside your investment in systems and technology.

	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Journal Entry Testing					
Expenditure – Procurement Testing					
Fixed Assets & Assets Under Construction / Work in Progress Profiling					
Depreciation					
Explore additional areas to embed analytics into the audit					

Journal Entries Testing (“JET”)

Deloitte will design and perform data analytics procedures to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We deploy these procedures to all our audits, focusing on key audit risks for each respective client. Our approach includes looking at journal entries and transactions that exhibit one or more than one risk parameter, to select entries for further investigation. JET enables identifying journals with characteristics that may be fraudulent. Insights such as seldom used accounts and users posting infrequently deliver value-add findings to drive control improvements.

Procurement

The procurement cycle is one of the most important processes determining the success of any business. A careful inspection of the electronic records produced and used in the procurement process can identify inefficiencies, abuse and other opportunities for overall improvement. Deloitte analyses a suite of procurement metrics for a full perspective on the effectiveness of business spend. The types of tests include, but not limited to:

- a. Supplier relationships:** Advanced relationship matching algorithms to recognise duplicate, redundant or related vendors in order to reveal complete spend profiles for suppliers.
- b. Procurement approval limits:** Inspect payments that are split into multiple invoices which individually are under an approval threshold but when taken together may violate the process and established controls.

c. Procurement policy trends: Identify trends of spend with non-preferred suppliers, non-direct and non-contract purchases to flag non-compliance of procurement policies and procedures.

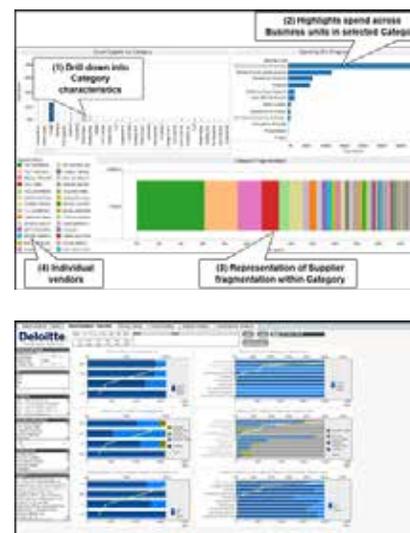
d. Payment terms: Assess payment term compliance for all suppliers and evaluate payment term agreements. Identify areas of early-payments and non-compliance for payment terms.

Such insights will enable us to understand more of your business, as well as provide your management with operational issues that need to be rectified or looked into further detail.

Depreciation

With the advent of technology, we strive to gain much higher levels of assurance by testing 100% of the fixed assets and re-computing the depreciation expense for the period in review. This will be re-computed by:

- Extracting the fixed asset register data from the ERP system, together with asset information such as useful life, current value
- Applying the depreciation method and running Deloitte’s tools and scripts to calculate the expected depreciation on each asset for the period in review
- Aggregating the individual asset depreciation at a GL account level and overall level to reconcile with the financials and investigating the variances



Fixed Assets & Assets Under Construction (AUC) Profiling

Using the data obtained for the Depreciation testing, coupled with additional data, we can perform profiling of the Fixed Assets to identify key insights such as:

- a. Assets disposed off before end of life
- b. Assets with no postings in the financial year
- c. Assets with useful life not adhering to accounting policy
- d. AUCs ageing
- e. AUCs with no additions, disposals or transfers for the financial year

The approach for a data driven analytical review enables our auditors to focus on key risks, such as identifying all components which do not conform to the useful economic life as defined in accounting policies. Furthermore, re-computing depreciation from the fixed assets data, will allow the auditor to reconcile balances at an individual account level.

A seamless transition

The decision to change is not an easy one. However, our experience has shown that a change is valuable and brings to you the benefits of fresh insight, new ideas and constructive challenge.



Benefits from a well-planned transition

Our audit will be provided by a team which blends experience of planning and monitoring for the audit, deep industry expertise and strong understanding of the industry's key accounting and financial reporting issues so that your issues and risks are understood with minimum effort.

We have a pragmatic approach to transition, proven over the years on successful transitions of major public company audits like Asian Development Bank, ComfortDelGro Corporation, Keppel Corporation, Singtel and Samudera Shipping Line in Singapore.

As part of our transition and planning process, the transition team will spend time with the appropriate personnel in NOL Group to develop a deeper understanding of your business and the related impact on our audit approach by determining:

- The scope and nature of the operations carried out;
- The related operational and business issues; and
- The location and quality of the accounting records maintained relevant to that part of the business.

The transition team will also liaise with the appointed personnel in NOL Group and decide on any other locations that may be required to be visited to meet the transition objectives which will include:

- Meeting with the heads and key staff of various business units and functional groups to understand business processes, operating and application systems and key controls; and
- Document and evaluate various business processes.

We recommend that NOL Group forms a transition leadership team with whom we will work closely with, and to whom we will report our progress. We would ask that team for their:

- Participation in focused planning meetings to enable us to better understand management's expectations and to validate the transition plan, so all parties start with a clear understanding of priorities, audit scope, work plans, and timelines;
- Review of our observations to confirm our understanding of your business; and
- Review of an agreement to the transition and audit plan prepared by Deloitte for presentation to the management.

Collaboration with other auditors

We will work with the predecessor auditors to leverage their knowledge of NOL Group's systems and internal controls;

- Understand key areas of judgment in applying accounting policies or determining accounting estimates;
- Have discussions on these areas of judgment and understanding how they were dealt with in the past; and
- Enhance our understanding of specific audit and accounting issues.

We will conduct a final meeting with the predecessor audit team to address any issues identified during the course of our working paper review.

The transition timeline that follows represents the comprehensive plan that we have prepared to manage the transition and to meet key dates and benchmarks. In addition, we will hold regular progress meetings to understand your business and to brief our teams to ensure that we are kept abreast of the developments of NOL Group's business. **As part of the investment in our relationship with you, we will absorb all the costs of the transition program.**

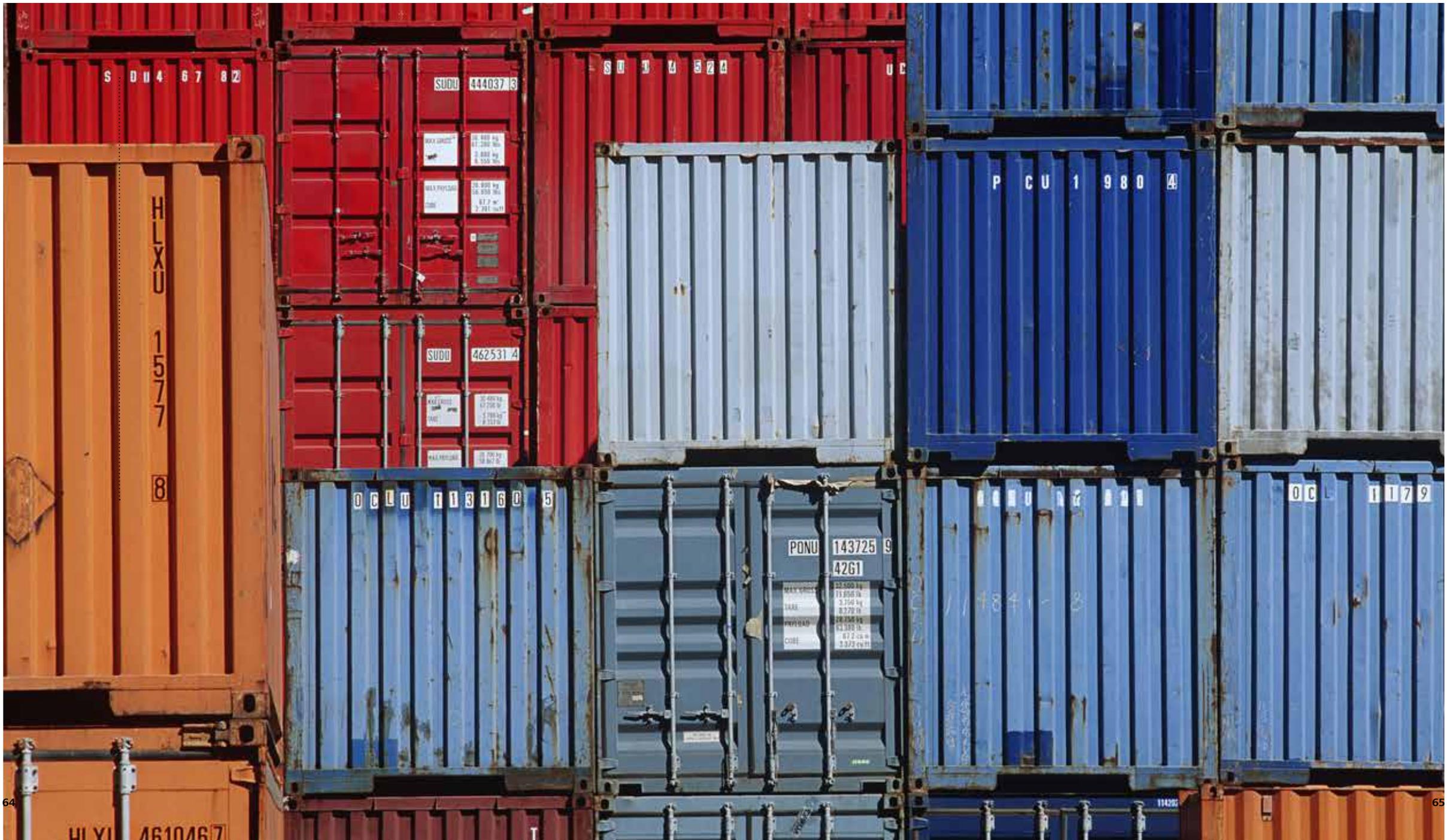
Transition plan

Upon our appointment, we will discuss with NOL Group management to determine an appropriate start date for our transition plan. The transition timeline represents the comprehensive plan that we have prepared to manage the transition and meet key dates and benchmarks on the assumption that the plan can begin in August 2015.

Preliminary transition plan

Insert period	2015				2016		
	Aug	Sep	Oct	Dec	Feb	Mar	Apr
Receive notification of appointment	●						
Finalise new client acceptance procedures and engagement letter		●					
Engage in discussions with the Audit Committee, CFO, Key Finance Personnel and Internal Audit team regarding roles, responsibilities and expectations		●					
Review internal and external audit reports issued during the past two years			●				
Development of audit referral instructions, reporting frameworks, timetable etc. for quarterly and annual closings, filing dates, Audit Committee meetings, and communications					●		
Finalise staffing of Singapore engagement team			●				
Observe the audit process of the previous auditor to ensure smooth transition			●		●	●	
Attend FY2015 Audit Committee meeting to understand key audit issues					●		
Revisit key audit issues from 2015 and confirm previous audit conclusions						●	
Review and assess detailed application of accounting policies						●	
Review forecasts and latest management accounts to identify and assess key accounting issues						●	
Discussion of all key accounting, tax and IT issues for 2015 and gain an understanding of resolution					●		
Obtain Ernst and Young LLP's consent and acknowledgement letters to provide working paper access to Deloitte							●
Meet key people to discuss progress on regular basis and resolve issues and uncertainties.	●	●	●	●	●	●	●
Upfront discussion with management on the format of auditors' report							●

Our commitments



Commitment to independence

We take independence very seriously. No entity or circumstance is compelling enough for us to compromise our reputation or the integrity and independence of our audit services. We satisfy ourselves on these issues with each client and on each assignment.

In order to serve our audit clients effectively and sustain public trust, we at Deloitte place the highest value on ethics and ethical conduct. The Lead Client Service Partner together with our risk and reputation leaders are responsible to ensure that common principles, sustainable processes and a robust ethics infrastructure are in place.

We are bound by a duty to take all reasonable steps to preserve client confidentiality, which includes the use of "Ethical walls" to ensure:

- no overlap between teams servicing clients where there is, or may be, a conflict of interests;
- physical separation and restriction of access to departments providing different professional services; or creating such divisions within departments if necessary; and
- we set strict and carefully defined procedures for dealing with any apparent need to disseminate information beyond a barrier and for maintaining proper records where this occurs.

Deloitte Singapore is fully aligned with Deloitte's global independence policies. We understand the importance of auditor independence and are committed to maintaining, in appearance and in fact, our independence with our audit clients.

A database of entities that are restricted for independence purposes is available electronically to all our professionals and is updated continuously. Our professionals are required to affirm annually, either in writing or electronically, personal compliance with the firm's policies and we have implemented an annual inspection and testing programme to assess our professionals' compliance with such independence policies.

Deloitte has a continuous consultative culture that encourages the early discussion and resolution of independence issues in an environment of mutual respect. We believe that this consultative culture is a vital and distinguishing key to success in maintaining our independence with our audit clients.

Annual Client Service Assessment

One of the most important aspects of our service approach is to give clients the opportunity to express their views on the quality and responsiveness of our service and to give us the opportunity to listen carefully to their comments and to respond to their feedback appropriately. Securing feedback is a year-round undertaking, fostered by the close working relationships

and clear communication we deem vital to a successful client relationship. This continuous interaction is punctuated by a formal annual assessment consisting of an appraisal of our performance by the members of NOL Group's Audit Committee and senior management, as well as a self-assessment of engagement results by our principal team leaders. The client services assessment will be conducted by an independent partner. These reviews are conducted in relation to goals articulated in the client service plan. The results of each assessment are incorporated into the next year's service plan, towards the all-important goal of continuous improvement.

- Ensure that our performance consistently exceeds your expectations and that we continuously improve our service to NOL Group
- During the engagement planning phase, meet with key management personnel to establish and record your expectations of our audit work
- Incorporate these expectations into the management of our daily audit procedures
- At the close of each audit cycle, meet with management to assess our performance against the established goals
- Through consultation with management and our global advisory panel, develop specific plans to improve ongoing service to NOL Group
- Provide objective data from the assessment and action plans to the Audit Committee to support our reappointment as your auditors

No conflict of Interest

We confirm that there is no conflict of interest that will impact the independence of our audit services to NOL Group

Performing non-audit services

Under Deloitte policies, all engagements to provide non-assurance services to an audit client need to be approved by the Lead Client Service Partner in advance of accepting such engagements. The Lead Client Service Partner is responsible for (1) establishing the process to be used by engagement teams for approvals and acknowledgments of requests to provide professional services to the audit client, and (2) obtaining the approval of the client's Audit Committee or other approvals, where required.

As such, if any potential engagements are identified by Deloitte or by NOL Group beyond the scope of the audit engagement, we would consult with you before engaging in any discussions with your staff or issuing a proposal.

Dealing with technical disagreements

To ensure that we reach the right conclusions for your accounting questions, we maintain an organised consultation network of member firms around the world, as well as online access to comprehensive materials regarding our guidance and professional accounting and auditing literature in specific countries.

When technical accounting questions arise, our goal is to make the resolution process local, transparent, and collaborative - a streamlined approach that makes Deloitte easy to work with.

We seek to clearly understand the facts and judgments underlying each accounting matter, and your perspectives on such. Along the way, we help you understand our thought process, provide you with direct access to our specialists if necessary, and talk through the decision-making process with you. We do not consider the process complete until we achieve a satisfactory resolution with Management and thoroughly explore the implications for your accounting process.

Deloitte Singapore is an accredited IFRS Centre of Excellence, one of 18 Deloitte member firms in the world that have achieved this accreditation. This accreditation is recognition that we have the in-house expertise and experience to deal with all IFRS issues.

Shariq Barmaky, our technical specialist, will use his extensive experience – for example, his involvement in ISCA as the Chairman of the Auditing and Assurance Standards Committee – to ensure that any accounting matter is resolved according to the Standards. Shariq also regularly presents at external seminars on IFRS, changes to the Singapore Exchange rules and International Auditing Standards.

We are committed to resolving technical accounting issues with urgency and dedication, and at the same time, providing you with a practical solution within the accounting framework. Michael will be the single contact person for NOL Group for major or complex issues on appropriate

accounting treatment, disclosures and reporting requirements. In addition, we will provide written concurrence on technical consultation.

Our engagement quality control reviews

Our engagement quality control review (“EQCR”) is governed by our global policies, supplemented by any other local requirements. The engagement quality control reviewers are audit partners who are independent from the engagement team and who will, amongst other procedures, perform the following:

- Review of the financial statements and the proposed audit report;
- Review of selected key audit documentation relating to the significant judgments the engagement team made and the conclusions reached;
- Evaluation of the conclusions reached in formulating our audit report and consider whether our proposed audit report is appropriate;
- The engagement team’s evaluation of Deloitte’s independence in relation to the audit engagement;
- Review whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and
- Review whether audit documentation selected for EQCR reflects the work performed in relation to the significant judgments made and supports the conclusions reached.

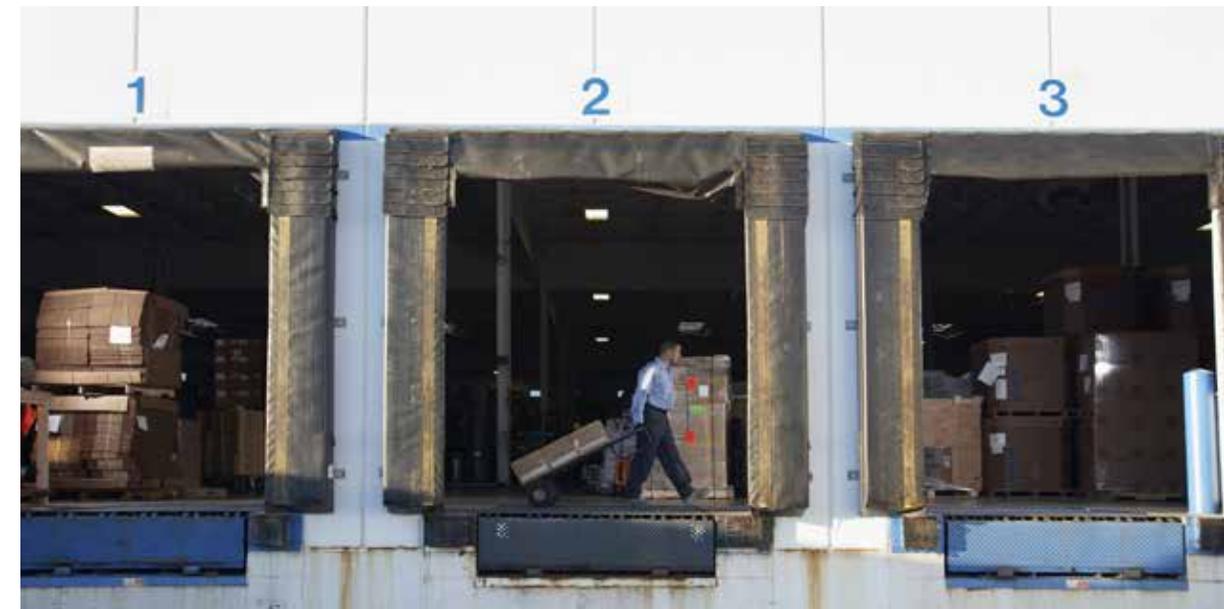
The process runs prior to the issuance of our report – we are committed to quality.

From 2011 onwards, Deloitte Singapore’s system of quality controls are assessed annually by practice reviews conducted on a Southeast Asia level.

No disciplinary action taken or pending against Deloitte

Our firm’s partners are subject to the practice monitoring programme of ACRA. The last ACRA review was in 2014. None of our partners has been subject to any consequence of failing to pass the programme pursuant to section 38(1)(b) of the Singapore Accountants Act; None of our partners has

been suspended from practice or has been deregistered during the last five years, under section 38, 52, or 53 of the Accountants Act (Cap. 2, 2005 Revised Edition) or the equivalent sections of the predecessor Act; and None of our partners has been inflicted with a penalty, fine or censure, during the last three years, under section 52 or 53 of the Accountants Act or the equivalent section of the predecessor Act.





Adding value to NOL Group

We are always looking for ways to bring greater value to our clients and will provide meaningful value-added services tailored to NOL Group's needs and interest.

Adding value beyond the audit

As part of this commitment and to bring another dimension to our services, we will provide the following value added services to NOL Group at no extra cost.

- Board Effectiveness Lab;
- Distribution optimisation analytics study;
- Accounting updates and training by our technical partners from our IFRS centre of excellence;
- Annual update on industry specific trends by our industry specialist;
- CyberWatch assessment by that will assess the level of cyber threat;
- Corporate governance updates;
- Audit of local business spending in relation to MSI - AIS; and
- GST review and tax workshops.

Sample Lab Agenda



- 1 Define Current State and Desired State
- 2 Establish A Common Vision of Success
- 3 Benchmark Board Governance Maturity
- 4 Define and Engage with Key Relationships
- 5 Create and Commit To an Action Plan

Board Effectiveness Lab

Our custom-trained, expert facilitators will conduct a Board Effectiveness Lab session which we believe will benefit NOL Group. The Board Effectiveness Lab provides a safe, confidential environment and a structured method for Boards to focus on priorities, discuss conflicting agendas, and brainstorm solutions to current and future challenges. The one-day experience is built around the proprietary Deloitte Governance Framework, developed from more than a decade of research and experience working closely with Boards and senior executives. Throughout the day, participants are led through a series of exercises that help them define the highest priority items for the near and long term, with the goal of establishing an actionable and sustainable plan for enhanced Board performance. This lab will be conducted at the Deloitte Greenhouse, a consciously designed environment with expert facilitation, deep subject matter expertise, analytical insight and the latest thinking on the science of group dynamics.

Distribution optimisation analytics study

We propose to perform an analytics project, to help you take a data-driven approach for the optimisation of shipping routes. With the evolution in availability of data, data science techniques and data visualisation, it provides NOL Group an opportunity to optimise shipping routes and potentially identify savings in costs. Using data from your planning and logistics systems, we would apply data visualisation to identify as-is state, and use optimisation techniques to optimise them between different hubs and ports. This will enable the management of NOL Group to identify cost savings, make better decisions on re-routing where required, and improve planning.

Accounting updates and training

NOL Group will have access to our accounting and technical services and we would be pleased to provide a full day seminar on updates to Singapore Financial Reporting Standards for your Audit Committee, CFO and his team and other interested parties, annually.

Updates on industry trends

We will coordinate with our Global Shipping & Ports Leader to conduct a private briefing that brings valuable insights in areas beyond the audit. This annual briefing to your management will focus, particularly on the key drivers for your business and to share industry trends and topics of interest to the NOL Group.

CyberWatch assessment

In addition to the standard audit, we will as part of our insight programme, perform CyberWatch analysis to identify and analyse real-time sensitive information about the NOL Group on the internet, and to provide information on potential external threats and attacks.

Cyber security is currently the concern that is trending up, whilst the Personal Data Protection Act ("PDPA") is now effective in Singapore. As part of our CyberWatch, we will employ data search techniques on external sources for any evidence of data leakage relevant to PDPA as part of our audit procedures regarding compliance with laws and regulations.

Phishing/SPAM	• Targeted attach detection
Data exfiltration	• Outline data leak monitoring • Exfiltration vector Detection and analysis • Vector mitigation/protection
Social media monitoring	• Social media data harvest • Data classification and filtering • Communication and response

Utilising Deloitte's Cyber Threat Management Diagnostics, we will be pleased to offer NOL Group a streamlined assessment of your current cyber security threat level. We will analyse your organisation's internet presence and provide a report that helps you understand how your organisation looks to a cyber-criminal. The assessment will produce a threat profile report providing information about what is visible to a cyber-criminal.

By analysing the NOL Group's internet "footprint" proactively, we can help you stay ahead of cyber-criminals and help you address potential issues before they become footholds for cyber-criminals.

Corporate governance updates

In order to keep you abreast of corporate governance regulations and trends in all your markets, our Global Corporate Governance Leader, Dan Konigsburg, will present to your management annually on worldwide developments that may impact your business.

Audit of local business spending in relation to MSI – AIS

We will audit the expenditure incurred under the MSI – AIS scheme for the qualifying period as stated in the Local Business Spending Statement (the "Statement"). This Statement is to be submitted by the NOL Group to the Maritime and Port Authority of Singapore ("MPA") in connection with the MSI – AIS granted to the NOL Group.

GST review and tax workshops

Deloitte's tax specialists will perform a high-level GST review through a series of interviews with selected key process owners. These reviews will assist Deloitte in identifying key GST issues with significant tax exposure as well as highlighting potential GST saving opportunities. The results will then be communicated to the NOL Group through a "traffic light" style report to summarise all findings and recommendations and a meeting to discuss our findings and recommendations.

Our tax team would be pleased to provide NOL Group with a GST training workshop that highlights typical GST issues and areas of concern from a sales and purchases perspective.



Our fees

We aim to provide you with the best professional services at a reasonable fee. We have structured our fees based on our strong desire to develop a mutually rewarding, long-term relationship with you.

Proposed fees

The total fees quoted (exclusive of GST) are based on information which has been provided by management as well as publicly available information and assuming no significant changes in the levels of activities of NOL Group going forward. The total fees quoted do not include estimated out-of-pocket expenses which normally range between 3 to 8 percent of the audit fees but will be capped at 8 percent.

Fees quoted will be fixed for 5 years but may be adjusted annually for inflation and scope changes. All fees relating to the provision of audit services to NOL Group will be centrally coordinated by Deloitte Singapore. Our proposed fee is based on our estimate of the hours and skills required to provide the requested services. We believe our fees are fair and allow us to deliver to the standard that you require. However, after considering our fees, if you conclude that they are inconsistent with your assessment of the effort required to serve you and that put forth by our competitors, we would appreciate the opportunity to discuss further.

Fees quoted will be valid for a minimum of one hundred and fifty (150) days following the Request For Proposal closing date. We agree that in the event that any business unit or legal entity is no longer a subsidiary of the NOL Group, that business unit or legal entity will have the right, but not an obligation, to avail itself to the proposed audit scope and fees for a term of 5 years or less, at its sole discretion. Independent of this, the proposed audit scope and fees for the remaining business units and legal entities will still apply.

No.	Components	Country of Incorporation	Scope	Total Audit Fee (USD)
1	Neptune Orient Lines Limited	Singapore	Consolidated statutory audit	385,000
2	NOL Liner (Pte.) Ltd.	Singapore	Statutory audit	110,000
3	APL Co. Pte Ltd	Singapore	Statutory audit	240,000
4	Neptune Shipmanagement Services (Pte) Ltd	Singapore	Statutory audit	40,000
5	Triton Shipping Pte. Ltd.	Singapore	Statutory audit	32,000
6	Mitorient Enterprise Pte Ltd	Singapore	Statutory audit	16,000
7	Mitorient Holding Pte Ltd	Singapore	Statutory audit	16,000
8	Chenab Investments Ltd	Singapore	Statutory audit	20,000
9	Eagle Marine Terminal Holdings Pte. Ltd.	Singapore	Statutory audit	16,000
10	NOL Global Shared Service Centre Pte. Ltd.	Singapore	Statutory audit	16,000
11	APL-SITC Terminal Holdings Pte. Ltd.	Singapore	Statutory audit	16,000
12	APL Limited	United States of America	Note 1	32,000
13	American President Lines, Ltd	United States of America	Note 1	32,000
14	Eagle Marine Services, Ltd	United States of America	Audit for consolidation purpose	65,000
15	APL Maritime, Ltd	United States of America	Audit for consolidation purpose	32,000
16	Forward Dedicated Logistics Solutions, LLC	United States of America	Note 1	28,000

No.	Components	Country of Incorporation	Scope	Total Audit Fee (USD)
17	APL Bahrain W.L.L	Bahrain	Statutory audit	14,000
18	APL (Bangladesh) Pvt. Ltd.	Bangladesh	Statutory audit	11,000
19	A.P.L. (Cambodia) Co., Ltd	Cambodia	Statutory audit	12,000
20	American President Lines (China) Co., Ltd.	China	Statutory audit	21,000
21	APL Investment Management (Shanghai) Co., Ltd	China	Statutory audit	15,000
22	APL Global Service Center (Chongqing) Company Limited	China	Statutory audit	21,000
23	APL Scandinavia A/S	Denmark	Statutory audit	18,000
24	APL Egypt LLC	Egypt	Statutory audit	19,000
25	APL Agencies Estonia osauhing	Estonia	Statutory audit	13,000
26	Oy APL Shipping Finland AB	Finland	Statutory audit	18,000
27	APL (India) Private Limited	India	Statutory audit	11,000
28	India Infrastructure and Logistics Private Limited	India	Statutory audit	22,000
29	NOL Properties (India) Private Limited	India	Statutory audit	4,000
30	APL Agencies India Private Limited	India	Statutory audit	4,000
31	APL-NOL (Malaysia) Sdn Bhd	Malaysia	Statutory audit	11,000
32	NOL Global Services Centre Sdn Bhd	Malaysia	Statutory audit	17,000
33	Integradora de Servicios Aguila SA de CV	Mexico	Statutory audit	24,000
34	APL Mexico, S.A. de C.V.	Mexico	Statutory audit	15,000
35	Grupo SLTC S.A. de C.V.	Mexico	Statutory audit	13,000
36	American President Line Norway AS	Norway	Statutory audit	19,000
37	APL Pakistan (Private) Limited	Pakistan	Statutory audit	11,000
38	APL Poland Sp. Z.o.o.	Poland	Statutory audit	21,000
39	APL CIS 000	Russia	Statutory audit	14,000
40	APL Lanka (Private) Limited	Sri Lanka	Statutory audit	12,000
41	APL Sweden AB	Sweden	Statutory audit	18,000
42	APL Agencies (Thailand) Ltd.	Thailand	Statutory audit	13,000
43	APL-NOL (Vietnam) Ltd	Vietnam	Statutory audit	13,000
Total				1,500,000

Note 1

No statutory requirements to file, but the financial statements are required for tax purposes.

Item	Description	Fees (USD)
a.	3 quarterly "Agreed Upon Procedures" for compliance with SGX announcement obligations and the year-end statutory audit	150,000
b.	3 quarterly "Consolidated reporting package to Temasek" and the year-end statutory audit	35,000
Total		185,000

Appendices

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Appendix 1 Team members' profiles

Lead Client Service Partner



Philip Yuen
Chief Executive Officer
Deloitte Singapore
Location: Singapore
Tel: +65 6530 5551
Email: pyuen@deloitte.com

Role on engagement

Philip will serve as Lead Client Service Partner overseeing the engagement to ensure quality is delivered. He will interact with senior management and ensure that we deliver timely services in all aspects.

Philip will mobilise the best resources and innovation in the Deloitte network to serve the NOL Group and will be accountable for the quality and responsiveness of all our services regardless of the country or the region.

Relevant experience

Philip has extensive experience as a hands-on leader of complex global engagements. Besides advising companies listed on the Singapore Exchange, he has led teams in special investigation

and system audits. In addition, he has performed acquisition and due diligence reviews of companies in Asia Pacific.

Philip is a senior partner with more than 27 years of public accounting experience in Singapore and the United Kingdom. Prior to being appointed the Chief Executive Officer of the Singapore office, Philip was the Staff Partner and one of the Chief Operating Officers of Deloitte Singapore. His natural leadership qualities have earned him wide respect both among his clients and in Deloitte's global organisation.

Selected clients

ComfortDelGro Group, Hotel Properties Limited, Singapore Telecommunications Group and Venture Corporation.

Group Engagement Partner



Michael Kee
Partner, Assurance & Advisory
Location: Singapore
Tel: +65 6216 3249
Email: mkee@deloitte.com

Role on engagement

Michael will serve as the Group Engagement Partner and will coordinate the group audit for NOL Group.

Relevant experience

Michael has over 23 years of experience in public accounting in Singapore, Malaysia and United Kingdom.

Michael is the Southeast Asia Audit Industry Leader for Energy & Resources and he is also the Singapore Lead Partner for Shipping & Ports. He has extensive experience in the audits of multinationals and local companies. His experience include leading assignments relating to

restructuring and subsequent listing of various companies on the Kuala Lumpur Stock Exchange and Singapore Exchange, financial due diligence in connection with acquisitions and conducting operational and controls review for audit clients.

Selected clients

Advanced Holdings, Baker Hughes Singapore, ComfortDelGro Group, Grindrod Shipping, KKR Singapore, Millenium Offshore Services, MMI Group, NTUC Club, Reed Elsevier Singapore Group, Samudera Shipping Line, SBS Transit, Tee International Group and Vicom.

Industry Specialist



Role on engagement
George will serve as our Shipping Industry Specialist bringing to our team his extensive industry experience. He will also be available to share industry best practice and insights on industry developments with NOL Group.

Relevant experience
George has more than 30 years of experience in public accounting.

George is Deloitte’s Global Shipping & Ports leader. He works with a network of more than 1,000 shipping professionals that provide audit, financial advisory, debt restructuring, consulting and tax services

to shipping & ports companies in Asia, EMEA and the Americas. Deloitte member firms provide services to all three of Global Fortune 500 shipping companies and the Greek member firm serves many of the shipping companies listed in the U.S. The firm works with international forums to address the environmental and fuel efficiency challenges facing the shipping industry.

He regularly presents at shipping and commodities congresses & forums meeting with organisations and executives around the world. George also sits on boards, professional committees and charity organisations as advisor.

Concurring Partner



Role on engagement
James will serve as the Concurring Partner to NOL Group. He will provide an independent review of the engagement as part of our processes for monitoring audit quality.

Relevant experience
James has more than 16 years experiences in public accounting in Singapore and United States and has extensive experience in the audit of multinationals and local companies in industries such as transportation, energy and resources, technology, media and

telecommunications, manufacturing, real estate and construction, consumer products and agriculture.

He is also a technical partner and one of the US GAAP specialists in the Singapore office.

Selected clients
Bluewater Services, China Shipping, Heatec Jietong, Morrison Express, Salamander Energy, Samco Shipholding and Singapore Telecommunications Group.

**Group Engagement Team
Group and consolidation**



Michael Kee
Partner, Assurance & Advisory
Location: Singapore
Tel: +65 6216 3249
Email: mkee@deloitte.com

Role on engagement
Michael will serve as the Group Engagement Partner and will coordinate the group audit for NOL Group.

Please refer to page 79 for his detailed profile.



Darren Ng
Senior Manager, Assurance & Advisory
Location: Singapore
Tel: +65 6216 3360
Email: dang@deloitte.com

Role on engagement
Darren will serve as the Group Engagement Manager supporting Michael in coordinating the group audit of NOL Group. He will work closely with your group finance team to ensure the smooth running and timely completion of the audit.

With his strong coordination experience from managing the day-to-day execution of the Keppel Group audit, Darren will ensure proactive communication between Deloitte and the NOL teams for a smooth delivery of our audit.

Relevant experience
Darren has more than 11 years of public accounting experience in serving local, multinational and listed companies.

His extensive experience spans across a number of industries such as the energy & resources, public sector, manufacturing, consumer business, aerospace and financial services.

Darren is a non-Practising Member of Institute of Certified Public Accountants of Singapore.

Selected clients
Bridgestone group of companies, COSL, Keppel Corporation Ltd, Keppel Offshore & Marine Group, Falcon Energy Group Limited, K1 Ventures Limited, McDermott Asia Pacific Group and Petrosaudi International.

Group Engagement Team Group and consolidation



Role on engagement
Soon Wee will serve as the Engagement Manager supporting Darren and Mark in the day-to-day delivery of our services to NOL Group.

Relevant experience
Soon Wee has more than 9 years of public accounting experience in serving local, multinational and listed companies.

He has managed engagements for companies in their Initial Public Offerings (IPOs) on the Singapore Exchange.

Lee Soon Wee
Manager, Assurance & Advisory
Location: Singapore
Tel: +65 6530 8070
Email: soonlee@deloitte.com

Soon Wee is a member of the Institute of Singapore Chartered Accountants and CPA Australia.

Selected clients
Keppel Corporation Limited, Keppel Shipyard Limited, Samudera Shipping Line, Miclyn Group, PNE Industries Limited and GP Batteries International Limited.

Group Engagement Team Audit of subsidiaries



Role on engagement
Chi Chih will serve as the Engagement Partner for NOL Group.

He adopts a hands on approach in leading his audit engagements and brings to this team his significant experience managing and executing large multi-location audit engagements.

Relevant experience
Chi Chih has more than 17 years (of which 2 years were spent in New York with Deloitte & Touche LLP) of public accounting experience in serving local/multinational/listed companies in Singapore and United States.

He has advised companies in their IPOs on the Singapore Exchange (one of which is oil & gas related) as well as having led teams in system audits in identifying areas for improvements in accounting and reporting systems. During his two years in the United States, he has performed acquisition and due diligence reviews of companies in the United States.

Yang Chi Chih
Location: Singapore
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Email: chiyang@deloitte.com

He is adept in IFRS reporting engagements, and has conducted seminars on changes and updates on financial reporting standards.

One of Chi Chih's specialisations is the oil & gas industry – upstream and downstream. The clients that he is serving or has served include Mitra Energy Inc. (listed on TSXV), IEV Holdings Limited (SGX listed), Brunei National Petroleum Corporation (accounting advisory work), CNOOC NWS, Singapore Petroleum Company Limited and Pearl Energy Group (subsidiary of Mubadala).

Selected clients
CNOOC Singapore, COSL Singapore, Delong Holdings Limited, Eastern Navigation, Grindrod, Huan Hsin Holdings Limited, Miclyn Group, Portek Group, Singapore Telecommunications Group, SP Corporation Limited, WPP Group of entities and Yamato Transport.

Group Engagement Team Audit of subsidiaries



Role on engagement
Mark will serve as the Senior Engagement Manager supporting the team in the day-to-day coordination of the audit for NOL Group.

Mark assists Michael Kee in running Deloitte Singapore's Shipping & Ports Group, is a member of the Singapore Shipping Association and will bring his sound knowledge of the industry to the group audit.

Relevant experience
Mark is a Fellow Chartered Accountant (ICAEW) and has over 13 years of professional experience from his time in the United Kingdom, Mauritius and Singapore.

He has worked extensively on large cross-border group audits across a variety of industries, with a focus in the shipping industry.

Mark is a regular facilitator of IFRS training and recently spoke at a Deloitte/SSA seminar. He is experienced in providing transaction support for IPO's and acquisition due diligence. He has also spent time on short secondments working on internal audit projects.

Selected clients
Bourbon, Bridgestone, Fullerton Healthcare, Miclyn Express Offshore, MMA Offshore, Perkin Elmer, SK Energy, TataNYK Shipping and Toyota.

Mark Calvert
Senior Manager, Assurance & Advisory
Location: Singapore
Tel: +65 6531 5082
Email: mcalvert@deloitte.com



Role on engagement
Vanessa will serve as the Engagement Manager supporting Darren and Mark in the day-to-day delivery of our services to NOL Group.

She will be bringing her experience from other shipping clients on board the NOL Group audit.

Relevant experience
Vanessa has close to 6 years of public accounting experience in Singapore serving local, multinational and listed companies.

Her experience spans across a number of industries such as energy and resources and manufacturing.

Selected clients
Grindrod Group, Huan Hsin Holdings Limited, Millennium Offshore Services Singapore (subsidiary of HM MOS International/Seafox Group), Mitra Energy and Swire Shipping.

Vanessa Choo
Manager, Assurance & Advisory
Location: Singapore
Tel: +65 6800 2105
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Statutory audit of scoped-out entities Malaysia



Henry Sardo
Principal, Assurance & Advisory
Location: Malaysia
Tel: +60 3 7610 8823
Email: henrysardo@deloitte.com

Role on engagement

Henry will serve as the Engagement Partner overseeing the audit of the NOL Global Services Centre in Malaysia.

He brings to the team his deep technical expertise and direct experience working with the global shared service centre of Baker Hughes based in Kuala Lumpur.

Relevant experience

Henry joined Deloitte in 2008 and is currently the Audit Risk Leader and Engagement Quality Control Assurance Leader. He originates from Venezuela and has been with Deloitte for more than 30 years.

Henry has extensive experience auditing entities in manufacturing and consumer, financial institutions (commercial banks and saving institutions) and utilities (mainly electricity) industries.

Henry is one of the audit partners assigned to the Baker Hughes' shared service centre in charge of the audit of the Middle East and Africa countries. As EQCR reviewer his portfolio includes major US subsidiaries companies in Malaysia, public listed companies and financial institutions in Malaysia.

He holds Deloitte's IFRS and US GAAP accreditations and is Venezuelan CPA registered before the Venezuelan Security Commission.

Selected clients

Baker Hughes, Century Logistics Holdings Berhad, GD Express Carrier Berhad and Flextronics International.

Role on engagement

King Wei will support Henry in coordinating the audit of the NOL Global Services Centre in Malaysia.

The audit team will be able to leverage on his experience working with our largest shared service centre client in Malaysia since its establishment in 2012.

Relevant experience

He has 17 years of professional experience auditing and advising major listed and international clients. He is currently a member of the Engagement Quality Control audit group in Malaysia.

Since the establishment of the Regional Accounting Centre for Baker Hughes in Malaysia, King Wei has been the Audit Director managing the engagement. The Centre based in Kuala Lumpur, Malaysia supports the Asia Pacific, Middle East and Africa regions. During the past 3 years the Centre has expanded its scope of support services substantially.

King Wei works closely with the Global Engagement Team in Houston to implement the audit processes for the audit under PCAOB standards. He is also the key engagement manager to perform the audits at the Centre and report to the respective in-country Deloitte firms for purposes of the local statutory audits.

Selected clients

Baker Hughes, Daikin, Kimberly Clark, Lafarge Malaysia and Louis Vuitton.

Soh King Wei

Director, Assurance & Advisory
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Statutory audit of scoped-out entities China



Fan Hongbin
Partner, Assurance & Advisory
Location: Shanghai, China
Tel: +86 27 8526 6618
Email: honfan@deloitte.com.cn

Role on engagement

Hongbin will serve as the Engagement Partner overseeing all aspects of the audit for the NOL Group's operations in China and interacting with your local management to ensure quality is delivered.

Hongbin will leverage the extensive resources of Deloitte China to put in place the best local team to serve the NOL Group. He is personally committed to actively communicate and work closely with local management to ensure a smooth audit process and that your expectations are met.

Relevant experience

Hongbin is an audit partner with over 20 years of professional experience. He began his professional career with Deloitte Touche Tohmatsu Shanghai in July 1994.

Hongbin's extensive experience includes managing mega audit engagement and carrying out multinational companies' PRC statutory audits and consolidation audits. He is a specialist in the transportation and logistics sector.

Selected clients

Great Wall Airlines, Sinotrans-CSS (中外运长航), 中谷新粮海运 and TNT Logistics.



Jiang Yi
Senior Manager, Assurance & Advisory
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Role on engagement

Jiang Yi will serve as the Engagement Manager supporting Hongbin in the day-to-day delivery of our services to NOL Group's operation in China.

Relevant experience

Jiang Yi brings with her about 10 years of audit experience. She joined Deloitte in 2002 and worked in Deloitte Hong Kong office for half year in 2004.

Jiang Yi is familiar with PRC accounting standards, tax regulations and A share listing rules. She served several multinational companies, joint ventures, SOEs and private owned companies and has extensive audit experience.

Selected clients

Singamas Group

Subject Matter Specialists



Philip Chong
Executive Director,
Enterprise Risk Services
Location: Singapore
Tel: +65 6216 3113
Email: pchong@deloitte.com

Role on engagement

Philip will oversee the IT audit work for NOL Group. Philip will ensure that the IT controls governing the processing and reporting of the financial statements are identified and appropriately audited. A key value add that Philip brings is to consolidate the various technical IT audit findings to provide a big picture view of their practical impact on the internal control environment and recommend holistic recommendations to address the business root causes

Relevant experience

Philip is the Governance, Regulation & Risk Leader in Enterprise Risk Services for Deloitte Southeast Asia.

He has 30 years of experience in IT audit and security. In the past 12 months, he has led more than 50 IT audit and security assessment engagements and led the Singtel IT audit. He is currently leading the IT audit for Globe Telecom, an associate company of Singtel in the Philippines

Besides IT auditing, Philip is also an experienced risk management professional. In recent years, Philip has led a number of leading edge Governance Risk and Compliance (GRC) projects in South East Asia. These projects range from the development of risk frameworks, validations of internal controls to implementation of GRC technologies

In the area of business continuity and crisis management, Philip has been engaged by clients in Singapore, Malaysia and Thailand to develop BCP plans and conduct crisis simulation exercises.

Selected clients

Globe Telecom, PTTASM Front-End Manufacturing, Ayala, BW Maritime, DBS Bank, DIC Asia Pacific, DKSH Corporation Shared Services, Kintetsu World Express, Land Transport Authority, Novartis, Overseas Chinese Banking, PTT Public Company and Temasek Holdings.



Gary Tan
Director, Enterprise Risk Services
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Subject Matter Specialists

Role on engagement

Gary will support Philip for the provision of IT audit and risk management services for NOL Group.

He brings with him years of experience as an SAP control specialist and also led several shipping and logistics IT audit projects in the past. We believe that his addition will provide added assurance on the quality to NOL given his vast industry and SAP audit experience.

Relevant experience

Gary has over 10 years of experience successfully leading and managing IT audit and advisory type of projects and teams in varied disciplines particularly in the ASEAN region – mainly Singapore, Malaysia, Thailand, Vietnam and Indonesia. His roles include managing internal and external IT audits, working as a SAP controls advisor and a GRC technology advisor, IT transformational projects advising senior C-levels on strategic decisions, assessing complex IT projects and implementing IT policies, governance frameworks and compliance programs.

He has considerable functional experience in blueprint design, baseline configuration, internal and external audits, application security review, data analytics, authorisation and segregation of duties reviews.

Gary has been trained and/or has been using extensively ERP analytics/GRC tools such as CSI Authorisation Auditor, Approva Authorisation Insights, Oracle GRC Application Controls Suite and SAP Governance Risks and Compliance (GRC) tool. He also has regional experience in reviewing SAP, Oracle and other in-house developed applications and business processes.

Selected clients

Changi Airport Group, China Navigation Co. Pte. Ltd., General Motors, JTC Corporation, Land Transport Authority, Malaysian International Shipping Company, Ministry of Defence, Petronas, SATS, Singapore Totalisator Board and SMRT.



Daniel Ho
Tax Principal
Location: Singapore
Tel: +65 6216 3189
Email: danho@deloitte.com

Role on engagement

Daniel will be responsible for the delivery of our tax services to NOL Group.

Daniel will work with the audit team in assessing the adequacy of tax provisions and material tax risks discovered in the course of the audit. He will bring to the NOL engagement his tax specialist inputs and extensive experience working with numerous shipping clients.

Relevant experience

Daniel has close to 16 years of tax experience serving local and listed companies in Singapore as well as multinational companies in industries such as aviation & travel, manufacturing and shipping/energy and resources.

Daniel has extensive experience in tax compliance as well as Singapore and international tax consultancy and planning in the area of corporate restructuring, tax due diligence, cross-border payments, supply chain planning, mergers and acquisitions

and permanent establishment issues. Daniel also has extensive experience in dealing with international taxation of shipping profits and tax treatment of shipping leases.

He is regularly involved in incentive negotiations with relevant statutory bodies and government agencies such as EDB, IE Singapore and MPA, including preparation of business plan, advising on negotiation tactics, assessment of spending and headcount commitments, attendance in formal meetings and submission of formal application.

Daniel is currently a facilitator at the Singapore Tax Academy and the Deloitte International Corporate Tax School. He is a former part-time lecturer for the subject "Principles of Taxation" at the Nanyang Technological University.

Selected clients

AET Tankers, Austral Asia Lines, Bibby Line Group, Damco International, Daya Offshore, Eastern Navigation, Mermaid Marine, NYK Group, Polaris Shipping, Rocktree Logistics, Womar Group and CMA-CGM.

Subject Matter Specialists



Tan Sze Ling
Manager, Tax
Location: Singapore
Tel: +65 6531 5006
Email: sltan@deloitte.com

Role on engagement
Sze Ling will support Daniel in the delivery of our tax services to NOL Group.

Sze Ling will support Daniel and the audit team in assessing the adequacy of tax provisions and material tax risks discovered in the course of the audit, and provide her tax specialist inputs.

Relevant experience
Sze Ling has more than 10 years of tax experience serving local, multinational and listed companies in Singapore.

Sze Ling has extensive experience in serving companies in the shipping, manufacturing, property development and consumer business industries.

Sze Ling is regularly involved in Singapore tax compliance, tax planning and consultancy services including corporate restructuring, tax due diligence and cross-border transactions.

Selected clients
Bridgestone Group, Fragrance Group, Mitsui Group, Otto Marine Group and Go Marine.



Tim Phillipps
Partner, Deloitte Analytics
Location: Singapore
Tel: +65 6531 5034
Email: tphillipps@deloitte.com

Role on engagement
Tim will be responsible for delivering analytics services to NOL Group.

Tim will work with the audit team to co-design a focused analytics solution, targeting those areas we believe will derive the optimal value for NOL Group. This innovative approach of integrating analytics into our audit will enable enhanced insights and provide you with information that enables you to better understand the circumstances behind the numbers and the challenges and opportunities this may present.

Relevant experience
Based in Singapore, Tim is the Global Leader for Deloitte Analytics. He was appointed in 2010 to lead the Global Deloitte analytics initiative and works closely with designated Deloitte Analytics leaders to build a scalable and globally consistent cross-functional Analytics proposition in each of Deloitte's global businesses – Audit, Tax, Consulting and Financial Advisory. He also ensures that analytics is increasingly embedded in our industry and priority market activities.

Tim is also Deloitte's Global Leader - Forensic, where he developed market-leading Analytics capabilities in support of fraud and corruption investigations, money laundering compliance, sanctions compliance and complex litigation.

With a depth of experience in financial and securities markets regulation, Tim is regularly engaged by banks, financial institutions and global corporates across the globe to advise on money laundering risks and preventing, detecting, investigating financial crime and corruption.

Selected clients
Bank of Baroda, Bank of India, BSI Bank, ICICI Bank, Fuji Xerox Singapore, HSBC, The Bank of Tokyo Mitsubishi, UBS and Westpac.



Chirag Kotak
Associate Director, Deloitte Analytics
Location: Singapore
Tel: +65 6531 5061
Email: ckotak@deloitte.com

Subject Matter Specialists

Role on engagement
Chirag will assist Tim in delivering our analytics services to NOL Group.

Relevant experience
Chirag has over 9 years of experience in the field of Information and Technology Risk. He specialises in data analysis, data governance and quality management, and has worked on major financial services clients across different geographies.

He is currently leading the integration of Analytics in external and internal audit, risk and compliance reviews and due diligence checks. He has successfully delivered audit analytics for external audits of large telecommunications provider in Singapore.

Prior to his role in Singapore, Chirag spent four years with the Data Analytics group in Deloitte UK.

With strong experience in the financial services industry, Chirag has worked on multiple data analytics projects, including data quality, visualisation, risk-based testing. Tax analytics and financial crime related reviews for the banking sector.

Selected clients
Barclays Bank, ComfortDelGro Group (including ComfortDelGro Engineering), Singapore Telecommunications Group, Standard Chartered Bank, Toyota, UK Financial Services Authority, and Yokogawa Engineering.



Shariq Barmaky
Partner, Assurance & Advisory
Regional Professional Practice Director
Deloitte Southeast Asia
Location: Singapore
Tel: +65 6530 5508
Email: shbarmaky@deloitte.com

Role on engagement
Shariq will serve as the Technical Accounting Specialist for NOL Group.

Shariq will provide accounting technical support to the team and be available to NOL Group for consultation on IFRS matters.

Relevant experience
Shariq has more than 20 years of public accounting experience in various industries serving local, multinational and listed companies in Asia Pacific and the United Kingdom and in various industries.

He brings to the table a wealth of experience leading large group audits and deep IFRS expertise. He currently leads the Deloitte Singapore IFRS Centre of Excellence, one of 18 IFRS Centres of Excellence within Deloitte worldwide and is Deloitte Southeast Asia Regional Professional Practice Director.

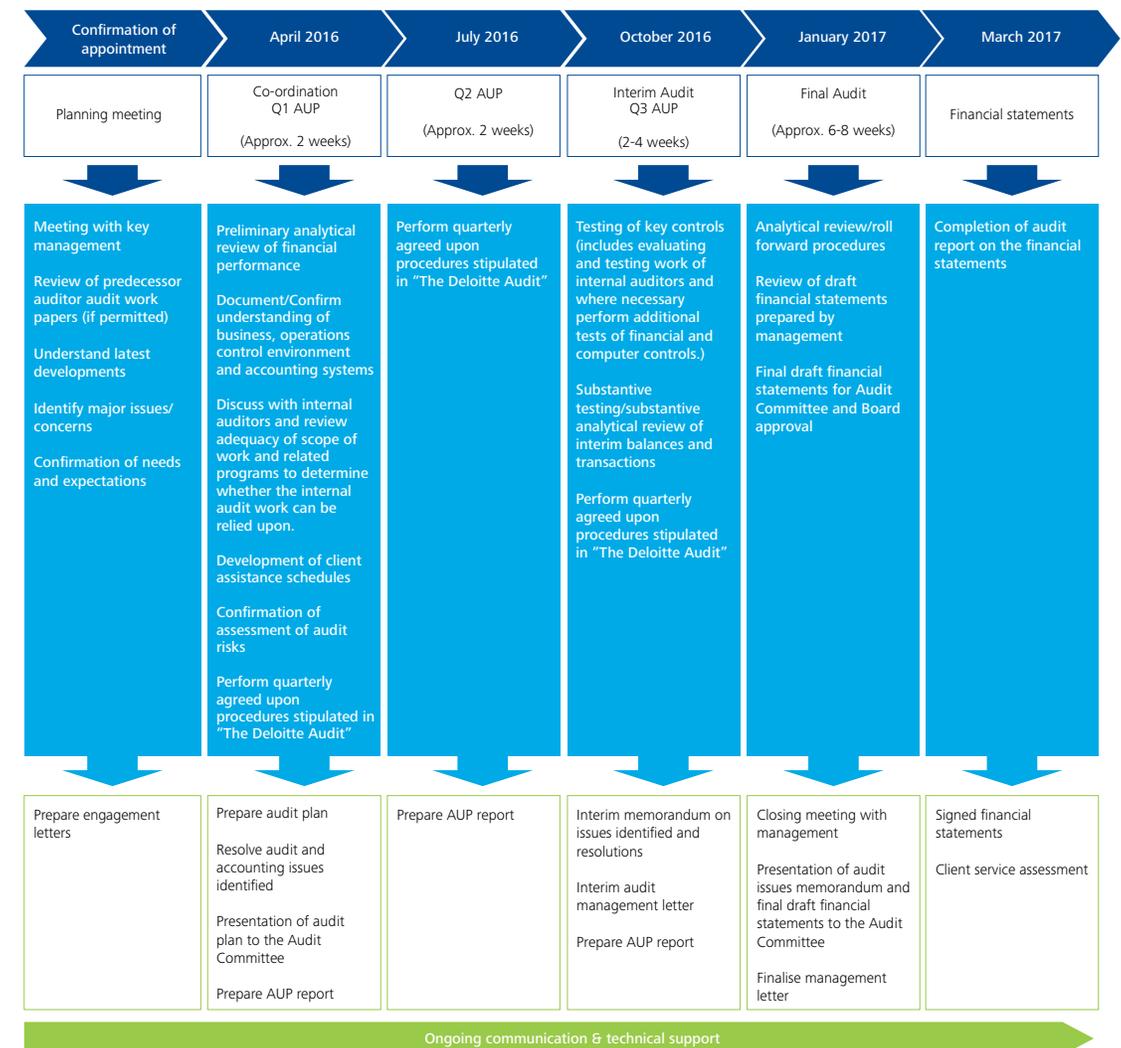
Shariq is a member of the Practice Monitoring Sub-Committee of ACRA, a member of Financial Reporting Committee and Chairman of the Auditing and Assurance Standards Committee of ISCA. Shariq has regularly presented at external seminars on International Financial Reporting Standards, changes to Singapore Companies Act, changes to Singapore Exchange Rules and International Auditing Standards.

Selected clients
GlobalFoundries Singapore, Lloyd Register Group, KKR, MSPL Maritime, Mubadala Petroleum, NatSteel Holdings/Tata Steel Holdings and Singapore Telecommunications Group.

Appendix 2

Audit work plan

The table below sets out our audit work plan to support our opinion on financial statements of NOL Group for the year ending 30 December 2016. The proposed timeline is tentative and is subject to change upon confirmation by management.



Subject Matter Specialists



Role on engagement

Soo Earn will serve as the M&A and Valuation Specialist for NOL Group.

Soo Earn will provide support to the team and be available to NOL Group for consultation on valuation matters.

Relevant experience

Soo Earn has over 20 years of professional experience in the provision of business and financial advisory services. He has worked with a diversified range of corporations, private equity investors and lenders providing a range of transaction services.

Soo Earn has considerable professional experience in due diligence, valuation, market study, strategic value consulting, corporate governance advisory, franchising & licensing advisory and intellectual asset management advisory.

He has led more than 200 due diligence projects involving the provision of financial, tax, commercial, HR and/or IT due diligence, and SPA review for acquirers, financiers and vendors. Furthermore, Soo Earn led more than 200 valuation advisory projects involving valuation of businesses, intangibles and financial instruments for the purposes of M&A, financial reporting, dispute settlement and tax structuring.

Soo Earn is recognised as a leading IP Strategist in the World by Intellectual Asset Management in 2013 and 2014.

Selected clients

Bupa Singapore, Chimbusco International Petroleum, CNOOC Singapore, Keppel Infrastructure, Kraft Foods, Singapore Petroleum Company and Vitol Asia.

Keoy Soo Earn

Partner & Leader,
Mergers & Acquisitions;
Valuation & Modelling
Services
Deloitte Southeast Asia
Location: Singapore
Tel: +65 6216 3238
Email: skeoy@deloitte.com



Role on engagement

Benny will serve as the Treasury & Financial Instruments Specialist for NOL Group.

Benny will provide support to the team and be made available to NOL Group for consultation on your treasury engagements.

Relevant experience

Benny has over 20 years of treasury advisory expertise, ranging from setting up funding programs, originating bond issues for the world's largest corporate borrower to establishing a bank from the ground-up. He is currently the Managing Director of Deloitte Southeast Asia's Treasury & Financial Instruments Advisory practice. He assists clients to manage liquidity and market risks, as well as risks associated with treasury instruments like foreign currency and derivatives.

Before joining Deloitte, Benny was the Head of Treasury at Temasek providing leadership and vision for all capital markets, treasury and financing functions. Prior to that, he was with General Electric/GE Capital for 11 years.

Benny also brings with him significant international experience in the US and Thailand, in the corporate and financial services industry treasury areas. Benny started his career as a Foreign Exchange Derivatives trader with Citibank.

Benny Koh

Managing Director, Treasury
& Financial Instruments
Advisory
Location: Singapore
Tel: +65 6800 2266
Email: bekoh@deloitte.com

The following timetable shows the key activities that will take place for the annual audit commencing financial year ending 30 December 2016. The proposed timeline is tentative and is subject to further discussion with your management.

Key activities	2016						2017						
	Mar	Apr	Jun	Jul	Sep	Oct	Nov	Jan	Feb	Mar	Apr	May	Jun
Meetings with Management and Audit Committee													
Presentation of audit plan		•											
Attend quarterly meetings		•		•					•				
Engagement planning and developing our audit base													
Issue referral instructions to component auditors													
Develop and deliver industry specific training and update of financial reporting requirements				•									
Review major transaction cycles including evaluation of systems documentation and adequacy of internal controls around assertions						•							
Quarterly agreed upon procedures													
Plan agreed upon procedures		•											
Perform agreed upon procedures			•										
Meet Management to discuss any issues and findings		•		•									
Present findings in Audit Committee meetings and address outstanding issues if any.		•		•									
Annual audit procedures													
Perform interim audit										•			
Meet Management and Finance team to discuss progress/issues resolution										•			
Perform final audit													
Meet Management to discuss any issues and findings													
Review and work with Management to finalise consolidation and draft financial statements										•			
Present findings in Audit Committee meetings													
Finalise respective statutory audit													
Feedback													
Meet Management to evaluate performance up to date, areas of concern and agree the way forward													•

Appendix 3 Client references

Our client references

We have included a selection of our current clients for your reference.

Client details	Contact details
Chan Hon Chew Chief Financial Officer Keppel Corporation Ltd	Tel no.: +65 6413 6333 Email: honchew.chan@kepcorp.com
Kazuchika Shiihara Chief Financial Officer Portek International Private Limited	Tel no.: + 65 6871 9487 Email: k.shiihara@portek.com
Asmari Herry Prayitno Executive Director and CEO Samudera Shipping Line Ltd	Tel no.: +62 21 2567 6965 Email: herry@samudera.com
Stephen Griffiths Chief Financial Officer, Shipping Division Grindrod Limited	Tel no.: +27 0 31 365 9107 E-mail: stepheng@grindrodshipping.com

Appendix 4

Additional information request

Audit Quality Indicator	Data Pertaining to Audit Engagement/Audit Firm or Both	Response
1. Partner, Manager and Concurring Partner Hours	Audit Engagement Only	Details are covered in Your Deloitte team.
2. Years of Audit Experience (with additional qualitative description of industry specific experience of key audit team members)	Audit Engagement Only	Details are covered in Your Deloitte team.
3. Staff per Partner ratio; and Staff per Manager ratio	Audit Firm Only	Staff per Partner ratio 14:1 Staff per Manager ratio 6:1
4. Staff Training Hours	Audit Engagement – pertains to hours on industry specific training that is relevant for the audit Audit Firm – pertains to all training hours	550,000 hours for FY2015
5. Staff Turnover Rate	Audit Firm Only	19% for FY2015
6. Full-time-equivalent Staff Dedicated to Technical Resources	Audit Firm Only	We have over 31 dedicated technical resources
7. Independence Testing	Audit Firm Only	Details are covered in Our commitments.
8. Results of International or External Audit Inspections	Audit Engagement – pertains to the results of the last inspection on the audit partner Audit Firm – pertains to the aggregated results of the last inspection of all the firm’s audit partners	Details are covered in Our commitments.

Appendix 5

Outline of our responses to your requirements

To help you to assess our proposal response against your specifications framework we have provided the cross-reference table below for your convenience.

V. PRESENTATION REQUIREMENTS AND EVALUATION PROCESS	
RFP requirements	Our proposal reference
A1. Profile of the Firm	
a. State the names and locations of affiliated offices worldwide.	Details are covered in The Deloitte network.
b. Indicate the location of the office from which the work is to be done for each entity in the Group.	Details are covered in The Deloitte network.
c. State the number of partners, managers, supervisors, seniors and other professional staff employed at the key locations where work is to be done for the Group.	Details are covered in The Deloitte network.
d. Describe the communications and coordination procedures which will be adopted as work has to be performed from multiple offices.	Details are covered in The Deloitte network.
A2. Summary of Firm’s Qualifications	
a. Identify the partners, managers and supervisors who will form the audit team of the Group. The degree of involvement of each of these individuals in the global audit engagement should also be indicated. Resumes of each supervisory person to be assigned to the audit should be included in the proposal as an appendix or attachment.	Details are covered in Your Deloitte team and Appendix 1 – Team members’ profiles.
b. Describe recent experience in audit of multinational companies in the container transportation and/or logistics industries. Indicate the client base and provide the names and telephone numbers of client contacts who would serve as references.	Details are covered in Your Deloitte team and Appendix 3 – Client references.
c. Describe the experience of the firm’s practice in serving global clients of similar scale and scope of NOL.	Details are covered in Your Deloitte team.
d. Provide information on results of any Accounting and Corporate Regulatory Authority’s quality reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm and its affiliates during the past three (3) years with regulatory bodies or professional organisations.	Details are covered in Our commitments.
e. Describe the benefits or services that will be accrued and rendered to NOL.	Details are covered in Your Deloitte team.

3. Work Plan	
a. Submit one set of formal work plan, including the audit methodology, the audit approach and the proposed audit coverage, after taking into consideration the following: <ul style="list-style-type: none"> i. the current structure of the Group; ii. the regulatory and financial reporting requirements of all the entities, including the parent company, in the Group; iii. the various GAAP adopted by the entities in the Group and the assessment of their impacts on consolidation at sub-group levels and Group level; iv. the different auditing standards that correspond to the GAAP adopted by the entities in the Group; v. the financial reporting requirements of the ultimate holding company; and vi. the tight reporting deadlines of NOL. 	Details are covered in The Deloitte Audit and Appendix 2 – Audit work plan.
RFP requirements	Our proposal reference
b. Include in the audit scope the proposed steps/procedures that the firm will undertake for the quarterly “Agreed Upon Procedures”/“Review of Interim Financial Statements” for compliance with SGX announcement obligations, ensuring that the proposed steps/procedures will be robust and dynamic.	Details are covered in The Deloitte Audit and Appendix 2 – Audit work plan.
c. Indicate the level of involvement of its affiliated offices as audit work has to be carried out in different parts of the world. In addition, the communications and coordination plan between the firm and its overseas affiliated offices should also be described in the proposal. Especially in those countries whereby the subsidiaries are not listed in the various stock exchanges, the firm should indicate how it would prioritise these audits so as to fulfill the local regulatory and financial reporting requirements of the subsidiaries.	Details are covered in The Deloitte network, Your Deloitte team, The Deloitte Audit and Appendix 2 – Audit work plan.
d. Describe the methodology and process of managing the global fees at the Singapore office.	Details are covered in Our fees.
e. Notwithstanding the fact that certain subsidiaries are currently not audited by our existing Group auditor and that there are certain newly incorporated subsidiaries whereby the auditor has not been appointed, the firm shall include these subsidiaries in the proposal, unless the firm thinks otherwise.	Details are covered in Our fees.

4. Service Process Overview	
a. Indicate the processes for delivering audit services that are customised, responsive and aligned with NOL’s specific business needs.	Details are covered in The Deloitte Audit and Appendix 2 – Audit work plan.
b. Indicate the processes that will be employed to address matters related to client satisfaction, performance measurement and continuous improvement.	Details are covered in The Deloitte Audit and Appendix 2 – Audit work plan.
5. Quality Assurance	
a. Describe the internal processes used for quality assurance.	Details are covered in The Deloitte Audit, Our commitments and Appendix 2 – Audit work plan.
b. Describe the approaches adopted by the firm to seek technical guidance from its overseas affiliated firms to resolve various accounting and financial reporting issues, especially for issues arising out of the issuance of new accounting standards.	Details are covered in Our commitments.
6. Independence	
a. Describe the internal practices to ensure compliance with independent requirements and freedom from conflict of interest.	Details are covered in Our commitments.
b. Confirm that the firm will take all necessary steps to ensure its independence and freedom from conflict of interest.	Details are covered in Our commitments.
c. Describe the internal processes used for managing and tracking the audit and non-audit services provided to the Group, and how the firm ensures its independence is not compromised.	Details are covered in Our commitments.

RFP requirements	Our proposal reference
7. Compensation (broken down by Business Units and individual legal entities)	
The firm's proposed fee should be quoted in United States Dollars ("USD") and in three parts:	Details are covered in Our fees.
Part I: Provide the estimated total hours, hourly rates by classification and the resulting, all-inclusive maximum capped fee the firm will charge to perform the annual services as specified in Section IV. In addition, the firm must list out the respective fees charged to the business units and the individual legal entities as well as the basis in determining fee for each business unit and legal entity.	
Part II: Provide the proposed fees of NOL for the following: a. 3 quarterly "Agreed Upon Procedures" for compliance with SGX announcement obligations and the year-end statutory audit; and b. 3 quarterly "Review of Interim Financial Statements" and the year-end statutory audit	
Part III: Indicate the method and applicable amounts to compute fees for other services as may be required by NOL.	
Furnish Parts I, II and III for each year of the five-year engagement and indicate the timing of billings.	Details are covered in Our fees.
All proposals must include a statement that they are valid for a minimum of one hundred and fifty (150) days following the RFP closing date.	Details are covered in Our fees.
8. Special Provisions	
In the event that any business unit or legal entity is no longer a subsidiary of the NOL Group, that business unit or legal entity will have the right, but not an obligation, to avail itself to the proposed audit scope and fees for a term of 5 years or less, at its sole discretion. Independent of this, the proposed audit scope and fees for the remaining business units and legal entities will still apply.	Details are covered in Our fees.

9. Additional Information	
In this section, provide any additional information, e.g. detailed transition plan with the current auditors of the Group, that the firm considers essential to ensure successful conduct of the audit.	Details of our transition plan are covered in A seamless transition.
	Details of our value-added services are covered in Adding value to NOL Group.
	Details of our technology-driven audit are covered in Powered by technology.

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