



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

Unaudited First Quarter (“1Q 2018”) Financial Statement and Dividend Announcement
For the Three Months Ended 31 March 2018 (“3M 2018”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		+ / (-)
	1Q 2018	1Q 2017	
	US\$'000	US\$'000 Restated	%
Revenue	11,784	13,969	(16)
Cost of sales	(15,088)	(20,967)	(28)
Gross profit	(3,304)	(6,998)	(53)
Other operating income	1,072	3,009	(64)
General and administrative expenses	(3,867)	(5,512)	(30)
Other operating expenses	(796)	(889)	(10)
Finance costs	(5,437)	(4,313)	26
Share of results of joint ventures	474	(87)	NM
Share of results of associates	(1,022)	–	NM
Loss before taxation	(12,880)	(14,790)	(13)
Taxation	(253)	(505)	(50)
Loss for the period	(13,133)	(15,295)	(14)
Other comprehensive (loss) / income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	(444)	(657)	(32)
Net fair value changes on cash flow hedges	124	147	(16)
Share of other comprehensive income of an associate or a joint venture	(264)	134	NM
Other comprehensive loss for the period, net of tax	(584)	(376)	55
Total comprehensive loss for the period	(13,717)	(15,671)	(12)
Loss for the period attributable to:			
Equity holders of the Company	(12,801)	(14,795)	(13)
Non-controlling interests	(332)	(500)	(34)
	(13,133)	(15,295)	(14)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company	(13,381)	(15,170)	(12)
Non-controlling interests	(336)	(501)	(33)
	(13,717)	(15,671)	(12)

The Group has adopted the new Singapore Financial Reporting Standards (International) (“SFRS(I)”) framework for the financial year ending 31 December 2018 and has applied SFRS(I) with 1 January 2017 as the date of transition. Please refer to note 5 of the announcement for details.

NM: Not Meaningful

1(a)(ii) Loss for the period was stated after charging/(crediting) the following:

	Group	
	1Q 2018	1Q 2017
	US\$'000	US\$'000 Restated
Depreciation of property, plant and equipment (included in cost of sales)	4,461	7,448
Depreciation of property, plant and equipment (included in general and administrative expenses)	232	295
Impairment of doubtful receivables, net	848	26
(Writeback)/Impairment of amounts due from related companies	(585)	–
Net fair value gain on derivatives	(72)	(170)
(Gain)/loss on sale of property, plant and equipment	(12)	669
(Gain)/loss on sale of assets held for sale	(4)	180
Loss on disposal of club membership	–	125
Exchange loss/(gain)	523	(629)
Interest income	(877)	(1,960)
Net fair value loss on investment securities	10	14
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	–	(181)
Realisation of deferred gain on sale of vessels to associate (included in share of results of associates)	(41)	–
Provision for tax in respect of prior years	–	136

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group			Company	
	As at 31 Mar 2018 US\$'000	As at 31 Dec 2017 US\$'000 Restated	As at 1 Jan 2017 US\$'000 Restated	As at 31 Mar 2018 US\$'000	As at 31 Dec 2017 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	385,752	389,105	613,772	–	–
Investment in subsidiaries	–	–	–	39,850	39,817
Investment in associate	11,486	12,771	–	–	–
Investment in joint ventures	5,892	5,417	60,346	–	–
Club memberships	156	156	296	–	–
Amount due from related companies	38,464	40,056	62,143	–	–
Derivatives	147	114	12	–	–
	441,897	447,619	736,569	39,850	39,817
Current assets					
Inventories	369	362	873	–	–
Trade receivables	20,161	18,607	10,359	–	–
Other receivables	5,835	7,015	14,884	24	32
Amounts due from related companies	62,722	60,676	89,177	157,189	170,180
Investment securities	67	77	69	–	–
Derivatives	74	39	–	–	–
Assets held for sale	–	346	1,768	–	–
Cash and bank balances	33,687	39,377	50,628	2,299	3,295
	122,915	126,499	167,758	159,512	173,507
Total assets	564,812	574,118	904,327	199,362	213,324
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	16,359	17,706	13,330	–	–
Other liabilities	61,236	57,531	53,841	2,334	3,261
Amounts due to related companies	8,029	7,407	3,977	195,739	190,520
Bank loans	453,529	451,921	49,029	–	–
Notes payable	74,763	73,344	–	74,763	73,344
Provision for taxation	1,452	1,496	2,304	–	20
Finance lease obligations	406	337	206	–	–
Derivatives	3,883	5,504	–	3,883	5,504
	619,657	615,246	122,687	276,719	272,649
Non-current liabilities					
Other liabilities	11,717	11,717	12,276	–	–
Provisions	245	241	220	–	–
Deferred capital grant	1,418	1,418	1,418	–	–
Bank loans	–	–	397,016	–	–
Notes payable	–	–	67,806	–	–
Deferred tax liabilities	2,723	2,586	1,736	–	–
Finance lease obligations	302	363	560	–	–
Derivatives	–	3	12,005	–	–
	16,405	16,328	493,037	–	–
Total liabilities	636,062	631,574	615,724	276,719	272,649
Net (liabilities)/assets	(71,250)	(57,456)	288,603	(77,357)	(59,325)

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year (cont'd).

	Group			Company	
	As at 31 Mar 2018	As at 31 Dec 2017	As at 1 Jan 2017	As at 31 Mar 2018	As at 31 Dec 2017
	US\$'000	US\$'000 Restated	US\$'000 Restated	US\$'000	US\$'000
Equity attributable to equity holders of the Company					
Share capital	162,854	162,854	162,854	162,854	162,854
Treasury shares	(2,530)	(2,530)	(2,530)	(2,530)	(2,530)
(Accumulated losses)/retained earnings	(211,817)	(198,917)	133,669	(238,109)	(219,915)
Other reserves	(4,591)	(4,049)	(3,602)	428	266
	(56,084)	(42,642)	290,391	(77,357)	(59,325)
Non-controlling interests	(15,166)	(14,814)	(1,788)	–	–
Total equity	(71,250)	(57,456)	288,603	(77,357)	(59,325)

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Group		Group	
As at 31 Mar 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
453,935	74,763	452,258	73,344

Amount repayable after one year

Group		Group	
As at 31 Mar 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
302	-	363	-

Details of any collateral:

The Group's secured portion of bank loans is secured by:

- first legal mortgages over the vessels of the Group, with net book values of US\$292.6 million and US\$295.8 million as at 31 March 2018 and 31 December 2017 respectively;
- escrow mortgages over the buildings, ship-repair yard and plant and equipment of the Group, with net book values of US\$60.8 million and US\$60.4 million as at 31 March 2018 and 31 December 2017 respectively;
- a right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged ship-repair yard; and
- cash pledged of US\$5.2 million and US\$6.9 million as at 31 March 2018 and 31 December 2017 respectively.

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

The banks are entitled to enforce their rights against the mortgaged assets as the terms of the bank loans have been breached. The banks have not sought to take any actions against the mortgaged assets.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1Q 2018	1Q 2017
	US\$'000	US\$'000 Restated
Cash flows from operating activities:		
Loss before taxation	(12,880)	(14,790)
Adjustments for:		
Depreciation of property, plant and equipment	4,693	7,743
Interest expense	5,437	4,313
Interest income	(877)	(1,960)
Share of results of joint ventures	(474)	87
Share of result of associates	1,022	–
(Gain)/loss on sale of property, plant and equipment	(12)	669
(Gain)/loss on sale of assets held for sale	(4)	180
Impairment of doubtful receivables, net	848	26
(Write-back)/impairment of amount due from related companies	(585)	–
Net fair value gain on derivatives	(72)	(170)
Net fair value loss on investment securities	10	14
Loss on disposal of club membership	–	125
Share-based payment expense	38	5
Exchange difference	187	(891)
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Operating cash flows before changes in working capital	(2,669)	(4,649)
Increase in trade and other receivables	(427)	(5,104)
Decrease/(increase) in amounts due from/to related companies	404	(4,585)
Increase in inventories	(7)	–
(Decrease)/increase in trade payables and other liabilities	(1,197)	6,890
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Cash used in operations	(3,896)	(7,448)
Taxes (paid)/refunded	(336)	95
Interest paid	(2,251)	(5,809)
Interest received	30	19
	<hr/>	<hr/>
Net cash flows used in operating activities	(6,453)	(13,143)
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Cash flows from investing activities:		
Additions to property, plant and equipment	(517)	(1,562)
Proceeds from sale of property, plant and equipment	408	4,815
Proceeds from sale of assets held for sale	350	1,588
Net cash outflow on disposal of subsidiary	–	(57)
Loans repayment from/(to) related companies, net	496	(2)
	<hr/>	<hr/>
Net cash flows generated from investing activities	737	4,782
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1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1Q 2018 US\$'000	1Q 2017 US\$'000 Restated
Cash flows from financing activities:		
Return of capital to non-controlling interests	(16)	–
Repayment of finance lease obligations	(5)	(60)
Proceeds from bank loans	–	12,000
Repayment of bank loans	–	(30,631)
Cash and bank balances released/(pledged) as securities	1,689	(104)
Net cash flows generated from/(used in) financing activities	1,668	(18,795)
Net decrease in cash and bank balances	(4,048)	(27,156)
Effect of exchange rate changes on cash and bank balances	48	85
Cash and bank balances at beginning of period	32,518	42,291
Cash and bank balances at end of the period	28,518	15,220
Breakdown of cash and bank balances at end of the period:		
Cash and bank balances as per balance sheet	33,687	23,661
Cash pledged	(5,169)	(8,441)
	28,518	15,220

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Treasury Shares	Retained earnings	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Hedging reserve	Defined benefit plans	Premium paid on acquisition of non-controlling interests	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group												
Balance at 31 December 2017 (As previously reported)	162,854	(2,530)	(189,819)	(12,626)	(10,004)	224	259	74	(3,179)	(42,121)	(14,814)	(56,935)
Adoption of SFRS(I) 1	–	–	(8,577)	8,577	8,577	–	–	–	–	–	–	–
Adoption of SFRS(I) 1-12	–	–	(521)	–	–	–	–	–	–	(521)	–	(521)
Balance at 31 December 2017 (Restated)	162,854	(2,530)	(198,917)	(4,049)	(1,427)	224	259	74	(3,179)	(42,642)	(14,814)	(57,456)
Adoption of SFRS(I) 9	–	–	(99)	–	–	–	–	–	–	(99)	–	(99)
Balance at 1 January 2018	162,854	(2,530)	(199,016)	(4,049)	(1,427)	224	259	74	(3,179)	(42,741)	(14,814)	(57,555)
Loss for the period	–	–	(12,801)	–	–	–	–	–	–	(12,801)	(332)	(13,133)
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	(440)	(440)	–	–	–	–	(440)	(4)	(444)
- Net fair value changes on cash flow hedges	–	–	–	124	–	–	124	–	–	124	–	124
- Share of other comprehensive income of an associate	–	–	–	(264)	–	–	(264)	–	–	(264)	–	(264)
Total comprehensive income for the period	–	–	(12,801)	(580)	(440)	–	(140)	–	–	(13,381)	(336)	(13,717)
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	–	–	–	38	–	38	–	–	–	38	–	38
Total contributions by and distributions to equity holders	–	–	–	38	–	38	–	–	–	38	–	38
<u>Changes in ownership interests in subsidiaries</u>												
- Return of capital to non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	–	(16)	(16)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	(16)	(16)
Balance at 31 March 2018	162,854	(2,530)	(211,817)	(4,591)	(1,867)	262	119	74	(3,179)	(56,084)	(15,166)	(71,250)

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Treasury Shares	Retained earnings	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Hedging reserve	Defined benefit plans	Premium paid on acquisition of non-controlling interests	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group												
Balance at 1 January 2017 (As previously reported)	162,854	(2,530)	142,663	(12,179)	(8,577)	182	(681)	76	(3,179)	290,808	(1,788)	289,020
Adoption of SFRS(I) 1	-	-	(8,577)	8,577	8,577	-	-	-	-	-	-	-
Adoption of SFRS(I) 1-12	-	-	(417)	-	-	-	-	-	-	(417)	-	(417)
Balance at 1 January 2017 (Restated)	162,854	(2,530)	133,669	(3,602)	-	182	(681)	76	(3,179)	290,391	(1,788)	288,603
Loss for the period (Restated)	-	-	(14,795)	-	-	-	-	-	-	(14,795)	(500)	(15,295)
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	(656)	(656)	-	-	-	-	(656)	(1)	(657)
- Net fair value changes on cash flow hedges	-	-	-	147	-	-	147	-	-	147	-	147
- Share of other comprehensive income of a joint venture	-	-	-	134	-	-	134	-	-	134	-	134
Total comprehensive income for the period	-	-	(14,795)	(375)	(656)	-	281	-	-	(15,170)	(501)	(15,671)
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	-	-	-	5	-	5	-	-	-	5	-	5
Total contributions by and distributions to equity holders	-	-	-	5	-	5	-	-	-	5	-	5
<u>Changes in ownership interests in subsidiaries</u>												
- Disposal of subsidiary	-	-	435	-	-	-	-	-	-	435	(494)	(59)
Total changes in ownership interests in subsidiaries	-	-	435	-	-	-	-	-	-	435	(494)	(59)
Balance at 31 March 2017 (Restated)	162,854	(2,530)	119,309	(3,972)	(656)	187	(400)	76	(3,179)	275,661	(2,783)	272,878

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

	Share capital	Treasury Shares	Retained earnings	Total other reserves	Employee share-based payments reserve	Hedging reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>The Company</u>							
Balance at 1 January 2018	162,854	(2,530)	(219,915)	266	224	42	(59,325)
Loss for the period	-	-	(18,194)	-	-	-	(18,194)
<u>Other comprehensive income:</u>							
- Net fair value changes on cash flow hedges	-	-	-	124	-	124	124
Total comprehensive income for the period	-	-	(18,194)	124	-	124	(18,070)
<u>Contributions by and distributions to equity holders:</u>							
- Grant of equity-settled performance share awards to employees	-	-	-	38	38	-	38
Total contributions by and distributions to equity holders	-	-	-	38	38	-	38
Balance at 31 March 2018	162,854	(2,530)	(238,109)	428	262	166	(77,357)
Balance at 1 January 2017	162,854	(2,530)	7,978	(388)	182	(570)	167,914
Loss for the period	-	-	(201)	-	-	-	(201)
<u>Other comprehensive income:</u>							
- Net fair value changes on cash flow hedges	-	-	-	147	-	147	147
Total comprehensive income for the period	-	-	(201)	147	-	147	(54)
<u>Contributions by and distributions to equity holders:</u>							
- Grant of equity-settled performance share awards to employees	-	-	-	5	5	-	5
Total contributions by and distributions to equity holders	-	-	-	5	5	-	5
Balance at 31 March 2017	162,854	(2,530)	7,777	(236)	187	(423)	167,865

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Under the Share Buy Back Mandate (first approved by the Shareholders on 30 April 2014 and last renewed at the Annual General Meeting on 28 April 2017), the Company has not bought back any ordinary shares during the first quarter of 2018.

As at 31 March 2018, the Company's total issued shares is 725,755,013 ordinary shares (31 December 2017: 725,755,013) with 12,243,000 (31 December 2017: 12,243,000) shares being held as treasury shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company's total issued shares excluding treasury shares is 713,512,013 as at 31 March 2018 (31 December 2017: 713,512,013).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The movement of treasury shares are as follows:

As at 1 January 2018	: 12,243,000 shares
Purchase of treasury shares during the period	: Nil
As at 31 March 2018	: 12,243,000 shares

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company has no subsidiary holdings as at 31 March 2018 and 31 December 2017. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the period January to March 2018.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statements for the periods under review have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the audited financial statements for the year ended 31 December 2017, except as disclosed in Note 5 below.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

On 1 January 2018, the Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s). It has prepared its first set of financial information under SFRS (I)s for the quarter ended 31 March 2018. The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I)s on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which the Group's date of transition to SFRS(I) ("date of transition").

The adoption of new/revised SFRS(I)s and INT SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

- a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)
The Group has elected for the optional exemption to reset the cumulative translation differences for all foreign operations to nil as at the date of transition on 1 January 2017. As a result, cumulative translation reserve of US\$8,577,000 was reclassified from foreign currency translation reserve to retained earnings as at 1 January 2017.
- b) Application of SFRS(I) 9 Income Taxes
Following the withdrawal of Recommended Accounting Practice (RAP) 8 Foreign income not remitted to Singapore, the Group recognised an additional deferred tax liability of US\$417,000 by adjusting the retained earnings as at 1 January 2017.
- c) Application of SFRS(I) 9 Financial Instruments
The Group adopted SFRS(I) 9 on the required effective date without restating prior periods' information. As a result of adopting SFRS(I) 9, the Group recognised additional allowance for doubtful debts of US\$99,000 which have been included in the accumulated losses at the date of initial application, 1 January 2018.
- d) Comparatives
The comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) described above are summarised below:

Group Income Statement and Consolidated Statement of Comprehensive Income

		1Q 2017 Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	1Q 2017 Restated under SFRS (I) US\$'000
Taxation	5b	(459)	(46)	(505)
Loss for the period		(15,249)	(46)	(15,295)
Total comprehensive loss for the period		(15,625)	(46)	(15,671)
Loss for the period attributable to:				
Equity holders of the Company		(14,749)	(46)	(14,795)
Non-controlling interests		(500)	–	(500)
		(15,249)	(46)	(15,295)
Total comprehensive loss for the period attributable to:				
Equity holders of the Company		(15,124)	(46)	(15,170)
Non-controlling interests		(501)	–	(501)
		(15,625)	(46)	(15,671)

d) Comparatives

Group Balance Sheet

	As at 31 Dec 2017			As at 1 January 2017		
	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS (I)	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS (I)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Equity attributable to equity holders of the Company (Accumulated losses)/retained earnings	(189,819)	(9,098)	(198,917)	142,663	(8,994)	133,669
Other reserves	(12,626)	8,577	(4,049)	(12,179)	8,577	(3,602)
Total equity	(56,935)	(521)	(57,456)	289,020	(417)	288,603
Non-current liabilities						
Deferred tax liabilities	2,065	521	2,586	1,319	417	1,736
Total non-current liabilities	15,807	521	16,328	492,620	417	493,037

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	1Q 2018	1Q 2017 (Restated)
Loss attributable to equity holders of the Company (US\$'000)	(12,801)	(14,795)
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	713,512	713,512
- based on a fully diluted basis	713,512	713,512
Loss per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	(1.8)	(2.1)
(b) On a fully diluted basis	(1.8)	(2.1)

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	As at 31 Mar 18	As at 31 Dec 17 (Restated)	As at 31 Mar 18	As at 31 Dec 17
Net asset value (US\$'000)	(56,084)	(42,642)	(77,357)	(59,325)
Total number of ordinary shares issued ('000)	713,512	713,512	713,512	713,512
Net asset value per ordinary share (US cents)	(7.9)	(6.0)	(10.8)	(8.3)

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

REVIEW OF GROUP PERFORMANCE

3 months ended 31 March 2018 ("1Q 2018") vs 3 months ended 31 March 2017 ("1Q 2017")

Revenue

Revenue decreased by approximately US\$2.2 million or 16% from US\$14.0 million in 1Q 2017 to US\$11.8 million in 1Q 2018.

The decrease was attributed mainly to the decline in revenue of the Subsea Business of US\$2.3 million or 53% from US\$4.4 million in 1Q 2017 to US\$2.1 million in 1Q 2018 due to lower charter rates of vessels.

Revenue from the Shipyard Business also declined by US\$0.8 million or 51% from US\$1.6 million in 1Q 2017 to US\$0.8 million in 1Q 2018 due to lower completion of ship repair works.

These are partially offset by an increase in revenue from the Offshore Support Services Business of US\$0.9 million or 12% from US\$8.0 million in 1Q 2017 to US\$8.9 million in 1Q 2018, due to higher utilisation of vessels.

Gross loss

Gross loss decreased by approximately US\$3.7 million from US\$7.0 million in 1Q 2017 to US\$3.3 million in 1Q 2018.

As compared to 1Q 2017, the overall decrease in gross loss was attributed mainly to improved performance from the Offshore Support Services Business in line with the reasons stated above.

Other operating income

Other operating income decreased by approximately US\$1.9 million or 64% from US\$3.0 million in 1Q 2017 to US\$1.1 million in 1Q 2018.

The decrease was mainly attributable to lower interest income of US\$1.1 million in 1Q 2018 and foreign exchange gain of US\$0.6 million in 1Q 2017.

REVIEW OF GROUP PERFORMANCE (CONT'D)

3 months ended 31 March 2018 ("1Q 2018") vs 3 months ended 31 March 2017 ("1Q 2017") (Cont'd)

General and administrative expenses

General and administrative expenses decreased by approximately US\$1.6 million or 30% from US\$5.5 million in 1Q 2017 to US\$3.9 million in 1Q 2018 as part of the Group's continuing cost rationalisation exercise.

Other operating expenses

Other operating expenses decreased by approximately US\$0.1 million or 10% from US\$0.9 million in 1Q 2017 to US\$0.8 million in 1Q 2018. The decrease was mainly due to absence of loss on disposal of vessels of US\$0.8 million recorded in 1Q 2017, offset by foreign exchange loss of US\$0.5 million in 1Q 2018.

Finance costs

Finance cost increased by approximately US\$1.1 million or 26% from US\$4.3 million in 1Q 2017 to US\$5.4 million in 1Q 2018.

The increase in finance costs was in line with the increase in bank loans and finance lease obligations from US\$430.0 million as at 31 March 2017 to US\$454.2 million as at 31 March 2018.

Share of results of joint ventures

Share of results of joint ventures increased by approximately US\$0.5 million from a share of loss of US\$0.1 million in 1Q 2017 to a share of profit of US\$0.5 million in 1Q 2018 as the Group capped its share of losses up to the Group's interest in loss-making joint ventures.

Share of results of associates

Share of results of associates was US\$1.0 million in 1Q 2018 compared to nil in 1Q 2017 as the Group recorded its share of losses in PT Logindo Samudramakmur Tbk, which was recognised as an associate from 3Q 2017.

Taxation

Tax expense decreased by approximately US\$0.2 million or 50% from US\$0.5 million in 1Q 2017 to US\$0.3 million in 1Q 2018. The decrease in tax expense was due to lower deferred tax expense for 1Q 2018.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$441.9 million as at 31 March 2018. The decrease in non-current assets from US\$447.6 million as at 31 December 2017 was mainly due to the:

- (i) the decrease in amount due from other related companies of US\$1.6 million;
- (ii) the decrease in property, plant and equipment of US\$3.3 million; and
- (iii) the decrease in investment in associates of US\$1.3 million primarily due to the share of losses for the quarter ended 31 March 2018.

This was partially offset by:

- (iv) the increase in investment in joint ventures of US\$0.5 million primarily due to the share of profit for the quarter ended 31 March 2018.

REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)

Current assets

The Group's current assets amounted to US\$122.9 million as at 31 March 2018. The increase in current assets from US\$126.5 million as at 31 December 2017 was mainly due to:

- (i) the increase in amounts due from related companies of US\$2.0 million; and
- (ii) the increase in trade receivables of US\$1.6 million.

This was partially offset by:

- (iii) the decrease in cash and bank balances of US\$5.7 million;
- (iv) the decrease in assets held for sale of US\$0.3 million; and
- (v) the decrease in other receivables of US\$1.2 million.

Current liabilities

The Group's current liabilities amounted to US\$619.7 million as at 31 March 2018. The increase in current liabilities from US\$615.2 million as at 31 December 2017 was attributed mainly to:

- (i) the increase in other liabilities of US\$3.7 million; and
- (ii) the increase in bank loans of US\$1.6 million.

This was partially offset by:

- (iii) the decrease in derivatives of US\$1.6 million; and
- (iv) the decrease in trade payables of US\$1.3 million.

The Group is in negative working capital position of US\$496.7 million as at 31 March 2018. The Group is in the process of restructuring its borrowings and debt obligations. It intends to pursue the restructuring by way of scheme of arrangement to be proposed between the relevant entities of the Group and its creditors under section 210(1) of the Companies Act (Cap.50). The Management believes that the restructuring if implemented will allow the Group to sustain its operations under current challenging market conditions and position for the eventual recovery of the offshore marine sector (see Note 10). Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Non-current liabilities

The Group's non-current liabilities amounted to US\$16.4 million as at 31 March 2018. Non-current liabilities increased from US\$16.3 million as at 31 December 2017 due to increase in deferred tax liabilities of US\$1.0 million.

REVIEW OF CASH FLOWS

In 1Q 2018, the Group generated net cash outflows of US\$4.0 million.

Net cash outflow from operating activities was US\$6.5 million, which was mainly due to:

- (i) net operating losses that resulted in cash outflow from operating activities before working capital changes of US\$2.7 million;
- (ii) net working capital outflow of US\$1.2 million; and
- (iii) net interest and taxes paid of US\$2.6 million.

REVIEW OF CASH FLOWS (Cont'd)

Net cash inflow from investing activities was US\$0.7 million, which was mainly due to:-

- (i) proceeds from sale of property, plant and equipment of US\$0.4 million;
- (ii) proceeds from sale of assets held for sale of US\$0.3 million; and
- (iii) loan repayment from related companies of US\$0.5 million.

This was partially offset by additions to property, plant and equipment of US\$0.5 million.

Net cash inflow from financing activities was US\$1.7 million, which was mainly due to cash and bank balances released as securities of US\$1.7 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global economy has seen a more broad-based recovery in 1Q2018 that is generally expected to provide support to oil demand growth. However, the rapidly changing geopolitical landscape affecting oil producing countries, such as recent developments in Venezuela and Iran, has cast some uncertainty in the oil market. Despite having oil prices trend towards US\$70 – 75 per barrel, the outlook for the marine sector for the next 12 months is expected to be challenging as a result of lingering vessel supply overhang and charter rates are expected to remain low.

The Group will press on with the restructuring of its borrowings and debt obligations. It intends to pursue the restructuring by way of scheme of arrangement to be proposed between the relevant entities of the Group and its creditors under section 210(1) of the Companies Act (Cap.50). The Management believes that the restructuring if implemented will allow the Group to sustain its operations under current challenging market conditions and position for the eventual recovery of the offshore marine sector

The intended restructuring proposal is envisaged to contain the following main terms, barring unexpected externalities and subject to conclusion of ongoing discussions and definitive agreements with the stakeholder groups:

Investment	An aggregate amount of approximately US\$120 million to be injected by the potential investors by way of subscription of new ordinary shares out of the capital of the Company (" New Shares ").
Secured Debt	<p>The existing financial obligations (including financial obligations of certain joint ventures but excluding property loan) owing to the bank lenders ("Bank Loans") will be re-profiled based on the assessment of the valuation and income generating ability of the existing security assets.</p> <p>Approximately US\$100 million of the aggregate re-profiled Bank Loans shall be repaid and an equivalent amount of approximately US\$100 million will be forgiven upon the restructuring becoming effective. The remaining re-profiled Bank Loans of approximately US\$120 million will be repaid over 3 years from 1 January 2021 to 31 December 2023.</p> <p>50% of the contractual interest margin payable under the re-profiled Bank Loans shall be deferred for a period of 3 years from 1 January 2018 to 31 December 2020 and the deferred interests shall be paid by 31 December 2023.</p> <p>The property loan shall be repaid on the terms of the existing repayment schedule from 1 January 2021 save that the terms of interest repayment shall be the same as that of the re-profiled Bank Loans.</p>

Secured Debt (cont'd)	The unsecured portion of approximately US\$110 million of the Bank Loans will be restructured together with the other unsecured liabilities (other than the Noteholders) and bank lenders will receive New Shares in respect of their outstanding debt.
Unsecured Debt	<p>The unsecured creditors (excluding the Noteholders in respect of their outstanding debt which is unsecured and professional advisors and suppliers and vendors that are necessary for continued operations) will receive New Shares that represent their outstanding debt.</p> <p>The unsecured debt of the Noteholders will be restructured and terms may include upfront cash, upfront conversion of debt to equity and/or conversion to convertible debt securities.</p>

In order to preserve the ongoing discussions on the restructuring, Pacific Crest Pte Ltd and CSI Offshore Pte Ltd (collectively the "Entities"), both wholly-owned subsidiaries of the Company, have on 16 May 2018 and 18 May 2018 made applications (the "Applications") to the Court under section 211B(1) of the Act to seek interim protection against certain legal proceedings taken by vendors. The Court has on 11 June 2018, granted the Entities moratorium in respect of the Applications.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Not applicable as the Group has not obtained a general mandate from shareholders for Interested Party Transactions ("IPTs").

14. Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

15. Confirmation by the Board pursuant to SGX Listing Rule 705(5)

The Board hereby confirms to the best of its knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the three months ended 31 March 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors

Pang Yoke Min
Executive Chairman

Mok Weng Vai
Executive Director

29 June 2018