PACIFIC RADIANCE LTD
Company Registration No. 200609894C

Unaudited Third Quarter ("3Q 2013") Financial Statement and Dividend Announcement
For the Nine Months Ended 30 September 2013 ("9M 2013")

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			Group		
	3Q 2013 US$'000	**3Q 2012** US$'000	**+/(-)** %	**9M 2013** US$'000	**9M 2012** US$'000	**+/(-)** %
Revenue	48,554	37,890	28	126,201	101,119	25
Cost of sales	(28,538)	(22,857)	25	(81,446)	(73,041)	12
Gross profit	20,016	15,033	33	44,755	28,078	59
Other operating income	1,861	11,698	(84)	20,026	16,037	25
General and administrative expenses	(7,850)	(4,553)	72	(20,685)	(12,606)	64
Other operating expenses	(447)	(378)	18	(3,150)	(112)	2713
Finance costs	(3,391)	(2,411)	41	(9,594)	(8,292)	16
Share of results of joint venture companies	2,940	2,045	44	9,105	5,322	71
Share of results of associated companies	(2,344)	(2,670)	(12)	(34)	968	NM
Net profit before taxation	10,785	18,764	(43)	40,423	29,395	38
Taxation	(198)	167	NM	(250)	(22)	1036
Net profit for the period	10,587	18,931	(44)	40,173	29,373	37
Other comprehensive income:						
Foreign exchange translation	(414)	347	NM	(1,328)	31	NM
Other comprehensive income for the period, net of tax	(414)	347	NM	(1,328)	31	NM
Total comprehensive income for the period	10,173	19,278	(47)	38,845	29,404	32
Net profit for the period attributable to:						
Equity holders of the parent	10,559	19,058	(45)	40,396	29,741	36
Non-controlling interests	28	(127)	NM	(223)	(368)	(39)
	10,587	18,931	(44)	40,173	29,373	37
Total comprehensive income attributable to:						
Equity holders of the parent	10,151	19,363	(48)	39,097	29,757	31
Non-controlling interests	22	(85)	NM	(252)	(353)	(29)
	10,173	19,278	(47)	38,845	29,404	32

NM: Not Meaningful

1(a)(ii) Items, if significant must be included in the income statement

Net profit before taxation was stated after charging/(crediting) the following:

	Group		Group	
	3Q 2013	**3Q 2012**	**9M 2013**	**9M 2012**
	US$'000	US$'000	US$'000	US$'000
Depreciation of vessels, plant and equipment	6,375	5,705	18,505	18,119
Impairment of doubtful receivables, net	739	371	812	500
Gain on sale of vessels, plant and equipment, net	(240)	(11,658)	(11,999)	(13,048)
Net fair value gain on derivative financial instruments	(713)	(430)	(986)	(2,121)
Exchange (gain)/loss	(212)	402	(2,327)	1,101
Provision for net liabilities of an associate written back (Note 1)	-	-	-	(2,803)
Net loss on acquisition of a subsidiary (Note 1)	-	-	1,857	-
Impairment of goodwill	-	-	-	445
Net loss on disposal of a subsidiary (Note 2)	482	-	482	-
Provision for litigation claims (Note 2)	33	-	941	-
Debts waived by previous shareholders of a subsidiary	-	-	(3,011)	-
Interest income	(705)	(12)	(1,290)	(134)

Note 1: In the prior years, by virtue of a shareholder's agreement dated 27 July 2007 between the Group's subsidiary company, Strato Maritime Services Pte Ltd ("SMS") and other shareholders, SMS only had significant influence in its 84.88% owned associate, Consolidated Pipe Carriers Pte Ltd ("CPC") and did not have control over the financial and operating policies of CPC. In this respect, CPC was accounted for as an associate of the Group as at 31 December 2011 and 2012. As the Company provided an undertaking to provide continuing support to CPC and its subsidiaries to meet its liabilities as and when they fall due, the Company consequently provided for the net liabilities of CPC of $2,802,907 and $10,780,302, in excess of its interests in CPC as at 31 December 2011 and 2012 respectively.

Although the Company provided for the net liabilities of its associate, CPC of $2,802,907 in excess of its interest in CPC as at 31 December 2011, CPC was in a net asset position as at 30 September 2012, as such the Company had written back the prior year's provision made during the 9 months period ended 30 September 2012.

On 25 April 2013, SMS acquired an additional 37.49% equity interest in CPC. Consequent to the acquisition, CPC became a wholly-owned subsidiary of the Group. The net loss on acquisition of CPC for the 9 months period ended 30 September 2013 is US$1.9 million.

Note 2: Please refer to other operating expenses review under review of group performance for more details.

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 30 Sep 2013	**As at 31 Dec 2012**	**As at 30 Sep 2013**	**As at 31 Dec 2012**
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Non-current assets				
Vessels, plant and equipment	551,106	445,829	–	–
Investment in subsidiaries	–	–	44,186	45,900
Investment in associated companies	1,765	2,298	–	–
Investment in joint venture companies	36,735	26,915	–	–
Club memberships	325	325	–	–
Other receivables	1,318	–	–	–
	591,249	475,367	44,186	45,900
Current assets				
Inventories	429	422	–	–
Work-in-progress	2,758	1,682	–	–
Trade receivables	40,085	30,710	–	–
Other receivables	8,762	6,345	633	4
Amounts due from related companies	46,001	32,177	127,989	71,214
Cash and cash equivalents	25,002	23,661	268	270
	123,037	94,997	128,890	71,488
Total assets	714,286	570,364	173,076	117,388
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	9,883	6,975	–	–
Other payables	40,844	51,159	5,753	14,479
Amounts due to related companies	654	1,508	92,450	25,313
Loans and borrowings	141,031	54,458	15,000	651
Provision for taxation	15,379	15,545	–	–
Finance lease obligations	6	101	–	–
	207,797	129,746	113,203	40,443
Non-current liabilities				
Other payables	9,304	9,488	–	–
Loans and borrowings	258,774	224,757	–	15,000
	268,078	234,245	-	15,000
Total liabilities	475,875	363,991	113,203	55,443
Net assets	238,411	206,373	59,873	61,945

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 30 Sep 2013	**As at 31 Dec 2012**	**As at 30 Sep 2013**	**As at 31 Dec 2012**
	US$'000	US$'000	US$'000	US$'000
Equity attributable to equity holders of the Company				
Share capital	32,409	32,086	32,409	32,086
Retained earnings	206,392	173,127	21,224	20,952
Foreign exchange translation reserve	(2,043)	(744)	6,240	8,907
Capital reserve	130	130	–	–
	236,888	204,599	59,873	61,945
Non-controlling interests	1,523	1,774	–	–
Total equity	238,411	206,373	59,873	61,945

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

Amount repayable in one year or less, or on demand

Group As at 30 Sep 2013		Group As at 31 Dec 2012	
Secured	**Unsecured**	**Secured**	**Unsecured**
US$'000	US$'000	US$'000	US$'000
98,046	42,985	53,152	1,306

Amount repayable after one year

Group As at 30 Sep 2013		Group As at 31 Dec 2012	
Secured	**Unsecured**	**Secured**	**Unsecured**
US$'000	US$'000	US$'000	US$'000
258,774	–	209,757	15,000

Details of any collateral:

The Group's bank borrowings and secured portion of term loans are secured by:

– first legal mortgages over the vessels of the Group, with net book values of US$480.7 million and US$364.3 million as at 30 September 2013 and 31 December 2012 respectively;

– a right to take assignment of charter earnings and insurance policies of the mortgaged vessels; and

– legal assignment of all rights and benefits of the related shipbuilding contracts between the Group and the related shipbuilders and any subsequent variations;

In addition, certain of the Group's bank borrowings and secured portion of term loans are secured by personal guarantees of a director of the Company and corporate guarantees from the Company.

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	
	3Q 2013 US$'000	**3Q 2012** US$'000
Cash flows from operating activities:		
Net profit before taxation	10,785	18,764
Adjustments for:		
Depreciation of vessels, plant and equipment	6,375	5,705
Interest expense	3,391	2,411
Interest income	(705)	(12)
Share of results of associated companies	2,344	2,670
Share of results of joint venture companies	(2,940)	(2,045)
Gain on sale of vessels, plant and equipment, net	(240)	(11,658)
Impairment of doubtful receivables, net	739	371
Net loss on disposal of a subsidiary	482	–
Provision for litigation claims	33	–
Net fair value gain on derivative financial instruments	(713)	(430)
Exchange differences	(550)	50
Operating cash flows before changes in working capital	19,001	15,826
Increase in receivables	(2,426)	(7,534)
Increase in amounts due from/to related companies	(29,809)	(27,657)
Decrease in inventories	45	460
(Increase)/decrease in work-in-progress	(28)	111
(Decrease)/increase in payables	(3,599)	12,667
Cash used in from operations	(16,816)	(6,127)
Income tax paid	(104)	(258)
Interest paid	(3,391)	(2,411)
Interest received	705	12
Net cash flows used in operating activities	(19,606)	(8,784)

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 (cont'd).

	Group	
	3Q 2013 US$'000	**3Q 2012** US$'000
Cash flows from investing activities:		
Purchase of vessels, plant and equipment	(102,567)	(6,830)
Investment in joint venture company	(1,000)	–
Disposal/(addition) of intangible assets	20	(18)
Net cash outflow on disposal of subsidiary	(617)	–
Proceeds from sale of vessels, plant and equipment	12,380	52,525
Net cash flows (used in) / generated from investing activities	(91,784)	45,677
Cash flows from financing activities:		
Repayment of finance lease obligations	(30)	(22)
Proceeds from loans and borrowings	138,254	17,984
Repayment of bank term loans	(29,339)	(48,570)
Dividend paid	(7,130)	–
Net cash flows from / (used in) financing activities	101,755	(30,608)
Net (decrease)/increase in cash and cash equivalents	(9,635)	6,285
Cash and cash equivalents at beginning of period	34,637	13,680
Cash and cash equivalents at end of period	25,002	19,965

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 US$'000	**Retained earnings** US$'000	**Other reserves** US$'000	**Total** US$'000	**Non-controlling interest** US$'000	**Total equity** US$'000
The Group						
Balance at 1 Jul 2013	32,409	202,963	(1,505)	233,867	1,501	235,368
Profit for the period	–	10,559	–	10,559	28	10,587
Other comprehensive income: - Foreign exchange translation	–	–	(408)	(408)	(6)	(414)
Total comprehensive income for the period	–	10,559	(408)	10,151	22	10,173
Dividends paid, representing contributions by and distributions to owners	–	(7,130)	–	(7,130)	–	(7,130)
Balance at 30 Sep 2013	32,409	206,392	(1,913)	236,888	1,523	238,411
Balance at 1 Jul 2012	32,086	151,635	2,789	186,510	1,751	188,261
Profit for the period	–	19,058	–	19,058	(127)	18,931
Other comprehensive income: - Foreign exchange translation	–	–	305	305	42	347
Total comprehensive income for the period	–	19,058	305	19,363	(85)	19,278
Balance at 30 Sep 2012	32,086	170,693	3,094	205,873	1,666	207,539

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 US$'000	**Retained earnings** US$'000	**Other reserves** US$'000	**Total** US$'000
The Company				
Balance at 1 Jul 2013	32,409	30,057	6,706	69,172
Loss for the period	–	(1,703)	–	(1,703)
Other comprehensive income:				
- Foreign exchange translation	–	–	(466)	(466)
Total comprehensive income for the period	–	(1,703)	(466)	(2,169)
Dividends paid, representing contributions by and distributions to owners	–	(7,130)	-	(7,130)
Balance at 30 Sep 2013	32,409	21,224	6,240	59,873
Balance at 1 Jul 2012	32,086	3,578	7,235	42,899
Loss for the period	–	(684)	–	(684)
Other comprehensive income:				
- Foreign exchange translation	–	–	1,931	1,931
Total comprehensive income for the period	–	(684)	1,931	1,247
Balance at 30 Sep 2012	32,086	2,894	9,166	44,146

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.

During the second quarter of 2013, the Company issued 118,344 new ordinary shares at an issue price of S$3.38 per share.

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.

As at 30 September 2013 – 50,234,540 ordinary shares

As at 31 December 2012 – 50,116,196 ordinary shares

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.

Not applicable.

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 2012.

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 2013, the Group and the Company adopted all new and revised FRSs and interpretation of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and have no material effect on the financial statements.

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	
	9M 2013	**9M 2012**
Net profit attributable to equity holders of the parent (US$'000)	40,396	29,741
Weighted average ordinary shares ('000) based on pre-invitation shares prior to share split:		
- applicable to basic earnings per share	50,235	50,116
- based on a fully diluted basis	50,235	50,116
Earnings per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	80.4	59.3
(b) On a fully diluted basis	80.4	59.3

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 30 Sep 13	**As at 31 Dec 12**	**As at 30 Sep 13**	**As at 31 Dec 12**
Net asset value (US$'000)	238,411	206,373	59,873	61,945
Total number of ordinary shares issued ('000) based on pre-invitation shares prior to share split	50,235	50,116	50,235	50,116
Net asset value per ordinary share (US cents)	474.6	411.8	119.2	123.6

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

9 months ended 30 September 2013 ("9M13") vs 9 months ended 30 September 2012 ("9M12")

Revenue

Revenue increased by US$25.1 million, or 25%, from US$101.1 million in 9M12 to US$126.2 million in 9M13. The increase was mainly attributable to the growth of our Subsea Business.

Our Subsea Business recorded an increase in revenue of US$22.8 million or 223% from US$10.3 million in 9M12 to US$33.1 million in 9M13. As efforts were spent in building a strong track record and foundation for our new Subsea Business venture in FY2012, we registered a strong growth in revenue, utilisation rates and demand for our diving saturation support vessels in the inspection, repair and maintenance space.

3 months ended 30 September 2013 ("3Q13") vs 3 months ended 30 September 2012 ("3Q12")

Revenue increased by US$10.7 million, or 28%, from US$37.9 million in 3Q12 to US$48.6 million in 3Q13. The increase was mainly attributable to the increase from the Subsea Business.

Our Subsea Business recorded an increase in revenue of US$6.8 million or 108% from US$6.4 million in 3Q12 to US$13.2 million in 3Q13. The increase was due to improvement in utilisation rates and higher demand for our vessels.

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REVIEW OF GROUP PERFORMANCE (CONT'D)

Gross profit

9 months ended 30 September 2013 ("9M13") vs 9 months ended 30 September 2012 ("9M12")

Gross profit increased by US$16.7 million, or 59%, from US$28.1 million in 9M12 to US$44.8 million in 9M13. Gross profit margin increased from 28% in 9M12 to 35% in 9M13.

The increase in gross profit and gross profit margin was mainly attributable to the strong growth in revenue and vessel utilisation of our fleet, particularly from our Subsea Business.

3 months ended 30 September 2013 ("3Q13") vs 3 months ended 30 September 2012 ("3Q12")

Gross profit increased by US$5.0 million, or 33%, from US$15.0 million in 3Q12 to US$20.0 million in 3Q13. Gross profit margin also increased from 40% in 3Q12 to 41% in 3Q13.

The increase in gross profit and gross profit margin was mainly attributable to the increase from our Subsea Business which registered a significant growth in 2013, with higher revenue and better vessel utilisation.

Other operating income

9 months ended 30 September 2013 ("9M13") vs 9 months ended 30 September 2012 ("9M12")

Other operating income increased by US$4.0 million, or 25%, from US$16.0 million in 9M12 to US$20.0 million in 9M13. The increase was mainly due to an increase in interest income of US$1.2 million and other income arising from debts waived by previous shareholders of a subsidiary of US$3.0 million. In addition, the Group recorded exchange gains of US$2.3 million in 9M13 as opposed to a US$1.1 million exchange loss which was recorded under other operating expenses in 9M12.

The increase is partially offset by the provision for net liabilities of CPC written back of US$2.8 million in 9M12. There was no such write back in 9M13.

3 months ended 30 September 2013 ("3Q13") vs 3 months ended 30 September 2012 ("3Q12")

Other operating income decreased by US$9.8 million or 84% from US$11.7 million in 3Q12 to US$1.9 million in 3Q13. The decrease was mainly due to the different timing for sale of vessels arising from our Group's fleet rejuvenation and vessels injected into our joint venture and associate companies. 7 vessels were sold in 3Q12 as opposed to 1 vessel in 3Q13. As a result, the gain on sale of vessels in 3Q12 was US$11.7 million whereas the gain on sale of vessels in 3Q13 was US$0.2 million.

General and administrative expenses

9 months ended 30 September 2013 ("9M13") vs 9 months ended 30 September 2012 ("9M12")

General and administrative expenses increased by approximately US$8.1 million, or 64%, from US$12.6 million in 9M12 to US$20.7 million in 9M13 mainly due to increase in staff cost and administrative expenses as the Group ramps up its operational talent and capabilities to support expected growth plans.

3 months ended 30 September 2013 ("3Q13") vs 3 months ended 30 September 2012 ("3Q12")

General and administrative expenses increased by approximately US$3.3 million, or 72% from US$4.6 million in 3Q12 to US$7.9 million in 3Q13 in line with the explanation for 9M13 above.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating expenses

9 months ended 30 September 2013 ("9M13") vs 9 months ended 30 September 2012 ("9M12")

Other operating expenses increased by approximately US$3.0 million or 2713% from US$0.1 million in 9M12 to US$3.1 million in 9M13. The increase was mainly due to:

(i) Provision for litigation claims of US$0.9 million arising from a claim against a Project Logistic unit. The claim relates to an alleged breach of contract by a contractor arising from early termination of a logistic contract in Brazil;

(ii) Net loss on acquisition of our subsidiary, CPC of US$1.9 million;

(iii) Net loss on disposal of a Brazil subsidiary of US$0.5 million;

(iv) Decrease in fair value gains on derivatives of US$1.1 million

The increase is partially offset by the fact that the Group recorded foreign exchange losses of US$1.1 million in 9M12 as opposed to foreign exchange gains of US$2.3 million in 9M13 recorded under other operating income.

3 months ended 30 September 2013 ("3Q13") vs 3 months ended 30 September 2012 ("3Q12")

Other operating expenses increased by approximately US$0.1 million or 18% from US$0.4 million in 3Q12 to USS$0.5 million in 3Q13. The increase was mainly due to higher operating expenses of US$0.8 million mainly attributable to the net loss on disposal of a Brazil subsidiary company of US$0.5 million. The increase was partially offset by higher fair value gains on derivatives of US$0.3 million and lower foreign exchange losses of US$0.4 million. The Group recorded foreign exchange losses of US$0.4 million in 3Q12 as opposed to foreign exchange gains of US$0.2 million in 3Q13 which was recorded under other operating income.

Finance cost

9 months ended 30 September 2013 ("9M13") vs 9 months ended 30 September 2012 ("9M12")
3 months ended 30 September 2013 ("3Q13") vs 3 months ended 30 September 2012 ("3Q12")

Comparing 9M13 to 9M12, finance cost increased by approximately US$1.3 million, or 16%, from US$8.3 million in 9M12 to US$9.6 million in 9M13. Comparing 3Q13 to 3Q12, finance cost increased approximately US$1.0 million, or 41%, from US$2.4 million in 3Q12 to US$3.4 million in 3Q13.

The increase was mainly attributable to more vessel loans obtained which increased bank borrowings from US$276.9 million as at 30 Sep 12 to US$399.8 million as at 30 Sep 13 as the Group expanded its fleet.

Share of results of joint venture companies

9 months ended 30 September 2013 ("9M13") vs 9 months ended 30 September 2012 ("9M12")

Share of results of joint venture companies increased by US$3.8 million, or 71%, from US$5.3 million in 9M12 to US$9.1 million in 9M13. The increase was mainly due to increase in share of results of 2 of our joint venture companies, PT Logindo Samudramakmur Tbk ("PT Logindo") and Alam Radiance (L) Inc ("Alam Radiance").

Share of profit from PT Logindo increased by US$1.7 million as a result of the expansion of operations in Indonesia.

Share of profits from Alam Radiance increased by US$1.8 million as the joint venture company secured a new charter contract in the second half of FY 2012 with one of the vessels purchased from our Group.

3 months ended 30 September 2013 ("3Q13") vs 3 months ended 30 September 2012 ("3Q12")

Share of results of joint venture companies increased by US$0.9 million, or 44%, from US$2.0 million in 3Q12 to US$2.9 million in 3Q13 primarily due to increase in share of profit of US$0.6 million from PT Logindo and US$0.4 million from Alam Radiance.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Share of results of associated companies

9 months ended 30 September 2013 ("9M13") vs 9 months ended 30 September 2012 ("9M12")

Share of results of associated companies decreased by US$1.0 million from US$1.0 million profit in 9M12 to US$0.03 million loss in 9M13 due to a decrease in share of profit of US$1.4 million from US$1.0 million profit in 9M12 to US$0.4 million loss in 9M13 from the Group's associated company, PT Jawa Tirtamarin ("PT Jawa"). The decrease is attributable to the depreciation of Indonesia Rupiah against the US Dollars. The decrease is partially offset by share of profit from CPC of US$0.4 million in 9M13.

3 months ended 30 September 2013 ("3Q13") vs 3 months ended 30 September 2012 ("3Q12")

Share of results of associated companies increased by US$0.4 million, or 12%, from US$2.7 million loss in 3Q12 to US$2.3 million loss in 3Q13. The slight improvement in results was due to the absence of share of loss of US$2.6 million from CPC in 3Q13 and partially offset by increase in share of loss from PT Jawa of US$2.3 million due to depreciating Indonesia Rupiah. As the Group had acquired both management and sole shareholding control of CPC in April 2013, the Group had consolidated CPC's results from May 2013 onwards.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US$591.2 million as at 30 September 2013. The increase in non-current assets was mainly due to:

(i) increase in vessel, plant and equipment of US$105.3 million as a result of increase in fleet size from 58 vessels as at 31 Dec 12 to 62 vessels as at 30 Sep 13; and

(ii) increase in investment in joint venture companies of US$9.8 million primarily due to share of results equity accounted for the 9 months period ended 30 September 2013

Current assets

The Group's current assets amounted to US$123.0 million as at 30 September 2013. The increase in current assets was mainly due to:

(i) increase in trade receivables of US$9.4 million as a result of increase in revenue; and

(ii) increase in amounts due from related companies of US$13.8 million mainly due to increase in amounts due from:-
- US$12.4 million from the Group's joint venture company, CrestSA Marine & Offshore Pte Ltd ("Crest SA") for construction of shipyard
- US$6.4 million from PT Logindo
- US$2.5 million from PT Jawa
- US$1.4 million from the Group's joint venture company, CA Offshore Investment Inc

Partially offset by decrease in amount due from
- Alam Radiance of US$3.2 million due to repayment during the 9 months period ended 30 September 2013
- CPC of US$5.6 million as the Group has consolidated the results of CPC after the acquisition of additional interests in April 2013

Current liabilities

The Group's current liabilities amounted to US$207.8 million as at 30 September 2013. The increase in current liabilities was mainly due to higher borrowings of US$86.6 million partially offset by decrease in other payables of US$10.3 million mainly arising from the repayment of a Director's loan of US$12.5 million. The increase in borrowings is mainly attributable to the pre-listing financing granted by United Overseas Bank Limited ("UOB") of US$67.8 million. The financing was put in place to enable the Group to capitalise on favourable business opportunities for our newbuild and fleet expansion programme ahead of the intended listing of the Company. The facility will mature on 5 February 2016 or 3 business days after the receipt of the listing proceeds, whichever is earlier.

REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)

Non-current liabilities

The Group's non-current liabilities amounted to US$268.1 million as at 30 September 2013. Non-current liabilities increased primarily due to higher bank borrowings from US$224.8 million as at 31 Dec 12 to US$258.8 million as at 30 Sep 13.

Negative Working Capital

The Group recorded net current liabilities of US$84.8 million as at 30 September 2013. The Group's net current liabilities position was primarily due to the pre-listing financing by UOB of US$67.8 million to fund the acquisition and construction of offshore vessels, and current portion (due within one year) of existing vessel term loans.

Vessel term loans are generally repayable in 5 years, which is significantly shorter than the useful lives of offshore vessels which generally exceeds 25 years. As a result of the mismatch in the recording of the current portions (due within one year) of the vessel term loans as current liabilities, and the recording of vessels constructed and/or acquired as non-current assets, our Group recorded net current liabilities as at 30 September 2013. The Group's current portion of vessel term loans amounted to US$54.7 million as at 30 September 2013.

The Group typically refinances the vessel term loans when the final lump-sum payment falls due towards the end of the 5 year loan tenure and our Group has not encountered difficulty thus far in obtaining such refinancing. The Group has in place a robust cash flow monitoring process where weekly and monthly reviews of cash balances and cash flow forecasts are performed by the accounting and finance department, and reviewed by the Group Finance Director. Despite the net current liabilities position as at 30 September 2013, the Group has not encountered any liquidity issues that resulted in a major disruption of its operations.

REVIEW OF CASH FLOWS

In 3Q13, the Group generated net cash outflow from operating activities of approximately US$19.6 million, which comprises cash inflow from operating activities before working capital changes of US$19.0 million, net working capital outflow of US$35.8 million, net interest paid of US$2.7 million and income tax paid of US$0.1 million.

The net cash outflow from changes in working capital of U$35.8 million was mainly due to:-

(i) increase in receivables of US$2.4 million in line with revenue growth;

(ii) increase in amounts due from related companies of US$29.8 million which was mainly attributable to increase in shareholder's loan of US$13.0 million to PT Logindo, increase in amount due from PT Jawa of US$10.4 million and CrestSA of US$5.5 million; and

(iii) decrease in payables of US$3.6 million which was mainly attributable to decrease in trade payables of US$7.4 million, partially offset by the increase in accrued operating expenses of US$1.6 million and deposits received of US$2 million;

Net cash outflow from investing activities was approximately US$91.8 million, which was mainly due to:-

(i) purchase of vessels, plant and equipment amounting to US$102.6 million; and

(ii) partially offset by proceeds from sale of vessels, plant and equipment of US$12.4 million.

Net cash inflow from financing activities was approximately US$101.8 million, which was mainly due to:-

(i) proceeds from loans and borrowings of US$138.3 million to finance our purchase and construction of vessels;

(ii) partially offset by repayment of bank borrowings of US$29.3 million; and

(iii) dividend paid of US$7.1 million to shareholders of the Company.

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.

Firm oil and gas prices will continue to drive oil and gas exploration and production activities and corresponding increase in demand for offshore support services for both shallow and deep water markets. This in turn will have a positive impact on charter rates and utilisation for offshore support vessels. The Group is committed to its strategy of maintaining a young and diverse fleet which is relevant and responsive to market needs, thereby well-positioned to capture growth opportunities in the offshore support services sector. Increase in capital expenditure for exploration and production activities coupled with aging offshore infrastructure globally will also drive demand for subsea inspection, repair and maintenance work. Barring unforeseen circumstances, the Group expects better performance for its offshore support services and subsea businesses.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend	**Interim**
Dividend Type	Cash
Dividend Amount per Share (in cents)	14.19 US cents
Tax Rate	Tax exempt

Corresponding Period of the Immediately Preceding Financial Year

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

No.

(b) Date payable

31 July 2013

(c) Books closure date

31 July 2013

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. Use of IPO net proceeds

The Company refers to the net IPO proceeds (IPO proceeds minus listing expenses) amounting to S$150.6 million raised from the IPO and listing on the SGX on 13 November 2013.

As at 18 November 2013, the status on the use of the net IPO proceeds is as follows:-

Use of net IPO proceeds

	Amount allocated (S$'000)	Amount utilised (S$'000)	Amount yet to be utilised (S$'000)
Expansion of fleet post-listing	32,000	–	32,000
Expansion of fleet through the new building and acquisition of 10 OSVs, 1AWB, and 1 ROV support vessel as part of our newbuild and fleet expansion programme, financed through pre-listing financing by UOB	85,200	–	85,200
Repayment of financing used for, inter alia, our newbuild and fleet expansion programme, to Philip Ventures Enterprise Fund 2 Limited and Philip Ventures Enterprise Fund 3 Limited	22,700	–	22,700
General working capital	10,700	–	10,700
	150,600	–	150,600

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

The Board hereby confirm to the best of their knowledge, that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the nine months ended 30 September 2013 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

18 November 2013

The initial public offering of Pacific Radiance Ltd. was sponsored by United Overseas Bank Limited and UOB Kay Hian Private Limited (the "Joint Issue Managers"). The Joint Issuer Managers assume no responsibility for the contents of this announcement.