



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

**Unaudited First Quarter ("1Q 2014") Financial Statement and Dividend Announcement
 For the Three Months Ended 31 March 2014 ("3M 2014")**

**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 2014 | 1Q 2013 | +/(-) |
| | US\$'000 | US\$'000 | % |
| Revenue | 41,955 | 31,557 | 33 |
| Cost of sales | (25,102) | (22,753) | 10 |
| Gross profit | 16,853 | 8,804 | 91 |
| Other operating income | 8,189 | 4,522 | 81 |
| General and administrative expenses | (7,512) | (5,828) | 29 |
| Other operating expenses | (1,325) | (49) | 2604 |
| Finance costs | (2,289) | (2,695) | (15) |
| Share of results of joint ventures | 2,015 | 2,610 | (23) |
| Share of results of associates | 1,390 | 903 | 54 |
| Profit before taxation | 17,321 | 8,267 | 110 |
| Taxation | - | - | - |
| Profit for the period | 17,321 | 8,267 | 110 |
| Other comprehensive income: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation | (1,181) | (361) | 227 |
| Other comprehensive income for the period, net of tax | (1,181) | (361) | 227 |
| Total comprehensive income for the period | 16,140 | 7,906 | 104 |
| Profit for the period attributable to: | | | |
| Equity holders of the Company | 17,830 | 8,475 | 110 |
| Non-controlling interests | (509) | (208) | 145 |
| | 17,321 | 8,267 | 110 |
| Total comprehensive income for the period attributable to: | | | |
| Equity holders of the Company | 16,653 | 8,129 | 105 |
| Non-controlling interests | (513) | (223) | 130 |
| | 16,140 | 7,906 | 104 |

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

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

| | Group | |
|--|----------------|----------------|
| | 1Q 2014 | 1Q 2013 |
| | US\$'000 | US\$'000 |
| Depreciation of property, plant and equipment | 7,300 | 6,149 |
| Impairment of doubtful receivables, net | 1,312 | – |
| Gain on sale of property, plant and equipment, net | (5,559) | (2,969) |
| Net fair value (gain)/loss on derivatives | (38) | 12 |
| Exchange gain | (1,260) | (1,273) |
| Provision for net liabilities of an associate (included in share of results of associates) | – | 326 |
| Interest income | (1,112) | (85) |
| Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures) | (95) | (95) |
| Realisation of deferred gain on sale of vessels to associates (included in share of results of associates) | (40) | (37) |

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 2014 US\$'000 | As at 31 Dec 2013 US\$'000 | As at 31 Mar 2014 US\$'000 | As at 31 Dec 2013 US\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 584,225 | 548,775 | – | – |
| Investment in subsidiaries | – | – | 44,186 | 44,556 |
| Investment in associates | 4,070 | 2,721 | – | – |
| Investment in joint ventures | 43,550 | 41,629 | – | – |
| Club memberships | 325 | 325 | – | – |
| Derivatives | 399 | 324 | – | – |
| | 632,569 | 593,774 | 44,186 | 44,556 |
| Current assets | | | | |
| Inventories | 4,788 | 3,487 | – | – |
| Trade receivables | 52,597 | 47,609 | – | – |
| Other receivables | 7,130 | 7,183 | 26 | 191 |
| Amounts due from related companies | 10,425 | 28,378 | 186,433 | 161,025 |
| Derivatives | 310 | 564 | – | – |
| Cash and cash equivalents | 53,475 | 64,874 | 121 | 518 |
| | 128,725 | 152,095 | 186,580 | 161,734 |
| Total assets | 761,294 | 745,869 | 230,766 | 206,290 |
| EQUITY AND LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade payables | 9,244 | 11,381 | – | – |
| Other liabilities | 38,682 | 39,608 | 2,189 | 4,004 |
| Provisions | 1,737 | 2,881 | – | 1,176 |
| Amounts due to related companies | 303 | 1,230 | 34,470 | 21,795 |
| Loans and borrowings | 52,876 | 53,330 | – | – |
| Provision for taxation | 10,183 | 10,292 | – | – |
| Finance lease obligations | 17 | 3 | – | – |
| Derivatives | 61 | 109 | – | – |
| | 113,103 | 118,834 | 36,659 | 26,975 |
| Non-current liabilities | | | | |
| Other liabilities | 9,034 | 9,169 | – | – |
| Loans and borrowings | 245,270 | 239,579 | – | – |
| Deferred tax liabilities | 110 | 110 | – | – |
| Finance lease obligations | 72 | – | – | – |
| Derivatives | 557 | 726 | – | – |
| | 255,043 | 249,584 | – | – |
| Total liabilities | 368,146 | 368,418 | 36,659 | 26,975 |
| Net assets | 393,148 | 377,451 | 194,107 | 179,315 |

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 2014 | As at 31 Dec 2013 | As at 31 Mar 2014 | As at 31 Dec 2013 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 155,254 | 155,254 | 155,254 | 155,254 |
| Retained earnings | 240,590 | 222,760 | 34,285 | 17,958 |
| Other reserves | (3,560) | (2,383) | 4,568 | 6,103 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 392,284 | 375,631 | 194,107 | 179,315 |
| Non-controlling interests | 864 | 1,820 | – | – |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total equity | 393,148 | 377,451 | 194,107 | 179,315 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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 31 Mar 2014 | | Group As at 31 Dec 2013 | |
|------------------------------------|------------------|------------------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 52,840 | 36 | 53,240 | 90 |

Amount repayable after one year

| Group As at 31 Mar 2014 | | Group As at 31 Dec 2013 | |
|------------------------------------|------------------|------------------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 245,270 | – | 239,579 | – |

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\$502.4 million and US\$506.9 million as at 31 March 2014 and 31 December 2013 respectively;
- first legal mortgage over the buildings of the Group, with net book values of US\$19.0 million and US\$Nil as at 31 March 2014 and 31 December 2013 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. We are in the process of seeking approval for the removal of personal guarantees of the director from the relevant banks, given the listing of the Company in November 2013. We have received approval from most of the banks to release the said personal guarantees.

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 2014 | 1Q 2013 |
| | US\$'000 | US\$'000 |
| Cash flows from operating activities: | | |
| Profit before taxation | 17,321 | 8,267 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 7,300 | 6,149 |
| Interest expense | 2,289 | 2,695 |
| Interest income | (1,112) | (85) |
| Share of results of associates | (1,390) | (903) |
| Share of results of joint ventures | (2,015) | (2,610) |
| Gain on sale of property, plant and equipment, net | (5,559) | (2,969) |
| Net fair value gain on derivatives | (38) | 12 |
| Impairment of doubtful receivables, net | 1,312 | – |
| Exchange differences | (1,743) | (1,013) |
| Operating cash flows before changes in working capital | 16,365 | 9,543 |
| Increase in trade and other receivables | (3,681) | (3,044) |
| Increase in amounts due from/to related companies | (387) | (2,225) |
| Increase in inventories | (1,300) | (708) |
| Decrease in trade payables and other liabilities | (6,790) | (3,395) |
| Cash generated from operations | 4,207 | 171 |
| Income tax paid | (24) | (120) |
| Interest paid | (1,774) | (2,209) |
| Interest received | 27 | 85 |
| Net cash flows generated from/ (used in) operating activities | 2,436 | (2,073) |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (49,434) | (32,728) |
| Loans to related companies | (1,192) | – |
| Repayment of loans to related companies | – | 9,494 |
| Net cash inflow on acquisition of subsidiary | 1,209 | – |
| Proceeds from sale of property, plant and equipment | 31,000 | 14,730 |
| Net cash flows used in investing activities | (18,417) | (8,504) |
| Cash flows from financing activities: | | |
| Proceeds from finance lease obligations | 90 | – |
| Repayment of finance lease obligations | (4) | (33) |
| Proceeds from loans and borrowings | 34,649 | 26,115 |
| Repayment of loans and borrowings | (30,153) | (19,055) |
| Repayment of loans from related companies | – | (1,443) |
| Net cash flows generated from financing activities | 4,582 | 5,584 |
| Net decrease in cash and cash equivalents | (11,399) | (4,993) |
| Cash and cash equivalents at beginning of period | 64,874 | 23,661 |
| Cash and cash equivalents at end of period | 53,475 | 18,668 |

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 | Total other reserves US\$'000 | Foreign currency translation reserve US\$'000 | Employee share-based payments reserve US\$'000 | Capital reserve US\$'000 | Total US\$'000 | Non-controlling interest US\$'000 | Total equity US\$'000 |
|---|---------------------------|-------------------------------|----------------------------------|--|---|-----------------------------|-------------------|--------------------------------------|--------------------------|
| The Group | | | | | | | | | |
| Balance at 1 Jan 2014 | 155,254 | 222,760 | (2,383) | (2,685) | 172 | 130 | 375,631 | 1,820 | 377,451 |
| Profit for the period | – | 17,830 | – | – | – | – | 17,830 | (509) | 17,321 |
| Other comprehensive income: - Foreign currency translation | – | – | (1,177) | (1,177) | – | – | (1,177) | (4) | (1,181) |
| Total comprehensive income for the period | – | 17,830 | (1,177) | (1,177) | – | – | 16,653 | (513) | 16,140 |
| Changes in ownership interests in subsidiary - Acquisition of subsidiary | – | – | – | – | – | – | – | (443) | (443) |
| Balance at 31 Mar 2014 | 155,254 | 240,590 | (3,560) | (3,862) | 172 | 130 | 392,284 | 864 | 393,148 |
| Balance at 1 Jan 2013 | 32,086 | 173,127 | (614) | (744) | – | 130 | 204,599 | 1,774 | 206,373 |
| Profit for the period | – | 8,475 | – | – | – | – | 8,475 | (208) | 8,267 |
| Other comprehensive income: - Foreign currency translation | – | – | (346) | (346) | – | – | (346) | (15) | (361) |
| Total comprehensive income for the period | – | 8,475 | (346) | (346) | – | – | 8,129 | (223) | 7,906 |
| Balance at 31 Mar 2013 | 32,086 | 181,602 | (960) | (1,090) | – | 130 | 212,728 | 1,551 | 214,279 |

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 | Total other reserves US\$'000 | Foreign currency translation reserve US\$'000 | Employee share-based payments reserve US\$'000 | Total US\$'000 |
|---|---------------------------|-------------------------------|----------------------------------|--|---|-------------------|
| <u>The Company</u> | | | | | | |
| Balance at 1 Jan 2014 | 155,254 | 17,958 | 6,103 | 5,931 | 172 | 179,315 |
| Profit for the period | – | 16,327 | – | – | – | 16,327 |
| Other comprehensive income: - Foreign currency translation | – | – | (1,535) | (1,535) | – | (1,535) |
| Total comprehensive income for the period | – | 16,327 | (1,535) | (1,535) | – | 14,792 |
| Balance at 31 Mar 2014 | 155,254 | 34,285 | 4,568 | 4,396 | 172 | 194,107 |
| Balance at 1 Jan 2013 | 32,086 | 20,952 | 8,907 | 8,907 | – | 61,945 |
| Loss for the period | – | (431) | – | – | – | (431) |
| Other comprehensive income: - Foreign currency translation | – | – | (1,517) | (1,517) | – | (1,517) |
| Total comprehensive income for the period | – | (431) | (1,517) | (1,517) | – | (1,948) |
| Balance at 31 Mar 2013 | 32,086 | 20,521 | 7,390 | 7,390 | – | 59,997 |

- 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.**

Not applicable.

- 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 31 March 2014 – 725,755,013 ordinary shares

As at 31 December 2013 – 725,755,013 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 2013 except for those 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 2014, 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 2014. 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 has 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 | |
|--|----------------|----------------|
| | 1Q 2014 | 1Q 2013 |
| Net profit attributable to equity holders of the Company (US\$'000) | <u>17,830</u> | <u>8,475</u> |
| Weighted average number of ordinary shares for calculation (adjusted for share split) ('000): | | |
| - applicable to basic earnings per share | 725,755 | 551,278 |
| - based on a fully diluted basis | <u>725,755</u> | <u>551,278</u> |
| Earnings per ordinary share ("EPS") (US cents) | | |
| (a) Based on weighted average number of ordinary shares on issue | 2.5 | 1.5 |
| (b) On a fully diluted basis | <u>2.5</u> | <u>1.5</u> |

The shareholders had approved the sub-division of each share into 11 shares ("share split") at an extraordinary general meeting held on 28 October 2013. For comparative purposes, earnings per ordinary share of the Group for the 3 months ended 31 March 2013 has been computed based on number of issued shares for the period adjusted for the share split.

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 14 | As at 31 Dec 13 | As at 31 Mar 14 | As at 31 Dec 13 |
| Net asset value (US\$'000) | 393,148 | 377,451 | 194,107 | 179,315 |
| Total number of ordinary shares issued ('000) | 725,755 | 725,755 | 725,755 | 725,755 |
| Net asset value per ordinary share (US cents) | 54.2 | 52.0 | 26.7 | 24.7 |

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 2014 ("1Q14") vs 3 months ended 31 March 2013 ("1Q13")

Revenue

Revenue increased by US\$10.4 million, or 33%, from US\$31.6 million in 1Q13 to US\$42.0 million in 1Q14. The increase was mainly attributable to the growth of our Offshore Support Services Business of US\$10.2 million, or 45%, from US\$22.6 million in 1Q13 to US\$32.8 million in 1Q14. Our Offshore Support Services Business registered a strong growth mainly due to an improvement in utilisation of our existing vessels and revenue contributed by new vessels delivered in the second half of FY 2013.

The increase in revenue was also due to the improvement in our Subsea Business which recorded a US\$1.0 million or 13% increase, from US\$7.6 million to US\$8.6 million. The increase was mainly attributable to improvement in charter rates.

The increase is partially offset by a slight decrease in revenue from our Complementary Businesses. Our Complementary Businesses recorded a decrease in revenue of US\$0.8 million, or 57%, from US\$1.4 million in 1Q13 to US\$0.6 million in 1Q14. The decrease is attributable to lesser projects for our Marine Equipment business in 1Q14.

Gross profit

3 months ended 31 March 2014 ("1Q14") vs 3 months ended 31 March 2013 ("1Q13")

Gross profit increased by US\$8.1 million, or 91%, from US\$8.8 million in 1Q13 to US\$16.9 million in 1Q14. Gross profit margin increased from 28% in 1Q13 to 40% in 1Q14.

The increase in gross profit and gross profit margin was mainly attributable to the improvement in our Offshore Support Services Business which registered better vessel utilisation in 1Q14 as compared to 1Q13. The Group has also taken delivery of larger or higher specification vessels in the second half of FY 2013 which generate higher gross profit. Gross profit margin for our Offshore Support Services Business increased from 22% in 1Q13 to 41% in 1Q14.

Other operating income

3 months ended 31 March 2014 ("1Q14") vs 3 months ended 31 March 2013 ("1Q13")

Other operating income increased by US\$3.7 million, or 81%, from US\$4.5 million in 1Q13 to US\$8.2 million in 1Q14. The increase was mainly due to the increase in gain on sale of vessels of US\$2.6 million and interest income of US\$1.0 million.

General and administrative expenses

3 months ended 31 March 2014 ("1Q14") vs 3 months ended 31 March 2013 ("1Q13")

General and administrative expenses increased by approximately US\$1.7 million, or 29%, from US\$5.8 million in 1Q13 to US\$7.5 million in 1Q14 mainly due to increase in staff cost of US\$1.1 million as the Group hired more headcount to support the growth of the businesses. The increase is also attributable to the consolidation of CrestSA's expenses of US\$0.5 million.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating expenses

3 months ended 31 March 2014 ("1Q14") vs 3 months ended 31 March 2013 ("1Q13")

Other operating expenses increased by approximately US\$1.3 million or 2604% from US\$49,000 in 1Q13 to US\$1.3 million in 1Q14. The increase was mainly due to increase in impairment of doubtful receivables of US\$1.3 million.

Finance cost

3 months ended 31 March 2014 ("1Q14") vs 3 months ended 31 March 2013 ("1Q13")

Despite a higher loan outstanding as at current period end (Mar 14: US\$298 million; Mar 13: US\$286 million), finance cost charged to the income statement decreased by approximately US\$0.4 million, or 15%, from US\$2.7 million in 1Q13 to US\$2.3 million in 1Q14. This was mainly attributable to more construction loans (Mar 14: US\$36 million; Mar 13: US\$3 million) obtained as interest on construction loans are capitalised instead of being charged to the income statement.

Share of results of joint ventures

3 months ended 31 March 2014 ("1Q14") vs 3 months ended 31 March 2013 ("1Q13")

Share of results of joint ventures decreased by US\$0.6 million, or 23%, from US\$2.6 million in 1Q13 to US\$2.0 million in 1Q14. The decrease was mainly due to decrease in share of profits of US\$0.8 million from Alam Radiance (L) and Alam Radiance (M) as a result of lower utilisation rates for its vessels in 1Q14 as compared to 1Q13. The decrease was partially offset by increase in share of result of PT Logindo Samudramakmur ("PT Logindo") of US\$0.3 million. Share of results of PT Logindo increased from US\$1.7 million in 1Q13 to US\$2.0 million in 1Q14.

Share of results of associates

3 months ended 31 March 2014 ("1Q14") vs 3 months ended 31 March 2013 ("1Q13")

Share of results of associates increased by US\$0.5 million, or 54%, from US\$0.9 million in 1Q13 to US\$1.4 million in 1Q14. The increase was due to increase in share of result of PT Jawa Tirtamarin ("PT Jawa") of US\$0.2 million from US\$1.2 million in 1Q13 to US\$1.4 million in 1Q14. PT Jawa recorded foreign exchange gains of US\$0.2 million in 1Q14 (as opposed to US\$0.2 million foreign exchange losses) due to the appreciation of Indonesia Rupiah against the US Dollar.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$632.6 million as at 31 March 2014. The increase in non-current assets from US\$593.8 million as at 31 December 2013 was mainly due to:

- (i) increase in property, plant and equipment of US\$35.5 million as a result of increase in vessels-under-construction (31 Mar 14: 19; 31 Dec 13: 13); and
- (ii) increase in carrying value of joint ventures and associates of US\$3.3 million primarily due to share of results equity accounted for the financial period ended 31 March 2014.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Current assets

The Group's current assets amounted to US\$128.7 million as at 31 March 2014. The decrease in current assets from US\$152.1 million as at 31 December 2013 was mainly due to:

- (i) decrease in amount due from related companies of US\$18.0 million mainly due to the consolidation of CrestSA's results as CrestSA became a subsidiary of the Group in January 2014 (Mar 14: US\$Nil; Dec 13: US\$18.9 million);
- (ii) Decrease in cash and cash equivalents of US\$11.4 million; and
- (iii) Partially offset by increase in trade receivables of US\$5.0 million in line with the increase in revenue.

Current liabilities

The Group's current liabilities amounted to US\$113.1 million as at 31 March 2014. The decrease in current liabilities from US\$118.8 million as at 31 December 2013 was mainly due to decrease in trade payables, other liabilities and provisions of US\$4.2 million.

Non-current liabilities

The Group's non-current liabilities amounted to US\$255.0 million as at 31 March 2014. Non-current liabilities increased from US\$250.0 million as at 31 December 2013 primarily due to higher non-current bank borrowings which increased from US\$240.0 million as at 31 December 2013 to US\$245.3 million as at 31 March 2014.

REVIEW OF CASH FLOWS

In 1Q14, the Group generated net cash outflow from operating activities of approximately US\$2.4 million, which comprises cash inflow from operating activities before working capital changes of US\$16.4 million, net working capital outflow of US\$12.2 million and net interest paid of US\$1.8 million.

The net cash outflow from changes in working capital of US\$12.2 million was mainly due to:-

- (i) increase in trade and other receivables of US\$3.7 million in line with revenue growth; and
- (ii) decrease in trade payables and other liabilities of US\$6.8 million.

Net cash outflow from investing activities was approximately US\$18.4 million, which was mainly due to:-

- (i) purchase of property, plant and equipment amounting to US\$49.4 million;
- (ii) partially offset by proceeds from sale of property, plant and equipment of US\$31.0 million;

Net cash inflow from financing activities was approximately US\$4.6 million, which was mainly due to:-

- (i) proceeds from loans and borrowings of US\$34.6 million to finance our purchase and construction of vessels; and
- (ii) partially offset by repayment of bank borrowings of US\$30.2 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 outlook for the oil and gas industry remains positive and will continue to drive demand for offshore support services in various key markets. Therefore, utilisation levels and charter rates of offshore support vessels are expected to remain strong. The Group will continue to expand its fleet and scale up operations in key emerging growth markets in South East Asia, Latin America and Africa, to capture opportunities in these high growth markets.

Under its newbuild programme, the Group expects 14 new vessels to be delivered in FY2014, mostly in the second half of the year. One vessel was delivered in 1Q 2014 and has secured a long term charter in South East Asia. These new vessels are expected to contribute positively to the Group's revenue and earnings. Pacific Radiance also constantly reviews its newbuild programme and existing fleet composition to ensure that its fleet remains relevant to the market.

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**

NA

- (d) **Books closure date**

NA

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 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 three months ended 31 March 2014 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

14 May 2014

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 Issue Managers assume no responsibility for the contents of this announcement.