



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

Unaudited Second Quarter ("2Q 2014") Financial Statement and Dividend Announcement
For the Six Months Ended 30 June 2014 ("6M 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			Group		
	2Q 2014 US\$'000	2Q 2013 US\$'000	+ / (-) %	6M 2014 US\$'000	6M 2013 US\$'000	+ / (-) %
Revenue	48,698	46,090	6	90,653	77,647	17
Cost of sales	(27,134)	(30,154)	(10)	(51,863)	(52,908)	(2)
Gross profit	21,564	15,936	35	38,790	24,739	57
Other operating income	20,173	12,071	67	27,049	16,582	63
General and administrative expenses	(7,983)	(7,007)	14	(15,868)	(12,835)	24
Other operating expenses	(3,454)	(1,084)	219	(3,466)	(1,121)	209
Finance costs	(1,933)	(3,508)	(45)	(4,222)	(6,204)	(32)
Share of results of joint ventures	2,839	3,556	(20)	4,854	6,165	(21)
Share of results of associates	485	1,407	(66)	1,875	2,311	(19)
Profit before taxation	31,691	21,371	48	49,012	29,637	65
Taxation	(68)	(52)	31	(68)	(52)	31
Profit for the period	31,623	21,319	48	48,944	29,585	65
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	1,963	(552)	NM	782	(912)	NM
Other comprehensive income for the period, net of tax	1,963	(552)	NM	782	(912)	NM
Total comprehensive income for the period	33,586	20,767	62	49,726	28,673	73
Profit for the period attributable to:						
Equity holders of the Company	32,370	21,361	52	50,200	29,836	68
Non-controlling interests	(747)	(42)	1679	(1,256)	(251)	400
	31,623	21,319	48	48,944	29,585	65
Total comprehensive income for the period attributable to:						
Equity holders of the Company	34,360	20,817	65	51,013	28,946	76
Non-controlling interests	(774)	(50)	1448	(1,287)	(273)	371
	33,586	20,767	62	49,726	28,673	73

NM: Not Meaningful

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

Profit for the period was stated after charging/(crediting) the following:

	Group		Group	
	2Q 2014	2Q 2013	6M 2014	6M 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment	6,711	5,981	14,011	12,130
Impairment of doubtful receivables, net	238	73	1,550	73
Gain on sale of property, plant and equipment, net	(18,100)	(8,790)	(23,659)	(11,759)
Net fair value loss/(gain) on derivatives	362	(285)	324	(274)
Exchange loss/(gain)	2,378	(842)	1,103	(2,115)
(Write back)/provision for litigation claims	(842)	909	(842)	909
Provision for net liabilities of a joint venture (included in share of results of joint ventures)	280	–	514	–
Net gain on acquisition of a subsidiary	(498)	(1,154)	(498)	(1,154)
Net loss on deemed disposal of a subsidiary	454	–	454	–
Interest income	(285)	(499)	(407)	(585)
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	(95)	(95)	(190)	(190)
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	(40)	(37)	(80)	(74)
Provision for tax in respect of prior years	28	–	28	–

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 Jun 2014 US\$'000	As at 31 Dec 2013 US\$'000	As at 30 Jun 2014 US\$'000	As at 31 Dec 2013 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	546,072	548,775	–	–
Investment in subsidiaries	–	–	44,752	44,556
Investment in associates	4,515	2,721	–	–
Investment in joint ventures	49,026	41,629	–	–
Club memberships	325	325	–	–
Derivatives	170	324	–	–
	600,108	593,774	44,752	44,556
Current assets				
Inventories	5,694	3,487	–	–
Trade receivables	54,231	47,609	–	–
Other receivables	6,407	7,183	29	191
Amounts due from related companies	22,341	28,378	178,270	161,025
Derivatives	269	564	–	–
Cash and cash equivalents	73,050	64,874	219	518
	161,992	152,095	178,518	161,734
Total assets	762,100	745,869	223,270	206,290
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	10,647	11,381	–	–
Other liabilities	41,702	39,608	2,670	4,004
Provisions	514	2,881	–	1,176
Amounts due to related companies	494	1,230	36,427	21,795
Loans and borrowings	45,969	53,330	–	–
Provision for taxation	10,118	10,292	–	–
Finance lease obligations	21	3	–	–
Derivatives	79	109	–	–
	109,544	118,834	39,097	26,975
Non-current liabilities				
Other liabilities	8,899	9,169	–	–
Loans and borrowings	227,723	239,579	–	–
Deferred tax liabilities	151	110	–	–
Finance lease obligations	55	–	–	–
Derivatives	631	726	–	–
	237,459	249,584	–	–
Total liabilities	347,003	368,418	39,097	26,975
Net assets	415,097	377,451	184,173	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 30 Jun 2014	As at 31 Dec 2013	As at 30 Jun 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	261,512	222,760	21,951	17,958
Other reserves	(1,570)	(2,383)	6,968	6,103
	415,196	375,631	184,173	179,315
Non-controlling interests	(99)	1,820	–	–
Total equity	415,097	377,451	184,173	179,315

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 Jun 2014		Group As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
45,969	–	53,240	90

Amount repayable after one year

Group As at 30 Jun 2014		Group As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
227,723	–	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\$450.2 million and US\$506.9 million as at 30 June 2014 and 31 December 2013 respectively;
- First legal mortgages over the buildings of the Group, with net book values of US\$17.6 million and US\$Nil as at 30 June 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 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	
	2Q 2014 US\$'000	2Q 2013 US\$'000
Cash flows from operating activities:		
Profit before taxation	31,691	21,371
Adjustments for:		
Depreciation of property, plant and equipment	6,711	5,981
Interest expense	1,933	3,508
Interest income	(285)	(499)
Share of results of joint ventures	(2,839)	(3,556)
Share of results of associates	(485)	(1,407)
Gain on sale of property, plant and equipment, net	(18,100)	(8,790)
Impairment of doubtful receivables, net	238	73
Net gain on acquisition of a subsidiary	(498)	(1,154)
Net loss on deemed disposal of a subsidiary	454	-
(Write back)/provision for litigation claims	(842)	909
Net fair value loss/(gain) on derivatives	362	(285)
Exchange differences	1,908	(177)
	<hr/>	<hr/>
Operating cash flows before changes in working capital	20,248	15,974
Increase in trade and other receivables	(4,286)	(1,718)
(Increase)/decrease in amounts due from/to related companies	(10,896)	13,184
(Increase)/decrease in inventories	(906)	89
Increase/(decrease) in trade payables and other liabilities	18,405	(4,066)
	<hr/>	<hr/>
Cash generated from operations	22,565	23,463
Income tax paid	(178)	(41)
Interest paid	(1,972)	(3,994)
Interest received	32	499
	<hr/>	<hr/>
Net cash flows generated from operating activities	20,447	19,927
	<hr/>	<hr/>

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	
	2Q 2014 US\$'000	2Q 2013 US\$'000
Cash flows from investing activities:		
Additions to property, plant and equipment	(45,494)	(40,983)
Investment in trademark	–	(20)
Investment in joint ventures	(2,149)	–
Loans to related companies	(829)	–
Repayment of loans to related companies	–	(9,494)
Dividend received from a joint venture	549	–
Net cash inflow on acquisition of subsidiary	–	3,447
Proceeds from sale of property, plant and equipment	82,993	37,370
	<hr/>	<hr/>
Net cash flows generated from/(used in) investing activities	35,070	(9,680)
	<hr/>	<hr/>
Cash flows from financing activities:		
Net proceeds from issuance of new shares	–	323
Repayment of finance lease obligations	(13)	(32)
Proceeds from loans and borrowings	22,113	21,268
Repayment of loans and borrowings	(46,594)	(17,280)
Repayment of loans from related companies	–	1,443
Dividends paid on ordinary shares	(11,448)	–
	<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities	(35,942)	5,722
	<hr/>	<hr/>
Net increase in cash and cash equivalents	19,575	15,969
Cash and cash equivalents at beginning of period	53,475	18,668
	<hr/>	<hr/>
Cash and cash equivalents at end of period	73,050	34,637
	<hr/> <hr/>	<hr/> <hr/>

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	Retained earnings	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Capital reserve	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group									
Balance at 1 Apr 2014	155,254	240,590	(3,560)	(3,862)	172	130	392,284	864	393,148
Profit for the period	–	32,370	–	–	–	–	32,370	(747)	31,623
Other comprehensive income: - Foreign currency translation	–	–	1,990	1,990	–	–	1,990	(27)	1,963
Total comprehensive income for the period	–	32,370	1,990	1,990	–	–	34,360	(774)	33,586
Dividends paid	–	(11,448)	–	–	–	–	(11,448)	–	(11,448)
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	(189)	(189)
Balance at 30 June 2014	155,254	261,512	(1,570)	(1,872)	172	130	415,196	(99)	415,097
Balance at 1 Apr 2013	32,086	181,602	(960)	(1,090)	–	130	212,728	1,551	214,279
Profit for the period	–	21,361	–	–	–	–	21,361	(42)	21,319
Other comprehensive income: - Foreign currency translation	–	–	(544)	(544)	–	–	(544)	(8)	(552)
Total comprehensive income for the period	–	21,361	(544)	(544)	–	–	20,817	(50)	20,767
Issuance of ordinary shares, representing contributions by and distributions to owners	323	–	–	–	–	–	323	–	323
Balance at 30 June 2013	32,409	202,963	(1,504)	(1,634)	–	130	233,868	1,501	235,369

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 Apr 2014	155,254	34,285	4,568	4,396	172	194,107
Loss for the period	–	(886)	–	–	–	(886)
Other comprehensive income: - Foreign currency translation	–	–	2,400	2,400	–	2,400
Total comprehensive income for the period	–	(886)	2,400	2,400	–	1,514
Dividends paid	–	(11,448)	–	–	–	(11,448)
Balance at 30 June 2014	155,254	21,951	6,968	6,796	172	184,173
Balance at 1 Apr 2013	32,086	20,521	7,390	7,390	–	59,997
Profit for the period	–	9,536	–	–	–	9,536
Other comprehensive income: - Foreign currency translation	–	–	(684)	(684)	–	(684)
Total comprehensive income for the period	–	9,536	(684)	(684)	–	8,852
Issuance of ordinary shares, representing contributions by and distributions to owners	323	–	–	–	–	323
Balance at 30 June 2013	32,409	30,057	6,706	7,390	–	69,172

- 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 30 June 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 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	
	6M 2014	6M 2013
Profit attributable to equity holders of the parent (US\$'000)	50,200	29,836
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	725,755	551,575
- based on a fully diluted basis	725,755	551,575
Earnings per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	6.9	5.4
(b) On a fully diluted basis	6.9	5.4

For comparative purposes, earnings per ordinary share of the Group for the financial period ended 30 June 2013 has been computed based on 551,574,673 shares (after 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 30 Jun 14	As at 31 Dec 13	As at 30 Jun 14	As at 31 Dec 13
Net asset value (US\$'000)	415,097	377,451	184,173	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)	57.2	52.0	25.4	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

6 months ended 30 June 2014 ("6M 2014") vs 6 months ended 30 June 2013 ("6M 2013")

Revenue

Revenue increased by approximately US\$13.1 million or 17% from US\$77.6 million in 6M 2013 to US\$90.7 million in 6M 2014. The increase was mainly attributable to the growth of our Offshore Support Services Business of US\$14.4 million or 28% from US\$52.1 million in 6M 2013 to US\$66.5 million in 6M 2014. Our Offshore Support Services Business registered a strong growth mainly due to an improvement in utilisation of our existing vessels and revenue contribution by new vessels added to the fleet. The increase in revenue was also due to the improvement in our Subsea Business which recorded an increase in revenue of US\$2.7 million or 14% from US\$19.9 million in 6M 2013 to US\$22.6 million in 6M 2014.

The increase was partially offset by a decrease in revenue from our Complementary Businesses of US\$4.1 million or 74% from US\$5.6 million in 6M 2013 to US\$1.5 million in 6M 2014. The decrease was mainly attributable to lower revenue from our Marine Equipment Business and Logistics Business.

3 months ended 30 June 2014 ("2Q 2014") vs 3 months ended 30 June 2013 ("3Q 2013")

Revenue increased by approximately US\$2.6 million or 6% from US\$46.1 million in 2Q 2013 to US\$48.7 million in 2Q 2014. The increase was mainly attributable to the growth of our Offshore Support Services Business of US\$4.3 million or 15% from US\$29.5 million in 2Q 2013 to US\$33.8 million in 2Q 2014 in line with the explanation for 6M 2014 above. The increase in revenue was also due to the improvement in our Subsea Business which recorded an increase in revenue of US\$1.7 million or 14% from US\$12.3 million in 2Q 2013 to US\$14.0 million in 2Q 2014.

The increase was partially offset by a decrease in revenue from our Complimentary Businesses of US\$3.4 million or 79% from US\$4.3 million in 2Q 2013 to US\$0.9 million in 2Q 2014. The decrease was in line with the explanation for 6M 2014 above.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Gross profit

6 months ended 30 June 2014 ("6M 2014") vs 6 months ended 30 June 2013 ("6M 2013")

Gross profit increased by approximately US\$14.1 million or 57% from US\$24.7 million in 6M 2013 to US\$38.8 million in 6M 2014. Gross profit margin increased from 32% in 6M 2013 to 43% in 6M 2014.

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 6M 2014 as compared to 6M 2013. Gross profit and gross profit margin for our Offshore Support Services Business increased from US\$13.1 million or 25% in 6M 2013 to US\$26.9 million or 40% in 6M 2014.

3 months ended 30 June 2014 ("2Q 2014") vs 3 months ended 30 June 2013 ("2Q 2013")

Gross profit increased by approximately US\$5.7 million or 35% from US\$15.9 million in 2Q 2013 to US\$21.6 million in 2Q 2014. Gross profit margin also increased from 35% in 2Q 2013 to 44% in 2Q 2014.

The increase in gross profit and gross profit margin was mainly attributable to improvement in our Offshore Support Services Business whereby gross profit margin increased from 28% in 2Q 2013 to 40% in 2Q 2014.

Other operating income

6 months ended 30 June 2014 ("6M 2014") vs 6 months ended 30 June 2013 ("6M 2013")

Other operating income increased by approximately US\$10.4 million or 63% from US\$16.6 million in 6M 2013 to US\$27.0 million in 6M 2014. The increase was mainly due to an increase in gain on sale of vessels by US\$11.9 million.

3 months ended 30 June 2014 ("2Q 2014") vs 3 months ended 30 June 2013 ("2Q 2013")

Other operating income increased by approximately US\$8.1 million or 67% from US\$12.1 million in 2Q 2013 to US\$20.2 million in 2Q 2014. The increase was mainly due to an increase in gain on sale of vessels by US\$9.3 million.

General and administrative expenses

6 months ended 30 June 2014 ("6M 2014") vs 6 months ended 30 June 2013 ("6M 2013")

General and administrative expenses increased by approximately US\$3.1 million or 24% from US\$12.8 million in 6M 2013 to US\$15.9 million in 6M 2014. The increase was mainly due to the consolidation of CrestSA Marine & Offshore Pte Ltd's ("CrestSA") expenses as the Group acquired an additional 20% equity interest resulting in CrestSA becoming a subsidiary of the Group. The increase was also attributable to the increase in staff cost as the Group hired more headcount to support the growth of the business.

3 months ended 30 June 2014 ("2Q 2014") vs 3 months ended 30 June 2013 ("2Q 2013")

General and administrative expenses increased by approximately US\$1.0 million or 14% from US\$7.0 million in 2Q 2013 to US\$8.0 million in 2Q 2014 in line with the explanation for 6M 2014 above.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating expenses

6 months ended 30 June 2014 ("6M 2014") vs 6 months ended 30 June 2013 ("6M 2013")

Other operating expenses increased by approximately US\$2.4 million or 209% from US\$1.1 million in 6M 2013 to US\$3.5 million in 6M 2014. The increase was mainly due to an increase in impairment of doubtful receivables, foreign exchange losses due to the depreciation of US Dollar against Singapore Dollar during the period and partially offset by a non-recurring provision for litigation claims recorded in 6M 2013.

3 months ended 30 June 2014 ("2Q 2014") vs 3 months ended 30 June 2013 ("2Q 2013")

Other operating expenses increased by approximately US\$2.4 million or 219% from US\$1.1 million in 2Q 2013 to US\$3.5 million in 2Q 2014. The increase was mainly due to foreign exchange losses due to the depreciation of US Dollar against Singapore Dollar during the period.

Finance costs

6 months ended 30 June 2014 ("6M 2014") vs 6 months ended 30 June 2013 ("6M 2013")

3 months ended 30 June 2014 ("2Q 2014") vs 3 months ended 30 June 2013 ("2Q 2013")

Finance cost decreased by approximately US\$2.0 million or 32% from US\$6.2 million in 6M 2013 to US\$4.2 million in 6M 2014.

Finance cost decreased by approximately US\$1.6 million or 45% from US\$3.5 million in 2Q 2013 to US\$1.9 million in 2Q 2014.

The decrease in finance costs for both periods was in line with a decrease in loan outstanding from US\$290.9 million as at 30 June 2013 to US\$273.7 million as at 30 June 2014 and overall lower cost of financing.

Share of results of joint ventures

6 months ended 30 June 2014 ("6M 2014") vs 6 months ended 30 June 2013 ("6M 2013")

Share of results of joint ventures decreased by approximately US\$1.3 million or 21% from US\$6.2 million in 6M 2013 to US\$4.9 million in 6M 2014.

The decrease was mainly attributable to the decrease in share of results of two of the Group's joint venture companies, Alam Radiance (L) Inc and Alam Radiance (M) Sdn Bhd (collectively known as "Alam Radiance") of US\$1.7 million as a result of lower utilisation for its vessels in 6M 2014 as compared to 6M 2013.

The decrease was partially offset by an improvement in share of results of the Group's listed joint venture in Indonesia, PT Logindo Samudramakmur Tbk ("PT Logindo") of US\$0.5 million from US\$3.6 million in 6M 2013 to US\$4.1 million in 6M 2014.

3 months ended 30 June 2014 ("2Q 2014") vs 3 months ended 30 June 2013 ("2Q 2013")

Share of results of joint ventures decreased by approximately US\$0.8 million or 20% from US\$3.6 million in 2Q 2013 to US\$2.8 million in 2Q 2014.

The decrease was mainly attributable to the decrease in share of results of Alam Radiance of US\$0.9 million partially offset by an improvement in PT Logindo's financial results of US\$0.2 million.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Share of results of associates

6 months ended 30 June 2014 ("6M 2014") vs 6 months ended 30 June 2013 ("6M 2013")

Share of results of associates decreased by approximately US\$0.4 million or 19% from US\$2.3 million in 6M 2013 to US\$1.9 million in 6M 2014. The Group had acquired both management and sole shareholding control of Consolidated Pipe Carriers Pte Ltd ("CPC") in April 2013. Prior to that, CPC has contributed US\$0.4 million to the share of results of associates in 6M 2013. From May 2013 onwards, CPC was accounted as a subsidiary and hence its results was consolidated in the Group's income statement.

3 months ended 30 June 2014 ("2Q 2014") vs 3 months ended 30 June 2013 ("2Q 2013")

Share of results of associates decreased by approximately US\$0.9 million or 66% from US\$1.4 million in 2Q 2013 to US\$0.5 million in 2Q 2014.

The Group recorded a lower share of result of its associate, PT Jawa Tirtamarin, of US\$0.2 million from US\$0.7 million in 2Q 2013 to US\$0.5 million in 2Q 2014 due to the depreciation of Indonesia Rupiah against the US Dollar during the period.

In addition, CPC recorded a US\$ 0.7 million profit in 2Q 2013 (2Q 2014: US\$Nil). From May 2013 onwards, CPC was accounted as a subsidiary and hence its results was consolidated in the Group's income statement.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$600.1 million as at 30 June 2014. The increase in non-current assets from US\$593.8 million as at 31 December 2013 was mainly due to:

- (i) Increase in investment in joint ventures and associates of US\$9.2 million primarily due to share of results equity accounted for the financial period ended 30 June 2014; and
- (ii) Partially offset by a decrease in property, plant and equipment of US\$2.7 million.

Current assets

The Group's current assets amounted to US\$162.0 million as at 30 June 2014. The increase in current assets from US\$152.1 million as at 31 December 2013 was mainly due to:

- (i) Increase in trade receivables of US\$6.6 million consistent with the growth in revenue;
- (ii) Increase in cash and cash equivalents of US\$8.2 million; and
- (iii) Partially offset by decrease in amount due from related companies of US\$6.0 million.

Current liabilities

The Group's current liabilities amounted to US\$109.5 million as at 30 June 2014. The decrease in current liabilities from US\$118.8 million as at 31 December 2013 was mainly attributable to a decrease in loans and borrowings of US\$7.4 million and decrease in amount due to related companies of US\$0.7 million.

Non-current liabilities

The Group's non-current liabilities amounted to US\$237.5 million as at 30 June 2014. Non-current liabilities decreased from US\$249.6 million as at 31 December 2013 primarily due to decrease in non-current loans and borrowings of US\$11.9 million.

REVIEW OF GROUP PERFORMANCE (CONT'D)

REVIEW OF CASH FLOWS

In 2Q 2014, the Group generated net cash inflow from operating activities of approximately US\$20.4 million, which comprises cash inflow from operating activities before working capital changes of US\$20.2 million, net working capital inflow of US\$2.3 million, net interest paid of US\$1.9 million and income tax paid of US\$0.2 million.

The net cash inflow from changes in working capital of US\$2.3 million was mainly due to:-

- (i) Increase in trade payables and other liabilities of US\$18.4 million;
- (ii) Increase in trade and other receivables of US\$4.3 million in line with revenue growth;
- (iii) Increase in amounts due from related companies of US\$10.9 million; and
- (iv) Increase in inventories of US\$0.9 million.

Net cash inflow from investing activities was approximately US\$35.1 million, which was mainly due to:-

- (i) Proceeds from sale of property, plant and equipment of US\$83.0 million;
- (ii) Partially offset by additions to property, plant and equipment of US\$45.5 million; and
- (iii) Investment in joint ventures of US\$2.1 million.

Net cash outflow from financing activities was approximately US\$35.9 million, which was mainly due to:-

- (i) Repayment of loans and borrowings of US\$46.6 million;
- (ii) Dividend paid on ordinary shares of US\$11.4 million; and
- (iii) Partially offset by proceeds from loans and borrowings of US\$22.1 million to finance our capital expenditure.

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 Group remains cautiously optimistic on the outlook for the offshore marine industry over the next 12 months and expects higher growth in the key emerging markets that it ventures into.

The Group continues to actively review its fleet composition and newbuild programme so that its fleet remains market relevant. It also continues to strengthen operational capabilities in order to ensure delivery of best-in-class services to its customers.

Sustainable growth is anticipated with stronger utilisation and the continued expansion of the Group's fleet in the medium term.

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 current financial period reported on?

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 six months ended 30 June 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 August 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 Issuer Managers assume no responsibility for the contents of this announcement.