



**PACIFIC RADIANCE LTD**  
**Company Registration No. 200609894C**

**Unaudited Third Quarter ("3Q 2014") Financial Statement and Dividend Announcement**  
**For the Nine Months Ended 30 September 2014 ("9M 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		
	3Q 2014	3Q 2013	+/(-) %	9M 2014	9M 2013	+/(-) %
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	44,359	48,554	(9)	135,012	126,201	7
Cost of sales	(34,991)	(28,538)	23	(86,854)	(81,446)	7
<b>Gross profit</b>	9,368	20,016	(53)	48,158	44,755	8
Other operating income	13,216	2,573	414	40,264	19,155	110
General and administrative expenses	(8,646)	(7,850)	10	(24,514)	(20,685)	19
Other operating expenses	184	(1,159)	NM	(3,283)	(2,280)	44
Finance costs	(2,261)	(3,390)	(33)	(6,482)	(9,594)	(32)
Share of results of joint ventures	2,829	2,940	(4)	7,684	9,105	(16)
Share of results of associates	(343)	(2,345)	(85)	1,532	(34)	NM
<b>Profit before taxation</b>	14,347	10,785	33	63,359	40,422	57
Taxation	(38)	(198)	(81)	(106)	(250)	(58)
<b>Profit for the period</b>	14,309	10,587	35	63,253	40,172	57
<b>Other comprehensive income:</b>						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	62	(415)	NM	844	(1,327)	NM
Net fair value changes on cash flow hedges	(1,449)	–	NM	(1,449)	–	NM
<b>Other comprehensive income for the period, net of tax</b>	(1,387)	(415)	234	(605)	(1,327)	(54)
<b>Total comprehensive income for the period</b>	12,922	10,172	27	62,648	38,845	61
<b>Profit for the period attributable to:</b>						
Equity holders of the Company	13,066	10,559	24	63,266	40,395	57
Non-controlling interests	1,243	28	NM	(13)	(223)	(94)
	14,309	10,587	35	63,253	40,172	57
<b>Total comprehensive income for the period attributable to:</b>						
Equity holders of the Company	11,648	10,150	15	62,661	39,096	60
Non-controlling interests	1,274	22	NM	(13)	(251)	(95)
	12,922	10,172	27	62,648	38,845	61

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	
	3Q 2014 US\$'000	3Q 2013 US\$'000	9M 2014 US\$'000	9M 2013 US\$'000
Depreciation of property, plant and equipment	6,547	6,375	20,558	18,505
(Write back) of /impairment of doubtful receivables, net	(613)	739	937	812
Gain on sale of property, plant and equipment, net	(11,538)	(240)	(35,197)	(11,999)
Net fair value loss/(gain) on derivatives	300	(713)	623	(986)
Exchange loss/(gain)	35	(212)	1,138	(2,327)
Provision for/(write back) of litigation claims	–	33	(842)	941
(Write back) of/provision for net liabilities of a joint venture (included in share of results of joint ventures)	(74)	–	440	–
Net loss/(gain) on acquisition of subsidiaries	63	–	(435)	(1,154)
Net (gain)/loss on deemed disposal of subsidiaries	(4)	–	450	–
Net loss on disposal of a subsidiary	–	482	–	482
Interest income	(404)	(705)	(810)	(1,290)
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	(95)	(95)	(285)	(285)
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	(40)	(40)	(120)	(114)
Provision for tax in respect of prior years	24	–	52	–

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 2014 US\$'000	As at 31 Dec 2013 US\$'000	As at 30 Sep 2014 US\$'000	As at 31 Dec 2013 US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	535,169	548,775	–	–
Investment in subsidiaries	–	–	44,752	44,556
Investment in associates	4,133	2,721	–	–
Investment in joint ventures	50,888	41,629	–	–
Club memberships	325	325	–	–
Derivatives	283	324	–	–
	590,798	593,774	44,752	44,556
<b>Current assets</b>				
Inventories	5,024	3,487	–	–
Trade receivables	49,718	47,609	–	–
Other receivables	7,640	7,183	148	191
Amounts due from related companies	50,862	28,378	201,007	161,025
Derivatives	–	564	–	–
Cash and cash equivalents	140,601	64,874	76,848	518
	253,845	152,095	278,003	161,734
<b>Total assets</b>	<b>844,643</b>	<b>745,869</b>	<b>322,755</b>	<b>206,290</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	8,911	11,381	–	–
Other liabilities	41,398	39,608	3,804	4,004
Provisions	440	2,881	–	1,176
Amounts due to related companies	2,055	1,230	56,463	21,795
Loans and borrowings	47,281	53,330	–	–
Provision for taxation	9,874	10,292	–	–
Finance lease obligations	17	3	–	–
Derivatives	524	109	–	–
	110,500	118,834	60,267	26,975
<b>Non-current liabilities</b>				
Other liabilities	9,042	9,169	–	–
Loans and borrowings	296,046	239,579	78,725	–
Deferred tax liabilities	151	110	–	–
Finance lease obligations	86	–	–	–
Derivatives	2,610	726	2,281	–
	307,935	249,584	81,006	–
<b>Total liabilities</b>	<b>418,435</b>	<b>368,418</b>	<b>141,273</b>	<b>26,975</b>
<b>Net assets</b>	<b>426,208</b>	<b>377,451</b>	<b>181,482</b>	<b>179,315</b>

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 2014 US\$'000	As at 31 Dec 2013 US\$'000	As at 30 Sep 2014 US\$'000	As at 31 Dec 2013 US\$'000
<b>Equity attributable to equity holders of the Company</b>				
Share capital	162,854	155,254	162,854	155,254
Retained earnings	273,553	222,760	19,905	17,958
Other reserves	(13,093)	(2,383)	(1,277)	6,103
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Non-controlling interests	423,314 2,894	375,631 1,820	181,482 –	179,315 –
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total equity</b>	<b>426,208</b>	<b>377,451</b>	<b>181,482</b>	<b>179,315</b>
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**1(b)(ii) Aggregate amount of Group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>Group</b>		<b>Group</b>	
<b>As at 30 Sep 2014</b>		<b>As at 31 Dec 2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
US\$'000	US\$'000	US\$'000	US\$'000
47,298	–	53,243	90

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>As at 30 Sep 2014</b>		<b>As at 31 Dec 2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
US\$'000	US\$'000	US\$'000	US\$'000
217,407	78,725	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\$449.9 million and US\$506.9 million as at 30 September 2014 and 31 December 2013 respectively;
- First legal mortgages over the buildings of the Group, with net book values of US\$17.4 million and US\$Nil as at 30 September 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 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	
	3Q 2014	3Q 2013
	US\$'000	US\$'000
<b>Cash flows from operating activities:</b>		
Profit before taxation	14,347	10,785
Adjustments for:		
Depreciation of property, plant and equipment	6,547	6,375
Interest expense	2,261	3,390
Interest income	(404)	(705)
Share of results of joint ventures	(2,829)	(2,940)
Share of results of associates	343	2,345
Gain on sale of property, plant and equipment, net	(11,538)	(240)
(Write back) of/impairment of doubtful receivables, net	(613)	739
Net loss on acquisition of a subsidiary	63	–
Net gain on deemed disposal of a subsidiary	(4)	–
Net loss on disposal of a subsidiary	–	482
Provision for litigation claims	–	33
Net fair value loss/(gain) on derivatives	300	(713)
Exchange differences	200	(550)
	8,673	19,001
<b>Operating cash flows before changes in working capital</b>		
Decrease/(increase) in trade and other receivables	3,373	(2,406)
Increase in amounts due from/to related companies	(1,360)	(29,809)
Decrease in inventories	670	17
Decrease in trade payables and other liabilities	(1,353)	(3,599)
	10,003	(16,796)
<b>Cash generated from/(used in) operations</b>		
Income tax paid	(244)	(104)
Interest paid	(1,944)	(3,391)
Interest received	97	705
	7,912	(19,586)
<b>Net cash flows generated from/(used in) operating activities</b>		

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 2014 US\$'000	3Q 2013 US\$'000
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	(65,829)	(102,567)
Investment in joint ventures	(1,216)	(1,000)
Acquisition of non-controlling interests	(1,590)	–
Net cash inflow on acquisition of subsidiary	16	–
Net cash outflow on deemed disposal of a subsidiary	(995)	–
Net cash outflow on disposal of a subsidiary	–	(617)
Repayment of loans to related companies	3,025	–
Proceeds from sale of property, plant and equipment	55,693	12,380
<b>Net cash flows used in investing activities</b>	<u>(10,896)</u>	<u>(91,804)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from finance lease obligations	68	–
Repayment of finance lease obligations	(41)	(30)
Proceeds from loans and borrowings	36,778	138,254
Repayment of loans and borrowings	(45,827)	(29,339)
Net proceeds from notes payable	79,557	–
Dividends paid on ordinary shares	–	(7,130)
<b>Net cash flows generated from financing activities</b>	<u>70,535</u>	<u>101,755</u>
Net increase/(decrease) in cash and cash equivalents	67,551	(9,635)
Cash and cash equivalents at beginning of period	73,050	34,637
<b>Cash and cash equivalents at end of period</b>	<u><u>140,601</u></u>	<u><u>25,002</u></u>

**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	Hedging 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	US\$'000
<b>The Group</b>										
Balance at 1 July 2014	155,254	261,512	(1,570)	(1,872)	172	–	130	415,196	(99)	415,097
Profit for the period	–	13,066	–	–	–	–	–	13,066	1,243	14,309
Other comprehensive income:										
- Foreign currency translation	–	–	31	31	–	–	–	31	31	62
- Net fair value changes on cash flow hedges	–	–	(1,449)	–	–	(1,449)	–	(1,449)	–	(1,449)
Total comprehensive income for the period	–	13,066	(1,418)	31	–	(1,449)	–	11,648	1,274	12,922
Effects of change in functional currency	7,600	(1,025)	(6,796)	(6,796)	–	–	–	(221)	–	(221)
Acquisition of non-controlling interests without a change in control	–	–	(3,309)	–	–	–	(3,309)	(3,309)	1,719	(1,590)
Balance at 30 September 2014	162,854	273,553	(13,093)	(8,637)	172	(1,449)	(3,179)	423,314	2,894	426,208
Balance at 1 July 2013	32,409	202,963	(1,504)	(1,634)	–	–	130	233,868	1,501	235,369
Profit for the period	–	10,559	–	–	–	–	–	10,559	28	10,587
Other comprehensive income:										
- Foreign currency translation	–	–	(409)	(409)	–	–	–	(409)	(6)	(415)
Total comprehensive income for the period	–	10,559	(409)	(409)	–	–	–	10,150	22	10,172
Dividends paid	–	(7,130)	–	–	–	–	–	(7,130)	–	(7,130)
Balance at 30 September 2013	32,409	206,392	(1,913)	(2,043)	–	–	130	236,888	1,523	238,411



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	Retained earnings	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Hedging reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b><u>The Company</u></b>							
Balance at 1 July 2014	155,254	21,951	6,968	6,796	172	–	184,173
Loss for the period	–	(1,021)	–	–	–	–	(1,021)
Other comprehensive income:							
- Net fair value changes on cash flow hedges	–	–	(1,449)	–	–	(1,449)	(1,449)
Total comprehensive income for the period	–	(1,021)	(1,449)	–	–	(1,449)	(2,470)
Effects of change in functional currency	7,600	(1,025)	(6,796)	(6,796)	–	–	(221)
Balance at 30 September 2014	162,854	19,905	(1,277)	–	172	(1,449)	181,482
Balance at 1 July 2013	32,409	30,057	6,706	6,706	–	–	69,172
Loss for the period	–	(1,703)	–	–	–	–	(1,703)
Other comprehensive income:							
- Foreign currency translation	–	–	(466)	(466)	–	–	(466)
Total comprehensive income for the period	–	(1,703)	(466)	(466)	–	–	(2,169)
Dividends paid	–	(7,130)	–	–	–	–	(7,130)
Balance at 30 September 2013	32,409	21,224	6,240	6,240	–	–	59,873

- 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 September 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 has no material effect on the financial statements.

The Company has changed its functional currency from Singapore Dollars ("SGD") to United States Dollars ("USD") with effect from 1 July 2014. The change in functional currency was a result of the increasing influence of USD over the Company's economic activities.

Pursuant to FRS 21, The Effects of Changes in Foreign Exchange Rates, the Company changed its functional currency from SGD to USD and the financial statements were measured prospectively in USD with effect from 1 July 2014.

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 2014	9M 2013
Profit attributable to equity holders of the Company (US\$'000)	63,266	40,395
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	725,755	551,915
- based on a fully diluted basis	725,755	551,915
Earnings per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	8.7	7.3
(b) On a fully diluted basis	8.7	7.3

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 financial period ended 30 September 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 30 Sep 14	As at 31 Dec 13	As at 30 Sep 14	As at 31 Dec 13
Net asset value (US\$'000)	426,208	377,451	181,482	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)	58.7	52.0	25.0	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**

##### **9 months ended 30 September 2014 ("9M 2014") vs 9 months ended 30 September 2013 ("9M 2013")**

###### **Revenue**

Revenue increased by approximately US\$8.8 million or 7% from US\$126.2 million in 9M 2013 to US\$135.0 million in 9M 2014.

The increase was mainly attributable to the growth of our Offshore Support Services Business of US\$15.6 million or 19% from US\$82.8 million in 9M 2013 to US\$98.4 million in 9M 2014. Our Offshore Support Services Business registered the revenue growth mainly due to revenue contributed by newer vessels with higher utilisation.

The increase was partially offset by a decrease in revenue from our Subsea Business of US\$4.7 million or 14% from US\$33.1 million in 9M 2013 to US\$28.4 million in 9M 2014. The decrease was attributable to lower utilisation of our diving support vessels ("DSVs") in 3Q 2014 and dry-docking of both the DSVs for enhancement works in 9M 2014.

##### **3 months ended 30 September 2014 ("3Q 2014") vs 3 months ended 30 September 2013 ("3Q 2013")**

Revenue decreased by approximately US\$4.2 million or 9% from US\$48.6 million in 3Q 2013 to US\$44.4 million in 3Q 2014.

The decrease was mainly attributable to the decrease in revenue from our Subsea Business of US\$7.4 million or 56% from US\$13.2 million in 3Q 2013 to US\$5.8 million in 3Q 2014. The decrease was attributable to lower utilisation of our DSVs in this quarter. One of our DSVs was dry-docked for enhancement works in 3Q 2014.

However, the revenue from our Offshore Support Services Business increased by approximately US\$1.1 million or 4% from US\$30.7 million in 3Q 2013 to US\$31.8 million in 3Q 2014.

###### **Gross profit**

##### **9 months ended 30 September 2014 ("9M 2014") vs 9 months ended 30 September 2013 ("9M 2013")**

Gross profit increased by approximately US\$3.4 million or 8% from US\$44.8 million in 9M 2013 to US\$48.2 million in 9M 2014. Gross profit margin increased from 35% in 9M 2013 to 36% in 9M 2014.

The increase in gross profit and gross profit margin was mainly attributable to the improvement in our Offshore Support Services Business which registered higher gross profit and gross profit margins. Gross profit increased from US\$23.9 million in 9M 2013 to US\$37.9 million in 9M 2014. Gross profit margins increase from 29% in 9M 2013 to 39% in 9M 2014. The increase was mainly due to higher utilisation from newer vessels.

The increase was partially offset by a lower gross profit and gross profit margin contribution from our Subsea Business in line with the reasons stated above.

## **REVIEW OF GROUP PERFORMANCE (CONT'D)**

### **3 months ended 30 September 2014 ("3Q 2014") vs 3 months ended 30 September 2013 ("3Q 2013")**

Gross profit decreased by approximately US\$10.6 million or 53% from US\$20.0 million in 3Q 2013 to US\$9.4 million in 3Q 2014. Gross profit margin also decreased from 41% in 3Q 2013 to 21% in 3Q 2014.

The Offshore Support Business maintained its gross profit margins at 35% for both 3Q 2014 and 3Q 2013. Gross profit increased from US\$10.8 million in 3Q 2013 to US\$11.1 million in 3Q 2014.

The overall decrease in gross profit and gross profit margin was mainly attributable to the gross loss position of US\$3.2 million in 3Q 2014 (3Q 2013: profit of US\$7.3 million) arising from the Subsea Business due to lower utilisation of our DSVs. One of the DSVs was dry-docked for enhancement works in this quarter.

### **Other operating income**

### **9 months ended 30 September 2014 ("9M 2014") vs 9 months ended 30 September 2013 ("9M 2013")**

Other operating income increased by approximately US\$21.1 million or 110% from US\$19.2 million in 9M 2013 to US\$40.3 million in 9M 2014. The increase was mainly due to an increase in gain on sale of vessels by US\$23.2 million. 8 vessels were sold in 9M 2014 (9M 2013: 6 vessels) as part of our fleet rejuvenation programme or injection of vessels into our joint ventures.

### **3 months ended 30 September 2014 ("3Q 2014") vs 3 months ended 30 September 2013 ("3Q 2013")**

Other operating income increased by approximately US\$10.6 million or 414% from US\$2.6 million in 3Q 2013 to US\$13.2 million in 3Q 2014. The increase was mainly due to an increase in gain on sale of vessels of US\$11.3 million. 2 vessel were sold in 3Q 2014 as opposed to 1 vessel in 3Q 2013.

### **General and administrative expenses**

### **9 months ended 30 September 2014 ("9M 2014") vs 9 months ended 30 September 2013 ("9M 2013")**

General and administrative expenses increased by approximately US\$3.8 million or 19% from US\$20.7 million in 9M 2013 to US\$24.5 million in 9M 2014. The increase was mainly due to the consolidation of the expenses of CrestSA Marine & Offshore Pte Ltd ("CrestSA") as the Group acquired an additional 60% equity interest in 9M 2014 resulting in CrestSA becoming a wholly owned subsidiary of the Group.

### **3 months ended 30 September 2014 ("3Q 2014") vs 3 months ended 30 September 2013 ("3Q 2013")**

General and administrative expenses increased by approximately US\$0.7 million or 10% from US\$7.9 million in 3Q 2013 to US\$8.6 million in 3Q 2014 in line with the explanation for 9M 2014 above.

### **Other operating expenses**

### **9 months ended 30 September 2014 ("9M 2014") vs 9 months ended 30 September 2013 ("9M 2013")**

Other operating expenses increased by approximately US\$1.0 million or 44% from US\$2.3 million in 9M 2013 to US\$3.3 million in 9M 2014. The increase was mainly due to foreign exchange losses of US\$1.1 million recorded in 9M 2014 (9M 2014: US\$1.1 million recorded in other operating expenses; 9M 2013: US\$2.3 million recorded in other operating income) mainly due to the weakening of USD against SGD.

### **3 months ended 30 September 2014 ("3Q 2014") vs 3 months ended 30 September 2013 ("3Q 2013")**

Other operating expenses decreased by approximately US\$1.3 million from US\$1.1 million in 3Q 2013 to gain of US\$0.2 million in 3Q 2014. The decrease was mainly due to write back of provision of doubtful debts of US\$0.6 million (3Q 2014: US\$0.6 million write back; 3Q 2013: US\$0.7 million provision) during the period.

## **REVIEW OF GROUP PERFORMANCE (CONT'D)**

### **Finance costs**

#### **9 months ended 30 September 2014 ("9M 2014") vs 9 months ended 30 September 2013 ("9M 2013")**

#### **3 months ended 30 September 2014 ("3Q 2014") vs 3 months ended 30 September 2013 ("3Q 2013")**

Finance cost decreased by approximately US\$3.1 million or 32% from US\$9.6 million in 9M 2013 to US\$6.5 million in 9M 2014.

Finance cost decreased by approximately US\$1.1 million or 33% from US\$3.4 million in 3Q 2013 to US\$2.3 million in 3Q 2014.

The Group had issued S\$100 million fixed rate notes in 3Q 2014. Excluding the fixed rate notes, the Group's loans decreased from US\$290.9 million as at 30 September 2013 to US\$264.6 million as at 30 September 2014. The decrease in finance cost was in line with the decrease in loans and overall lower cost of financing for the periods under review.

### **Share of results of joint ventures**

#### **9 months ended 30 September 2014 ("9M 2014") vs 9 months ended 30 September 2013 ("9M 2013")**

Share of results of joint ventures decreased by approximately US\$1.4 million or 16% from US\$9.1 million in 9M 2013 to US\$7.7 million in 9M 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 vessel utilisation in 9M 2014 as compared to 9M 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\$5.5 million in 9M 2013 to US\$6.0 million in 9M 2014, despite the dilution of shareholding from 49% to 35% arising from the initial public offering of PT Logindo in December 2013.

#### **3 months ended 30 September 2014 ("3Q 2014") vs 3 months ended 30 September 2013 ("3Q 2013")**

Share of results of joint ventures decreased by approximately US\$0.1 million or 4% from US\$2.9 million in 3Q 2013 to US\$2.8 million in 3Q 2014.

### **Share of results of associates**

#### **9 months ended 30 September 2014 ("9M 2014") vs 9 months ended 30 September 2013 ("9M 2013")**

Share of results of associates increased by approximately US\$1.6 million from a share of loss of US\$0.03 million in 9M 2013 to share of profit of US\$1.5 million in 9M 2014. The Group recorded a higher share of result of its associate, PT Jawa Tirtamarin, of US\$1.9 million from share of loss US\$0.4 million in 9M 2013 to share of profit of US\$1.5 million in 9M 2014.

#### **3 months ended 30 September 2014 ("3Q 2014") vs 3 months ended 30 September 2013 ("3Q 2013")**

Share of results of associates increased by approximately US\$2.0 million or 85% from share of loss of US\$2.3 million in 3Q 2013 to share of loss of US\$0.3 million in 3Q 2014. The share of loss in 3Q 2014 was mainly attributable to the depreciation of the Indonesia Rupiah against US Dollar in 3Q 2014.

## **REVIEW OF GROUP PERFORMANCE (CONT'D)**

### **REVIEW OF STATEMENT OF FINANCIAL POSITION**

#### **Non-current assets**

The Group's non-current assets amounted to US\$590.8 million as at 30 September 2014. The decrease in non-current assets from US\$593.8 million as at 31 December 2013 was mainly due to:

- (i) Decrease in property, plant and equipment of US\$13.6 million; and
- (ii) Partially offset by an increase in investment in joint ventures and associates of US\$10.7 million primarily due to share of results equity accounted for the financial period ended 30 September 2014.

#### **Current assets**

The Group's current assets amounted to US\$253.8 million as at 30 September 2014. The increase in current assets from US\$152.1 million as at 31 December 2013 was mainly due to:

- (i) Increase in cash and cash equivalents of US\$75.7 million mainly due to net proceeds from issuance of notes of US\$79.6 million;
- (ii) Increase in amounts due from related companies of US\$22.5 million;
- (iii) Increase in trade receivables of US\$2.1 million consistent with the growth in revenue; and
- (iv) Increase in inventories of US\$1.5 million.

#### **Current liabilities**

The Group's current liabilities amounted to US\$110.5 million as at 30 September 2014. The decrease in current liabilities from US\$118.8 million as at 31 December 2013 was mainly attributable to decrease in loans and borrowings of US\$6.0 million and decrease in trade payables of US\$2.5 million.

#### **Non-current liabilities**

The Group's non-current liabilities amounted to US\$307.9 million as at 30 September 2014. Non-current liabilities increased from US\$249.6 million as at 31 December 2013 primarily due to increase in loans and borrowings of US\$56.5 million. The increase in loans and borrowings was mainly attributable to the notes payable of US\$78.7 million partially offset by decrease in bank loans of US\$22.2 million.

## **REVIEW OF GROUP PERFORMANCE (CONT'D)**

### **REVIEW OF CASH FLOWS**

In 3Q 2014, the Group generated net cash inflow from operating activities of approximately US\$7.9 million, which comprises cash inflow from operating activities before working capital changes of US\$8.7 million, net working capital inflow of US\$1.3 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\$1.3 million was mainly due to:-

- (i) Decrease in trade and other receivables of US\$3.4 million;
- (ii) Decrease in inventories of US\$0.7 million;
- (iii) Partially offset against increase in amounts due from related companies of US\$1.4 million; and
- (iv) Decrease in trade payables and other liabilities of US\$1.4 million

Net cash outflow from investing activities was approximately US\$10.9 million, which was mainly due to:-

- (i) Additions to property, plant and equipment of US\$65.8 million; and
- (ii) Partially offset by proceeds from sale of property, plant and equipment of US\$55.7 million.

Net cash inflow from financing activities was approximately US\$70.5 million, which was mainly due to:-

- (i) Net proceeds from issuance of notes payable of US\$79.6 million;
- (ii) Proceeds from loans and borrowings of US\$36.8 million to finance our capital expenditure; and
- (iii) Partially offset by repayment from loans and borrowings of US\$45.8 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 recent decline in oil price, if sustained, will present a more challenging business environment for the offshore support services sector.

The Group is well-positioned to weather such challenges, as its strategies of (i) expanding into key emerging markets; (ii) keeping its fleet relevant; and (iii) strengthening its operational capabilities; have always taken into account the eventuality of the oil and gas cycles.

On a macro perspective, expenditure for exploration and production of oil and gas is expected to continue to grow in the medium and long term, and demand for oil and gas is expected to continue to grow. National oil companies in key markets are expected to continue to push for higher exploration and production activities.

Amidst the current environment, the Group continues to see opportunities in its businesses, as it executes its strategies over the medium and long term, whilst staying responsive and aligned to changes in the business environment. The Group remains cautiously optimistic that it will be able to continue to attain sustainable growth as it continues to grow its businesses in targeted key markets.



**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?

Yes.

**Name of Dividend**

Dividend Type

Dividend Amount per Share (in cents)

Tax Rate

**Interim**

Cash

14.19 US cents

Tax exempt

**(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 nine months ended 30 September 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**

13 November 2014