



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

Full Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 2014 (“FY 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		
	4Q 2014	4Q 2013*	+/(-)	FY 2014	FY 2013*	+/(-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	37,208	42,384	(12)	172,219	168,585	2
Cost of sales	(33,936)	(27,180)	25	(118,054)	(105,764)	12
Gross profit	3,272	15,204	(78)	54,165	62,821	(14)
Other operating income	4,387	6,807	(36)	42,878	25,962	65
General and administrative expenses	(5,812)	(6,148)	(5)	(30,326)	(26,833)	13
Other operating expenses	(312)	(3,454)	(91)	(1,820)	(5,734)	(68)
Finance costs	(2,630)	(3,466)	(24)	(9,112)	(13,061)	(30)
Share of results of joint ventures	4,461	3,532	26	12,145	12,637	(4)
Share of results of associates	(1,143)	996	NM	389	962	(60)
Profit before taxation	2,223	13,471	(83)	68,319	56,754	20
Taxation	3,945	3,198	23	1,103	86	NM
Profit for the year	6,168	16,669	(63)	69,422	56,840	22
Other comprehensive loss:						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	(407)	(646)	(37)	437	(1,972)	NM
Net fair value changes on cash flow hedges	(50)	–	NM	(1,499)	–	NM
Other comprehensive loss for the year, net of tax	(457)	(646)	(29)	(1,062)	(1,972)	(46)
Total comprehensive income for the year	5,711	16,023	(64)	68,360	54,868	25
Profit for the year attributable to:						
Equity holders of the Company	5,050	16,368	(69)	68,316	56,763	20
Non-controlling interests	1,118	301	NM	1,106	77	NM
	6,168	16,669	(63)	69,422	56,840	22
Total comprehensive income for the year attributable to:						
Equity holders of the Company	4,648	15,726	(70)	67,309	54,822	23
Non-controlling interests	1,063	297	NM	1,051	46	NM
	5,711	16,023	(64)	68,360	54,868	25

NM: Not Meaningful

* Some of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

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

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

	Group		Group	
	4Q 2014	4Q 2013	FY 2014	FY 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment	7,292	6,530	27,851	25,046
(Write back) of /impairment of doubtful receivables, net	(784)	2,793	(1,620)	3,606
Loss/ (gain) on sale of property, plant and equipment, net	560	(3,717)	(34,637)	(15,716)
Net fair value loss/(gain) on derivatives	870	(328)	1,494	(1,314)
Exchange loss/(gain)	227	(2,377)	1,365	(4,704)
Net gain on acquisition of subsidiaries	-	-	(434)	(1,154)
Net (gain)/loss on deemed disposal of subsidiaries	(361)	-	88	-
Net loss on disposal of subsidiaries	-	436	-	918
Provision for/(write back) of litigation claims	-	33	(842)	974
Allowance for inventory obsolescence	7	149	7	149
(Write back) of / provision for net liabilities of a joint venture (included in share of results of joint ventures)	(440)	1,176	-	1,176
Interest income	(1,146)	(377)	(1,956)	(1,667)
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	(97)	(95)	(382)	(380)
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	(40)	(40)	(159)	(154)
Write back of provision for tax no longer required in respect of prior years	(4,449)	(5,315)	(4,449)	(5,315)
Provision for tax in respect of prior years	3	778	55	976

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 Dec 2014 US\$'000	As at 31 Dec 2013 US\$'000	As at 31 Dec 2014 US\$'000	As at 31 Dec 2013 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	572,053	548,775	–	–
Investment in subsidiaries	–	–	44,752	44,556
Investment in associates	6,156	2,721	–	–
Investment in joint ventures	59,360	41,629	–	–
Club memberships	302	325	–	–
Derivatives	178	324	–	–
	638,049	593,774	44,752	44,556
Current assets				
Inventories	3,329	3,487	–	–
Trade receivables	35,102	47,609	–	–
Other receivables	6,526	7,183	205	191
Amounts due from related companies	55,105	28,378	204,947	161,025
Derivatives	–	564	–	–
Cash and cash equivalents	101,436	64,874	52,655	518
	201,498	152,095	257,807	161,734
Total assets	839,547	745,869	302,559	206,290
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	15,846	11,381	–	–
Other liabilities	40,158	39,608	4,165	4,004
Provisions	–	2,881	–	1,176
Amounts due to related companies	1,148	1,230	39,929	21,795
Bank loans	50,664	53,330	–	–
Notes payable	1,158	–	1,158	–
Provision for taxation	5,496	10,292	–	–
Finance lease obligations	29	3	–	–
Derivatives	1,170	109	–	–
	115,669	118,834	45,252	26,975
Non-current liabilities				
Other liabilities	8,777	9,169	–	–
Bank loans	201,404	239,579	–	–
Notes payable	74,781	–	74,781	–
Deferred tax liabilities	166	110	–	–
Finance lease obligations	102	–	–	–
Derivatives	6,729	726	6,279	–
	291,959	249,584	81,060	–
Total liabilities	407,628	368,418	126,312	26,975
Net assets	431,919	377,451	176,247	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 Dec 2014	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Equity attributable to equity holders of the Company				
Share capital	162,854	155,254	162,854	155,254
Retained earnings	278,603	222,760	14,720	17,958
Other reserves	(13,495)	(2,383)	(1,327)	6,103
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Non-controlling interests	427,962 3,957	375,631 1,820	176,247 –	179,315 –
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Total equity	431,919	377,451	176,247	179,315
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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

Group As at 31 Dec 2014		Group As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
50,693	1,158	53,243	90

Amount repayable after one year

Group As at 31 Dec 2014		Group As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
201,506	74,781	239,579	–

Details of any collateral:

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

- First legal mortgages over the vessels of the Group, with net book values of US\$378.8 million and US\$506.9 million as at 31 December 2014 and 31 December 2013 respectively;
- First legal mortgages over the properties of the Group, with net book values of US\$26.6 million and US\$Nil as at 31 December 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 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	
	FY 2014 US\$'000	FY 2013* US\$'000
Cash flows from operating activities:		
Profit before taxation	68,319	56,754
Adjustments for:		
Depreciation of property, plant and equipment	27,851	25,046
Net gain on acquisition of subsidiaries	(434)	(1,154)
Interest expense	9,112	13,061
Interest income	(1,956)	(1,667)
Share of results of joint ventures	(12,145)	(12,637)
Share of results of associates	(389)	(962)
Gain on sale of property, plant and equipment, net	(34,637)	(15,716)
(Write back) of / impairment of doubtful receivables, net	(1,620)	3,606
Allowance for inventory obsolescence	7	149
Provision for foreseeable losses	91	569
Impairment of intangible assets	23	-
Net loss on deemed disposal of subsidiaries	88	-
Net loss on disposal of subsidiaries	-	918
(Write back) of / provision for litigation claims	(842)	974
Net fair value loss/(gain) on derivatives	1,494	(1,314)
Employee share-based payments	-	172
Exchange differences	181	(2,678)
	55,143	65,121
Operating cash flows before changes in working capital		
Decrease/(increase) in trade and other receivables	12,963	(16,779)
(Increase)/decrease in amounts due from/to related companies	(11,682)	7,815
Decrease/(increase) in inventories	61	(1,516)
Increase/(decrease) in trade payables and other liabilities	15,723	(8,527)
	72,208	46,114
Cash generated from operations		
Income taxes paid	(3,655)	(5,231)
Interest paid	(7,523)	(12,180)
Interest received	266	458
	61,296	29,161
Net cash flows generated from operating activities		

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	
	FY 2014 US\$'000	FY 2013* US\$'000
Cash flows from investing activities:		
Additions to property, plant and equipment	(207,092)	(191,565)
Investment in joint ventures	(7,764)	(1,000)
Acquisition of non-controlling interests	(1,590)	–
Net cash inflow on acquisition of subsidiaries	1,225	3,447
Net cash outflow on disposal of subsidiaries	(1,144)	–
Loans to related companies, net	(7,168)	(5,598)
Dividend income from joint venture	549	–
Proceeds from sale of property, plant and equipment	170,264	79,043
Net cash flows used in investing activities	(52,720)	(115,673)
Cash flows from financing activities:		
Proceeds from issuance of ordinary shares	–	125,398
Share issuance expense	–	(2,230)
Proceeds from finance lease obligations	148	–
Repayment of finance lease obligations	(19)	(98)
Proceeds from bank loans	98,255	198,732
Repayment of bank loans	(139,670)	(185,504)
Net proceeds from notes payable	80,720	–
Dividends paid on ordinary shares	(11,448)	(7,130)
Repayment of loans from related companies	–	(1,443)
Net cash flows generated from financing activities	27,986	127,725
Net increase in cash and cash equivalents	36,562	41,213
Cash and cash equivalents at 1 January	64,874	23,661
Cash and cash equivalents at 31 December	101,436	64,874

* Some of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

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
The Group										
Balance at 1 January 2014	155,254	222,760	(2,383)	(2,685)	172	–	130	375,631	1,820	377,451
Profit for the year	–	68,316	–	–	–	–	–	68,316	1,106	69,422
<u>Other comprehensive income</u>										
- Foreign currency translation	–	–	492	492	–	–	–	492	(55)	437
- Net fair value changes on cash flow hedges	–	–	(1,499)	–	–	(1,499)	–	(1,499)	–	(1,499)
Total comprehensive income for the year	–	68,316	(1,007)	492	–	(1,499)	–	67,309	1,051	68,360
Effects of change in functional currency	7,600	(1,025)	(6,796)	(6,796)	–	–	–	(221)	–	(221)
Dividends on ordinary shares	–	(11,448)	–	–	–	–	–	(11,448)	–	(11,448)
<u>Changes in ownership interest in subsidiaries</u>										
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	(189)	(189)
Acquisition of non-controlling interests without a change in control	–	–	(3,309)	–	–	–	(3,309)	(3,309)	1,275	(2,034)
Balance at 31 December 2014	162,854	278,603	(13,495)	(8,989)	172	(1,499)	(3,179)	427,962	3,957	431,919
Balance at 1 January 2013	32,086	173,127	(614)	(744)	–	–	130	204,599	1,774	206,373
Profit for the year	–	56,763	–	–	–	–	–	56,763	77	56,840
<u>Other comprehensive income:</u>										
- Foreign currency translation	–	–	(1,941)	(1,941)	–	–	–	(1,941)	(31)	(1,972)
Total comprehensive income for the year	–	56,763	(1,941)	(1,941)	–	–	–	54,822	46	54,868
<u>Contributions by and distributions to equity holders</u>										
- Issuance of ordinary shares	125,398	–	–	–	–	–	–	125,398	–	125,398
- Share issuance expense	(2,230)	–	–	–	–	–	–	(2,230)	–	(2,230)
- Employee share-based payments	–	–	172	–	172	–	–	172	–	172
- Dividends on ordinary shares	–	(7,130)	–	–	–	–	–	(7,130)	–	(7,130)
Total contributions by and distributions to equity holders	123,168	(7,130)	172	–	172	–	–	116,210	–	116,210
Balance at 31 December 2013	155,254	222,760	(2,383)	(2,685)	172	–	130	375,631	1,820	377,451

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
<u>The Company</u>							
Balance at 1 January 2014	155,254	17,958	6,103	5,931	172	–	179,315
Profit for the year	–	9,235	–	–	–	–	9,235
Other comprehensive income:							
- Foreign currency translation	–	–	865	865	–	–	865
- Net fair value changes on cash flow hedges	–	–	(1,499)	–	–	(1,499)	(1,499)
Total comprehensive income for the year	–	9,235	(634)	865	–	(1,499)	8,601
Effects of change in functional currency	7,600	(1,025)	(6,796)	(6,796)	–	–	(221)
Dividends on ordinary shares	–	(11,448)	–	–	–	–	(11,448)
Balance at 31 December 2014	162,854	14,720	(1,327)	–	172	(1,499)	176,247
Balance at 1 January 2013	32,086	20,952	8,907	8,907	–	–	61,945
Profit for the year	–	4,136	–	–	–	–	4,136
Other comprehensive income:							
- Foreign currency translation	–	–	(2,976)	(2,976)	–	–	(2,976)
Total comprehensive income for the year	–	4,136	(2,976)	(2,976)	–	–	1,160
<u>Contributions by and distributions to equity holders</u>							
- Issuance of ordinary shares	125,398	–	–	–	–	–	125,398
- Share issuance expenses	(2,230)	–	–	–	–	–	(2,230)
- Employee share-based payments	–	–	172	–	172	–	172
- Dividends on ordinary shares	–	(7,130)	–	–	–	–	(7,130)
Total contributions by and distributions to equity holders	123,168	(7,130)	172	–	172	–	116,210
Balance at 31 December 2013	155,254	17,958	6,103	5,931	172	–	179,315

- 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.**

	Number of shares ('000)	Issued and paid- up capital (US\$'000)
At 1 January 2013	50,116	32,086
Issuance of ordinary shares	119	323
	50,235	32,409
Adjusted for share split	552,580	32,409
Issuance of new ordinary shares pursuant to listing of the Company on SGX-ST	171,875	124,136
Issuance of new ordinary shares pursuant to pre-listing financial arrangement	1,300	939
Share issuance expense	–	(2,230)
At 31 December 2013 and 31 December 2014	725,755	155,254

- 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 December 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	
	FY 2014	FY 2013
Profit attributable to equity holders of the Company (US\$'000)	68,316	56,763
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	725,755	574,937
- based on a fully diluted basis	725,755	574,937
Earnings per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	9.4	9.9
(b) On a fully diluted basis	9.4	9.9

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 Dec 14	As at 31 Dec 13	As at 31 Dec 14	As at 31 Dec 13
Net asset value (US\$'000)	431,919	377,451	176,247	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)	59.5	52.0	24.3	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

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

Revenue

Revenue increased by approximately US\$3.6 million or 2% from US\$168.6 million in FY 2013 to US\$172.2 million in FY 2014.

The increase was mainly attributable to the growth of our Offshore Support Services Business of US\$18.8 million or 17% from US\$109.3 million in FY 2013 to US\$128.1 million in FY 2014. Our Offshore Support Services Business registered the revenue growth mainly due to revenue contributed by newly delivered vessels.

The increase was partially offset by a decrease in revenue from our Subsea Business of US\$11.8 million or 26% from US\$45.2 million in FY 2013 to US\$33.4 million in FY 2014. The decrease was attributable to lower utilisation of our diving support vessels ("DSVs") and dry-docking of the two DSVs for enhancement works in FY 2014.

In relation to geographical contribution, revenue contribution from Asia increased by US\$24.5 million or 21% from US\$116.4 million in FY 2013 to US\$140.9 million in FY 2014. Revenue contribution from Africa decreased by US\$8.7 million or 33% from US\$26.7 million in FY 2013 to US\$18.0 million in FY 2014.

3 months ended 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

Revenue decreased by approximately US\$5.2 million or 12% from US\$42.4 million in 4Q 2013 to US\$37.2 million in 4Q 2014.

The decrease was mainly attributable to the decrease in revenue from our Subsea Business of US\$7.1 million or 59% from US\$12.1 million in 4Q 2013 to US\$5.0 million in 4Q 2014. The decrease was attributable to lower utilisation of our DSVs in this quarter.

The decrease was partially offset by the increase in revenue of US\$3.2 million or 12% from our Offshore Support Services Business from US\$26.5 million in 4Q 2013 to US\$29.7 million in 4Q 2014 in line with the reasons stated above.

Gross profit

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

Gross profit decreased by approximately US\$8.6 million or 14% from US\$62.8 million in FY 2013 to US\$54.2 million in FY 2014. Gross profit margin decreased from 37% in FY 2013 to 31% in FY 2014.

The decrease in gross profit and gross profit margin was mainly attributable to our Subsea Business in line with the reasons stated above.

The decrease was partially offset by higher gross profit contribution and higher gross profit margin from our Offshore Support Services Business mainly due to gross profit contribution from newly delivered vessels.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Gross profit (Cont'd)

3 months ended 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

Gross profit decreased by approximately US\$11.9 million or 78% from US\$15.2 million in 4Q 2013 to US\$3.3 million in 4Q 2014. Gross profit margin also decreased from 36% in 4Q 2013 to 9% in 4Q 2014.

The overall decrease in gross profit and gross profit margin was mainly attributable to the decrease in gross profit from our Subsea Business and Offshore Support Services Business mainly due to the softer market conditions in 4Q 2014.

Depreciation of property, plant and equipment

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

3 months ended 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

Depreciation increased by approximately US\$2.8 million or 11% from US\$25.0 million in FY 2013 to US\$27.9 million in FY 2014.

Depreciation increased by approximately US\$0.8 million or 12% from US\$6.5 million in 4Q 2013 to US\$7.3 million in 4Q 2014.

The increase is in line with the increase in property, plant and equipment.

Other operating income

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

Other operating income increased by approximately US\$16.9 million or 65% from US\$26.0 million in FY 2013 to US\$42.9 million in FY 2014. The increase was mainly due to an increase in gain on sale of vessels by US\$18.9 million. 8 vessels were sold in FY 2014 (FY 2013: 9 vessels) as part of our fleet rejuvenation programme and injection of vessels into our joint ventures. The increase was partially offset by a decrease in exchange gain of US\$4.7 million (FY 2014: US\$Nil; FY 2013: US\$4.7 million) as the Group had recorded exchange losses of US\$1.4 million in FY 2014 under other operating expenses.

3 months ended 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

Other operating income decreased by approximately US\$2.4 million or 36% from US\$6.8 million in 4Q 2013 to US\$4.4 million in 4Q 2014. The decrease was also attributable to a decrease in foreign exchange gain of US\$2.4 million (4Q 2014: US\$Nil; 4Q 2013: US\$2.4 million) as the Group had recorded exchange losses of US\$0.2 million in 4Q 2014.

General and administrative expenses

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

General and administrative expenses increased by approximately US\$3.5 million or 13% from US\$26.8 million in FY 2013 to US\$30.3 million in FY 2014. The increase was mainly due to the consolidation of the expenses of CrestSA Marine & Offshore Pte Ltd ("CrestSA") of US\$3.9 million as the Group acquired an additional 60% equity interest in FY 2014 and CrestSA became a wholly owned subsidiary of the Group.

3 months ended 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

General and administrative expenses decreased by approximately US\$0.3 million or 5% from US\$6.1 million in 4Q 2013 to US\$5.8 million in 4Q 2014.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating expenses

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

Other operating expenses decreased by approximately US\$3.9 million or 68% from US\$5.7 million in FY 2013 to US\$1.8 million in FY 2014. The decrease was mainly due to write-back of provision for doubtful debts of US\$1.6 million in FY 2014 as compared to provision for doubtful debts of US\$3.6 million in FY 2013. This is partially offset by foreign exchange losses of US\$1.4 million (FY 2014: US\$1.4 million loss recorded in other operating expenses; FY 2013: US\$4.7 million gain recorded in other operating income) due to the exchange rate fluctuation of US Dollar against Singapore Dollar.

3 months ended 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

Other operating expenses decreased by approximately US\$3.2 million or 91% from US\$3.5 million in 4Q 2013 to US\$0.3 million in 4Q 2014. The decrease was mainly due to lower provision for doubtful debts of US\$3.6 million in 4Q 2014.

Finance costs

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

3 months ended 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

Finance cost decreased by approximately US\$4.0 million or 30% from US\$13.1 million in FY 2013 to US\$9.1 million in FY 2014.

Finance cost decreased by approximately US\$0.9 million or 24% from US\$3.5 million in 4Q 2013 to US\$2.6 million in 4Q 2014.

The Group had issued S\$100 million fixed rate notes in the third quarter of FY 2014. Excluding the fixed rate notes, the Group's loans decreased from US\$292.9 million as at 31 December 2013 to US\$252.1 million as at 31 December 2014. The decrease in finance costs was in line with the decrease in loans for the periods under review.

Share of results of joint ventures

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

Share of results of joint ventures decreased by approximately US\$0.5 million or 4% from US\$12.6 million in FY 2013 to US\$12.1 million in FY 2014.

The decrease was mainly attributable to the decrease in share of results of the Group's joint venture company, Alam Radiance (L) ("Alam Radiance") of US\$0.9 million as a result of lower vessel utilisation in FY 2014 as compared to FY 2013.

The decrease was also attributable to the decrease in share of results of the Group's listed joint venture in Indonesia, PT Logindo Samudramakmur Tbk ("PT Logindo") of US\$0.6 million from US\$9.0 million in FY 2013 to US\$8.4 million in FY 2014.

In FY 2013, the Group provided for the provision for net liabilities of its joint venture, CrestSA, of US\$1.2 million arising from its pre-operating expenses. There was no such provision in FY 2014 as CrestSA became a subsidiary of the Group in FY 2014.

3 months ended 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

Share of results of joint ventures increased by approximately US\$1.0 million or 26% from US\$3.5 million in 4Q 2013 to US\$4.5 million in 4Q 2014.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Share of results of associates

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

Share of results of associates decreased by approximately US\$0.6 million or 60% from US\$1.0 million in FY 2013 to US\$0.4 million in FY 2014. The decrease was mainly due to the decrease in share of result of its associate, PT Jawa Tirtamarin ("PT Jawa") from US\$0.6 million in FY 2013 to US\$0.4 million in FY 2014. In addition, the Group had acquired both management and sole shareholding control of its associate, 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 FY 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 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

Share of results of associates decreased by approximately US\$2.1 million from share of profit of US\$1.0 million in 4Q 2013 to share of loss of US\$1.1 million in 4Q 2014. The share of loss in 4Q 2014 was mainly attributable to lower utilisation of vessels from PT Jawa.

Taxation

Financial year ended 31 December 2014 ("FY 2014") vs Financial year ended 31 December 2013 ("FY 2013")

3 months ended 31 December 2014 ("4Q 2014") vs 3 months ended 31 December 2013 ("4Q 2013")

The Group recorded tax credits of US\$1.1 million in FY 2014 and US\$0.1 million in FY 2013. For both 4Q 2014 and 4Q 2013, the Group recorded tax credits of US\$3.9 million and US\$3.2 million. The tax credits were mainly attributable to write back of provision for tax no longer required.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$638.0 million as at 31 December 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\$23.3 million; and
- (ii) Increase in investment in joint ventures and associates of US\$21.2 million primarily due to additional investment in joint ventures and share of results equity accounted for the financial year ended 31 December 2014.

Current assets

The Group's current assets amounted to US\$201.5 million as at 31 December 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\$36.6 million;
- (ii) Increase in amounts due from related companies of US\$26.7 million;
- (iii) Partially offset by decrease in trade receivables of US\$12.5 million; and
- (iv) Decrease in other receivables of US\$0.7 million.

REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)

Current liabilities

The Group's current liabilities amounted to US\$115.7 million as at 31 December 2014. The decrease in current liabilities from US\$118.8 million as at 31 December 2013 was mainly attributable to:

- (i) Decrease in bank loans of US\$2.7 million;
- (ii) Decrease in provision for taxation of US\$4.8 million;
- (iii) Decrease in other liabilities and provisions of US\$2.3 million; and
- (iv) Partially offset by increase in trade payables of US\$4.5 million.

Non-current liabilities

The Group's non-current liabilities amounted to US\$292.0 million as at 31 December 2014. Non-current liabilities increased from US\$249.6 million as at 31 December 2013 primarily due to notes payable of US\$74.8 million as at 31 December 2014 partially offset by decrease in bank loans of US\$38.2 million.

REVIEW OF CASH FLOWS

In FY 2014, the Group generated net cash inflow from operating activities of approximately US\$61.3 million, which comprises cash inflow from operating activities before working capital changes of US\$55.1 million, net working capital inflow of US\$17.1 million, net interest paid of US\$7.2 million and taxes paid of US\$3.7 million.

The net cash inflow from changes in working capital of US\$17.1 million was mainly due to:-

- (i) Decrease in trade and other receivables of US\$13.0 million;
- (ii) Increase in trade payables and other liabilities of US\$15.7 million; and
- (iii) Partially offset against increase in amounts due from related companies of US\$11.7 million;

Net cash outflow from investing activities was approximately US\$52.7 million, which was mainly due to:-

- (i) Additions to property, plant and equipment of US\$207.1 million;
- (ii) Investment in joint ventures of US\$7.8 million;
- (iii) Loans to related companies of US\$7.2 million; and
- (iv) Partially offset by proceeds from sale of property, plant and equipment of US\$170.3 million.

Net cash inflow from financing activities was approximately US\$28.0 million, which was mainly due to:-

- (i) Net proceeds from issuance of notes payable of US\$80.7 million;
- (ii) Proceeds from bank loans of US\$98.3 million to finance our capital expenditure;
- (iii) Partially offset by repayment from bank loans of US\$139.7 million; and
- (iv) Dividends paid on ordinary share of US\$11.5 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 current market conditions present a 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 long term, and demand for oil and gas is expected to continue to grow globally. Hence the Group does not expect the current conditions to be long term in nature.

Whilst short term results may be affected, the Group continues to see opportunities in its businesses as it remains focused on executing its strategies and staying responsive to changes in the business environment.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per share (in cents)	3 Singapore cents

(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	Final
Dividend Type	Cash
Dividend Amount per share (in cents)	2 Singapore cents

(c) Date payable

The proposed final dividend, if approved at the forthcoming Annual General meeting, will be paid on 20 May 2015.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of Pacific Radiance Ltd. ("the Company") will be closed on 8 May 2015. Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services of 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 7 May 2015 will be registered to determine members' entitlements to the Dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares up to 5.00 p.m. on 7 May 2015 will be entitled to the proposed dividend.

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").

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediate preceding year

	Offshore Support Services Business	Subsea Business	Complementary Businesses	Per consolidated financial statements
	US\$'000	US\$'000	US\$'000	US\$'000
2014				
Revenue:				
External customers	128,066	33,443	10,710	172,219
Results:				
Interest income	1,845	109	2	1,956
Finance costs	(8,560)	(362)	(190)	(9,112)
Depreciation and amortisation	(20,777)	(5,705)	(1,369)	(27,851)
Share of results of joint venture companies	12,145	–	–	12,145
Share of results of associated companies	389	–	–	389
Other non-cash expenses (Note A)	886	535	(78)	1,343
Segment profit/(loss)	65,135	5,440	(2,256)	68,319
Assets:				
Investment in associates	6,156	–	–	6,156
Investment in joint ventures	59,360	–	–	59,360
Additions to non-current assets (Note B)	173,017	22,914	11,161	207,092
Segment assets	674,365	129,355	35,827	839,547
Segment liabilities	349,008	31,949	26,671	407,628

Note A. Other non-cash expenses consist of inventories written-down, provisions and impairment of financial assets.

Note B. Additions to non-current assets consist of additions to property, plant and equipment.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results) (CONT'D)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediate preceding year

	Offshore Support Services Business	Subsea Business	Complementary Businesses	Per consolidated financial statements
	US\$'000	US\$'000	US\$'000	US\$'000
2013				
Revenue:				
External customers	109,324	45,216	14,045	168,585
Results:				
Interest income	1,559	106	2	1,667
Finance costs	(10,758)	(2,294)	(9)	(13,061)
Depreciation and amortisation	(19,654)	(5,297)	(95)	(25,046)
Share of results of joint venture companies	13,813	–	(1,176)	12,637
Share of results of associated companies	576	–	386	962
Other non-cash expenses (Note A)	(952)	(1,277)	(5,276)	(7,505)
Segment profit/(loss)	39,415	17,730	(391)	56,754
Assets:				
Investment in associates	2,721	–	–	2,721
Investment in joint ventures	41,629	–	–	41,629
Additions to non-current assets (Note B)	190,959	533	73	191,565
Segment assets	566,700	169,237	9,932	745,869
Segment liabilities	281,170	77,119	10,129	368,418

Note A. Other non-cash expenses consist of inventories written-down, provisions and impairment of financial assets.

Note B. Additions to non-current assets consist of additions to property, plant and equipment.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results) (CONT'D)

- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year (cont'd)**

Geographical information

Revenue is based on the geographical location in which the services are performed. Non-current assets are based on the geographical location of the companies that own the assets:

	Revenues		Non-current assets	
	FY 2014 US\$'000	FY 2013 US\$'000	FY 2014 US\$'000	FY 2013 US\$'000
Asia	140,854	116,420	569,571	545,703
Africa	18,001	26,673	–	–
Australia	–	11,899	–	–
South America	13,364	13,593	2,784	3,397
	<u>172,219</u>	<u>168,585</u>	<u>572,355</u>	<u>549,100</u>

Non-current assets information presented above consists of property, plant and equipment and club memberships as presented in the consolidated balance sheet.

- 15. In the review of performance, the factors leading to any material change in contributions to turnover and earnings by the business or geographical segments**

Refer to part 8 & 10.

- 16. A breakdown of sales**

	Group		Increase/ (Decrease) %
	FY 2014 US\$'000	FY 2013 US\$'000	
Sales reported for first half year	90,653	77,647	17
Operating profit after tax before deducting minority interests reported for first half year	48,944	29,585	65
Sales reported for second half year	81,566	90,938	(10)
Operating profit after tax before deducting minority interests reported for second half year	20,478	27,255	(25)

- 17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year	Previous Full Year
	US\$'000	US\$'000
Ordinary	11,448	7,130
Total	<u>11,448</u>	<u>7,130</u>

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results) (CONT'D)

18. Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Pang Wei Kuan	32	<p>Son of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.</p> <p>Brother of Mr Pang Wei Meng who is the executive director of the Company.</p>	<p>Managing Director, Commercial and Business Development.</p> <p>Appointed in 2011.</p> <p>Responsible for the Group's Marketing & Business Development for new or emerging markets and is also involved in the Group's investment activities by developing and executing the strategies and business plans.</p>	None.
Alphonsus Ang	56	<p>Brother-in-law of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.</p> <p>Uncle of Mr Pang Wei Meng who is the executive director of the Company.</p>	<p>General Manager – Procurement.</p> <p>Appointed in 2007.</p> <p>Responsible for the development of the Group's supply chain management policies as well as the deployment & management of procurement initiatives in alignment with the Group's strategies and business plans.</p>	None.
James Ang	54	<p>Brother-in-law of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.</p> <p>Uncle of Mr Pang Wei Meng who is the executive director of the Company.</p>	<p>Ship Repair Manager.</p> <p>Appointed in 2011.</p> <p>Responsible for management of the ship-repair yard development.</p>	None.

On behalf of the Board of Directors

Pang Yoke Min
Executive Chairman

Mok Weng Vai
Executive Director

26 February 2015

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.