



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

**Unaudited Second Quarter ("2Q 2015") Financial Statement and Dividend Announcement
For the Six Months Ended 30 June 2015 ("6M 2015")**

**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 2015	2Q 2014*	+/(-)	6M 2015	6M 2014*	+/(-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	34,780	48,698	(29)	66,323	90,653	(27)
Cost of sales	(24,632)	(25,965)	(5)	(45,854)	(49,921)	(8)
Gross profit	10,148	22,733	(55)	20,469	40,732	(50)
Other operating income	2,746	20,173	(86)	5,191	27,049	(81)
General and administrative expenses	(5,503)	(7,983)	(31)	(11,510)	(15,868)	(27)
Other operating expenses	(199)	(3,454)	(94)	(2,628)	(3,466)	(24)
Finance costs	(3,160)	(1,933)	63	(5,941)	(4,222)	41
Share of results of joint ventures	1,133	2,839	(60)	1,718	4,854	(65)
Share of results of associate	(715)	485	NM	(1,419)	1,875	NM
Profit before taxation	4,450	32,860	(86)	5,880	50,954	(88)
Taxation	(649)	(1,237)	(48)	(993)	(2,010)	(51)
Profit for the period	3,801	31,623	(88)	4,887	48,944	(90)
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	43	1,963	(98)	14	782	(98)
Net fair value changes on cash flow hedges	211	-	NM	(1,255)	-	NM
Share of other comprehensive income of a joint venture	(434)	-	NM	(434)	-	NM
Other comprehensive income for the period, net of tax	(180)	1,963	NM	(1,675)	782	NM
Total comprehensive income for the period	3,621	33,586	(89)	3,212	49,726	(94)
Profit for the period attributable to:						
Equity holders of the Company	3,838	32,370	(88)	4,742	50,200	(91)
Non-controlling interests	(37)	(747)	(95)	145	(1,256)	NM
	3,801	31,623	(88)	4,887	48,944	(90)
Total comprehensive income for the period attributable to:						
Equity holders of the Company	3,638	34,360	(89)	3,076	51,013	(94)
Non-controlling interests	(17)	(774)	(98)	136	(1,287)	NM
	3,621	33,586	(89)	3,212	49,726	(94)

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

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 2015	2Q 2014	6M 2015	6M 2014
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment	5,384	6,711	12,853	14,011
Impairment of doubtful receivables, net	45	238	45	1,550
Loss/(gain) on sale of property, plant and equipment, net	114	(18,100)	104	(23,659)
Net fair value (gain)/loss on derivatives	(1,307)	362	(697)	324
Exchange loss	31	2,378	2,460	1,103
Write back of provision for litigation claims	–	(842)	–	(842)
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)	–	(498)
Net loss on deemed disposal of a subsidiary	–	454	–	454
Net gain on acquisition of additional interest in a joint venture	(185)	–	(185)	–
Interest income	(715)	(285)	(2,755)	(407)
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	(97)	(95)	(193)	(190)
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	(40)	(40)	(80)	(80)
Provision for tax in respect of prior years	4	28	4	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 June 2015 US\$'000	As at 31 Dec 2014 US\$'000	As at 30 June 2015 US\$'000	As at 31 Dec 2014 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	682,892	572,053	–	–
Investment in subsidiaries	–	–	44,752	44,752
Investment in associate	4,656	6,156	–	–
Investment in joint ventures	65,233	59,360	–	–
Club memberships	302	302	–	–
Derivatives	39	178	–	–
	753,122	638,049	44,752	44,752
Current assets				
Inventories	3,697	3,329	–	–
Trade receivables	36,487	35,102	–	–
Other receivables	6,754	6,526	201	205
Amounts due from related companies	44,569	55,105	295,748	204,947
Cash and cash equivalents	77,050	101,436	714	52,655
	168,557	201,498	296,663	257,807
Total assets	921,679	839,547	341,415	302,559
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	13,029	15,846	–	–
Other liabilities	56,076	41,316	1,698	5,323
Amounts due to related companies	659	1,148	81,242	39,929
Bank loans	67,776	50,664	–	–
Provision for taxation	5,191	5,496	–	–
Finance lease obligations	135	29	–	–
Derivatives	201	1,170	–	–
	143,067	115,669	82,940	45,252
Non-current liabilities				
Other liabilities	8,504	8,777	–	–
Bank loans	268,621	201,404	–	–
Notes payable	74,208	74,781	74,208	74,781
Deferred tax liabilities	166	166	–	–
Finance lease obligations	434	102	–	–
Derivatives	8,700	6,729	8,119	6,279
	360,633	291,959	82,327	81,060
Total liabilities	503,700	407,628	165,267	126,312
Net assets	417,979	431,919	176,148	176,247

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 June 2015	As at 31 Dec 2014	As at 30 June 2015	As at 31 Dec 2014
	US\$'000	US\$'000	US\$'000	US\$'000
Equity attributable to equity holders of the Company				
Share capital	162,854	162,854	162,854	162,854
Retained earnings	267,322	278,603	15,875	14,720
Other reserves	(15,162)	(13,495)	(2,581)	(1,327)
	415,014	427,962	176,148	176,247
Non-controlling interests	2,965	3,957	–	–
Total equity	417,979	431,919	176,148	176,247

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

Amount repayable in one year or less, or on demand

Group		Group	
As at 30 June 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
66,717	1,194	50,693	–

Amount repayable after one year

Group		Group	
As at 30 June 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
265,199	78,064	201,506	74,781

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\$502.6 million and US\$378.8 million as at 30 June 2015 and 31 December 2014 respectively;
- First legal mortgages over the properties of the Group, with net book values of US\$35.0 million and US\$26.6 million as at 30 June 2015 and 31 December 2014 respectively;
- A right to take assignment of charter earnings and insurance policies of the mortgaged vessels;
- Legal assignment of all rights and benefits of the related shipbuilding contracts between the Group and the related shipbuilders and any subsequent variations; and
- Cash pledged of US\$2.3 million and US\$0.7 million as at 30 June 2015 and 31 December 2014 respectively.

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	
	2Q 2015 US\$'000	2Q 2014* US\$'000
Cash flows from operating activities:		
Profit before taxation	4,450	32,860
Adjustments for:		
Depreciation of property, plant and equipment	5,384	6,711
Interest expense	3,160	1,933
Interest income	(715)	(285)
Share of results of joint ventures	(1,133)	(2,839)
Share of result of associate	715	(485)
Loss/(gain) on sale of property, plant and equipment, net	114	(18,100)
Impairment of doubtful receivables, net	45	238
Net gain on acquisition of a subsidiary	–	(498)
Net loss on deemed disposal of a subsidiary	–	454
Net gain on acquisition of additional interest in a joint venture	(185)	–
Write back of provision for litigation claims	–	(842)
Net fair value (gain)/ loss on derivatives	(1,307)	362
Exchange differences	(802)	1,948
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Operating cash flows before changes in working capital	9,726	21,457
Increase in trade and other receivables	(3,542)	(4,286)
Decrease/(increase) in amounts due from/to related companies	554	(10,896)
Decrease/(increase) in inventories	70	(906)
(Decrease)/increase in trade payables and other liabilities	(2,711)	19,494
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Cash generated from operations	4,097	24,863
Income taxes paid	(795)	(2,438)
Interest paid	(2,142)	(1,972)
Interest received	241	32
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Net cash flows generated from operating activities	1,401	20,485
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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 2015 US\$'000	2Q 2014* US\$'000
Cash flows from investing activities:		
Additions to property, plant and equipment	(60,002)	(45,494)
Investment in joint ventures	(868)	(2,149)
Loans to related companies, net	(955)	(829)
Proceeds from sale of property, plant and equipment	3,030	82,993
Dividend received from a joint venture	612	549
	<hr/>	<hr/>
Net cash flows (used in)/generated from investing activities	(58,183)	35,070
	<hr/>	<hr/>
Cash flows from financing activities:		
Proceeds from finance lease obligations	471	–
Repayment of finance lease obligations	(23)	(13)
Proceeds from bank loans	66,997	22,113
Repayment of bank loans	(15,762)	(46,594)
Dividends paid on ordinary shares	(16,021)	(11,448)
Dividends paid to non-controlling interests	(1,868)	–
Cash and cash equivalents pledged as securities	(405)	(1)
	<hr/>	<hr/>
Net cash flows generated from/(used in) financing activities	33,389	(35,943)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(23,393)	19,612
Effect of exchange rate changes on cash and cash equivalents	(276)	(38)
Cash and cash equivalents at beginning of period	98,406	52,302
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	74,737	71,876
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Breakdown of cash and cash equivalents at end of the period:		
Cash and cash equivalents as per balance sheet	77,050	73,050
Cash pledged	(2,313)	(1,174)
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	74,737	71,876
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* Some of the prior period's comparative figures have been reclassified to conform to the current period'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 April 2015	162,854	279,505	(14,962)	(8,991)	172	(2,964)	(3,179)	427,397	4,850	432,247
Profit for the period	–	3,838	–	–	–	–	–	3,838	(37)	3,801
<u>Other comprehensive income</u>										
- Foreign currency translation	–	–	23	23	–	–	–	23	20	43
- Net fair value changes on cash flow hedges	–	–	211	–	–	211	–	211	–	211
- Share of other comprehensive income of a joint venture	–	–	(434)	–	–	(434)	–	(434)	–	(434)
Total comprehensive income for the period	–	3,838	(200)	23	–	(223)	–	3,638	(17)	3,621
Dividends paid	–	(16,021)	–	–	–	–	–	(16,021)	(1,868)	(17,889)
Balance at 30 June 2015	162,854	267,322	(15,162)	(8,968)	172	(3,187)	(3,179)	415,014	2,965	417,979
Balance at 1 April 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
<u>Other comprehensive income:</u>										
- 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

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 April 2015	162,854	32,429	(2,792)	–	172	(2,964)	192,491
Loss for the period	–	(533)	–	–	–	–	(533)
<u>Other comprehensive income:</u>							
- Net fair value changes on cash flow hedges	–	–	211	–	–	211	211
Total comprehensive income for the period	–	(533)	211	–	–	211	(322)
Dividends paid	–	(16,021)	–	–	–	–	(16,021)
Balance at 30 June 2015	162,854	15,875	(2,581)	–	172	(2,753)	176,148
Balance at 1 April 2014	155,254	34,285	4,568	4,396	172	–	194,107
Loss for the period	–	(886)	–	–	–	–	(886)
<u>Other comprehensive income:</u>							
- 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

- 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 2015 – 725,755,013 ordinary shares

As at 31 December 2014 – 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 2014 except 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 2015, 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 2015. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

In addition, the Group revised the estimated useful lives of certain types of vessels from 20 years to 25 years after conducting an operational and sector review of each category of the vessels' useful lives. The Group has always been actively reviewing its fleet composition and newbuild programme to ensure that its fleet remains market relevant. Over the years, the fleet composition of the Group has gradually changed to larger vessels with higher specifications. The usability of such vessels is expected to be 25 years. As a result, the Group has revised the useful lives of certain types of vessels from 20 to 25 years.

In accordance with FRS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the change in accounting estimate has been applied from 1 January 2015. Accordingly, the adoption of the change in accounting estimate has no effect in prior years.

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 (cont'd).**

The impact of the change in accounting estimate as at 30 June 2015 is as follows:

Statement of Comprehensive Income	1Q 2015 impact (US\$'000) ((Decrease)/Increase)	2Q 2015 impact (US\$'000) ((Decrease)/Increase)	Total impact recorded in 2Q 2015 (US\$'000) ((Decrease)/Increase)
Depreciation charge	(1,171)	(1,460)	(2,631)
Share of result of joint ventures	416	416	832
Share of result of associate	39	39	78
Profit before taxation	1,626	1,915	3,541
Statement of Financial Position	1Q 2015 impact (US\$'000) (Increase)	2Q 2015 impact (US\$'000) (Increase)	Total impact recorded in 2Q 2015 (US\$'000) (Increase)
Investment in joint ventures	416	416	832
Investment in associate	39	39	78
Property, plant and equipment	1,171	1,460	2,631

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 2015	6M 2014
Profit attributable to equity holders of the Company (US\$'000)	4,742	50,200
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	725,755	725,755
- based on a fully diluted basis	725,755	725,755
Earnings per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	0.7	6.9
(b) On a fully diluted basis	0.7	6.9

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 30 June 15	As at 31 Dec 14	As at 30 June 15	As at 31 Dec 14
Net asset value (US\$'000)	417,979	431,919	176,148	176,247
Total number of ordinary shares issued ('000)	725,755	725,755	725,755	725,755
Net asset value per ordinary share (US cents)	57.6	59.5	24.3	24.3

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 2015 ("6M 2015") vs 6 months ended 30 June 2014 ("6M 2014")

Revenue

Revenue decreased by approximately US\$24.4 million or 27% from US\$90.7 million in 6M 2014 to US\$66.3 million in 6M 2015.

The decrease was mainly attributable to the decline in revenue of our Subsea Business of US\$19.6 million or 87% from US\$22.6 million in 6M 2014 to US\$3.0 million in 6M 2015, and from our Offshore Support Services Business of US\$5.1 million or 8% from US\$66.5 million in 6M 2014 to US\$61.4 million in 6M 2015.

The decrease in revenue was mainly attributable to lower utilisation of vessels from our Subsea Business and Offshore Support Services Business as a result of the softer market conditions in 6M 2015.

3 months ended 30 June 2015 ("2Q 2015") vs 3 months ended 30 June 2014 ("2Q 2014")

Revenue decreased by approximately US\$13.9 million or 29% from US\$48.7 million in 2Q 2014 to US\$34.8 million in 2Q 2015.

The decrease was mainly attributable to the decline in revenue of our Subsea Business of US\$13.6 million or 97% from US\$14.0 million in 2Q 2014 to US\$0.4 million in 2Q 2015, and from our Offshore Support Services Business of US\$1.1 million or 3% from US\$33.8 million in 2Q 2014 to US\$32.7 million in 2Q 2015.

The decrease in revenue was mainly attributable to lower utilisation of vessels from our Subsea Business as a result of the softer market conditions in 2Q 2015.

Gross profit

6 months ended 30 June 2015 ("6M 2015") vs 6 months ended 30 June 2014 ("6M 2014")

Gross profit decreased by approximately US\$20.2 million or 50% from US\$40.7 million in 6M 2014 to US\$20.5 million in 6M 2015. Gross profit margin decreased from 45% in 6M 2014 to 31% in 6M 2015.

The overall decrease in gross profit and gross profit margin was mainly attributable to weaker performance from our Subsea Business and Offshore Support Services Business in line with the reasons stated above.

3 months ended 30 June 2015 ("2Q 2015") vs 3 months ended 30 June 2014 ("2Q 2014")

Gross profit decreased by approximately US\$12.6 million or 55% from US\$22.7 million in 2Q 2014 to US\$10.1 million in 2Q 2015. Gross profit margin decreased from 47% in 2Q 2014 to 29% in 2Q 2015.

The overall decrease in gross profit and gross profit margin was mainly attributable to weaker performance from our Subsea Business and Offshore Support Services Business in line with the reasons stated above.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating income

6 months ended 30 June 2015 ("6M 2015") vs 6 months ended 30 June 2014 ("6M 2014")

Other operating income decreased by approximately US\$21.8 million or 81% from US\$27.0 million in 6M 2014 to US\$5.2 million in 6M 2015. The decrease was mainly due to gain on sale of vessels of US\$23.7 million which was recorded in 6M 2014 (6M 2015: net loss of US\$0.1 million recorded in other operating expenses ; 6M 2014: net gain of US\$23.7 million recorded in other operating income). 5 vessels were sold in 6M 2014 as opposed to 2 vessels in 6M 2015.

3 months ended 30 June 2015 ("2Q 2015") vs 3 months ended 30 June 2014 ("2Q 2014")

Other operating income decreased by approximately US\$17.5 million or 86% from US\$20.2 million in 2Q 2014 to US\$2.7 million in 2Q 2015. The decrease was mainly due to gain on sale of vessels of US\$18.1 million which was recorded in 2Q 2014 (2Q 2015: net loss of US\$0.1 million recorded in other operating expenses ; 2Q 2014: net gain of US\$18.1 million recorded in other operating income). 3 vessels were sold in 2Q 2014 as opposed to 2 vessels in 2Q 2015.

General and administrative expenses

6 months ended 30 June 2015 ("6M 2015") vs 6 months ended 30 June 2014 ("6M 2014")

General and administrative expenses decreased by approximately US\$4.4 million or 27% from US\$15.9 million in 6M 2014 to US\$11.5 million in 6M 2015 mainly due to reduction in staff costs.

3 months ended 30 June 2015 ("2Q 2015") vs 3 months ended 30 June 2014 ("2Q 2014")

General and administrative expenses decreased by approximately US\$2.5 million or 31% from US\$8.0 million in 2Q 2014 to US\$5.5 million in 2Q 2015 mainly due to reduction in staff costs.

Other operating expenses

6 months ended 30 June 2015 ("6M 2015") vs 6 months ended 30 June 2014 ("6M 2014")

Other operating expenses decreased by approximately US\$0.9 million or 24% from US\$3.5 million in 6M 2014 to US\$2.6 million in 6M 2015. The decrease was mainly due to net loss on deemed disposal of subsidiary and impairment of doubtful receivables in 6M 2014, which was partially offset by higher foreign exchange losses recorded in 6M 2015.

3 months ended 30 June 2015 ("2Q 2015") vs 3 months ended 30 June 2014 ("2Q 2014")

Other operating expenses decreased by approximately US\$3.3 million or 94% from US\$3.5 million in 2Q 2014 to US\$0.2 million in 2Q 2015. The decrease was mainly due to lower foreign exchange losses of US\$2.4 million recorded in 2Q 2015 (2Q 2015: US\$0.03 million ; 2Q 2014: US\$2.4 million). In addition, 2Q 2014 included a net loss on deemed disposal of subsidiary of US\$0.5 million.

Finance costs

6 months ended 30 June 2015 ("6M 2015") vs 6 months ended 30 June 2014 ("6M 2014")

3 months ended 30 June 2015 ("2Q 2015") vs 3 months ended 30 June 2014 ("2Q 2014")

Finance cost increased by approximately US\$1.7 million or 41% from US\$4.2 million in 6M 2014 to US\$5.9 million in 6M 2015.

Finance cost increased by approximately US\$1.3 million or 63% from US\$1.9 million in 2Q 2014 to US\$3.2 million in 2Q 2015.

The increase in finance costs for both periods was in line with an increase in bank loans and notes payable outstanding from US\$273.7 million as at 30 June 2014 to US\$410.6 million as at 30 June 2015.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Share of results of joint ventures

6 months ended 30 June 2015 ("6M 2015") vs 6 months ended 30 June 2014 ("6M 2014")

Share of results of joint ventures decreased by approximately US\$3.2 million or 65% from US\$4.9 million in 6M 2014 to US\$1.7 million in 6M 2015. The decrease was mainly attributable to decrease in share of results of the Group's listed joint venture in Indonesia, PT Logindo Samudramakmur Tbk ("PT Logindo").

3 months ended 30 June 2015 ("2Q 2015") vs 3 months ended 30 June 2014 ("2Q 2014")

Share of results of joint ventures decreased by approximately US\$1.7 million or 60% from US\$2.8 million in 2Q 2014 to US\$1.1 million in 2Q 2015. The decrease was mainly attributable to decrease in share of results of PT Logindo.

Share of results of associate

6 months ended 30 June 2015 ("6M 2015") vs 6 months ended 30 June 2014 ("6M 2014")

Share of results of associate decreased by approximately US\$3.3 million from share of profit of US\$1.9 million in 6M 2014 to a share of loss of US\$1.4 million in 6M 2015 due to the softer market conditions.

3 months ended 30 June 2015 ("2Q 2015") vs 3 months ended 30 June 2014 ("2Q 2014")

Share of results of associate decreased by approximately US\$1.2 million from share of profit of US\$0.5 million in 2Q 2014 to a share of loss of US\$0.7 million in 2Q 2015 due to the softer market conditions.

Taxation

6 months ended 30 June 2015 ("6M 2015") vs 6 months ended 30 June 2014 ("6M 2014")

3 months ended 30 June 2015 ("2Q 2015") vs 3 months ended 30 June 2014 ("2Q 2014")

Taxation expense decreased by approximately US\$1.0 million or 51% from US\$2.0 million in 6M 2014 to US\$1.0 million in 6M 2015.

Taxation expense decreased by approximately US\$0.6 million or 48% from US\$1.2 million in 2Q 2014 to US\$0.6 million in 2Q 2015.

The decrease in taxation expense for both periods was due to lower withholding taxes incurred.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$753.1 million as at 30 June 2015. The increase in non-current assets from US\$638.0 million as at 31 December 2014 was mainly due to:

- (i) Increase in property, plant and equipment of US\$110.8 million; and
- (ii) Increase in investment in joint ventures and associate of US\$4.4 million primarily due to additional investment in joint ventures of US\$1.7 million and share of results equity accounted for the financial period ended 30 June 2015.

Current assets

The Group's current assets amounted to US\$168.6 million as at 30 June 2015. The decrease in current assets from US\$201.5 million as at 31 December 2014 was mainly due to:

- (i) Decrease in amounts due from related companies of US\$10.5 million; and
- (ii) Decrease in cash and cash equivalent of US\$24.4 million.

Current liabilities

The Group's current liabilities amounted to US\$143.1 million as at 30 June 2015. The increase in current liabilities from US\$115.7 million as at 31 December 2014 was mainly attributable to:

- (i) Increase in other liabilities of US\$14.8 million;
- (ii) Increase in bank loans of US\$17.1 million; and
- (iii) Partially offset by decrease in trade payables of US\$2.8 million.

Non-current liabilities

The Group's non-current liabilities amounted to US\$360.6 million as at 30 June 2015. Non-current liabilities increased from US\$292.0 million as at 31 December 2014 primarily due to net increase in bank loans of US\$67.2 million.

REVIEW OF CASH FLOWS

In 2Q 2015, the Group generated net cash inflow from operating activities of approximately US\$1.4 million, which comprises cash inflow from operating activities before working capital changes of US\$9.7 million, net working capital outflow of US\$5.6 million, net interest paid of US\$1.9 million and taxes paid of US\$0.8 million.

The net cash outflow from changes in working capital of US\$5.6 million was mainly due to:-

- (i) Increase in trade and other receivables of US\$3.5 million;
- (ii) Decrease in trade payables and other liabilities of US\$2.7 million; and
- (iii) Partially offset by decrease in amounts due from related companies of US\$0.6 million.

Net cash outflow from investing activities was approximately US\$58.2 million, which was mainly due to:-

- (i) Additions to property, plant and equipment of US\$60.0 million;
- (ii) Investment in joint ventures of US\$0.9 million; and
- (iii) Partially offset by proceeds from sale of property, plant and equipment of US\$3.0 million.

Net cash inflow from financing activities was approximately US\$33.4 million, which was mainly due to:-

- (i) Proceeds from bank loans of US\$67.0 million to finance our capital expenditure;
- (ii) Partially offset by repayment of bank loans of US\$15.8 million;
- (iii) Dividends paid on ordinary shares of US\$16.0 million; and
- (iv) Dividends paid to non-controlling interests of subsidiaries of US\$1.9 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.

Current market conditions continue to remain challenging and the Group expects that the situation is not likely to improve for the rest of this year.

However, long term fundamentals and prospects remain, and the Group will continue with increasing intensity its marketing and business development initiatives, cost management measures and prudent balance sheet management in order to weather this difficult year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

11. Dividend (cont'd)

(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 2015 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 August 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.