



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

Full Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 2015 (“FY 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		
	4Q 2015	4Q 2014	+/(-) %	FY 2015	FY 2014	+/(-) %
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	21,717	37,208	(42)	121,799	172,219	(29)
Cost of sales	(25,075)	(33,936)	(26)	(97,503)	(118,054)	(17)
Gross profit	(3,358)	3,272	NM	24,296	54,165	(55)
Other operating income	6,921	4,387	58	19,101	42,878	(55)
General and administrative expenses	(6,550)	(5,812)	13	(23,933)	(30,326)	(21)
Other operating expenses	(140)	(312)	(55)	(4,706)	(1,820)	NM
Finance costs	(2,923)	(2,630)	11	(12,105)	(9,112)	33
Share of results of joint ventures	2,652	4,461	(41)	4,537	12,145	(63)
Share of results of associate	(228)	(1,143)	(80)	(1,883)	389	NM
Profit /(loss) before taxation	(3,626)	2,223	NM	5,307	68,319	(92)
Taxation	839	3,945	(79)	(1,624)	1,103	NM
Profit /(loss) for the period	(2,787)	6,168	NM	3,683	69,422	(95)
Other comprehensive income / (loss):						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	(254)	(407)	38	(361)	437	NM
Net fair value changes on cash flow hedges	1,518	(50)	NM	(828)	(1,499)	(45)
Share of other comprehensive income / (loss) of a joint venture	729	-	NM	(441)	-	NM
Other comprehensive income / (loss) for the period, net of tax	1,993	(457)	NM	(1,630)	(1,062)	(53)
Total comprehensive income /(loss) for the period	(794)	5,711	NM	2,053	68,360	(97)
Profit/ (Loss) for the period attributable to:						
Equity holders of the Company	(2,574)	5,050	NM	3,829	68,316	(94)
Non-controlling interests	(213)	1,118	NM	(146)	1,106	NM
	(2,787)	6,168	NM	3,683	69,422	(95)
Total comprehensive income /(loss) for the period attributable to:						
Equity holders of the Company	(583)	4,648	NM	2,259	67,309	(97)
Non-controlling interests	(211)	1,063	NM	(206)	1,051	NM
	(794)	5,711	NM	2,053	68,360	(97)

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	
	4Q 2015 US\$'000	4Q 2014 US\$'000	FY2015 US\$'000	FY2014 US\$'000
Depreciation of property, plant and equipment	6,385	7,292	26,364	27,851
Impairment /(Write back) of doubtful receivables, net	145	(784)	262	(1,620)
Net (gain)/loss on sale of property, plant and equipment	(5,228)	560	(11,733)	(34,637)
Net fair value (gain)/loss on derivatives	(772)	870	(1,042)	1,494
Exchange (gain)/loss	(261)	227	4,160	1,365
Write back of provision for litigation claims	–	–	–	(842)
Write back of net liabilities of a joint venture (included in share of results of joint ventures)	–	(440)	–	–
Net gain on acquisition of subsidiaries	–	–	–	(434)
Net (gain)/loss on deemed disposal of subsidiaries	–	(361)	–	88
Net gain on acquisition of interest in joint ventures	(717)	–	(973)	–
Interest income	(720)	(1,146)	(4,272)	(1,956)
Allowance for inventory obsolescence	232	7	232	7
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	(1,688)	(97)	(1,912)	(382)
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	(459)	(40)	(552)	(159)
Provision for tax in respect of prior years	1,230	3	1,249	55
Write back of provision for tax no longer required in respect of prior years	(3,567)	(4,449)	(3,567)	(4,449)

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 2015 US\$'000	As at 31 Dec 2014 US\$'000	As at 31 Dec 2015 US\$'000	As at 31 Dec 2014 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	606,249	572,053	–	–
Investment in subsidiaries	–	–	44,752	44,752
Investment in associate	–	6,156	–	–
Investment in joint ventures	68,045	59,360	–	–
Club memberships	289	302	–	–
Investment securities	125	–	–	–
Amount due from related companies	75,363	–	–	–
Derivatives	58	178	–	–
	750,129	638,049	44,752	44,752
Current assets				
Inventories	942	3,329	–	–
Trade receivables	25,249	35,102	–	–
Other receivables	13,823	6,526	177	205
Amounts due from related companies	83,362	55,105	323,378	204,947
Cash and cash equivalents	43,133	101,436	302	52,655
	166,509	201,498	323,857	257,807
Total assets	916,638	839,547	368,609	302,559
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	14,321	15,846	–	–
Other liabilities	56,785	41,316	3,114	5,323
Amounts due to related companies	1,213	1,148	110,065	39,929
Bank loans	79,027	50,664	–	–
Provision for taxation	3,241	5,496	184	–
Finance lease obligations	150	29	–	–
Derivatives	37	1,170	–	–
	154,774	115,669	113,363	45,252
Non-current liabilities				
Other liabilities	13,117	8,777	–	–
Bank loans	250,462	201,404	–	–
Notes payable	69,331	74,781	69,331	74,781
Deferred tax liabilities	123	166	–	–
Finance lease obligations	430	102	–	–
Derivatives	12,390	6,729	11,971	6,279
	345,853	291,959	81,302	81,060
Total liabilities	500,627	407,628	194,665	126,312
Net assets	416,011	431,919	173,944	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 31 Dec 2015 US\$'000	As at 31 Dec 2014 US\$'000	As at 31 Dec 2015 US\$'000	As at 31 Dec 2014 US\$'000
Equity attributable to equity holders of the Company				
Share capital	162,854	162,854	162,854	162,854
Treasury shares	(817)	–	(817)	–
Retained earnings	266,416	278,603	14,062	14,720
Other reserves	(15,065)	(13,495)	(2,155)	(1,327)
	413,388	427,962	173,944	176,247
Non-controlling interests	2,623	3,957	–	–
Total equity	416,011	431,919	173,944	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 31 Dec 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
78,258	919	50,693	–

Amount repayable after one year

Group		Group	
As at 31 Dec 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
247,444	72,779	201,506	74,781

Details of any collateral:

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

- First legal mortgages over the vessels of the Group, with net book values of US\$412.5 million and US\$378.8 million as at 31 December 2015 and 31 December 2014 respectively;
- First legal mortgages over the buildings and ship-repair yard under construction of the Group, with net book values of US\$47.8 million and US\$26.6 million as at 31 December 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\$4.2 million and US\$0.7 million as at 31 December 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	
	FY 2015	FY 2014
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before taxation	5,307	68,319
Adjustments for:		
Depreciation of property, plant and equipment	26,364	27,851
Interest expense	12,105	9,112
Interest income	(4,272)	(1,956)
Share of results of joint ventures	(4,537)	(12,145)
Share of result of associate	1,883	(389)
Gain on sale of property, plant and equipment, net	(11,733)	(34,637)
Impairment/(write back) of doubtful receivables, net	262	(1,620)
Net gain on acquisition of a subsidiary	–	(434)
Provision for foreseeable losses of an equipment contract	–	91
Impairment of club memberships	13	23
Allowance for inventory obsolescence	232	7
Write back of litigation claims	–	(842)
Net loss on deemed disposal of a subsidiary	–	88
Net gain on acquisition of interest in joint ventures	(973)	–
Net fair value (gain) / loss on derivatives	(1,042)	1,494
Exchange difference	(436)	(48)
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Operating cash flows before changes in working capital	23,173	54,914
Decrease in trade and other receivables	5,461	12,963
Increase in amounts due from/to related companies	(4,614)	(11,682)
Decrease in inventories	2,154	61
Increase in trade payables and other liabilities	11,608	16,881
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Cash generated from operations	37,782	73,137
Taxes paid	(2,733)	(3,655)
Interest paid	(11,779)	(7,523)
Interest received	1,105	266
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Net cash flows generated from operating activities	24,375	62,225
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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	
	FY 2015 US\$'000	FY 2014 US\$'000
Cash flows from investing activities:		
Additions to property, plant and equipment	(161,565)	(206,944)
Investment in joint ventures	(3,319)	(7,913)
Purchase of investment securities	(125)	–
Net cash inflow on acquisition of subsidiary	–	1,225
Net cash outflow on deemed disposal of a subsidiary	–	(995)
Loans repayment from/(to) related companies, net	12,654	(7,168)
Proceeds from sale of property, plant and equipment	7,554	170,264
Dividend received from a joint venture	694	549
Net cash flows used in investing activities	(144,107)	(50,982)
Cash flows from financing activities:		
Equity contribution by non-controlling interests	740	–
Acquisition of non-controlling interests	–	(1,590)
Repayment of finance lease obligations	(164)	(19)
Proceeds from bank loans	199,342	98,255
Repayment of bank loans	(120,084)	(139,670)
Purchase of treasury shares	(817)	–
Net proceeds from notes payable	–	79,562
Dividends paid on ordinary shares	(17,884)	(11,448)
Cash and cash equivalents pledged as securities	(3,473)	489
Net cash flows generated from financing activities	57,660	25,579
Net (decrease)/increase in cash and cash equivalents	(62,072)	36,822
Effect of exchange rate changes on cash and cash equivalents	296	229
Cash and cash equivalents at beginning of period	100,736	63,685
Cash and cash equivalents at end of the period	38,960	100,736
Breakdown of cash and cash equivalents at end of the period:		
Cash and cash equivalents as per balance sheet	43,133	101,436
Cash pledged	(4,173)	(700)
	38,960	100,736

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	Treasury Shares	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	US\$'000
The Group											
Balance at 1 January 2015	162,854	–	278,603	(13,495)	(8,989)	172	(1,499)	(3,179)	427,962	3,957	431,919
Profit for the year	–	–	3,829	–	–	–	–	–	3,829	(146)	3,683
<u>Other comprehensive income</u>											
- Foreign currency translation	–	–	–	(301)	(301)	–	–	–	(301)	(60)	(361)
- Net fair value changes on cash flow hedges	–	–	–	(828)	–	–	(828)	–	(828)	–	(828)
- Share of other comprehensive income of a joint venture	–	–	–	(441)	–	–	(441)	–	(441)	–	(441)
Total comprehensive income for the year	–	–	3,829	(1,570)	(301)	–	(1,269)	–	2,259	(206)	2,053
Equity contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	740	740
Purchase of treasury shares	–	(817)	–	–	–	–	–	–	(817)	–	(817)
Dividend on ordinary shares	–	–	(16,016)	–	–	–	–	–	(16,016)	(1,868)	(17,884)
Balance at 31 December 2015	162,854	(817)	266,416	(15,065)	(9,290)	172	(2,768)	(3,179)	413,388	2,623	416,011
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	–	(1,449)	–	67,309	1,051	68,360
Effects of change in functional currency	7,600	–	(1,025)	(6,796)	(6,796)	–	–	–	(221)	–	(221)
Dividend on ordinary shares	–	–	(11,448)	–	–	–	–	–	(11,448)	–	(11,448)
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(189)	(189)
Acquisition of Non-Controlling Interest 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

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	Treasury Shares	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	US\$'000
The Company								
Balance at 1 January 2015	162,854	–	14,720	(1,327)	–	172	(1,499)	176,247
Profit for the year	–	–	15,358	–	–	–	–	15,358
<u>Other comprehensive income:</u>								
- Net fair value changes on cash flow hedges	–	–	–	(828)	–	–	(828)	(828)
Total comprehensive income for the year	–	–	15,358	(828)	–	–	(828)	14,530
Purchase of treasury shares	–	(817)	–	–	–	–	–	(817)
Dividends on ordinary shares	–	–	(16,016)	–	–	–	–	(16,016)
Balance at 31 December 2015	162,854	(817)	14,062	(2,155)	–	172	(2,327)	173,944
Balance at 1 January 2014	155,254	–	17,958	6,103	5,931	172	–	179,315
Profit for the year	–	–	9,235	–	–	–	–	9,235
<u>Other comprehensive income:</u>								
- Net fair value changes on cash flow hedges	–	–	–	(1,499)	–	–	(1,499)	(1,499)
- Foreign currency translation	–	–	–	865	865	–	–	865
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

- 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.**

Under the Share Buy Back Mandate (first approved by the Shareholders on 30 April 2014 and last renewed at the Annual General Meeting on 28 April 2015), the Company bought back 271,400 ordinary shares during the fourth quarter of 2015. These shares are held as treasury shares. The amount paid, including brokerage fees, totalled US\$57,870.84 and was deducted against shareholders' equity.

As at 31 December 2015, the Company's total issued shares is 725,755,013 ordinary shares (31 December 2014: 725,755,013) with 3,681,000 (31 December 2014: Nil) shares being held as treasury shares.

- 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.**

The Company's total issued shares excluding treasury shares is 722,074,013 as at 31 December 2015 (31 December 2014: 725,755,013).

- 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.**

The movement of treasury shares are as follows:

As at 1 January 2015	: Nil
Purchase of treasury shares during the year	: 3,681,000 shares
As at 31 December 2015	: 3,681,000 shares

- 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.

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 2015	FY 2014
Profit attributable to equity holders of the Company (US\$'000)	3,829	68,316
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	724,542	725,755
- based on a fully diluted basis	724,542	725,755
Earnings per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	0.5	9.4
(b) On a fully diluted basis	0.5	9.4

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 15	As at 31 Dec 14	As at 31 Dec 15	As at 31 Dec 14
Net asset value (US\$'000)	416,011	431,919	173,944	176,247
Total number of ordinary shares issued ('000)	722,074	725,755	722,074	725,755
Net asset value per ordinary share (US cents)	57.6	59.5	24.1	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

Financial year ended 31 December 2015 ("FY 2015") vs Financial year ended 31 December 2014 ("FY 2014")

Revenue

Revenue decreased by approximately US\$50.4 million or 29% from US\$172.2 million in FY 2014 to US\$121.8 million in FY 2015.

The decrease was mainly attributable to the decline in revenue of our Subsea Business of US\$24.8 million or 74% from US\$33.4 million in FY 2014 to US\$8.6 million in FY 2015, and from our Offshore Support Services Business of US\$21.2 million or 17% from US\$128.1 million in FY 2014 to US\$106.9 million in FY 2015.

The decrease in revenue was mainly attributable to lower utilisation of vessels from our Subsea Business and Offshore Support Services Business in FY 2015 as compared to the previous corresponding year, as a result of the significantly weaker market conditions arising from the severe drop in oil prices.

3 months ended 31 December 2015 ("4Q 2015") vs 3 months ended 31 December 2014 ("4Q 2014")

Revenue decreased by approximately US\$15.5 million or 42% from US\$37.2 million in 4Q 2014 to US\$21.7 million in 4Q 2015.

The decrease was mainly attributable to the decline in revenue of our Subsea Business of US\$1.8 million or 36% from US\$5.0 million in 4Q 2014 to US\$3.2 million in 4Q 2015, and from our Offshore Support Services Business of US\$12.0 million or 40% from US\$29.7 million in 4Q 2014 to US\$17.7 million in 4Q 2015.

The decrease in revenue was mainly attributable to lower utilisation of vessels from our Subsea Business and Support Services Business as a result of the softer market conditions in 4Q 2015 as compared to the previous corresponding period.

Gross profit

Financial year ended 31 December 2015 ("FY 2015") vs Financial year ended 31 December 2014 ("FY 2014")

Gross profit decreased by approximately US\$29.9 million or 55% from US\$54.2 million in FY 2014 to US\$24.3 million in FY 2015. Gross profit margin decreased from 31% in FY 2014 to 20% in FY 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 31 December 2015 ("4Q 2015") vs 3 months ended 31 December 2014 ("4Q 2014")

Gross profit decreased by approximately US\$6.6 million from a gain of US\$3.3 million in 4Q 2014 to a loss of US\$3.4 million in 4Q 2015.

The overall decrease in gross profit 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

Financial year ended 31 December 2015 ("FY 2015") vs Financial year ended 31 December 2014 ("FY 2014")

Other operating income decreased by approximately US\$23.8 million or 55% from US\$42.9 million in FY 2014 to US\$19.1 million in FY 2015.

The decrease was mainly attributable to the decline in gain on sale of vessels of US\$22.9 million or 66% from US\$34.6 million in FY 2014 to US\$11.7 million in FY 2015.

3 months ended 31 December 2015 ("4Q 2015") vs 3 months ended 31 December 2014 ("4Q 2014")

Other operating income increased by approximately US\$2.5 million from US\$4.4 million in 4Q 2014 to US\$6.9 million in 4Q 2015.

The increase was mainly attributable to the gain on sale of vessels in 4Q 2015.

General and administrative expenses

Financial year ended 31 December 2015 ("FY 2015") vs Financial year ended 31 December 2014 ("FY 2014")

General and administrative expenses decreased by approximately US\$6.4 million or 21% from US\$30.3 million in FY 2014 to US\$23.9 million in FY 2015. This is mainly due to reduction in staff costs.

3 months ended 31 December 2015 ("4Q 2015") vs 3 months ended 31 December 2014 ("4Q 2014")

General and administrative expenses increased by approximately US\$0.8 million or 13% from US\$5.8 million in 4Q 2014 to US\$6.6 million in 4Q 2015.

Other operating expenses

Financial year ended 31 December 2015 ("FY 2015") vs Financial year ended 31 December 2014 ("FY 2014")

Other operating expenses increased by approximately US\$2.9 million from US\$1.8 million in FY 2014 to US\$4.7 million in FY 2015.

The net increase of US\$2.9 million was mainly due to higher foreign exchange losses recorded in FY 2015.

3 months ended 31 December 2015 ("4Q 2015") vs 3 months ended 31 December 2014 ("4Q 2014")

Other operating expenses decreased by approximately US\$0.2 million or 55% from US\$0.3 million in FY 2014 to US\$0.1 million in FY 2015.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Finance costs

Financial year ended 31 December 2015 ("FY 2015") vs Financial year ended 31 December 2014 ("FY 2014")

3 months ended 31 December 2015 ("4Q 2015") vs 3 months ended 31 December 2014 ("4Q 2014")

Finance cost increased by approximately US\$3.0 million or 33% from US\$9.1 million in FY 2014 to US\$12.1 million in FY 2015.

Finance cost increased by approximately US\$0.3 million or 11% from US\$2.6 million in 4Q 2014 to US\$2.9 million in 4Q 2015.

The increase in finance costs for both periods was in line with the increase in bank loans, finance lease obligations and notes payable outstanding from US\$327.0 million as at 31 December 2014 to US\$399.4 million as at 31 December 2015.

Share of results of joint ventures

Financial year ended 31 December 2015 ("FY 2015") vs Financial year ended 31 December 2014 ("FY 2014")

Share of results of joint ventures decreased by approximately US\$7.6 million or 63% from US\$12.1 million in FY 2014 to US\$4.5 million in FY 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") as a result of the softer market conditions.

3 months ended 31 December 2015 ("4Q 2015") vs 3 months ended 31 December 2014 ("4Q 2014")

Share of results of joint ventures decreased by approximately US\$1.8 million or 41% from US\$4.5 million in 4Q 2014 to US\$2.7 million in 4Q 2015. The decrease was mainly attributable to decrease in share of results of PT Logindo due to the softer market conditions.

Share of results of associate

Financial year ended 31 December 2015 ("FY 2015") vs Financial year ended 31 December 2014 ("FY 2014")

Share of results of associate decreased by approximately US\$2.3 million from share of profit of US\$0.4 million in FY 2014 to a share of loss of US\$1.9 million in FY 2015 mainly due to the softer market conditions.

3 months ended 31 December 2015 ("4Q 2015") vs 3 months ended 31 December 2014 ("4Q 2014")

Share of results of associate increased by approximately US\$0.9 million from share of loss of US\$1.1 million in 4Q 2014 to a share of loss of US\$0.2 million in 4Q 2015.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Taxation

Financial year ended 31 December 2015 ("FY 2015") vs Financial year ended 31 December 2014 ("FY 2014")

3 months ended 31 December 2015 ("4Q 2015") vs 3 months ended 31 December 2014 ("4Q 2014")

Tax expense increased by approximately US\$2.7 million from a tax credit of US\$1.1 million in FY 2014 to a tax expense of US\$1.6 million in FY 2015. The increase in taxation expense was due to increase in provision for taxation for current year and lower net write-back of tax provision in respect of prior years.

Tax expense increased by approximately US\$3.1 million or 79% from tax credit of US\$3.9 million in 4Q 2014 to tax credit of US\$0.8 million in 4Q 2015. The increase was due to increase in provision for taxation for current year and lower net write-back of tax provision in respect of prior years

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$750.1 million as at 31 December 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\$34.2 million;
- (ii) Increase in investment in joint ventures of US\$8.7 million primarily due to additional investment in joint ventures and share of results for the financial period ended 31 December 2015;
- (iii) Increase in investment securities of US\$0.1 million;
- (iv) Increase in amount due from other related companies of US\$75.4 million; and
- (v) Partially offset by decrease in investment in associate of US\$6.2 million primarily due to share of losses for the financial year ended 31 December 2015.

Current assets

The Group's current assets amounted to US\$166.5 million as at 31 December 2015. The decrease in current assets from US\$201.5 million as at 31 December 2014 was mainly due to:

- (i) Decrease in inventories of US\$2.4 million
- (ii) Decrease in trade receivables of US\$9.9 million;
- (iii) Decrease in cash and cash equivalents of US\$58.3 million; and
- (iv) Partially offset by increase in other receivables of US\$7.3 million; and
- (v) Increase in amounts due from related companies of US\$28.3 million;

Current liabilities

The Group's current liabilities amounted to US\$154.7 million as at 31 December 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\$15.5 million;
- (ii) Increase in current bank loans of US\$28.4 million; and
- (iii) Partially offset by decrease in trade payables of US\$1.5 million;
- (iv) Decrease in provision for taxation of US\$2.3 million; and
- (v) Decrease in derivatives of US\$1.1 million.

REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)

Non-current liabilities

The Group's non-current liabilities amounted to US\$345.9 million as at 31 December 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\$49.1 million and increase in derivatives of US\$5.7 million.

REVIEW OF CASH FLOWS

In FY2015, the Group generated net cash inflow from operating activities of approximately US\$24.4 million, which comprises cash inflow from operating activities before working capital changes of US\$23.2 million, net working capital inflow of US\$14.6 million, net interest paid of US\$10.7 million and taxes paid of US\$2.7 million.

The net cash inflow from changes in working capital of US\$14.6 million was mainly due to:-

- (i) Decrease in trade and other receivables of US\$5.5 million;
- (ii) Increase in amounts due from/to related companies of US\$4.6 million;
- (iii) Decrease in inventories of US\$2.2 million; and
- (iv) Increase in trade payables and other liabilities of US\$11.6 million.

Net cash outflow from investing activities was approximately US\$144.1 million, which was mainly due to:-

- (i) Additions to property, plant and equipment of US\$161.6 million;
- (ii) Investment in joint ventures of US\$3.3 million; and
- (iii) Partially offset by loans repayment from related companies, (net) of US\$12.7 million; and
- (iv) Proceeds from sale of property, plant and equipment of US\$7.6 million;

Net cash inflow from financing activities was approximately US\$57.7 million, which was mainly due to:-

- (i) Proceeds from bank loans of US\$199.3 million;
- (ii) Equity contribution by non-controlling interests of US\$0.7 million; and
- (iii) Partially offset by repayment of bank loans of US\$120.1 million;
- (iv) Purchase of treasury shares of US\$0.8 million;
- (v) Cash and cash equivalents pledged as securities of US\$3.5 million and
- (vi) Dividends paid on ordinary shares of US\$17.9 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.

The depressed market condition continues to persist in the oil and gas sector and remains a major challenge faced by the Group's businesses.

Despite sustained demand for fossil fuels, the global energy market remains volatile due to the increase in production and supply, and geo-political developments.

The Group's results over the next 12 months are expected to be under pressure, in line with the volatile market conditions as mentioned above.

The Group remains focused on the long road ahead, and is strategically poised to ride through this downturn.

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)	1 Singapore cent

(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)	3 Singapore cents

(c) Date payable

The proposed final dividend, if approved at the forthcoming Annual General meeting, will be paid on 20 May 2016.

(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 10 May 2016. 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 9 May 2016 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 9 May 2016 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
2015				
Revenue:				
External customers	106,896	8,628	6,275	121,799
Results:				
Interest income	3,352	908	12	4,272
Finance costs	(11,266)	(614)	(225)	(12,105)
Depreciation and amortisation	(20,209)	(4,856)	(1,299)	(26,364)
Share of results of joint venture companies	4,537	–	–	4,537
Share of results of associated companies	(1,883)	–	–	(1,883)
Other non-cash expenses (Note A)	17	(228)	(296)	(507)
Segment profit/(loss)	16,770	(6,845)	(4,618)	5,307
Assets:				
Investment in associates	–	–	–	–
Investment in joint ventures	68,045	–	–	68,045
Additions to non-current assets (Note B)	132,859	2,360	23,721	158,940
Segment assets	572,947	289,543	54,148	916,638
Segment liabilities	121,896	313,545	65,186	500,627

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.

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 (Cont'd)**

	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 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 2015 US\$'000	FY 2014 US\$'000	FY 2015 US\$'000	FY 2014 US\$'000
Asia	98,355	140,854	604,760	569,571
Africa	5,854	18,001	–	–
Australia	4,564	–	–	–
South America	13,026	13,364	1,778	2,784
	121,799	172,219	606,538	572,355

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 2015 US\$'000	FY 2014 US\$'000	
Sales reported for first half year	66,323	90,653	(27)
Operating profit after tax before deducting minority interests reported for first half year	4,887	48,944	(90)
Sales reported for second half year	55,476	81,566	(32)
Operating profit after tax before deducting minority interests reported for second half year	(1,204)	20,478	NM

NM: Not Meaningful

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	16,016	11,448
Total	16,016	11,448

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	33	<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	57	<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	55	<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

25 February 2016