



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

**Unaudited Third Quarter ("3Q 2016") Financial Statement and Dividend Announcement
For the Nine Months Ended 30 September 2016 ("9M 2016")**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR
AND FULL YEAR RESULTS**

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | | Group | | |
|--|----------|----------|---------|----------|----------|---------|
| | 3Q 2016 | 3Q 2015 | + / (-) | 9M 2016 | 9M 2015 | + / (-) |
| | US\$'000 | US\$'000 | % | US\$'000 | US\$'000 | % |
| Revenue | 18,923 | 33,759 | (44) | 57,299 | 100,082 | (43) |
| Cost of sales | (27,128) | (26,574) | 2 | (74,547) | (72,428) | 3 |
| Gross profit | (8,205) | 7,185 | NM | (17,248) | 27,654 | NM |
| Other operating income | 2,338 | 7,520 | (69) | 7,783 | 12,180 | (36) |
| General and administrative expenses | (5,097) | (5,873) | (13) | (16,429) | (17,382) | (5) |
| Other operating expenses | (2,300) | (2,469) | (7) | (44,941) | (4,567) | NM |
| Finance costs | (4,379) | (3,241) | 35 | (11,625) | (9,182) | 27 |
| Share of results of joint ventures | 773 | 168 | NM | (2,996) | 1,886 | NM |
| Share of results of associate | - | (235) | NM | - | (1,655) | NM |
| (Loss)/profit before taxation | (16,870) | 3,055 | NM | (85,456) | 8,934 | NM |
| Taxation | (1,244) | (1,469) | (15) | (2,370) | (2,462) | (4) |
| (Loss)/profit for the period | (18,114) | 1,586 | NM | (87,826) | 6,472 | NM |
| Other comprehensive (loss)/income: Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Foreign currency translation | 117 | (117) | NM | (158) | (104) | 52 |
| Net fair value changes on cash flow hedges | 51 | (1,091) | NM | 477 | (2,346) | NM |
| Share of other comprehensive income /(loss) of a joint venture | 112 | (736) | NM | 286 | (1,170) | NM |
| Other comprehensive income/(loss) for the period, net of tax | 280 | (1,944) | NM | 605 | (3,620) | NM |
| Total comprehensive (loss)/income for the period | (17,834) | (358) | NM | (87,221) | 2,852 | NM |
| (Loss)/profit for the period attributable to: | | | | | | |
| Equity holders of the Company | (17,970) | 1,665 | NM | (82,456) | 6,406 | NM |
| Non-controlling interests | (144) | (79) | 82 | (5,370) | 66 | NM |
| | (18,114) | 1,586 | NM | (87,826) | 6,472 | NM |
| Total comprehensive (loss)/income for the period attributable to: | | | | | | |
| Equity holders of the Company | (17,690) | (226) | NM | (81,871) | 2,848 | NM |
| Non-controlling interests | (144) | (132) | 9 | (5,350) | 4 | NM |
| | (17,834) | (358) | NM | (87,221) | 2,852 | NM |

NM: Not Meaningful

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

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

| | Group | | Group | |
|--|----------------|----------------|----------------|----------------|
| | 3Q 2016 | 3Q 2015 | 9M 2016 | 9M 2015 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Depreciation of property, plant and equipment (included in cost of sales) | 7,695 | 6,590 | 21,361 | 18,320 |
| Depreciation of property, plant and equipment (included in general and administrative expenses) | 483 | 535 | 1,493 | 1,659 |
| Impairment of doubtful receivables, net | 2,009 | 72 | 11,373 | 117 |
| Loss/(gain) on sale of property, plant and equipment, net | 10 | (6,609) | 7 | (6,505) |
| Impairment of property, plant and equipment | – | – | 32,906 | – |
| Net fair value (gain)/loss on derivatives | (309) | 427 | 382 | (270) |
| Exchange loss/(gain) | 279 | 1,961 | (499) | 4,421 |
| Net gain on acquisition of a subsidiary | – | – | (793) | – |
| Net loss on disposal of subsidiaries | – | – | 137 | – |
| Net gain on acquisition of additional interest in a joint venture | – | (70) | – | (256) |
| Interest income | (1,871) | (798) | (6,038) | (3,552) |
| Net gain on disposal of investment securities | – | – | (25) | – |
| Net fair value gain on investment securities | (14) | – | (37) | – |
| Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures) | (187) | (75) | (582) | (224) |
| Realisation of deferred gain on sale of vessels to associates (included in share of results of associates) | – | (31) | – | (93) |
| Provision for tax in respect of prior years | 137 | 15 | 137 | 19 |

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | As at 30 Sep 2016 US\$'000 | As at 31 Dec 2015 US\$'000 | As at 30 Sep 2016 US\$'000 | As at 31 Dec 2015 US\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 664,126 | 606,249 | – | – |
| Investment in subsidiaries | – | – | 51,452 | 44,752 |
| Investment in associate | – | – | – | – |
| Investment in joint ventures | 59,366 | 68,045 | – | – |
| Club memberships | 166 | 289 | – | – |
| Amount due from related companies | 65,269 | 75,363 | – | – |
| Derivatives | – | 58 | – | – |
| | 788,927 | 750,004 | 51,452 | 44,752 |
| Current assets | | | | |
| Inventories | 756 | 942 | – | – |
| Trade receivables | 15,894 | 25,249 | – | – |
| Other receivables | 25,454 | 13,823 | 67 | 177 |
| Amounts due from related companies | 77,897 | 83,362 | 373,019 | 323,378 |
| Investment securities | 97 | 125 | – | – |
| Cash and cash equivalents | 29,455 | 43,133 | 3,638 | 302 |
| | 149,553 | 166,634 | 376,724 | 323,857 |
| Total assets | 938,480 | 916,638 | 428,176 | 368,609 |
| EQUITY AND LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade payables | 10,697 | 14,321 | – | – |
| Other liabilities | 62,256 | 55,180 | 1,471 | 2,733 |
| Amounts due to related companies | 6,181 | 1,213 | 175,399 | 110,065 |
| Bank loans | 103,280 | 80,512 | – | – |
| Provision for taxation | 2,206 | 3,241 | 120 | 184 |
| Finance lease obligations | 214 | 150 | – | – |
| Derivatives | – | 37 | – | – |
| | 184,834 | 154,654 | 176,990 | 112,982 |
| Non-current liabilities | | | | |
| Other liabilities | 12,678 | 13,117 | – | – |
| Provisions | 212 | 187 | – | – |
| Deferred capital grant | 1,418 | 1,418 | – | – |
| Bank loans | 334,110 | 248,977 | – | – |
| Notes payable | 72,083 | 69,331 | 72,083 | 69,331 |
| Deferred tax liabilities | 592 | 123 | – | – |
| Finance lease obligations | 604 | 430 | – | – |
| Derivatives | 8,856 | 12,390 | 8,075 | 11,971 |
| | 430,553 | 345,973 | 80,158 | 81,302 |
| Total liabilities | 615,387 | 500,627 | 257,148 | 194,284 |
| Net assets | 323,093 | 416,011 | 171,028 | 174,325 |

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year (cont'd).

| | Group | | Company | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | As at 30 Sep 2016 | As at 31 Dec 2015 | As at 30 Sep 2016 | As at 31 Dec 2015 |
| | 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 |
| Treasury shares | (2,530) | (817) | (2,530) | (817) |
| Retained earnings | 178,665 | 266,416 | 12,376 | 14,443 |
| Other reserves | (14,474) | (15,065) | (1,672) | (2,155) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 324,515 | 413,388 | 171,028 | 174,325 |
| Non-controlling interests | (1,422) | 2,623 | – | – |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total equity | 323,093 | 416,011 | 171,028 | 174,325 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

Amount repayable in one year or less, or on demand

| Group As at 30 Sep 2016 | | Group As at 31 Dec 2015 | |
|--|------------------|--|------------------|
| Secured | Unsecured | Secured | Unsecured |
| US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 103,494 | - | 79,743 | 919 |

Amount repayable after one year

| Group As at 30 Sep 2016 | | Group As at 31 Dec 2015 | |
|--|------------------|--|------------------|
| Secured | Unsecured | Secured | Unsecured |
| US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 334,714 | 72,083 | 245,652 | 73,086 |

Details of any collateral:

The Group's secured portion of bank loans and finance lease obligations are secured by:

- First legal mortgages over the vessels of the Group, with net book values of US\$529.4 million and US\$412.5 million as at 30 September 2016 and 31 December 2015 respectively;
- Escrow mortgages over the buildings, ship-repair yard and plant and equipment of the Group, with net book values of US\$62.5 million and US\$47.7 million as at 30 September 2016 and 31 December 2015 respectively;
- A right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged ship-repair yard under construction;
- Cash pledged of US\$9.8 million and US\$4.2 million as at 30 September 2016 and 31 December 2015 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 | |
|---|---------------------|---------------------|
| | 3Q 2016 US\$'000 | 3Q 2015 US\$'000 |
| Cash flows from operating activities: | | |
| (Loss)/profit before taxation | (16,870) | 3,055 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 8,178 | 7,125 |
| Interest expense | 4,379 | 3,241 |
| Interest income | (1,871) | (798) |
| Share of results of joint ventures | (773) | (168) |
| Share of result of associate | – | 235 |
| Loss/(gain) on sale of property, plant and equipment, net | 10 | (6,609) |
| Impairment of doubtful receivables, net | 2,009 | 72 |
| Net gain on acquisition of additional interest in a joint venture | – | (70) |
| Net fair value (gain)/loss on derivatives | (309) | 427 |
| Net fair value gain on investment securities | (14) | – |
| Share-based payment expense | 6 | – |
| Exchange differences | (895) | (2,969) |
| | <hr/> | <hr/> |
| Operating cash flows before changes in working capital | (6,150) | 3,541 |
| Decrease in trade and other receivables | 727 | 8,635 |
| (Increase)/decrease in amounts due from/to related companies | (1,825) | 419 |
| Decrease in inventories | 16 | 2,077 |
| Increase in trade payables and other liabilities | 1,871 | 674 |
| | <hr/> | <hr/> |
| Cash (used in)/generated from operations | (5,361) | 15,346 |
| Income taxes paid | (675) | (999) |
| Interest paid | (5,565) | (7,859) |
| Interest received | 31 | 264 |
| | <hr/> | <hr/> |
| Net cash flows (used in)/generated from operating activities | (11,570) | 6,752 |

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

| | Group | |
|---|---------------------|---------------------|
| | 3Q 2016 US\$'000 | 3Q 2015 US\$'000 |
| Cash flows from investing activities: | | |
| Additions to property, plant and equipment | (5,922) | (10,193) |
| Investment in joint ventures | – | (811) |
| Loans repaid by/(to) related companies, net | 1,302 | (6,681) |
| Proceeds from sale of property, plant and equipment | 1,762 | – |
| Dividend received from a joint venture | – | 14 |
| Net cash flows used in investing activities | <u>(2,858)</u> | <u>(17,671)</u> |
| Cash flows from financing activities: | | |
| Proceeds from finance lease obligations | – | 170 |
| Repayment of finance lease obligations | (28) | (100) |
| Proceeds from bank loans | 32,304 | 46,000 |
| Repayment of bank loans | (18,098) | (53,905) |
| Purchase of treasury shares | (403) | (760) |
| Cash and cash equivalents pledged as securities | (3,169) | (1,363) |
| Net cash flows generated from/(used in) financing activities | <u>10,606</u> | <u>(9,958)</u> |
| Net decrease in cash and cash equivalents | (3,822) | (20,877) |
| Effect of exchange rate changes on cash and cash equivalents | 52 | 339 |
| Cash and cash equivalents at beginning of period | 23,379 | 74,737 |
| Cash and cash equivalents at end of the period | <u>19,609</u> | <u>54,199</u> |
| Breakdown of cash and cash equivalents at end of the period: | | |
| Cash and cash equivalents as per balance sheet | 29,455 | 57,876 |
| Cash pledged | (9,846) | (3,677) |
| | <u>19,609</u> | <u>54,199</u> |

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Share capital | 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 July 2016 | 162,854 | (2,128) | 196,635 | (14,760) | (9,585) | 172 | (2,168) | (3,179) | 342,601 | (1,278) | 341,323 |
| Loss for the period | - | - | (17,970) | - | - | - | - | - | (17,970) | (144) | (18,114) |
| <u>Other comprehensive income</u> | | | | | | | | | | | |
| - Foreign currency translation | - | - | - | 117 | 117 | - | - | - | 117 | - | 117 |
| - Net fair value changes on cash flow hedges | - | - | - | 51 | - | - | 51 | - | 51 | - | 51 |
| - Share of other comprehensive income of a joint venture | - | - | - | 112 | - | - | 112 | - | 112 | - | 112 |
| Total comprehensive (loss)/income for the period | - | - | (17,970) | 280 | 117 | - | 163 | - | (17,690) | (144) | (17,834) |
| Grant of equity-settled performance share awards to employees | - | - | - | 6 | - | 6 | - | - | 6 | - | 6 |
| Purchase of treasury shares | - | (402) | - | - | - | - | - | - | (402) | - | (402) |
| Balance at 30 September 2016 | 162,854 | (2,530) | 178,665 | (14,474) | (9,468) | 178 | (2,005) | (3,179) | 324,515 | (1,422) | 323,093 |
| Balance at 1 July 2015 | 162,854 | - | 267,322 | (15,162) | (8,968) | 172 | (3,187) | (3,179) | 415,014 | 2,965 | 417,979 |
| Profit for the period | - | - | 1,665 | - | - | - | - | - | 1,665 | (79) | 1,586 |
| <u>Other comprehensive income</u> | | | | | | | | | | | |
| - Foreign currency translation | - | - | - | (64) | (64) | - | - | - | (64) | (53) | (117) |
| - Net fair value changes on cash flow hedges | - | - | - | (1,091) | - | - | (1,091) | - | (1,091) | - | (1,091) |
| - Share of other comprehensive income of a joint venture | - | - | - | (736) | - | - | (736) | - | (736) | - | (736) |
| Total comprehensive income/(loss) for the period | - | - | 1,665 | (1,891) | (64) | - | (1,827) | - | (226) | (132) | (358) |
| Acquisition of subsidiary | - | - | - | - | - | - | - | - | - | 536 | 536 |
| Purchase of treasury shares | - | (760) | - | - | - | - | - | - | (760) | - | (760) |
| Balance at 30 September 2015 | 162,854 | (760) | 268,987 | (17,053) | (9,032) | 172 | (5,014) | (3,179) | 414,028 | 3,369 | 417,397 |

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 | 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 July 2016 | 162,854 | (2,128) | 12,804 | (1,729) | 172 | (1,901) | 171,801 |
| Loss for the period | - | - | (428) | - | - | - | (428) |
| <u>Other comprehensive income:</u> | | | | | | | |
| - Net fair value changes on cash flow hedges | - | - | - | 51 | - | 51 | 51 |
| Total comprehensive (loss)/income for the period | - | - | (428) | 51 | - | 51 | (377) |
| Grant of equity-settled performance share awards to employees | - | - | - | 6 | 6 | - | 6 |
| Purchase of treasury shares | - | (402) | - | - | - | - | (402) |
| Balance at 30 September 2016 | 162,854 | (2,530) | 12,376 | (1,672) | 178 | (1,850) | 171,028 |
| Balance at 1 July 2015 | 162,854 | - | 15,875 | (2,581) | 172 | (2,753) | 176,148 |
| Loss for the period | - | - | (1,079) | - | - | - | (1,079) |
| <u>Other comprehensive income:</u> | | | | | | | |
| - Net fair value changes on cash flow hedges | - | - | - | (1,091) | - | (1,091) | (1,091) |
| Total comprehensive loss for the period | - | - | (1,079) | (1,091) | - | (1,091) | (2,170) |
| Purchase of treasury shares | - | (760) | - | - | - | - | (760) |
| Balance at 30 September 2015 | 162,854 | (760) | 14,796 | (3,672) | 172 | (3,844) | 173,218 |

- 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 2016), the Company bought back 2,325,600 ordinary shares during the third quarter of 2016. These shares are held as treasury shares. The amount paid, including brokerage fees, totalled US\$402,820.44 and was deducted against shareholders' equity.

As at 30 September 2016, the Company's total issued shares is 725,755,013 ordinary shares (31 December 2015: 725,755,013) with 12,243,000 (31 December 2015: 3,681,000) 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 713,512,013 as at 30 September 2016 (31 December 2015: 722,074,013).

- 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 July 2016 | : 9,917,400 shares |
| Purchase of treasury shares during the period | : 2,325,600 shares |
| As at 30 September 2016 | : 12,243,000 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 2015 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 2016, 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 2016. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| | Group | |
|---|-----------------|----------------|
| | 9M 2016 | 9M 2015 |
| (Loss)/profit attributable to equity holders of the Company (US\$'000) | <u>(82,456)</u> | <u>6,406</u> |
| Weighted average ordinary shares for calculation ('000): | | |
| - applicable to basic earnings per share | 715,555 | 725,274 |
| - based on a fully diluted basis | <u>715,555</u> | <u>725,274</u> |
| Earnings per ordinary share ("EPS") (US cents) | | |
| (a) Based on weighted average number of ordinary shares on issue | (11.5) | 0.9 |
| (b) On a fully diluted basis | <u>(11.5)</u> | <u>0.9</u> |

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

| | Group | | Company | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | As at 30 Sep 16 | As at 31 Dec 15 | As at 30 Sep 16 | As at 31 Dec 15 |
| Net asset value (US\$'000) | 324,515 | 413,388 | 171,028 | 174,325 |
| Total number of ordinary shares issued ('000) | 713,512 | 722,074 | 713,512 | 722,074 |
| Net asset value per ordinary share (US cents) | 45.5 | 57.3 | 24.0 | 24.1 |

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

Revenue

9 months ended 30 September 2016 ("9M 2016") vs 9 months ended 30 September 2015 ("9M 2015")

Revenue decreased by approximately US\$42.8 million or 43% from US\$100.1 million in 9M 2015 to US\$57.3 million in 9M 2016.

The decrease was mainly attributable to the decline in revenue of our Offshore Support Services Business of US\$39.7 million or 45% from US\$89.2 million in 9M 2015 to US\$49.5 million in 9M 2016 due to lower utilisation and lower charter rates of vessels from our Offshore Support Services Business as a result of the softer market conditions in 9M 2016.

3 months ended 30 September 2016 ("3Q 2016") vs 3 months ended 30 September 2015 ("3Q 2015")

Revenue decreased by approximately US\$14.9 million or 44% from US\$33.8 million in 3Q 2015 to US\$18.9 million in 3Q 2016.

The decrease was mainly attributable to the decline in revenue of our Offshore Support Services Business of US\$14.3 million or 51% from US\$27.8 million in 3Q 2015 to US\$13.5 million in 3Q 2016.

The decrease in revenue was mainly attributable to lower utilisation and lower charter rates of vessels from our Offshore Support Services Business as a result of the softer market conditions in 3Q 2016.

Gross profit

9 months ended 30 September 2016 ("9M 2016") vs 6 months ended 30 September 2015 ("9M 2015")

Gross profit decreased by approximately US\$44.8 million from a profit of US\$27.6 million in 9M 2015 to a loss of US\$17.2 million in 9M 2016.

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

3 months ended 30 September 2016 ("3Q 2016") vs 3 months ended 30 September 2015 ("3Q 2015")

Gross profit decreased by approximately US\$15.4 million from a profit of US\$7.2 million in 3Q 2015 to a loss of US\$8.2 million in 3Q 2016.

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

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating income

9 months ended 30 September 2016 ("9M 2016") vs 9 months ended 30 September 2015 ("9M 2015")

3 months ended 30 September 2016 ("3Q 2016") vs 3 months ended 30 September 2015 ("3Q 2015")

Other operating income decreased by approximately US\$4.4 million or 36% from US\$12.2 million in 9M 2015 to US\$7.8 million in 9M 2016.

Other operating income decreased by approximately US\$5.2 million or 69% from US\$7.5 million in 3Q 2015 to US\$2.3 million in 3Q 2016.

The decrease in other operating income in both periods was mainly attributable to gain on sale of vessels of US\$6.5 million in 9M 2015 and 3Q 2015.

General and administrative expenses

9 months ended 30 September 2016 ("9M 2016") vs 9 months ended 30 September 2015 ("9M 2015")

General and administrative expenses decreased by approximately US\$1.0 million or 5% from US\$17.4 million in 9M 2015 to US\$16.4 million in 9M 2016 as part of the Group's continuing cost rationalisation exercise.

3 months ended 30 September 2016 ("3Q 2016") vs 3 months ended 30 September 2015 ("3Q 2015")

General and administrative expenses decreased by approximately US\$0.8 million or 13% from US\$5.9 million in 3Q 2015 to US\$5.1 million in 3Q 2016 as part of the Group's continuing cost rationalisation exercise.

Other operating expenses

9 months ended 30 September 2016 ("9M 2016") vs 9 months ended 30 September 2015 ("9M 2015")

Other operating expenses increased by approximately US\$40.3 million from US\$4.6 million in 9M 2015 to US\$44.9 million in 9M 2016. The increase was mainly due to impairment of property, plant and equipment of US\$32.9 million (of which US\$4.8 million was attributable to non-controlling interests) and impairment of doubtful receivables of US\$11.4 million.

3 months ended 30 September 2016 ("3Q 2016") vs 3 months ended 30 September 2015 ("3Q 2015")

Other operating expenses decreased by approximately US\$0.2 million from US\$2.5 million in 3Q 2015 to US\$2.3 million in 3Q 2016. The decrease was mainly due to decrease in forex loss by US\$1.7 million from US\$2.0 million in 3Q 2015, and fair value loss on derivatives of US\$0.4 million recognised in 3Q 2015 compared to fair value gain in 3Q 2016 recognised in other operating income. These were partially offset by an increase in impairment of doubtful receivables by US\$1.9 million in 3Q 2016.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Finance costs

9 months ended 30 September 2016 ("9M 2016") vs 9 months ended 30 September 2015 ("9M 2015")

3 months ended 30 September 2016 ("3Q 2016") vs 3 months ended 30 September 2015 ("3Q 2015")

Finance cost increased by approximately US\$2.4 million or 27% from US\$9.2 million in 9M 2015 to US\$11.6 million in 9M 2016.

Finance cost increased by approximately US\$1.2 million or 35% from US\$3.2 million in 3Q 2015 to US\$4.4 million in 3Q 2016.

The increase in finance costs for both periods was in line with an increase in bank loans outstanding from US\$328.5 million as at 30 September 2015 to US\$437.4 million as at 30 September 2016.

Share of results of joint ventures

9 months ended 30 September 2016 ("9M 2016") vs 9 months ended 30 September 2015 ("9M 2015")

Share of results of joint ventures decreased by approximately US\$4.9 million from share of gain of US\$1.9 million in 9M 2015 to share of loss of US\$3.0 million in 9M 2016. 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") which included share of impairment loss of vessels of US\$3.8 million.

3 months ended 30 September 2016 ("3Q 2016") vs 3 months ended 30 September 2015 ("3Q 2015")

Share of results of joint ventures increased by approximately US\$0.6 million from US\$0.2 million in 3Q 2015 to US\$0.8 million in 3Q 2016. The increase was mainly attributable to share of results of Duta Maritime Ventures (US\$0.9 million in 3Q 2016) which became a joint venture in 4Q 2015.

Share of results of associate

9 months ended 30 September 2016 ("9M 2016") vs 9 months ended 30 September 2015 ("9M 2015")

Share of results of associate was nil in 9M 2016 compared to US\$1.7 million in 9M 2015 as the Group recognises its share of losses only up to the Group's interest in the associate.

3 months ended 30 September 2016 ("3Q 2016") vs 3 months ended 30 September 2015 ("3Q 2015")

Share of results of associate was nil in 3Q 2016 compared to US\$0.2 million in 3Q 2015 as the Group recognises its share of losses only up to the Group's interest in the associate.

Taxation

9 months ended 30 September 2016 ("9M 2016") vs 9 months ended 30 September 2015 ("9M 2015")

3 months ended 30 September 2016 ("3Q 2016") vs 3 months ended 30 September 2015 ("3Q 2015")

Taxation expense decreased by approximately US\$0.1 million from US\$2.5 million in 9M 2015 to US\$2.4 million in 9M 2016.

Taxation expense decreased by approximately US\$0.3 million from US\$1.5 million in 3Q 2015 to US\$1.2 million in 3Q 2016.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$788.9 million as at 30 September 2016. The increase in non-current assets from US\$750.0 million as at 31 December 2015 was mainly due to:

- (i) Increase in property, plant and equipment of US\$57.9 million;
- (ii) Partially offset by decrease in investment in joint ventures of US\$8.7 million; and
- (iii) Decrease in amount due from other related companies of US\$10.1 million.

With the current challenging market environment, the Group continues to regularly monitor the carrying value of its assets, especially its fleet of vessels. The Group impaired the carrying value of some of its vessels in the second quarter of this financial year; and will finalise its position at the end of the financial year.

Current assets

The Group's current assets amounted to US\$149.6 million as at 30 September 2016. The decrease in current assets from US\$166.6 million as at 31 December 2015 was mainly due to:

- (i) Decrease in trade receivables of US\$9.4 million;
- (ii) Decrease in cash and cash equivalent of US\$13.7 million ;
- (iii) Decrease in amount due from related companies of US\$5.5 million; and
- (iv) Partially offset by increase in other receivables of US\$11.6 million.

Current liabilities

The Group's current liabilities amounted to US\$184.8 million as at 30 September 2016. The increase in current liabilities from US\$154.7 million as at 31 December 2015 was mainly attributable to:

- (i) Increase in other liabilities of US\$7.1 million;
- (ii) Increase in amount due to related companies of US\$5.0 million;
- (iii) Increase in bank loans of US\$22.8 million; and
- (iv) Partially offset by decrease in trade payables of US\$3.6 million.

The Group is in a negative working capital position of US\$35.2 million as at 30 September 2016. This is mainly due to increase in bank loans (committed and secured) classified as current liabilities. Management is closely monitoring the Group's working capital requirements and expects the Group to be able to meet its short term obligations as and when they fall due.

Non-current liabilities

The Group's non-current liabilities amounted to US\$430.6 million as at 30 September 2016. Non-current liabilities increased from US\$346.0 million as at 31 December 2015 primarily due to increase in bank loans of US\$85.1 million.

REVIEW OF CASH FLOWS

In 3Q 2016, the Group recorded net cash outflows from operating activities of approximately US\$11.6 million, which comprises cash outflow from operating activities before working capital changes of US\$6.2 million, net working capital inflow of US\$0.8 million, net interest paid of US\$5.5 million and taxes paid of US\$0.7 million.

The net cash inflow from changes in working capital of US\$0.8 million was mainly due to:-

- (i) Increase in trade payables and other liabilities of US\$1.9 million;
- (ii) Decrease in trade and other receivables of US\$0.7 million;
- (iii) Partially offset by increase in net amounts due from related companies of US\$1.8 million;

Net cash outflow from investing activities was approximately US\$2.9 million, which was mainly due to:-

- (i) Additions to property, plant and equipment of US\$5.9 million;
- (ii) Partially offset by net loans repaid by related companies of US\$1.3 million; and
- (iii) Proceeds from sale of property, plant and equipment of US\$1.8 million.

Net cash inflow from financing activities was approximately US\$10.6 million, which was mainly due to:-

- (i) Proceeds from bank loans of US\$32.3 million;
- (ii) Partially offset by repayment of bank loans of US\$18.1 million;
- (iii) Cash and cash equivalents pledged as securities of US\$3.2 million; and
- (iv) Purchase of treasury shares of US\$0.4 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.

Brent continues to hover between USD 45-50 per barrel as the market looks to the outcome of the next OPEC meeting scheduled for 30 November 2016 in Vienna, Austria. There is a level of support noted for current pricing levels and the Group is cautiously of the opinion that this may lead to more business activities for the sector from 2017 onwards, despite the challenging market outlook.

Notwithstanding the above, the Group remains very cautious and conservative in managing its cash flows, operations and costs; navigating through the next 12 months conscientiously to ensure sustainability of its businesses. Whilst the recovery will take time, it appears that we may be approaching the trough of the downturn for the sector.

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.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, 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 of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

15. Confirmation by the Board pursuant to SGX Listing Rule 705(5)

The Board hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the nine months ended 30 September 2016 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

8 November 2016