



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

**Full Financial Statement and Dividend Announcement**  
**For the Financial Year Ended 31 December 2016 ("FY 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		
	4Q 2016	4Q 2015	+(-)	FY 2016	FY 2015	+(-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	12,122	21,717	(44)	69,421	121,799	(43)
Cost of sales	(26,671)	(25,075)	6	(101,218)	(97,503)	4
<b>Gross profit</b>	(14,549)	(3,358)	NM	(31,797)	24,296	NM
Other operating income	10,123	6,921	46	16,894	19,101	(12)
General and administrative expenses	(4,574)	(6,550)	(30)	(21,003)	(23,933)	(12)
Other operating expenses	(17,008)	(140)	NM	(60,937)	(4,706)	NM
Finance costs	(4,934)	(2,923)	69	(16,559)	(12,105)	37
Share of results of joint ventures	(1,760)	2,652	NM	(4,756)	4,537	NM
Share of results of associate	-	(228)	NM	-	(1,883)	NM
<b>(Loss)/profit before taxation</b>	(32,702)	(3,626)	NM	(118,158)	5,307	NM
Taxation	(1,149)	839	NM	(3,519)	(1,624)	117
<b>(Loss)/profit for the period</b>	(33,851)	(2,787)	NM	(121,677)	3,683	NM
<b>Other comprehensive income / (loss):</b>						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	894	(254)	NM	736	(361)	NM
Net fair value changes on cash flow hedges	1,280	1,518	(16)	1,757	(828)	NM
Re-measurement of defined benefit plans	42	-	NM	42	-	NM
Share of other comprehensive income / (loss) of a joint venture	90	729	(88)	376	(441)	NM
<b>Other comprehensive income / (loss) for the period, net of tax</b>	2,306	1,993	16	2,911	(1,630)	NM
<b>Total comprehensive (loss)/income for the period</b>	(31,545)	(794)	NM	(118,766)	2,053	NM
<b>(Loss)/profit for the period attributable to:</b>						
Equity holders of the Company	(36,172)	(2,574)	NM	(118,628)	3,829	NM
Non-controlling interests	2,321	(213)	NM	(3,049)	(146)	NM
	(33,851)	(2,787)	NM	(121,677)	3,683	NM
<b>Total comprehensive (loss)/ income for the period attributable to:</b>						
Equity holders of the Company	(33,881)	(583)	NM	(115,752)	2,259	NM
Non-controlling interests	2,336	(211)	NM	(3,014)	(206)	NM
	(31,545)	(794)	NM	(118,766)	2,053	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	
	4Q 2016 US\$'000	4Q 2015 US\$'000	FY2016 US\$'000	FY2015 US\$'000
Depreciation of property, plant and equipment (included in cost of sales)	8,260	5,974	29,621	24,705
Depreciation of property, plant and equipment (included in general and administrative expenses)	338	411	1,831	1,659
Impairment of doubtful receivables, net	8,734	145	20,107	162
Impairment of amount due from related company	3,440	–	3,440	–
Gain on sale of property, plant and equipment, net	(686)	(5,228)	(679)	(11,733)
(Write back)/impairment of property, plant and equipment	(4,208)	–	28,698	–
Net fair value gain on derivatives	(590)	(772)	(208)	(1,044)
Exchange loss/(gain)	2,242	(261)	1,743	4,160
Net gain on acquisition of a subsidiary	–	–	(793)	–
Net loss on disposal of subsidiaries	–	–	137	–
Net gain on deemed disposal of subsidiary	(3,892)	–	(3,892)	–
Net loss on deemed disposal of subsidiary	6,786	–	6,786	–
Re-measurement gain of remaining interest in joint venture	(2,063)	–	(2,063)	–
Net gain on liquidation of a subsidiary	(111)	–	(111)	–
Net gain on acquisition of additional interest in a joint venture	–	(717)	–	(973)
Interest income	(1,600)	(720)	(7,638)	(4,272)
Net gain on disposal of investment securities	–	–	(25)	–
Net fair value loss/(gain) on investment securities	24	–	(13)	–
Allowance for inventory obsolescence	–	233	–	233
Gain on receipt of non-refundable deposit from customer	(800)	–	(800)	–
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	(213)	(1,688)	(795)	(1,912)
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	–	(459)	–	(552)
Provision for tax in respect of prior years	282	1,230	419	1,249
Write back of provision for tax no longer required in respect of prior years	(630)	(3,567)	(630)	(3,567)

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 2016 US\$'000	As at 31 Dec 2015 US\$'000	As at 31 Dec 2016 US\$'000	As at 31 Dec 2015 US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	613,772	606,249	–	–
Investment in subsidiaries	–	–	48,833	44,752
Investment in associate	–	–	–	–
Investment in joint ventures	60,346	68,045	–	–
Club memberships	296	289	–	–
Amount due from related companies	62,143	75,363	–	–
Derivatives	12	58	–	–
	736,569	750,004	48,833	44,752
<b>Current assets</b>				
Inventories	873	942	–	–
Trade receivables	10,359	25,249	–	–
Other receivables	14,884	13,823	35	177
Amounts due from related companies	89,177	83,362	373,627	323,378
Investment securities	69	125	–	–
Assets held for sale	1,768	–	–	–
Cash and cash equivalents	50,628	43,133	4,126	302
	167,758	166,634	377,788	323,857
<b>Total assets</b>	<b>904,327</b>	<b>916,638</b>	<b>426,621</b>	<b>368,609</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	13,330	14,321	–	–
Other liabilities	53,841	55,180	2,190	2,733
Amounts due to related companies	3,977	1,213	176,682	110,065
Bank loans	49,029	80,512	–	–
Provision for taxation	2,304	3,241	227	184
Finance lease obligations	206	150	–	–
Derivatives	–	37	–	–
	122,687	154,654	179,099	112,982
<b>Non-current liabilities</b>				
Other liabilities	12,276	13,117	–	–
Provisions	220	187	–	–
Deferred capital grant	1,418	1,418	–	–
Bank loans	397,016	248,977	–	–
Notes payable	67,806	69,331	67,806	69,331
Deferred tax liabilities	1,319	123	–	–
Finance lease obligations	560	430	–	–
Derivatives	12,005	12,390	11,802	11,971
	492,620	345,973	79,608	81,302
<b>Total liabilities</b>	<b>615,307</b>	<b>500,627</b>	<b>258,707</b>	<b>194,284</b>
<b>Net assets</b>	<b>289,020</b>	<b>416,011</b>	<b>167,914</b>	<b>174,325</b>

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

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Equity attributable to equity holders of the Company</b>				
Share capital	162,854	162,854	162,854	162,854
Treasury shares	(2,530)	(817)	(2,530)	(817)
Retained earnings	142,663	266,416	7,978	14,443
Other reserves	(12,179)	(15,065)	(388)	(2,155)
	290,808	413,388	167,914	174,325
Non-controlling interests	(1,788)	2,623	–	–
<b>Total equity</b>	289,020	416,011	167,914	174,325

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

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

<b>Group</b>		<b>Group</b>	
<b>As at 31 Dec 2016</b>		<b>As at 31 Dec 2015</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
US\$'000	US\$'000	US\$'000	US\$'000
49,235	-	79,743	919

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>As at 31 Dec 2016</b>		<b>As at 31 Dec 2015</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
US\$'000	US\$'000	US\$'000	US\$'000
397,576	67,806	245,652	73,086

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\$486.2 million and US\$412.5 million as at 31 December 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\$59.1 million and US\$47.8 million as at 31 December 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;
- Cash pledged of US\$8.3 million and US\$4.2 million as at 31 December 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.**

	<b>Group</b>	
	<b>FY 2016</b>	<b>FY 2015</b>
	US\$'000	US\$'000
<b>Cash flows from operating activities:</b>		
(Loss)/profit before taxation	(118,158)	5,307
Adjustments for:		
Depreciation of property, plant and equipment	31,452	26,364
Finance costs	16,559	12,105
Interest income	(7,638)	(4,272)
Share of results of joint ventures	4,756	(4,537)
Share of result of associate	–	1,883
Gain on sale of property, plant and equipment, net	(679)	(11,733)
Impairment of doubtful receivables, net	20,107	162
Impairment of amount due from related company	3,440	–
Net gain on acquisition of a subsidiary	(793)	–
Net loss on disposal of subsidiaries	137	–
Net gain on deemed disposal of a subsidiary	(3,892)	–
Net loss on deemed disposal of a subsidiary	6,786	–
Re-measurement gain of remaining interest in joint venture	(2,063)	–
Impairment of property, plant and equipment	28,698	–
(Write back)/impairment of club memberships	(7)	13
Allowance for inventory obsolescence	–	233
Net gain on acquisition of interest in joint ventures	–	(973)
Net fair value gain on derivatives	(208)	(1,044)
Net fair value gain on investment securities	(13)	(18)
Net gain on disposal of investment securities	(25)	–
Share-based payment expense	10	–
Exchange difference	1,475	(435)
<b>Operating cash flows before changes in working capital</b>	<b>(20,056)</b>	<b>23,055</b>
Decrease in trade and other receivables	5,476	5,561
Increase in amounts due from/to related companies	(11,175)	(9,687)
(Increase)/decrease in inventories	(943)	2,154
Increase in trade payables and other liabilities	536	11,608
<b>Cash (used in)/generated from operations</b>	<b>(26,162)</b>	<b>32,691</b>
Taxes paid	(2,885)	(2,733)
Interest paid	(15,427)	(11,779)
Interest received	449	1,105
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(44,025)</b>	<b>19,284</b>

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

	Group	
	FY 2016 US\$'000	FY 2015 US\$'000
<b>Cash flows from investing activities:</b>		
Proceeds from rescission of shipbuilding contract	10,632	–
Purchase of property, plant and equipment	(126,262)	(161,565)
Proceeds from sale of property, plant and equipment	57,076	7,554
Investment in joint ventures	(1,446)	(3,319)
Purchase of investment securities	–	(107)
Proceeds from sale of investment securities	94	–
Net cash inflow on acquisition of a subsidiary	736	–
Net cash inflow on deemed disposal of subsidiaries	3,668	–
Net cash inflow on disposal of subsidiaries	162	–
Loan repayment from related companies, net	524	17,727
Dividend income from a joint venture	–	694
<b>Net cash flows used in investing activities</b>	<b>(54,816)</b>	<b>(139,016)</b>
<b>Cash flows from financing activities:</b>		
Equity contribution by non-controlling interests	–	740
Repayment of finance lease obligations	(156)	(164)
Proceeds from bank loans	245,479	199,342
Repayment of bank loans	(130,618)	(120,084)
Purchase of treasury shares	(1,713)	(817)
Dividends paid to equity holders of the Company	(5,295)	(16,016)
Dividends paid to non-controlling shareholders by subsidiaries	(1,160)	(1,868)
Cash and cash equivalents pledged as securities	(4,164)	(3,473)
<b>Net cash flows generated from financing activities</b>	<b>102,373</b>	<b>57,660</b>
Net increase/(decrease) in cash and cash equivalents	3,532	(62,072)
Effect of exchange rate changes on cash and cash equivalents	(201)	296
Cash and cash equivalents at beginning of period	38,960	100,736
<b>Cash and cash equivalents at end of the period</b>	<b>42,291</b>	<b>38,960</b>
<b>Breakdown of cash and cash equivalents at end of the period:</b>		
Cash and cash equivalents as per balance sheet	50,628	43,133
Cash pledged	(8,337)	(4,173)
	<b>42,291</b>	<b>38,960</b>

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	Defined benefit plans	Premium paid on acquisition of non-controlling interests	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	US\$'000
<b>The Group</b>												
Balance at 1 January 2016	162,854	(817)	266,416	(15,065)	(9,290)	172	(2,768)	–	(3,179)	413,388	2,623	416,011
Loss for the year	–	–	(118,628)	–	–	–	–	–	–	(118,628)	(3,049)	(121,677)
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	713	713	–	–	–	–	713	23	736
- Net fair value changes on cash flow hedges	–	–	–	1,757	–	–	1,757	–	–	1,757	–	1,757
- Re-measurement of defined benefit plans	–	–	–	30	–	–	–	30	–	30	12	42
- Share of other comprehensive income of a joint venture	–	–	–	376	–	–	330	46	–	376	–	376
Total comprehensive (loss)/income for the year	–	–	(118,628)	2,876	713	–	2,087	76	–	(115,752)	(3,014)	(118,766)
<u>Contributions by and distributions to owners</u>												
- Grant of equity-settled share performance awards to employees	–	–	–	10	–	10	–	–	–	10	–	10
- Acquisition of treasury shares	–	(1,713)	–	–	–	–	–	–	–	(1,713)	–	(1,713)
- Dividends on ordinary shares	–	–	(5,295)	–	–	–	–	–	–	(5,295)	–	(5,295)
- Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	–	–	(1,160)	(1,160)
Total contributions by and distributions to owners	–	(1,713)	(5,295)	10	–	10	–	–	–	(6,998)	(1,160)	(8,158)
<u>Contributions by and distributions to owners</u>												
- Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	1,937	1,937
- Acquisition of non-controlling interests without a change in control	–	–	170	–	–	–	–	–	–	170	(170)	–
- Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(2,004)	(2,004)
Total changes in ownership interests in subsidiaries	–	–	170	–	–	–	–	–	–	170	(237)	(67)
Balance at 31 December 2016	162,854	(2,530)	142,663	(12,179)	(8,577)	182	(681)	76	(3,179)	290,808	(1,788)	289,020



**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	Premium paid on acquisition of non-controlling interests	Total	Non-controlling interests	Total equity
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 exchange 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
<u>Contributions by and distributions to equity holders</u>											
Equity contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	740	740
Acquisition of treasury shares	-	(817)	-	-	-	-	-	-	(817)	-	(817)
Dividends on ordinary shares	-	-	(16,016)	-	-	-	-	-	(16,016)	-	(16,016)
Dividends paid to non-controlling shareholders by subsidiaries	-	-	-	-	-	-	-	-	-	(1,868)	(1,868)
Total contributions by and distributions to equity holders	-	(817)	(16,016)	-	-	-	-	-	(16,833)	(1,128)	(17,961)
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

**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
<b>The Company</b>							
Balance at 1 January 2016	162,854	(817)	14,443	(2,155)	172	(2,327)	174,325
Loss for the year	-	-	(1,170)	-	-	-	(1,170)
<u>Other comprehensive income:</u>							
- Net fair value changes on cash flow hedges	-	-	-	1,757	-	1,757	1,757
Total comprehensive income for the year	-	-	(1,170)	1,757	-	1,757	587
Acquisition of treasury shares	-	(1,713)	-	-	-	-	(1,713)
Grant of equity-settled performance share awards to employees	-	-	-	10	10	-	10
Dividends on ordinary shares	-	-	(5,295)	-	-	-	(5,295)
Balance at 31 December 2016	162,854	(2,530)	7,978	(388)	182	(570)	167,914
Balance at 1 January 2015	162,854	-	14,720	(1,327)	172	(1,499)	176,247
Profit for the year	-	-	15,739	-	-	-	15,739
<u>Other comprehensive income:</u>							
- Net fair value changes on cash flow hedges	-	-	-	(828)	-	(828)	(828)
Total comprehensive income for the year	-	-	15,739	(828)	-	(828)	14,911
Acquisition of treasury shares	-	(817)	-	-	-	-	(817)
Dividends on ordinary shares	-	-	(16,016)	-	-	-	(16,016)
Balance at 31 December 2015	162,854	(817)	14,443	(2,155)	172	(2,327)	174,325

- 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 has not bought back any ordinary shares during the fourth quarter of 2016.

As at 31 December 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 31 December 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 January 2016	: 3,681,000 shares
Purchase of treasury shares during the year	: 8,562,000 shares
As at 31 December 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.**

	<b>Group</b>	
	<b>FY 2016</b>	<b>FY 2015</b>
(Loss)/profit attributable to equity holders of the Company (US\$'000)	<u>(118,628)</u>	<u>3,829</u>
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	715,041	724,542
- based on a fully diluted basis	<u>715,041</u>	<u>724,542</u>
Earnings per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	(16.6)	0.5
(b) On a fully diluted basis	<u>(16.6)</u>	<u>0.5</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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 16</b>	<b>As at 31 Dec 15</b>	<b>As at 31 Dec 16</b>	<b>As at 31 Dec 15</b>
Net asset value (US\$'000)	290,808	413,388	167,914	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)	40.8	57.3	23.5	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**

##### **Financial year ended 31 December 2016 ("FY 2016") vs Financial year ended 31 December 2015 ("FY 2015")**

##### **Revenue**

Revenue decreased by approximately US\$52.4 million or 43% from US\$121.8 million in FY 2015 to US\$69.4 million in FY 2016.

The decrease was mainly attributable to the decline in revenue of our Offshore Support Services Business of US\$48.2 million or 45% from US\$106.9 million in FY 2015 to US\$58.7 million in FY 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 FY 2016.

Revenue from Marine and Offshore equipment business decreased by US\$5.9 million due to disposal of the business in June 2016.

##### **3 months ended 31 December 2016 ("4Q 2016") vs 3 months ended 31 December 2015 ("4Q 2015")**

Revenue decreased by approximately US\$9.6 million or 44% from US\$21.7 million in 4Q 2015 to US\$12.1 million in 4Q 2016.

The decrease was mainly attributable to the decline in revenue of our Offshore Support Services Business of US\$8.4 million or 48% from US\$17.7 million in 4Q 2015 to US\$9.2 million in 4Q 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 4Q 2016.

##### **Gross profit**

##### **Financial year ended 31 December 2016 ("FY 2016") vs Financial year ended 31 December 2015 ("FY 2015")**

Gross profit decreased by approximately US\$56.1 million from a profit of US\$24.3 million in FY 2015 to a loss of US\$31.8 million in FY 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 31 December 2016 ("4Q 2016") vs 3 months ended 31 December 2015 ("4Q 2015")**

Gross profit decreased by approximately US\$11.1 million from a loss of US\$3.4 million in 4Q 2015 to a loss of US\$14.5 million in 4Q 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**

#### **Financial year ended 31 December 2016 ("FY 2016") vs Financial year ended 31 December 2015 ("FY 2015")**

Other operating income decreased by approximately US\$2.2 million or 12% from US\$19.1 million in FY 2015 to US\$16.9 million in FY 2016.

The decrease was mainly attributable to the decline in gain on sale of vessels of US\$11.0 million or 94% from US\$11.7 million in FY 2015 to US\$0.7 million in FY 2016. This was partially offset by gain on deemed disposal of a subsidiary of US\$3.9 million and re-measurement gain of remaining interest in joint venture of US\$2.1 million in FY 2016, and higher interest income of US\$3.3 million from US\$4.3 million in FY 2015 to US\$7.6 million in FY 2016.

#### **3 months ended 31 December 2016 ("4Q 2016") vs 3 months ended 31 December 2015 ("4Q 2015")**

Other operating income increased by approximately US\$3.2 million or 46% from US\$6.9 million in 4Q 2015 to US\$10.1 million in 4Q 2016.

The increase was mainly attributable to the gain on deemed disposal of a subsidiary of US\$3.9 million in 4Q 2016, re-measurement gain of remaining interest in joint venture of US\$2.1 million, higher interest income of US\$0.9 million from US\$0.7 million in 4Q 2015 to US\$1.6 million in 4Q 2016 and gain from receipt of non-refundable customer's deposit of US\$0.8 million in 4Q 2016. This was partially offset by the decline in gain on sale of vessels of US\$4.5 million or 87% from US\$5.2 million in 4Q 2015 to US\$0.7 million in 4Q 2016.

### **General and administrative expenses**

#### **Financial year ended 31 December 2016 ("FY 2016") vs Financial year ended 31 December 2015 ("FY 2015")**

General and administrative expenses decreased by approximately US\$2.9 million or 12% from US\$23.9 million in FY 2015 to US\$21.0 million in FY 2016 as part of the Group's continuing cost rationalisation exercise.

#### **3 months ended 31 December 2016 ("4Q 2016") vs 3 months ended 31 December 2015 ("4Q 2015")**

General and administrative expenses decreased by approximately US\$2.0 million or 30% from US\$6.6 million in 4Q 2015 to US\$4.6 million in 4Q 2016 as part of the Group's continuing cost rationalisation exercise.

### **Other operating expenses**

#### **Financial year ended 31 December 2016 ("FY 2016") vs Financial year ended 31 December 2015 ("FY 2015")**

Other operating expenses increased by approximately US\$56.2 million from US\$4.7 million in FY 2015 to US\$60.9 million in FY 2016.

The increase was mainly due to impairment of property, plant and equipment of US\$28.7 million (of which US\$2.0 million was attributable to non-controlling interests), higher impairment of doubtful receivables of US\$19.9 million from US\$0.2 million in FY 2015 to US\$20.1 million in FY 2016 and loss on deemed disposal of a subsidiary of US\$6.8 million in FY 2016.

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

### **Other operating expenses (cont'd)**

#### **3 months ended 31 December 2016 ("4Q 2016") vs 3 months ended 31 December 2015 ("4Q 2015")**

Other operating expenses increased by approximately US\$16.9 million from US\$0.1 million in FY 2015 to US\$17.0 million in FY 2016.

The increase was mainly due to higher impairment of doubtful receivables of US\$12.0 million from US\$0.2 million in 4Q 2015 to US\$12.2 million in 4Q 2016 and loss on deemed disposal of a subsidiary of US\$6.8 million in 4Q 2016.

### **Finance costs**

#### **Financial year ended 31 December 2016 ("FY 2016") vs Financial year ended 31 December 2015 ("FY 2015")**

#### **3 months ended 31 December 2016 ("4Q 2016") vs 3 months ended 31 December 2015 ("4Q 2015")**

Finance cost increased by approximately US\$4.5 million or 37% from US\$12.1 million in FY 2015 to US\$16.6 million in FY 2016.

Finance cost increased by approximately US\$2.0 million or 69% from US\$2.9 million in 4Q 2015 to US\$4.9 million in 4Q 2016.

The increase in finance costs for both periods was in line with an increase in bank loans outstanding from US\$329.5 million as at 31 December 2015 to US\$446.0 million as at 31 December 2016.

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

#### **Financial year ended 31 December 2016 ("FY 2016") vs Financial year ended 31 December 2015 ("FY 2015")**

Share of results of joint ventures decreased by approximately US\$9.3 million from share of gain of US\$4.5 million in FY 2015 to share of loss of US\$4.8 million in FY 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\$3.5 million.

#### **3 months ended 31 December 2016 ("4Q 2016") vs 3 months ended 31 December 2015 ("4Q 2015")**

Share of results of joint ventures decreased by approximately US\$4.4 million from share of gain of US\$2.7 million in 4Q 2015 to share of loss of US\$1.7 million in 4Q 2016. 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 2016 ("FY 2016") vs Financial year ended 31 December 2015 ("FY 2015")**

Share of results of associate was nil in FY 2016 compared to US\$1.9 million in FY 2015 as the Group recognises its share of losses only up to the Group's interest in the associate.

#### **3 months ended 31 December 2016 ("4Q 2016") vs 3 months ended 31 December 2015 ("4Q 2015")**

Share of results of associate was nil in 4Q 2016 compared to US\$0.2 million in 4Q 2015 as the Group recognises its share of losses only up to the Group's interest in the associate.

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

### **Taxation**

#### **Financial year ended 31 December 2016 ("FY 2016") vs Financial year ended 31 December 2015 ("FY 2015")**

#### **3 months ended 31 December 2016 ("4Q 2016") vs 3 months ended 31 December 2015 ("4Q 2015")**

Tax expense increased by approximately US\$1.9 million from US\$1.6 million in FY 2015 to US\$3.5 million in FY 2016. The increase in taxation expense was due to lower net write-back of tax provision in respect of prior years.

Tax expense increased by approximately US\$1.9 million from tax credit of US\$0.8 million in 4Q 2015 to tax expense of US\$1.1 million in 4Q 2016. The increase was due to 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\$736.6 million as at 31 December 2016. The decrease in non-current assets from US\$750.0 million as at 31 December 2015 was mainly due to:

- (i) Decrease in amount due from other related companies of US\$13.2 million;
- (ii) Decrease in investment in joint ventures of US\$7.7 million primarily due to decrease in share of results for the financial period ended 31 December 2016; and
- (iii) Partially offset by increase in property, plant and equipment of US\$7.5 million.

### **Current assets**

The Group's current assets amounted to US\$167.8 million as at 31 December 2016. The increase in current assets from US\$166.6 million as at 31 December 2015 was mainly due to:

- (i) Increase in cash and cash equivalents of US\$7.5 million;
- (ii) Increase in amounts due from related companies of US\$5.8 million;
- (iii) Increase in assets held for sale of US\$1.8 million; and
- (iv) Partially offset by decrease in trade receivables of US\$14.9 million.

### **Current liabilities**

The Group's current liabilities amounted to US\$122.7 million as at 31 December 2016. The decrease in current liabilities from US\$154.7 million as at 31 December 2015 was mainly attributable to:

- (i) Decrease in current bank loans of US\$31.5 million;
- (ii) Decrease in other liabilities of US\$1.3 million;
- (iii) Decrease in trade payables of US\$1.0 million;
- (iv) Decrease in provision for taxation of US\$0.9 million; and
- (v) Partially offset by increase in amounts due to related companies of US\$2.8 million.



## **REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)**

### **Non-current liabilities**

The Group's non-current liabilities amounted to US\$492.6 million as at 31 December 2016. Non-current liabilities increased from US\$346.0 million as at 31 December 2015 primarily due to net increase in bank loans of US\$148.0 million.

### **REVIEW OF CASH FLOWS**

In FY2016, the Group generated net cash outflows from operating activities of approximately US\$44.0 million, which comprises cash outflow from operating activities before working capital changes of US\$20.0 million, net working capital outflow of US\$6.1 million, net interest paid of US\$15.0 million and taxes paid of US\$2.9 million.

The net cash outflow from changes in working capital of US\$6.1 million was mainly due to:-

- (i) Increase in amounts due from/to related companies of US\$11.2 million;
- (ii) Increase in inventories of US\$0.9 million;
- (iii) Partially offset by decrease in trade and other receivables of US\$5.5 million; and
- (iv) Increase in trade payables and other liabilities of US\$0.5 million.

Net cash outflow from investing activities was approximately US\$54.8 million, which was mainly due to:-

- (i) Purchase of property, plant and equipment of US\$126.3 million;
- (ii) Investment in joint ventures of US\$1.4 million;
- (iii) Partially offset by proceeds from sale of property, plant and equipment of US\$57.1 million;
- (iv) Proceeds from rescission of shipbuilding contract of US\$10.6 million;
- (v) Net cash inflow on disposal of subsidiaries of US\$3.8 million; and
- (vi) Net loan repayment from related companies of US\$0.5 million.

Net cash inflow from financing activities was approximately US\$102.4 million, which was mainly due to:-

- (i) Proceeds from bank loans of US\$245.5 million;
- (ii) Partially offset by repayment of bank loans of US\$130.6 million;
- (iii) Dividends paid to equity shareholders of the Company of US\$5.3 million;
- (iv) Cash and cash equivalents pledged as securities of US\$4.2 million; and
- (v) Purchase of treasury shares of US\$1.7 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 decision by OPEC and certain non-OPEC producers towards the end of 2016 to cut production provided a boost to the oil and gas sector. Coupled with the industry expectation that the supply and demand curve is expected to balance by the second half of 2017, the longer term outlook for the sector is believed to have turned for the better. In addition, the Government-supported financing schemes announced in November 2016 provided further assurance that financing options continue to be available for the sector players to weather through the downturn.

However, market conditions continue to be very challenging over the next 12 months in the oil and gas sector, due mainly to the lag effect of the positive developments being channelled into the Group's businesses. Hence, the Group's results over the next 12 months are expected to continue to be under severe pressure.

The Group remains focused on the long road ahead, and is strategically poised to ride through this downturn, with the support of its financial and business partners.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

Yes.

<b>Name of Dividend</b>	<b>Final</b>
Dividend Type	Cash
Dividend Amount per share (in cents)	1 Singapore cent

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**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**

	<b>Offshore Support Services Business</b>	<b>Subsea Business</b>	<b>Complementary Businesses</b>	<b>Per consolidated financial statements</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2016</b>				
<b>Revenue:</b>				
External customers	58,729	9,865	827	69,421
<b>Results:</b>				
Interest income	2,829	4,800	9	7,638
Finance costs	(15,266)	(639)	(654)	(16,559)
Depreciation and amortisation	(25,599)	(3,548)	(2,305)	(31,452)
Share of results of joint ventures	(4,756)	–	–	(4,756)
Share of results of associate	–	–	–	–
Other non-cash expenses (Note A)	(51,488)	(713)	(44)	(52,245)
Segment loss	(100,715)	(8,260)	(9,183)	(118,158)
<b>Assets:</b>				
Investment in associates	–	–	–	–
Investment in joint ventures	60,346	–	–	60,346
Additions to non-current assets (Note B)	110,897	169	14,941	126,007
Segment assets	705,718	135,224	63,385	904,327
<b>Segment liabilities</b>	<b>552,959</b>	<b>11,310</b>	<b>51,038</b>	<b>615,307</b>

Note A. Other non-cash expenses consist of allowance for inventory obsolescence, provisions and impairment of financial assets and club membership.

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)**

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)**

	<b>Offshore Support Services Business</b>	<b>Subsea Business</b>	<b>Complementary Businesses</b>	<b>Per consolidated financial statements</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2015</b>				
<b>Revenue:</b>				
External customers	106,896	8,628	6,275	121,799
<b>Results:</b>				
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 ventures	4,537	–	–	4,537
Share of results of associate	(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
<b>Assets:</b>				
Investment in associate	–	–	–	–
Investment in joint ventures	68,045	–	–	68,045
Additions to non-current assets (Note B)	132,859	2,361	23,721	158,941
Segment assets	719,942	139,863	56,833	916,638
<b>Segment liabilities</b>	<b>431,042</b>	<b>29,592</b>	<b>39,993</b>	<b>500,627</b>

Note A. Other non-cash expenses consist of allowance for inventory obsolescence, provisions and impairment of financial assets and club membership.

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 2016 US\$'000	FY 2015 US\$'000	FY 2016 US\$'000	FY 2015 US\$'000
Asia	52,341	98,355	612,707	604,760
Africa	–	5,854	–	–
Australia	2,303	4,564	–	–
Latin America	14,777	13,026	1,361	1,778
	<u>69,421</u>	<u>121,799</u>	<u>614,068</u>	<u>606,538</u>

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

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

Refer to part 8 & 10.

16. **A breakdown of sales**

	Group		Increase/ (Decrease) %
	FY 2016 US\$'000	FY 2015 US\$'000	
Sales reported for first half year	38,376	66,323	(42)
Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(69,712)	4,887	NM
Sales reported for second half year	31,045	55,476	(44)
Operating loss after tax before deducting non-controlling interests reported for second half year	(51,965)	(1,204)	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	5,295	16,016
Total	<u>5,295</u>	<u>16,016</u>

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

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

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Pang Wei Kuan	34	<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 &amp; 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	58	<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 &amp; management of procurement initiatives in alignment with the Group's strategies and business plans.</p>	None.
James Ang	56	<p>Brother-in-law of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.</p> <p>Uncle of Mr Pang Wei Meng who is the executive director of the Company.</p>	<p>Ship Repair Manager.</p> <p>Appointed in 2011.</p> <p>Responsible for management of the ship-repair yard development.</p>	None.

**19. 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.

**On behalf of the Board of Directors**

**Pang Yoke Min**  
**Executive Chairman**

**Mok Weng Vai**  
**Executive Director**

24 February 2017