



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

**Unaudited Second Quarter ("2Q 2018") Financial Statement and Dividend Announcement
For the Six Month Ended 30 June 2018 ("6M 2018")**

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

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

	Group			Group		
	2Q 2018	2Q 2017	+/(-) %	6M 2018	6M 2017	+/(-) %
	US\$'000	US\$'000 Restated*		US\$'000	US\$'000 Restated*	
Revenue	15,552	17,507	(11)	27,336	31,476	(13)
Cost of sales	(16,283)	(18,482)	(12)	(31,371)	(39,449)	(20)
Gross profit	(731)	(975)	(25)	(4,035)	(7,973)	(49)
Other operating income	3,453	2,376	45	4,386	5,256	(17)
General and administrative expenses	(3,710)	(5,429)	(32)	(7,577)	(10,941)	(31)
Other operating expenses	(168)	(651)	(74)	(825)	(1,411)	(42)
Finance costs	(5,654)	(4,800)	18	(11,091)	(9,113)	22
Share of results of joint ventures	349	1,408	(75)	823	1,321	(38)
Share of results of associates	(581)	-	NM	(1,603)	-	NM
Loss before taxation	(7,042)	(8,071)	(13)	(19,922)	(22,861)	(13)
Taxation	(425)	(465)	(9)	(678)	(970)	(30)
Loss for the period	(7,467)	(8,536)	(13)	(20,600)	(23,831)	(14)
Other comprehensive income / (loss):						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	931	(33)	NM	487	(690)	NM
Net fair value changes on cash flow hedges	(199)	823	NM	(75)	970	NM
Share of other comprehensive (loss)/income of an associate or a joint venture	(1)	143	NM	(265)	277	NM
Other comprehensive income for the period, net of tax	731	933	(22)	147	557	(74)
Total comprehensive loss for the period	(6,736)	(7,603)	(11)	(20,453)	(23,274)	(12)
Loss for the period attributable to:						
Equity holders of the Company	(7,001)	(8,098)	(14)	(19,802)	(22,893)	(14)
Non-controlling interests	(466)	(438)	6	(798)	(938)	(15)
	(7,467)	(8,536)	(13)	(20,600)	(23,831)	(14)
Total comprehensive loss for the period attributable to:						
Equity holders of the Company	(6,275)	(7,166)	(12)	(19,656)	(22,336)	(12)
Non-controlling interests	(461)	(437)	5	(797)	(938)	(15)
	(6,736)	(7,603)	(11)	(20,453)	(23,274)	(12)

*The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) with 1 January 2017 as the date of transition. Please refer to note 5 of the announcement for details.

NM: Not Meaningful

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

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

	Group		Group	
	2Q 2018 US\$'000	2Q 2017 US\$'000 Restated*	6M 2018 US\$'000	6M 2017 US\$'000 Restated*
Depreciation of property, plant and equipment (included in cost of sales)	4,338	7,315	8,799	14,763
Depreciation of property, plant and equipment (included in general and administrative expenses)	229	270	461	565
Impairment of doubtful receivables, net	109	360	957	386
Impairment/(writeback) of amounts due from related companies	62	–	(523)	–
(Gain)/loss on sale of property, plant and equipment, net	(17)	(129)	(29)	540
Gain/(loss) on disposal of assets held for sale	–	–	(4)	180
Gain on termination of shipbuilding contract, net	(1,190)	–	(1,190)	–
Gain on termination of vessel lease contract, net	(1,248)	–	(1,248)	–
Loss on disposal of club membership	–	–	–	125
Net fair value gain on derivatives	(18)	(10)	(90)	(180)
Exchange (gain)/loss	(139)	(6)	384	(635)
Interest income	(592)	(1,973)	(1,469)	(3,933)
Net fair value (gain)/loss on investment securities	(3)	17	7	31
Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures)	–	(181)	–	(362)
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	(42)	–	(83)	–
Provision for tax in respect of prior years	–	6	–	142

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 Jun 2018	As at 31 Dec 2017	As at 1 Jan 2017	As at 30 Jun 2018	As at 31 Dec 2017
	US\$'000	US\$'000 Restated*	US\$'000 Restated*	US\$'000	US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	367,565	389,105	613,772	–	–
Investment in subsidiaries	–	–	–	39,877	39,817
Investment in associates	10,904	12,771	–	–	–
Investment in joint ventures	6,240	5,417	60,346	–	–
Club memberships	156	156	296	–	–
Amount due from related companies	35,268	40,056	62,143	–	–
Derivatives	165	114	12	–	–
	420,298	447,619	736,569	39,877	39,817
Current assets					
Inventories	1,220	362	873	–	–
Trade receivables	20,267	18,607	10,359	–	–
Other receivables	5,609	7,015	14,884	7	32
Amounts due from related companies	67,778	60,676	89,177	168,493	170,180
Investment securities	67	77	69	–	–
Derivatives	74	39	–	–	–
Assets held for sale	–	346	1,768	–	–
Cash and bank balances	31,115	39,377	50,628	2,036	3,295
	126,130	126,499	167,758	170,536	173,507
Total assets	546,428	574,118	904,327	210,413	213,324
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	15,946	17,706	13,330	–	–
Other liabilities	52,335	57,531	53,841	3,259	3,261
Amounts due to related companies	8,822	7,407	3,977	199,502	190,520
Bank loans	450,160	451,921	49,029	–	–
Notes payable	71,921	73,344	–	71,921	73,344
Provision for taxation	1,324	1,496	2,304	58	20
Finance lease obligations	451	337	206	–	–
Derivatives	7,011	5,504	–	7,011	5,504
	607,970	615,246	122,687	281,751	272,649
Non-current liabilities					
Other liabilities	11,717	11,717	12,276	–	–
Provisions	236	241	220	–	–
Deferred capital grant	1,418	1,418	1,418	–	–
Bank loans	–	–	397,016	–	–
Notes payable	–	–	67,806	–	–
Deferred tax liabilities	2,818	2,586	1,736	–	–
Finance lease obligations	224	363	560	–	–
Derivatives	–	3	12,005	–	–
	16,413	16,328	493,037	–	–
Total liabilities	624,383	631,574	615,724	281,751	272,649
Net (liabilities)/assets	(77,955)	(57,456)	288,603	(71,338)	(59,325)

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 Jun 2018	As at 31 Dec 2017	As at 1 Jan 2017	As at 30 Jun 2018	As at 31 Dec 2017
	US\$'000	US\$'000 Restated*	US\$'000 Restated*	US\$'000	US\$'000
Equity attributable to equity holders of the Company					
Share capital	162,854	162,854	162,854	162,854	162,854
Treasury shares	(2,530)	(2,530)	(2,530)	(2,530)	(2,530)
(Accumulated losses)/retained earnings	(218,813)	(198,917)	133,669	(231,922)	(219,915)
Other reserves	(3,834)	(4,049)	(3,602)	260	266
	(62,323)	(42,642)	290,391	(71,338)	(59,325)
Non-controlling interests	(15,632)	(14,814)	(1,788)	–	–
Total equity	(77,955)	(57,456)	288,603	(71,338)	(59,325)

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

Amount repayable in one year or less, or on demand

Group		Group	
As at 30 Jun 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
450,611	71,921	452,258	73,344

Amount repayable after one year

Group		Group	
As at 30 Jun 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
224	-	363	-

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\$290.2 million and US\$295.8 million as at 30 June 2018 and 31 December 2017 respectively;
- escrow mortgages over the buildings, ship-repair yard and plant and equipment of the Group, with net book values of US\$57.7 million and US\$60.4 million as at 30 June 2018 and 31 December 2017 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; and
- cash pledged of US\$5.0 million and US\$6.9 million as at 30 June 2018 and 31 December 2017 respectively.

In addition, certain of the Group's bank loans are secured by corporate guarantees from the Company and its subsidiaries.

The banks are entitled to enforce their rights against the mortgaged assets as the terms of the bank loans have been breached.

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.

	2Q 2018 US\$'000	Group 2Q 2017 US\$'000 Restated*
Cash flows from operating activities:		
Loss before taxation	(7,042)	(8,071)
Adjustments for:		
Depreciation of property, plant and equipment	4,567	7,585
Finance costs	5,654	4,800
Interest income	(592)	(1,973)
Share of results of joint ventures	(349)	(1,408)
Share of result of associates	581	
Gain on sale of property, plant and equipment, net	(17)	(129)
Impairment of doubtful receivables, net	109	360
Impairment of amounts due from related companies, net	62	–
Net gain on assets sold under hire purchase	–	(22)
Net gain on termination of shipbuilding contract	(1,190)	–
Net gain on termination of vessel lease contract	(1,248)	–
Net fair value gain on derivatives	(18)	(10)
Net fair value (gain)/loss on investment securities	(3)	17
Share-based payment expense	31	5
Exchange difference	143	167
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Operating cash flows before changes in working capital	688	1,321
Increase in trade and other receivables	(735)	(4,158)
Increase in amounts due from/to related companies	(918)	(2,990)
(Increase)/decrease in inventories	(851)	130
Increase/(decrease) in trade payables and other liabilities	74	(416)
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Cash used in operations	(1,742)	(6,113)
Taxes paid	(397)	(747)
Interest paid	(362)	(3,594)
Interest received	23	66
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Net cash flows used in operating activities	(2,478)	(10,388)

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

	Group	
	2Q 2018 US\$'000	2Q 2017 US\$'000 Restated*
Cash flows from investing activities:		
Purchase of property, plant and equipment	–	(369)
Proceeds from sale of property, plant and equipment	220	2,199
Loan to related companies, net	–	(1,034)
Net cash flows generated by investing activities	220	796
Cash flows from financing activities:		
Repayment of finance lease obligations	(6)	(65)
Proceeds from bank loans	–	33,453
Repayment of bank loans	(218)	(11,171)
Cash and bank balances released/(pledged) as securities	147	(51)
Net cash flows (used in)/generated from financing activities	(77)	22,166
Net (decrease)/increase in cash and bank balances	(2,335)	12,574
Effect of exchange rate changes on cash and bank balances	(90)	17
Cash and bank balances at beginning of period	28,518	15,220
Cash and bank balances at end of the period	26,093	27,811
Breakdown of cash and bank balances at end of the period:		
Cash and bank balances as per balance sheet	31,115	36,303
Cash pledged	(5,022)	(8,492)
	26,093	27,811

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
<u>The Group</u>												
Balance at 1 April 2018 (restated)	162,854	(2,530)	(211,812)	(4,591)	(1,867)	262	119	74	(3,179)	(56,079)	(15,171)	(71,250)
Loss for the period	–	–	(7,001)	–	–	–	–	–	–	(7,001)	(466)	(7,467)
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	926	926	–	–	–	–	926	5	931
- Net fair value changes on cash flow hedges	–	–	–	(199)	–	–	(199)	–	–	(199)	–	(199)
- Share of other comprehensive income of a joint venture	–	–	–	(1)	–	–	(1)	–	–	(1)	–	(1)
Total comprehensive loss for period	–	–	(7,001)	726	926	–	(200)	–	–	(6,275)	(461)	(6,736)
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	–	–	–	31	–	31	–	–	–	31	–	31
Total contributions by and distributions to equity holders	–	–	–	31	–	31	–	–	–	31	–	31
Balance at 30 June 2018	162,854	(2,530)	(218,813)	(3,834)	(941)	293	(81)	74	(3,179)	(62,323)	(15,632)	(77,955)

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
The Group												
Balance at 1 April 2017 (restated)	162,854	(2,530)	119,309	(3,972)	(656)	187	(400)	76	(3,179)	275,661	(2,783)	272,878
Loss for the period (restated)	–	–	(8,098)	–	–	–	–	–	–	(8,098)	(438)	(8,536)
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	(34)	(34)	–	–	–	–	(34)	1	(33)
- Net fair value changes on cash flow hedges	–	–	–	823	–	–	823	–	–	823	–	823
- Share of other comprehensive income of a joint venture	–	–	–	143	–	–	143	–	–	143	–	143
Total comprehensive loss for period	–	–	(8,098)	932	(34)	–	966	–	–	(7,166)	(437)	(7,603)
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	–	–	–	5	–	5	–	–	–	5	–	5
Total contributions by and distributions to equity holders	–	–	–	5	–	5	–	–	–	5	–	5
Balance at 30 June 2017 (restated)	162,854	(2,530)	111,211	(3,035)	(690)	192	566	76	(3,179)	268,500	(3,220)	265,280

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
The Company							
Balance at 1 April 2018	162,854	(2,530)	(238,109)	428	262	166	(77,357)
Profit for the period	-	-	6,187	-	-	-	6,187
<u>Other comprehensive income:</u>							
- Net fair value changes on cash flow hedges	-	-	-	(199)	-	(199)	(199)
Total comprehensive income for the period	-	-	6,187	(199)	-	(199)	5,988
<u>Contributions by and distributions to equity holders:</u>							
- Grant of equity-settled performance share awards to employees	-	-	-	31	31	-	31
Total contributions by and distributions to equity holders	-	-	-	31	31	-	31
Balance at 30 June 2018	162,854	(2,530)	(231,922)	260	293	(33)	(71,338)
Balance at 1 April 2017	162,854	(2,530)	7,777	(236)	187	(423)	167,865
Profit for the period	-	-	62	-	-	-	62
<u>Other comprehensive income:</u>							
- Net fair value changes on cash flow hedges	-	-	-	823	-	823	823
Total comprehensive income for the period	-	-	62	823	-	823	885
<u>Contributions by and distributions to equity holders:</u>							
- Grant of equity-settled performance share awards to employees	-	-	-	5	5	-	5
Total contributions by and distributions to equity holders	-	-	-	5	5	-	5
Balance at 30 June 2017	162,854	(2,530)	7,839	592	192	400	168,755

- 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 16 July 2018), the Company has not bought back any ordinary shares during the second quarter of 2018.

As at 30 June 2018, the Company's total issued shares is 725,755,013 ordinary shares (31 December 2017: 725,755,013) with 12,243,000 (31 December 2017: 12,243,000) 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 June 2018 (31 December 2017: 713,512,013).

- 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 2018	: 12,243,000 shares
Purchase of treasury shares during the year	: Nil
As at 30 June 2018	: 12,243,000 shares

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company has no subsidiary holdings as at 30 June 2018 and 31 December 2017. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the period January to June 2018.

- 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 2017, 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 2018, the Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s). It has prepared its first set of financial information under SFRS (I)s for the quarter ended 31 March 2018. The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I)s on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which the Group's date of transition to SFRS(I) ("date of transition").

The adoption of new/revised SFRS(I)s and INT SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

- a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)
The Group has elected for the optional exemption to reset the cumulative translation differences for all foreign operations to nil as at the date of transition on 1 January 2017. As a result, cumulative translation reserve of US\$8,577,000 was reclassified from foreign currency translation reserve to retained earnings as at 1 January 2017.
- b) Application of SFRS(I) 9 Income Taxes
Following the withdrawal of Recommended Accounting Practice (RAP) 8 Foreign income not remitted to Singapore, the Group recognised an additional deferred tax liability of US\$417,000 by adjusting the retained earnings as at 1 January 2017.
- c) Application of SFRS(I) 9 Financial Instruments
The Group adopted SFRS(I) 9 on the required effective date without restating prior periods' information. As a result of adopting SFRS(I) 9, the Group recognised additional allowance for doubtful debts of US\$94,000 which have been included in the accumulated losses at the date of initial application, 1 January 2018.
- d) Comparatives
The comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) described above are summarised below:

Group Income Statement and Consolidated Statement of Comprehensive Income

		2Q 2017 Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	2Q 2017 Restated under SFRS (I) US\$'000
Taxation	5b	(418)	(47)	(465)
Loss for the period		(8,489)	(47)	(8,536)
Total comprehensive loss for the period		(7,556)	(47)	(7,603)
Loss for the period attributable to:				
Equity holders of the Company		(8,051)	(47)	(8,098)
Non-controlling interests		(438)	–	(438)
		(8,489)	(47)	(8,536)
Total comprehensive loss for the period attributable to:				
Equity holders of the Company		(7,119)	(47)	(7,166)
Non-controlling interests		(437)	–	(437)
		(7,556)	(47)	(7,603)

d) Comparatives (cont'd)

Group Balance Sheet

	As at 31 Dec 2017			As at 1 January 2017		
	Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	Restated under SFRS (I) US\$'000	Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	Restated under SFRS (I) US\$'000
	Equity attributable to equity holders of the Company (Accumulated losses)/ retained earnings	(189,819)	(9,098)	(198,917)	142,663	(8,994)
Other reserves	(12,626)	8,577	(4,049)	(12,179)	8,577	(3,602)
Total equity	(56,935)	(521)	(57,456)	289,020	(417)	288,603
Non-current liabilities						
Deferred tax liabilities	2,065	521	2,586	1,319	417	1,736
Total non-current liabilities	15,807	521	16,328	492,620	417	493,037

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

	Group	
	6M 2018	6M 2017 (Restated)
Loss attributable to equity holders of the Company (US\$'000)	(19,802)	(22,893)
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	713,512	713,512
- based on a fully diluted basis	713,512	713,512
Earnings per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	(2.8)	(3.2)
(b) On a fully diluted basis	(2.8)	(3.2)

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 Jun 18	As at 31 Dec 17 (Restated)	As at 30 Jun 18	As at 31 Dec 17
Net asset value (US\$'000)	(62,323)	(42,642)	(71,338)	(59,325)
Total number of ordinary shares issued ('000)	713,512	713,512	713,512	713,512
Net asset value per ordinary share (US cents)	(8.7)	(6.0)	(10.0)	(8.3)

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

Revenue

6 months ended 30 June 2018 ("6M 2018") vs 6 months ended 30 June 2017 ("6M 2017")

Revenue decreased by approximately US\$4.2 million or 13% from US\$31.5 million in 6M 2017 to US\$27.3 million in 6M 2018.

The decrease was mainly attributable to the decline in revenue of the Subsea Business of US\$3.9 million or 45% from US\$8.7 million in 6M 2017 to US\$4.8 million in 6M 2018 due to lower utilisation of vessels.

Revenue from the Shipyard Business also declined by US\$1.3 million or 37% from US\$3.5 million in 6M 2017 to US\$2.2 million in 6M 2018 due to lower completion of ship repair works.

This was partially offset by an increase in revenue from the Offshore Support Services Business of US\$1.0 million or 5% from US\$19.3 million in 6M 2017 to US\$20.3 million in 6M 2018 due to higher utilisation of vessels.

3 months ended 30 June 2018 ("2Q 2018") vs 3 months ended 30 June 2017 ("2Q 2017")

Revenue decreased by approximately US\$1.9 million or 11% from US\$17.5 million in 2Q 2017 to US\$15.6 million in 2Q 2018.

The decrease was mainly attributable to the decline in revenue of the Subsea Business of US\$1.6 million or 36% from US\$4.3 million in 2Q 2017 to US\$2.7 million in 2Q 2018 due to lower charter rates of vessels from our Subsea Business.

Revenue from the Shipyard Business also declined by US\$0.5 million or 25% from US\$1.9 million in 2Q 2017 to US\$1.4 million in 2Q 2018 due to lower completion of ship repair works.

This was partially offset by an increase in revenue from the Offshore Support Services Business of US\$0.1 million or 1% from US\$11.3 million in 2Q 2017 to US\$11.4 million in 2Q 2018 due to higher utilisation of vessels.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Gross loss

6 months ended 30 June 2018 ("6M 2018") vs 6 months ended 30 June 2017 ("6M 2017")

Gross loss decreased by approximately US\$4.0 million or 49% from US\$8.0 million in 6M 2017 to US\$4.0 million in 6M 2018.

The decrease was mainly due to improved performance from the Offshore Support Services Business in line with the reasons above.

This was partially offset by weaker performances from the Subsea and Shipyard Businesses.

3 months ended 30 June 2018 ("2Q 2018") vs 3 months ended 30 June 2017 ("2Q 2017")

Gross loss decreased by approximately US\$0.3 million or 25% from US\$1.0 million in 2Q 2017 to US\$0.7 million in 2Q 2018.

The overall decrease in gross loss was mainly attributable to improved performance from the Offshore Support Services Business and partially offset by weaker performances from the Subsea and Shipyard Businesses.

Other operating income

6 months ended 30 June 2018 ("6M 2018") vs 6 months ended 30 June 2017 ("6M 2017")

Other operating income decreased by approximately US\$0.9 million or 17% from US\$5.3 million in 6M 2017 to US\$4.4 million in 6M 2018.

The decrease was mainly attributable to lower interest income of US\$2.5 million in 6M 2018 and foreign exchange gain of US\$0.6 million in 6M 2017. This is partially offset by gain on termination of shipbuilding contract of US\$1.2 million and gain on termination of vessel lease contract of US\$1.2 million recorded in 6M 2018.

3 months ended 30 June 2018 ("2Q 2018") vs 3 months ended 30 June 2017 ("2Q 2017")

Other operating income increased by approximately US\$1.1 million or 45% from US\$2.4 million in 2Q 2017 to US\$3.5 million in 2Q 2018. The increase was mainly due to gain on termination of shipbuilding contract of US\$1.2 million and gain on termination of vessel lease contract of US\$1.2 million, offset by lower interest income of US\$1.4 million.

General and administrative expenses

6 months ended 30 June 2018 ("6M 2018") vs 6 months ended 30 June 2017 ("6M 2017")

General and administrative expenses decreased by approximately US\$3.3 million or 31% from US\$10.9 million in 6M 2017 to US\$7.6 million in 6M 2018, as part of the Group's continuing cost rationalisation exercise.

3 months ended 30 June 2018 ("2Q 2018") vs 3 months ended 30 June 2017 ("2Q 2017")

General and administrative expenses decreased by approximately US\$1.7 million or 32% from US\$5.4 million in 2Q 2017 to US\$3.7 million in 2Q 2018, as part of the Group's continuing cost rationalisation exercise.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating expenses

6 months ended 30 June 2018 ("6M 2018") vs 6 months ended 30 June 2017 ("6M 2017")

Other operating expenses decreased by approximately US\$0.6 million or 42% from US\$1.4 million in 6M 2017 to US\$0.8 million in 6M 2018.

The decrease was mainly due to loss on disposal of vessels of US\$1.0 million recorded in 6M 2017, partially offset by foreign exchange loss of US\$0.4 million in 6M 2018.

3 months ended 30 June 2018 ("2Q 2018") vs 3 months ended 30 June 2017 ("2Q 2017")

Other operating expenses decreased by approximately US\$0.5 million or 74% from US\$0.7 million in 2Q 2017 to US\$0.2 million in 2Q 2018.

The decrease was mainly due to loss on disposal of vessels of US\$0.3 million in 2Q 2017 and lower impairment of doubtful receivables of US\$0.2 million from US\$0.4 million in 2Q 2017 to US\$0.2 million in 2Q 2018.

Finance costs

6 months ended 30 June 2018 ("6M 2018") vs 6 months ended 30 June 2017 ("6M 2017")

3 months ended 30 June 2018 ("2Q 2018") vs 3 months ended 30 June 2017 ("2Q 2017")

Finance cost increased by approximately US\$2.0 million or 22% from US\$9.1 million in 6M 2017 to US\$11.1 million in 6M 2018.

Finance cost increased by approximately US\$0.9 million or 18% from US\$4.8 million in 2Q 2017 to US\$5.7 million in 2Q 2018.

The increase in finance costs for both periods was in line with an increase in interest rates, partially offset by a decrease in bank loans outstanding from US\$451.9 million as at 30 June 2017 to US\$450.2 million as at 30 June 2018.

Share of results of joint ventures

6 months ended 30 June 2018 ("6M 2018") vs 6 months ended 30 June 2017 ("6M 2017")

3 months ended 30 June 2018 ("2Q 2018") vs 3 months ended 30 June 2017 ("2Q 2017")

Share of results of joint ventures decreased by approximately US\$0.5 million or 38% from US\$1.3 million in 6M 2017 to US\$0.8 million in 6M 2018.

Share of results of joint ventures decreased by approximately US\$1.1 million or 75% from US\$1.4 million in 2Q 2017 to US\$0.3 million in 2Q 2018.

The decrease was mainly attributable to the Group capping its share of losses up to the Group's interest in loss-making joint ventures.

Share of results of associates

6 months ended 30 June 2018 ("6M 2018") vs 6 months ended 30 June 2017 ("6M 2017")

3 months ended 30 June 2018 ("2Q 2018") vs 3 months ended 30 June 2017 ("2Q 2017")

Share of results of associates was a loss of US\$1.6 million in 6M 2018 compared to nil in 6M 2017.

Share of results of associates was a loss of US\$0.6 million in 2Q 2018 compared to nil in 2Q 2017.

These were attributable to the Group recording its share of losses in PT Logindo Samudramakmur Tbk ("PT Logindo"), which was recognised as an associate from 3Q 2017.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$420.3 million as at 30 June 2018. The decrease in non-current assets from US\$447.6 million as at 31 December 2017 was mainly due to:

- (i) the decrease in property, plant and equipment of US\$21.5 million;
- (ii) the decrease in amount due from other related companies of US\$4.8 million; and
- (iii) the decrease in investment in associates of US\$1.9 million primarily due to the share of losses for the 6 months ended 30 June 2018.

This was partially offset by:

- (iv) the increase in investment in joint ventures of US\$0.8 million primarily due to the share of profit for the 6 months ended 30 June 2018.

Current assets

The Group's current assets amounted to US\$126.1 million as at 30 June 2018. The decrease in current assets from US\$126.5 million as at 31 December 2017 was mainly due to:

- (i) the decrease in cash and bank balances of US\$8.3 million;
- (ii) the decrease in other receivables of US\$1.4 million; and
- (iii) the decrease in assets held for sale of US\$0.3 million.

This was partially offset by:

- (iv) the increase in amount due from related companies of US\$7.1 million;
- (v) the increase in trade receivables of US\$1.7 million; and
- (vi) the increase in inventories of US\$0.9 million.

Current liabilities

The Group's current liabilities amounted to US\$608.0 million as at 30 June 2018. The decrease in current liabilities from US\$615.2 million as at 31 December 2017 was mainly attributable to:

- (i) the decrease in other liabilities of US\$5.2 million;
- (ii) the decrease in trade payables of US\$1.8 million; and
- (iii) the decrease in current bank loans of US\$1.8 million;

This was partially offset by:

- (iv) the increase in derivatives of US\$1.5 million.

The Group is in negative working capital position of US\$481.8 million as at 30 June 2018. The Group is in the process of restructuring its debt obligations. It intends to restructure the notes payable by way of consent solicitation exercise and is seeking the approval of the noteholders for the restructuring proposal in a meeting to be held on 24 August 2018. Scheme application will be made in the coming months to restructure substantially all the remaining debt obligations of the Group by way of scheme of arrangement under sections 210(1) of the Companies Act (Cap. 50). Upon the completion of the restructuring and the injection of new funds, the balance sheet of the Group and Company will be deleveraged substantially and the new funds will provide working capital support to enable the Group to continue as a going concern. Based on ongoing discussions with key stakeholders, the Management believes that it will be able to successfully complete the restructuring and accordingly, the consolidated financial statements have been prepared on a going concern basis.

Non-current liabilities

The Group's non-current liabilities amounted to US\$16.4 million as at 30 June 2018. Non-current liabilities increased from US\$16.3 million as at 31 December 2017 due to increase in deferred tax liabilities of US\$0.2 million, partially offset by decrease in finance lease obligations of US\$0.1 million.

REVIEW OF CASH FLOWS

In 2Q 2018, the Group generated net cash outflows of US\$2.3 million.

Net cash outflow from operating activities was US\$2.5 million, which was mainly due to:

- (i) net working capital outflow of US\$2.4 million; and
- (ii) net interest and taxes paid of US\$0.7 million.

This was partially offset by cash inflow from operating activities before working capital changes of US\$0.7 million.

Net cash inflow from investing activities was US\$0.2 million due to proceeds from sale of property, plant and equipment.

Net cash outflow from financing activities was US\$0.1 million, which was mainly due to:

- (i) repayment of bank loans of US\$0.2 million; and
- (ii) partially offset by cash and bank balances released as securities of US\$0.1 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.

Overall, there is an improvement in chartering activities but the oversupply of offshore support vessels continue to weigh down on charter rates. Barring any unexpected geopolitical developments that could derail the sector recovery, the Group is cautiously optimistic that the market will find its balance in the medium term.

As disclosed in Note 8, the Group is in negative working capital position of US\$481.8 million as at 30 June 2018. The Group continues to focus on implementing its debt restructuring plan. It intends to restructure the notes payable by way of consent solicitation exercise and is seeking the approval of the noteholders for the restructuring proposal in a meeting to be held on 24 August 2018. Scheme application will be made in the coming months to restructure substantially all the remaining debt obligations of the Group by way of scheme of arrangement under sections 210(1) of the Companies Act. Upon the completion of the restructuring and the injection of new funds, the balance sheet of the Group and Company will be deleveraged substantially and the new funds will provide working capital support to enable the Group to continue as a going concern. Based on ongoing discussions with key stakeholders, the Management believes that it will be able to successfully complete the restructuring and accordingly, the consolidated financial statements have been prepared on a going concern basis.

If the financial statements are presented on a realisation basis, the carrying value of its assets and liabilities may be materially different. If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Company may have to reclassify its non-current assets as current assets. No such adjustments have been made to these financial statements.

In connection with the debt restructuring, the High Court of the Republic of Singapore granted Pacific Radiance Ltd moratorium under section 211(B)(1) of the Companies Act which took effect from 31 July 2018 to 11 December 2018 or until further order. The moratorium provide stability for the daily operations of the Group to continue with support of its customers and key trade suppliers and allow the Group an opportunity and adequate time to pursue the debt restructuring.

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 confirms to the best of its knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors

Pang Yoke Min
Executive Chairman

Mok Weng Vai
Executive Director

13 August 2018