



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

**Unaudited Third Quarter ("3Q 2018") Financial Statement and Dividend Announcement
For the Nine Month Ended 30 September 2018 ("9M 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 | | |
|---|----------|-----------------------|---------|----------|-----------------------|---------|
| | 3Q 2018 | 3Q 2017 | +/(-) % | 9M 2018 | 9M 2017 | +/(-) % |
| | US\$'000 | US\$'000 Restated* | | US\$'000 | US\$'000 Restated* | |
| Revenue | 18,601 | 17,217 | 8 | 45,937 | 48,693 | (6) |
| Cost of sales | (17,050) | (18,791) | (9) | (48,421) | (58,240) | (17) |
| Gross profit | 1,551 | (1,574) | NM | (2,484) | (9,547) | (74) |
| Other operating income | 4,169 | 2,394 | 74 | 8,485 | 7,220 | 18 |
| General and administrative expenses | (3,603) | (4,283) | (16) | (11,180) | (15,224) | (27) |
| Other operating expenses | (586) | (3,859) | (85) | (1,341) | (4,840) | (72) |
| Finance costs | (5,508) | (5,082) | 8 | (16,599) | (14,195) | 17 |
| Share of results of joint ventures | 477 | 1,304 | (63) | 1,300 | 2,625 | (50) |
| Share of results of associates | (422) | (1,043) | (60) | (2,025) | (1,043) | 94 |
| Loss before taxation | (3,922) | (12,143) | (68) | (23,844) | (35,004) | (32) |
| Taxation | (76) | (1,270) | (94) | (754) | (2,240) | (66) |
| Loss for the period | (3,998) | (13,413) | (70) | (24,598) | (37,244) | (34) |
| Other comprehensive income / (loss): | | | | | | |
| <u>Items that may be reclassified subsequently to profit or loss:</u> | | | | | | |
| Foreign currency translation | 70 | (524) | NM | 557 | (1,213) | NM |
| Net fair value changes on cash flow hedges | 476 | (591) | NM | 401 | 379 | 6 |
| Net fair value changes on cash flow hedges, reclassified to profit or loss | (443) | - | NM | (443) | - | NM |
| Share of other comprehensive income / (loss) of an associate or a joint venture | 221 | (100) | NM | (44) | 177 | NM |
| Other comprehensive income for the period, net of tax | 324 | (1,215) | NM | 471 | (657) | NM |
| Total comprehensive loss for the period | (3,674) | (14,628) | (75) | (24,127) | (37,901) | (36) |
| Loss for the period attributable to: | | | | | | |
| Equity holders of the Company | (3,565) | (13,205) | (73) | (23,367) | (36,099) | (35) |
| Non-controlling interests | (433) | (208) | NM | (1,231) | (1,145) | 8 |
| | (3,998) | (13,413) | (70) | (24,598) | (37,244) | (34) |
| Total comprehensive loss for the period attributable to: | | | | | | |
| Equity holders of the Company | (3,241) | (14,419) | (78) | (22,897) | (36,754) | (38) |
| Non-controlling interests | (433) | (209) | NM | (1,230) | (1,147) | 7 |
| | (3,674) | (14,628) | (75) | (24,127) | (37,901) | (36) |

*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 | |
|--|---------------------|----------------------------------|---------------------|----------------------------------|
| | 3Q 2018 US\$'000 | 3Q 2017 US\$'000 Restated* | 9M 2018 US\$'000 | 9M 2017 US\$'000 Restated* |
| Depreciation of property, plant and equipment (included in cost of sales) | 4,362 | 7,303 | 13,161 | 22,066 |
| Depreciation of property, plant and equipment (included in general and administrative expenses) | 223 | 256 | 684 | 821 |
| (Writeback)/impairment of doubtful receivables, net | (75) | 14 | 882 | 400 |
| Impairment/(writeback) of amounts due from related companies | 4 | – | (519) | – |
| Loss on sale of property, plant and equipment, net | 51 | 1,031 | 22 | 1,570 |
| (Gain)/loss on disposal of assets held for sale | – | – | (4) | 180 |
| Loss on disposal of club membership | – | – | – | 125 |
| Gain on termination of shipbuilding contract, net | – | – | (1,190) | – |
| Gain on termination of vessel lease contract, net | – | – | (1,248) | – |
| Gain on debt forgiveness of bank loan | (3,156) | – | (3,156) | – |
| Net fair value loss/(gain) on derivatives | 37 | (3) | (53) | (183) |
| Exchange loss/(gain) | 65 | 423 | 449 | (212) |
| Net gain on disposal of subsidiary | – | (437) | – | (437) |
| Loss on dilution of interest in a joint venture | – | 2,392 | – | 2,392 |
| Interest income | (290) | (1,301) | (1,759) | (5,234) |
| Net fair value loss/(gain) on investment securities | 3 | (9) | 10 | 22 |
| Realisation of deferred gain on sale of vessels to joint ventures (included in share of results of joint ventures) | – | (139) | – | (501) |
| Realisation of deferred gain on sale of vessels to associates (included in share of results of associates) | (41) | (41) | (124) | (41) |
| (Writeback of)/provision for tax in respect of prior years | (57) | (2) | (57) | 140 |

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 2018 | As at 31 Dec 2017 | As at 1 Jan 2017 | As at 30 Sep 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 | 361,440 | 389,105 | 613,772 | – | – |
| Investment in subsidiaries | – | – | – | 39,810 | 39,817 |
| Investment in associates | 10,702 | 12,771 | – | – | – |
| Investment in joint ventures | 6,717 | 5,417 | 60,346 | – | – |
| Club memberships | 156 | 156 | 296 | – | – |
| Amount due from related companies | 33,741 | 40,056 | 62,143 | – | – |
| Derivatives | 166 | 114 | 12 | – | – |
| | 412,922 | 447,619 | 736,569 | 39,810 | 39,817 |
| Current assets | | | | | |
| Inventories | 833 | 362 | 873 | – | – |
| Trade receivables | 23,466 | 18,607 | 10,359 | – | – |
| Other receivables | 7,512 | 7,015 | 14,884 | 20 | 32 |
| Amounts due from related companies | 68,880 | 60,676 | 89,177 | 169,294 | 170,180 |
| Investment securities | 63 | 77 | 69 | – | – |
| Derivatives | 36 | 39 | – | – | – |
| Assets held for sale | – | 346 | 1,768 | – | – |
| Cash and bank balances | 28,153 | 39,377 | 50,628 | 578 | 3,295 |
| | 128,943 | 126,499 | 167,758 | 169,892 | 173,507 |
| Total assets | 541,865 | 574,118 | 904,327 | 209,702 | 213,324 |
| EQUITY AND LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade payables | 16,842 | 17,706 | 13,330 | – | – |
| Other liabilities | 62,974 | 57,531 | 53,841 | 8,564 | 3,261 |
| Amounts due to related companies | 9,591 | 7,407 | 3,977 | 199,292 | 190,520 |
| Bank loans | 442,880 | 451,921 | 49,029 | – | – |
| Notes payable | 73,220 | 73,344 | – | 73,220 | 73,344 |
| Provision for taxation | 1,165 | 1,496 | 2,304 | – | 20 |
| Finance lease obligations | 491 | 337 | 206 | – | – |
| Derivatives | – | 5,504 | – | – | 5,504 |
| | 607,163 | 615,246 | 122,687 | 281,076 | 272,649 |
| Non-current liabilities | | | | | |
| Other liabilities | 11,717 | 11,717 | 12,276 | – | – |
| Provisions | 235 | 241 | 220 | – | – |
| Deferred capital grant | 1,418 | 1,418 | 1,418 | – | – |
| Bank loans | – | – | 397,016 | – | – |
| Notes payable | – | – | 67,806 | – | – |
| Deferred tax liabilities | 2,863 | 2,586 | 1,736 | – | – |
| Finance lease obligations | 177 | 363 | 560 | – | – |
| Derivatives | – | 3 | 12,005 | – | – |
| | 16,410 | 16,328 | 493,037 | – | – |
| Total liabilities | 623,573 | 631,574 | 615,724 | 281,076 | 272,649 |
| Net (liabilities)/assets | (81,708) | (57,456) | 288,603 | (71,374) | (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 Sep 2018 | As at 31 Dec 2017 | As at 1 Jan 2017 | As at 30 Sep 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 | (2,485) | (2,530) | (2,530) | (2,485) | (2,530) |
| (Accumulated losses)/retained earnings | (222,378) | (198,917) | 133,669 | (231,912) | (219,915) |
| Other reserves | (3,634) | (4,049) | (3,602) | 169 | 266 |
| | (65,643) | (42,642) | 290,391 | (71,374) | (59,325) |
| Non-controlling interests | (16,065) | (14,814) | (1,788) | – | – |
| Total equity | (81,708) | (57,456) | 288,603 | (71,374) | (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 As at 30 Sep 2018 | | Group As at 31 Dec 2017 | |
|--|------------------|--|------------------|
| Secured | Unsecured | Secured | Unsecured |
| US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 443,371 | 73,220 | 452,258 | 73,344 |

Amount repayable after one year

| Group As at 30 Sep 2018 | | Group As at 31 Dec 2017 | |
|--|------------------|--|------------------|
| Secured | Unsecured | Secured | Unsecured |
| US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 177 | – | 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\$285.2 million and US\$295.8 million as at 30 September 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\$56.8 million and US\$60.4 million as at 30 September 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\$3.5 million and US\$6.9 million as at 30 September 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 certain 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.

| | Group | |
|---|------------|-----------------------|
| | 3Q 2018 | 3Q 2017 |
| | US\$'000 | US\$'000 Restated* |
| Cash flows from operating activities: | | |
| Loss before taxation | (3,922) | (12,143) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 4,585 | 7,559 |
| Finance costs | 5,508 | 5,082 |
| Interest income | (290) | (1,301) |
| Share of results of joint ventures | (477) | (1,304) |
| Share of result of associates | 422 | 1,043 |
| Loss on sale of property, plant and equipment, net (Writeback)/impairment of doubtful receivables, net | 51 (75) | 1,031 14 |
| Impairment of amounts due from related companies, net | 4 | – |
| Net gain on assets sold under hire purchase | – | (148) |
| Net gain on debt forgiveness of bank loan | (3,156) | – |
| Net gain on termination of lease receivable | (412) | – |
| Net fair value changes on cash flow hedges, reclassified to profit or loss | 443 | – |
| Loss on dilution of a joint venture | – | 2,392 |
| Net gain on disposal of subsidiary | – | (437) |
| Net fair value loss/(gain) on derivatives | 37 | (3) |
| Net fair value loss/(gain) on investment securities | 3 | (9) |
| (Writeback)/recognition of share-based payment expense | (79) | 9 |
| Exchange difference | 384 | 136 |
| | <hr/> | <hr/> |
| Operating cash flows before changes in working capital | 3,026 | 1,921 |
| (Increase)/decrease in trade and other receivables | (4,543) | 3,990 |
| Increase in amounts due from/to related companies | (603) | (893) |
| Decrease/(increase) in inventories | 386 | (348) |
| Increase/(decrease) in trade payables and other liabilities | 1,808 | (1,339) |
| | <hr/> | <hr/> |
| Cash generated from operations | 74 | 3,331 |
| Taxes paid | (204) | (1,400) |
| Interest paid | (2,484) | (3,168) |
| Interest received | 54 | 395 |
| | <hr/> | <hr/> |
| Net cash flows used in operating activities | (2,560) | (842) |
| | <hr/> | <hr/> |

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 2018 US\$'000 | 3Q 2017 US\$'000 Restated* |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (685) | (39) |
| Proceeds from sale of property, plant and equipment | 4,000 | 3,393 |
| Investment in an associate | – | (2,000) |
| Loan repaid by related companies, net | 225 | 1,694 |
| Net cash flows generated by investing activities | 3,540 | 3,048 |
| Cash flows from financing activities: | | |
| Repayment of finance lease obligations | (5) | (48) |
| Proceeds from bank loans | – | 506 |
| Repayment of bank loans | (3,929) | (2,194) |
| Cash and bank balances released as securities | 1,563 | 1,659 |
| Net cash flows used in financing activities | (2,371) | (77) |
| Net (decrease)/increase in cash and bank balances | (1,391) | 2,129 |
| Effect of exchange rate changes on cash and bank balances | (8) | 59 |
| Cash and bank balances at beginning of period | 26,093 | 27,811 |
| Cash and bank balances at end of the period | 24,694 | 29,999 |
| Breakdown of cash and bank balances at end of the period: | | |
| Cash and bank balances as per balance sheet | 28,153 | 36,832 |
| Cash pledged | (3,459) | (6,833) |
| | 24,694 | 29,999 |

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 | Accumulated Losses | Total other reserves | Foreign currency translation reserve | Employee share-based payments reserve | Hedging reserve | Defined benefit plans | 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 | US\$'000 |
| The Group | | | | | | | | | | | | |
| Balance at 1 July 2018 (restated) | 162,854 | (2,530) | (218,813) | (3,834) | (941) | 293 | (81) | 74 | (3,179) | (62,323) | (15,632) | (77,955) |
| Loss for the period | – | – | (3,565) | – | – | – | – | – | – | (3,565) | (433) | (3,998) |
| <u>Other comprehensive income</u> | | | | | | | | | | | | |
| - Foreign currency translation | – | – | – | 70 | 70 | – | – | – | – | 70 | – | 70 |
| - Net fair value changes on cash flow hedges | – | – | – | 476 | – | – | 476 | – | – | 476 | – | 476 |
| - Net fair value changes on cash flow hedges, reclassified to profit or loss | – | – | – | (443) | – | – | (443) | – | – | (443) | – | (443) |
| - Share of other comprehensive income of an associate | – | – | – | 221 | – | – | 163 | 58 | – | 221 | – | 221 |
| Total comprehensive loss for period | – | – | (3,565) | 324 | 70 | – | 196 | 58 | – | (3,241) | (433) | (3,674) |
| <u>Contributions by and distributions to equity holders</u> | | | | | | | | | | | | |
| - Grant of equity-settled share performance awards to employees | – | – | – | (79) | – | (79) | – | – | – | (79) | – | (79) |
| - Treasury shares reissued pursuant to employee share award plan | – | 45 | – | (45) | – | (15) | – | – | (30) | – | – | – |
| Total contributions by and distributions to equity holders | – | 45 | – | (124) | – | (94) | – | – | (30) | (79) | – | (79) |
| Balance at 30 September 2018 | 162,854 | (2,485) | (222,378) | (3,634) | (871) | 199 | 115 | 132 | (3,209) | (65,643) | (16,065) | (81,708) |

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/ (accumulated losses) | Total other reserves | Foreign currency translation reserve | Employee share-based payments reserve | Hedging reserve | Defined benefit plans | 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 | US\$'000 |
| The Group | | | | | | | | | | | | |
| Balance at 1 July 2017 (restated) | 162,854 | (2,530) | 111,211 | (3,035) | (690) | 192 | 566 | 76 | (3,179) | 268,500 | (3,220) | 265,280 |
| Loss for the period (restated) | – | – | (13,205) | – | – | – | – | – | – | (13,205) | (208) | (13,413) |
| <u>Other comprehensive income</u> | | | | | | | | | | | | |
| - Foreign currency translation | – | – | – | (523) | (523) | – | – | – | – | (523) | (1) | (524) |
| - Net fair value changes on cash flow hedges | – | – | – | (591) | – | – | (591) | – | – | (591) | – | (591) |
| - Reclassification to profit or loss on dilution of interest in a joint venture | – | – | – | (15) | – | – | (12) | (3) | – | (15) | – | (15) |
| - Share of other comprehensive income of a joint venture | – | – | – | (85) | – | – | (85) | – | – | (85) | – | (85) |
| Total comprehensive loss for period | – | – | (13,205) | (1,214) | (523) | – | (688) | (3) | – | (14,419) | (209) | (14,628) |
| <u>Contributions by and distributions to equity holders</u> | | | | | | | | | | | | |
| - Grant of equity-settled share performance awards to employees | – | – | – | 9 | – | 9 | – | – | – | 9 | – | 9 |
| Total contributions by and distributions to equity holders | – | – | – | 9 | – | 9 | – | – | – | 9 | – | 9 |
| Balance at 30 September 2017 (restated) | 162,854 | (2,530) | 98,006 | (4,240) | (1,213) | 201 | (122) | 73 | (3,179) | 254,090 | (3,429) | 250,661 |

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 | (Accumulated losses)/ retained earnings | Total other reserves | Employee share-based payments reserve | Hedging reserve | Capital reserve | Total |
|--|---------------|-----------------|---|----------------------|---------------------------------------|-----------------|-----------------|----------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| The Company | | | | | | | | |
| Balance at 1 July 2018 | 162,854 | (2,530) | (231,922) | 260 | 293 | (33) | – | (71,338) |
| Profit for the period | – | – | 10 | – | – | – | – | 10 |
| <u>Other comprehensive income:</u> | | | | | | | | |
| - Net fair value changes on cash flow hedges | – | – | – | 476 | – | 476 | – | 476 |
| - Net fair value changes on cash flow hedges, reclassified to profit or loss | – | – | – | (443) | – | (443) | – | (443) |
| Total comprehensive income for the period | – | – | 10 | 33 | – | 33 | – | 43 |
| <u>Contributions by and distributions to equity holders:</u> | | | | | | | | |
| - Grant of equity-settled performance share awards to employees | – | – | – | (79) | (79) | – | – | (79) |
| - Treasury shares reissued pursuant to employee share award plan | – | 45 | – | (45) | (15) | – | (30) | – |
| Total contributions by and distributions to equity holders | – | 45 | – | (124) | (94) | – | (30) | (79) |
| Balance at 30 September 2018 | 162,854 | (2,485) | (231,912) | 169 | 199 | – | (30) | (71,374) |
| Balance at 1 July 2017 | 162,854 | (2,530) | 7,839 | 592 | 187 | 400 | – | 168,755 |
| Loss for the period | – | – | (97) | – | – | – | – | (97) |
| <u>Other comprehensive income:</u> | | | | | | | | |
| - Net fair value changes on cash flow hedges | – | – | – | (591) | – | (591) | – | (591) |
| Total comprehensive income for the period | – | – | (97) | (591) | – | (591) | – | (688) |
| <u>Contributions by and distributions to equity holders:</u> | | | | | | | | |
| - Grant of equity-settled performance share awards to employees | – | – | – | 9 | 9 | – | – | 9 |
| Total contributions by and distributions to equity holders | – | – | – | 9 | 9 | – | – | 9 |
| Balance at 30 September 2017 | 162,854 | (2,530) | 7,742 | 10 | 201 | (191) | – | 168,076 |

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

During the quarter ended 30 September 2018, the Company issued 214,000 (31 December 2017: nil) shares from treasury shares to its eligible employees upon vesting of share awards released under the Company's Performance Share Plan 2017.

As at 30 September 2018, the Company's total issued shares is 725,755,013 ordinary shares (31 December 2017: 725,755,013) with 12,029,000 (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 713,726,013 as at 30 September 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 |
| Treasury shares reissued pursuant to employee performance share plan | : (214,000) shares |
| Purchase of treasury shares during the year | : Nil |
| As at 30 September 2018 | : 12,029,000 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 September 2018 and 31 December 2017. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the period January to September 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

| | | 3Q 2017 Reported under SFRS US\$'000 | Effect of transition to SFRS(I) US\$'000 | 3Q 2017 Restated under SFRS (I) US\$'000 |
|---|----|---|---|---|
| Taxation | 5b | (1,223) | (47) | (1,270) |
| Loss for the period | | (13,366) | (47) | (13,413) |
| Total comprehensive loss for the period | | (14,581) | (47) | (14,628) |
| Loss for the period attributable to: | | | | |
| Equity holders of the Company | | (13,158) | (47) | (13,205) |
| Non-controlling interests | | (208) | – | (208) |
| | | (13,366) | (47) | (13,413) |
| Total comprehensive loss for the period attributable to: | | | | |
| Equity holders of the Company | | (14,372) | (47) | (14,419) |
| Non-controlling interests | | (209) | – | (209) |
| | | (14,581) | (47) | (14,628) |

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 | |
|--|----------|-----------------------|
| | 9M 2018 | 9M 2017 (Restated) |
| Loss attributable to equity holders of the Company (US\$'000) | (23,367) | (36,099) |
| Weighted average ordinary shares for calculation ('000): | | |
| - applicable to basic earnings per share | 713,560 | 713,512 |
| - based on a fully diluted basis | 713,560 | 713,512 |
| Earnings per ordinary share ("EPS") (US cents) | | |
| (a) Based on weighted average number of ordinary shares on issue | (3.3) | (5.1) |
| (b) On a fully diluted basis | (3.3) | (5.1) |

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 18 | As at 31 Dec 17 (Restated) | As at 30 Sep 18 | As at 31 Dec 17 |
| Net asset value (US\$'000) | (65,643) | (42,642) | (71,374) | (59,325) |
| Total number of ordinary shares issued ('000) | 713,726 | 713,512 | 713,726 | 713,512 |
| Net asset value per ordinary share (US cents) | (9.2) | (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

9 months ended 30 September 2018 ("9M 2018") vs 9 months ended 30 September 2017 ("9M 2017")

Revenue decreased by approximately US\$2.8 million or 6% from US\$48.7 million in 9M 2017 to US\$45.9 million in 9M 2018.

The decrease was mainly attributable to the decline in revenue of the Subsea Business of US\$4.1 million or 36% from US\$11.6 million in 9M 2017 to US\$7.5 million in 9M 2018 due to lower utilisation of vessels.

Revenue from the Shipyard Business also declined by US\$0.4 million or 8% from US\$5.3 million in 9M 2017 to US\$4.9 million in 9M 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\$1.8 million or 6% from US\$31.8 million in 9M 2017 to US\$33.6 million in 9M 2018 due to higher utilisation of vessels.

3 months ended 30 September 2018 ("3Q 2018") vs 3 months ended 30 September 2017 ("3Q 2017")

Revenue increased by approximately US\$1.4 million or 8% from US\$17.2 million in 3Q 2017 to US\$18.6 million in 3Q 2018.

The increase was mainly attributable to the increase in revenue of the Shipyard Business of US\$0.9 million or 50% from US\$1.8 million in 3Q 2017 to US\$2.7 million in 3Q 2018 due to higher completion of ship repair works.

Revenue from the Offshore Support Services Business also increased by US\$0.8 million or 6% from US\$12.5 million in 3Q 2017 to US\$13.3 million in 3Q 2018 due to higher utilisation of vessels.

This was partially offset by a decrease in revenue from the Subsea Business of US\$0.3 million or 10% from US\$2.9 million in 3Q 2017 to US\$2.6 million in 3Q 2018 due to lower utilisation of vessels.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Gross profit or loss

9 months ended 30 September 2018 ("9M 2018") vs 9 months ended 30 September 2017 ("9M 2017")

Gross loss decreased by approximately US\$7.0 million or 74% from US\$9.5 million in 9M 2017 to US\$2.5 million in 9M 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 September 2018 ("3Q 2018") vs 3 months ended 30 September 2017 ("3Q 2017")

Gross profit of US\$1.6 million was recorded in 3Q 2018 compared to a gross loss of US\$1.6 million in 3Q 2017.

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

Other operating income

9 months ended 30 September 2018 ("9M 2018") vs 9 months ended 30 September 2017 ("9M 2017")

Other operating income increased by approximately US\$1.3 million or 18% from US\$7.2 million in 9M 2017 to US\$8.5 million in 9M 2018.

The increase was mainly attributable to gain on debt forgiveness on bank loan of US\$3.2 million, 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 9M 2018. This is partially offset by lower interest income of US\$3.5 million in 9M 2018 and foreign exchange gain of US\$0.2 million in 9M 2017.

3 months ended 30 September 2018 ("3Q 2018") vs 3 months ended 30 September 2017 ("3Q 2017")

Other operating income increased by approximately US\$1.8 million or 74% from US\$2.4 million in 3Q 2017 to US\$4.2 million in 3Q 2018. The increase was mainly due to gain on debt forgiveness on bank loan of US\$3.2 million, offset by lower interest income of US\$1.0 million.

General and administrative expenses

9 months ended 30 September 2018 ("9M 2018") vs 9 months ended 30 September 2017 ("9M 2017")

General and administrative expenses decreased by approximately US\$4.0 million or 27% from US\$15.2 million in 9M 2017 to US\$11.2 million in 9M 2018, as a result of the Group's continuing cost rationalisation effort.

3 months ended 30 September 2018 ("3Q 2018") vs 3 months ended 30 September 2017 ("3Q 2017")

General and administrative expenses decreased by approximately US\$0.7 million or 16% from US\$4.3 million in 3Q 2017 to US\$3.6 million in 3Q 2018, as a result of the Group's continuing cost rationalisation effort.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating expenses

9 months ended 30 September 2018 ("9M 2018") vs 6 months ended 30 September 2017 ("9M 2017")

Other operating expenses decreased by approximately US\$3.5 million or 72% from US\$4.8 million in 9M 2017 to US\$1.3 million in 9M 2018.

The decrease was mainly due to the absence of loss on dilution of PT Logindo Samudramakmur Tbk ("PT Logindo") of US\$2.4 million recorded in 9M 2017, lower loss on disposal of vessels of US\$1.7 million recorded in 9M 2018, which was partially offset by foreign exchange loss of US\$0.4 million in 9M 2018.

3 months ended 30 September 2018 ("3Q 2018") vs 3 months ended 30 September 2017 ("3Q 2017")

Other operating expenses decreased by approximately US\$3.3 million or 85% from US\$3.9 million in 3Q 2017 to US\$0.6 million in 3Q 2018.

The decrease was mainly due to the absence of loss on dilution of PT Logindo Samudramakmur Tbk ("PT Logindo") of US\$2.4 million recorded in 3Q 2017 and lower loss on disposal of vessels of US\$1.0 million in 3Q 2018.

Finance costs

9 months ended 30 September 2018 ("9M 2018") vs 9 months ended 30 September 2017 ("9M 2017")

3 months ended 30 September 2018 ("3Q 2018") vs 3 months ended 30 September 2017 ("3Q 2017")

Finance cost increased by approximately US\$2.4 million or 17% from US\$14.2 million in 9M 2017 to US\$16.6 million in 9M 2018.

Finance cost increased by approximately US\$0.4 million or 8% from US\$5.1 million in 3Q 2017 to US\$5.5 million in 3Q 2018.

The increase in finance costs for both periods was in line with the increase in interest rates, partially offset by a decrease in bank loans outstanding from US\$452.1 million as at 30 September 2017 to US\$442.9 million as at 30 September 2018.

Share of results of joint ventures

9 months ended 30 September 2018 ("9M 2018") vs 9 months ended 30 September 2017 ("9M 2017")

3 months ended 30 September 2018 ("3Q 2018") vs 3 months ended 30 September 2017 ("3Q 2017")

Share of results of joint ventures decreased by approximately US\$1.3 million or 50% from US\$2.6 million in 9M 2017 to US\$1.3 million in 9M 2018.

Share of results of joint ventures decreased by approximately US\$0.8 million or 63% from US\$1.3 million in 3Q 2017 to US\$0.5 million in 3Q 2018.

The decrease mainly resulted from impairment provisions made by certain joint ventures.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Share of results of associates

9 months ended 30 September 2018 ("9M 2018") vs 9 months ended 30 September 2017 ("9M 2017")

3 months ended 30 September 2018 ("3Q 2018") vs 3 months ended 30 September 2017 ("3Q 2017")

Share of results of associates decreased by approximately US\$1.0 million or 94% from US\$1.0 million in 9M 2017 to US\$2.0 million in 9M 2018.

Share of results of associates increased by approximately US\$0.6 million or 60% from US\$1.0 million in 3Q 2017 to US\$0.4 million in 3Q 2018.

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\$412.9 million as at 30 September 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\$27.7 million;
- (ii) the decrease in amount due from other related companies of US\$6.3 million; and
- (iii) the decrease in investment in associates of US\$2.1 million primarily due to the share of losses for the 9 months ended 30 September 2018.

This was partially offset by:

- (iv) the increase in investment in joint ventures of US\$1.3 million primarily due to the share of profit for the 9 months ended 30 September 2018.

Current assets

The Group's current assets amounted to US\$128.9 million as at 30 September 2018. The increase in current assets from US\$126.5 million as at 31 December 2017 was mainly due to:

- (i) the increase in amount due from related companies of US\$8.2 million;
- (ii) the increase in trade receivables of US\$4.9 million;
- (iii) the increase in other receivables of US\$0.5 million; and
- (iv) the increase in inventories of US\$0.5 million.

This was partially offset by:

- (v) the decrease in cash and bank balances of US\$11.2 million; and
- (vi) the decrease in assets held for sale of US\$0.3 million.

REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)

Current liabilities

The Group's current liabilities amounted to US\$607.2 million as at 30 September 2018. The decrease in current liabilities from US\$615.2 million as at 31 December 2017 was mainly attributable to:

- (i) the decrease in current bank loans of US\$9.0 million;
- (ii) the decrease in derivatives of US\$5.5 million; and
- (iii) the decrease in trade payables of US\$0.9 million.

This was partially offset by:

- (iv) the increase in other liabilities of US\$5.4 million; and
- (v) the increase in amounts due to related companies of US\$2.2 million.

The Group is in negative working capital position of US\$478.2 million as at 30 September 2018. The Group is in the process of restructuring its debt obligations, please refer to Note 10 for more information.

Non-current liabilities

The Group's non-current liabilities amounted to US\$16.4 million as at 30 September 2018. Non-current liabilities increased from US\$16.3 million as at 31 December 2017 due to increase in deferred tax liabilities of US\$0.3 million, partially offset by decrease in finance lease obligations of US\$0.2 million.

REVIEW OF CASH FLOWS

In 3Q 2018, the Group generated net cash outflows of US\$1.4 million.

Net cash outflow from operating activities was US\$2.6 million, which was mainly due to:

- (i) net working capital outflow of US\$3.0 million; and
- (ii) net interest and taxes paid of US\$2.6 million.

This was partially offset by cash inflow from operating activities before working capital changes of US\$3.0 million.

Net cash inflow from investing activities was US\$3.5 million due to proceeds from sale of property, plant and equipment of US\$4.0 million, this was partially offset by capital expenditure of US\$0.6 million incurred on property, plant and equipment.

Net cash outflow from financing activities was US\$2.4 million, which was mainly due to repayment of bank loans of US\$3.9 million, this was partially offset by the release of US\$1.6 million pledged cash to noteholders.

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 oversupply of offshore support vessels continue to weigh down on charter rates despite the improvement in chartering activities. Heightened uncertainties on the geopolitical front has resulted in greater volatility in the markets over the last few months. 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\$478.2 million as at 30 September 2018. The Group continues to focus on implementing its debt restructuring plan. It has obtained the approval of the noteholders for the restructuring of the notes payable. 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 is expected to be deleveraged 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. On 9 November 2018, the Company has applied to the High Court for an extension of the moratorium to 11 June 2019. 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/recommended, a statement to that effect.

Not applicable.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Not applicable as the Group has not obtained a general mandate from shareholders for Interested Party Transactions ("IPTs").

14. **Confirmation 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 nine months ended 30 September 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 November 2018