



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

**Unaudited First Quarter ("1Q 2020") Financial Statement and Dividend Announcement
 For the Three Months Ended 31 March 2020 ("3M 2020")**

This announcement is pursuant to Rule 705(2) of the SGX Listing Manual.

**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		
	1Q 2020	1Q 2019	+ / (-)
	US\$'000	US\$'000	%
Revenue	17,016	15,948	7
Cost of sales	(13,992)	(12,774)	10
Gross profit	3,024	3,174	(5)
Other operating income	16,534	14,869	11
General and administrative expenses	(4,054)	(4,437)	(9)
Other operating expenses	(6,441)	(10,916)	(41)
Finance costs	(6,298)	(5,683)	11
Share of results of joint ventures	341	95	NM
Share of results of associates	-	-	NM
Profit/(loss) before taxation	3,106	(2,898)	NM
Taxation	(400)	(221)	81
Profit/(loss) for the period	2,706	(3,119)	NM
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	2,666	(476)	NM
Foreign currency translation, reclassified to profit or loss	(75)	-	NM
Other comprehensive income for the period, net of tax	2,591	(476)	NM
Total comprehensive income for the period	5,297	(3,595)	NM
Profit/(loss) for the period attributable to:			
Equity holders of the Company	2,737	(4,274)	NM
Non-controlling interests	(31)	1,155	NM
	2,706	(3,119)	NM
Total comprehensive income for the period attributable to:			
Equity holders of the Company	5,325	(4,750)	NM
Non-controlling interests	(28)	1,155	NM
	5,297	(3,595)	NM

NM: Not Meaningful

1(a)(ii) Profit/(loss) for the period was stated after charging/(crediting) the following:

	Group	
	1Q 2020	1Q 2019
	US\$'000	US\$'000
Depreciation of property, plant and equipment (included in cost of sales)	3,713	3,862
Depreciation of property, plant and equipment (included in general and administrative expenses)	198	200
Impairment/(write-back of impairment) of doubtful receivables, net	375	(27)
Impairment/(write-back of impairment) of amounts due from related companies	4,940	(95)
Impairment of investment in joint venture	964	–
Net fair value loss on derivatives	–	29
Loss on disposal of property, plant and equipment	137	–
Loss on sale of assets held for sale	–	10,445
Gain on debt forgiveness of bank loan	(11,877)	(14,256)
Reclassification of foreign currency translation reserve to profit or loss on disposal of a subsidiary	(75)	–
Exchange (gain)/loss	(4,242)	563
Interest income	(176)	(320)
Net fair value loss on held for trading investment securities	25	–

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 March 2020	As at 31 Dec 2019	As at 31 March 2020	As at 31 Dec 2019
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	238,074	243,471	–	–
Investment in subsidiaries	–	–	5	5
Investment in associates	–	–	–	–
Investment in joint ventures	1,908	3,012	–	–
Investment securities	50	50	–	–
Club memberships	140	148	–	–
Amount due from related companies	51,406	51,435	–	–
Other receivables	153	241	–	–
	291,731	298,357	5	5
Current assets				
Inventories	326	798	–	–
Trade receivables	27,760	28,931	–	–
Other receivables	7,570	7,345	2,752	3,402
Amounts due from related companies	35,648	34,346	141,569	137,682
Investment securities	15	43	–	–
Cash and bank balances	13,343	18,013	208	103
	84,662	89,476	144,529	141,187
Total assets	376,393	387,833	144,534	141,192
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	19,298	17,182	–	–
Other liabilities	98,624	95,281	10,759	11,419
Amounts due to related companies	7,040	7,518	221,408	218,580
Bank loans	393,031	409,971	–	–
Notes payable	70,170	74,310	70,170	74,310
Provision for taxation	1,421	1,365	–	–
Lease liabilities	1,260	1,307	–	–
	590,844	606,934	302,337	304,309
Non-current liabilities				
Other liabilities	11,717	11,717	–	–
Provisions	230	244	–	–
Deferred tax liabilities	3,080	3,106	–	–
Lease liabilities	7,668	8,282	–	–
	22,695	23,349	–	–
Total liabilities	613,539	630,283	302,337	304,309
Net liabilities	(237,146)	(242,450)	(157,803)	(163,117)

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 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Equity attributable to equity holders of the Company				
Share capital	162,854	162,854	162,854	162,854
Treasury shares	(2,290)	(2,290)	(2,290)	(2,290)
Accumulated losses	(380,362)	(383,099)	(318,459)	(323,766)
Other reserves	(5,373)	(7,968)	92	85
	(225,171)	(230,503)	(157,803)	(163,117)
Non-controlling interests	(11,975)	(11,947)	–	–
Total equity	(237,146)	(242,450)	(157,803)	(163,117)

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 31 Mar 2020		Group As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
393,630	70,170	410,605	74,310

Amount repayable after one year

Group As at 31 Mar 2020		Group As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
–	–	–	–

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 value of US\$179.5 million and US\$181.4 million as at 31 March 2020 and 31 December 2019 respectively;
- escrow mortgages over the buildings, ship-repair yard and plant and equipment of the Group, with net book value of US\$37.7 million and US\$40.0 million as at 31 March 2020 and 31 December 2019 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\$7,000 and US\$2.9 million as at 31 March 2020 and 31 December 2019 respectively.

Secured borrowings include lease liabilities financed by bank lenders of US\$599,000 and US\$634,000 as at 31 March 2020 and 31 December 2019 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.

The Group is in the process of restructuring its debt obligations. Please refer to Note 10 for more information.

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	
	1Q 2020 US\$'000	1Q 2019 US\$'000
Cash flows from operating activities:		
Profit/(loss) before taxation	3,106	(2,898)
Adjustments for:		
Depreciation of property, plant and equipment	3,911	4,062
Finance costs	6,298	5,683
Interest income	(176)	(320)
Share of results of joint ventures	(341)	(95)
Loss on disposal of property, plant and equipment	137	–
Loss on disposal of assets held for sale	–	10,445
Impairment/(write-back of impairment) of doubtful receivables, net	375	(27)
Impairment/(write-back of impairment) of amounts due from related companies, net	4,940	(95)
Impairment of investment in joint venture	964	–
Net gain on debt forgiveness of bank loan	(11,877)	(14,256)
Net fair value loss on derivatives	–	29
Net fair value loss on held for trading investment securities	25	–
Reclassification of foreign currency translation reserve to profit or loss on disposal of a subsidiary	(75)	–
Recognition/(write-back) of share-based payment expense	7	(19)
Exchange difference	(3,804)	548
Operating cash flows before changes in working capital	3,490	3,057
Decrease/(increase) in trade and other receivables	552	(4,800)
Increase in amounts due from/to related companies, net	(3,350)	(3,077)
Decrease in inventories	472	97
Increase/(decrease) in trade payables and other liabilities	694	(135)
Cash generated from/(used in) operations	1,858	(4,858)
Taxes paid	(177)	(256)
Interest paid	(78)	(1,728)
Interest received	22	242
Net cash flows generated from/(used in) operating activities	1,625	(6,600)

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	
	1Q 2020	1Q 2019
	US\$'000	US\$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,374)	(985)
Proceeds from sale of property, plant and equipment	23	–
Proceeds from sale of assets held for sale	–	8,500
Proceeds from sale of club membership	6	–
Loans to related companies, net	(2,075)	–
Dividend income from a joint venture	460	–
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Net cash flows (used in)/generated from investing activities	(2,960)	7,515
	<hr/>	<hr/>
Cash flows from financing activities:		
Repayment of finance lease obligations	–	(6)
Repayment of principal portion of lease liabilities	(76)	(10)
Repayment of bank loans	(3,128)	(7,365)
Cash and bank balances released as securities	2,910	604
	<hr/>	<hr/>
Net cash flows used in financing activities	(294)	(6,777)
	<hr/>	<hr/>
Net decrease in cash and bank balances	(1,629)	(5,862)
Effect of exchange rate changes on cash and bank balances	(131)	23
Cash and bank balances at beginning of the period	15,096	27,285
	<hr/>	<hr/>
Cash and bank balances at end of the period	13,336	21,446
	<hr/> <hr/>	<hr/> <hr/>
Breakdown of cash and bank balances at end of the period:		
Cash and bank balances as per balance sheet	13,343	24,287
Cash pledged	(7)	(2,841)
	<hr/>	<hr/>
	13,336	21,446
	<hr/> <hr/>	<hr/> <hr/>

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 January 2020	162,854	(2,290)	(383,099)	(7,968)	(1,712)	228	114	126	(6,724)	(230,503)	(11,947)	(242,450)
Profit for the period	-	-	2,737	-	-	-	-	-	-	2,737	(31)	2,706
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	2,663	2,663	-	-	-	-	2,663	3	2,666
- Foreign currency translation, reclassified to profit or loss	-	-	-	(75)	(75)	-	-	-	-	(75)	-	(75)
Total comprehensive income for the period	-	-	2,737	2,588	2,588	-	-	-	-	5,325	(28)	5,297
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	-	-	-	7	-	7	-	-	-	7	-	7
Total contributions by and distributions to equity holders	-	-	-	7	-	7	-	-	-	7	-	7
Balance at 31 March 2020	162,854	(2,290)	(380,362)	(5,373)	876	235	114	126	(6,724)	(225,171)	(11,975)	(237,146)

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 January 2019	162,854	(2,485)	(298,408)	(3,763)	(1,008)	213	114	127	(3,209)	(141,802)	(16,680)	(158,482)
Loss for the period	–	–	(4,274)	–	–	–	–	–	–	(4,274)	1,155	(3,119)
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	(476)	(476)	–	–	–	–	(476)	–	(476)
Total comprehensive income for the period	–	–	(4,274)	(476)	(476)	–	–	–	–	(4,750)	1,155	(3,595)
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	–	–	–	(19)	–	(19)	–	–	–	(19)	–	(19)
Total contributions by and distributions to equity holders	–	–	–	(19)	–	(19)	–	–	–	(19)	–	(19)
Balance at 31 March 2019	162,854	(2,485)	(302,682)	(4,258)	(1,484)	194	114	127	(3,209)	(146,571)	(15,525)	(162,096)

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	Total other reserves	Employee share-based payments reserve	Capital reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>The Company</u>							
Balance at 1 January 2020	162,854	(2,290)	(323,766)	85	228	(143)	(163,117)
Profit for the period	-	-	5,307	-	-	-	5,307
Total comprehensive income for the period	-	-	5,307	-	-	-	5,307
<u>Contributions by and distributions to equity holders:</u>							
- Grant of equity-settled performance share awards to employees	-	-	-	7	7	-	7
Total contributions by and distributions to equity holders	-	-	-	7	7	-	7
Balance at 31 March 2020	162,854	(2,290)	(318,459)	92	235	(143)	(157,803)
Balance at 1 January 2019	162,854	(2,485)	(305,761)	183	213	(30)	(145,209)
Profit for the period	-	-	2,653	-	-	-	2,653
Total comprehensive income for the period	-	-	2,653	-	-	-	2,653
<u>Contributions by and distributions to equity holders:</u>							
- Grant of equity-settled performance share awards to employees	-	-	-	(19)	(19)	-	(19)
Total contributions by and distributions to equity holders	-	-	-	(19)	(19)	-	(19)
Balance at 31 March 2019	162,854	(2,485)	(303,108)	164	194	(30)	(142,575)

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

In view of the debt restructuring, the Company did not renew 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 2017) at the last Annual General Meeting on 26 April 2019. The Company has not bought back any ordinary shares during the first quarter of 2020.

As at 31 March 2020, the Company's total issued shares is 725,755,013 ordinary shares (31 December 2019: 725,755,013) with 11,098,000 (31 December 2019: 11,098,000) ordinary shares being held as treasury shares.

The Company has no subsidiary holdings as at 31 March 2020 and 31 December 2019.

- 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 714,657,013 as at 31 March 2020 (31 December 2019: 714,657,013).

- 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 2020	: 11,098,000 shares
Purchase of treasury shares during the period	: Nil
As at 31 March 2020	: 11,098,000 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 31 March 2020 and 31 December 2019. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the period January to March 2020.

- 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 2019, 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 2020, the Group and the Company adopted all new and revised SFRS(I)s and INT SFRS(I)s that are relevant to its operations and are effective for annual periods beginning on or after 1 January 2020.

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.

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	
	1Q 2020	1Q 2019
Profit/(loss) attributable to equity holders of the Company (US\$'000)	<u>2,737</u>	<u>(4,274)</u>
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	714,657	713,726
- based on a fully diluted basis	<u>715,438</u>	<u>713,726</u>
Profit/(loss) per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	0.4	(0.6)
(b) On a fully diluted basis	<u>0.4</u>	<u>(0.6)</u>

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

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

	Group		Company	
	As at 31 Mar 20	As at 31 Dec 19	As at 31 Mar 20	As at 31 Dec 19
Net asset value (US\$'000)	(225,171)	(230,503)	(157,803)	(163,117)
Total number of ordinary shares issued ('000)	714,657	714,657	714,657	714,657
Net asset value per ordinary share (US cents)	(31.5)	(32.3)	(22.1)	(22.8)

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

3 months ended 31 March 2020 ("1Q 2020") vs 3 months ended 31 March 2019 ("1Q 2019")

Revenue

Revenue increased by approximately US\$1.1 million or 7% from US\$15.9 million in 1Q 2019 to US\$17.0 million in 1Q 2020.

The increase was attributed mainly to the increase in revenue from the Offshore Support Services Business of US\$0.9m or 8% from US\$11.9 million in 1Q 2019 to US\$12.8 million in 1Q 2020. The increase in revenue from the Offshore Subsea Services Business was due to higher utilisation of vessels.

Revenue from the Shipyard Business also increased by US\$0.1 million or 8% from US\$1.4 million in 1Q 2019 to US\$1.5 million in 1Q 2020 due to higher completion of ship repair works.

Revenue from the Subsea Business remained at US\$2.6 million in 1Q 2019 and 1Q 2020.

Gross profit

Gross profit decreased by approximately US\$0.2 million or 5% from US\$3.2 million in 1Q 2019 to US\$3.0 million in 1Q 2020.

The decrease in gross profit was mainly attributable to higher costs to prepare vessels for new charters for the Offshore Support Services Business and partially offset by improved performances from the Subsea and Shipyard Businesses.

Other operating income

Other operating income increased by approximately US\$1.6 million or 11% from US\$14.9 million in 1Q 2019 to US\$16.5 million in 1Q 2020.

The increase was mainly attributable to foreign exchange gain of US\$4.2 million, partially offset by a lower gain on debt forgiveness of bank loan from US\$14.3 million in 1Q 2019 to US\$11.9 million in 1Q 2020.

General and administrative expenses

General and administrative expenses decreased by approximately US\$0.3 million or 9% from US\$4.4 million in 1Q 2019 to US\$4.1 million in 1Q 2020 due to the Group's continuing cost rationalisation.

Other operating expenses

Other operating expenses decreased by approximately US\$4.5 million or 41% from US\$10.9 million in 1Q 2019 to US\$6.4 million in 1Q 2020. The decrease was mainly due to US\$0.1 million loss on disposal of property, plant and equipment in 1Q 2020, compared to US\$10.4 million loss on disposal of asset held for sale in 1Q 2019. This was partially offset by an increase in doubtful debt expense by US\$5.4 million and impairment in investment in a joint venture of US\$1.0 million in 1Q 2020.

REVIEW OF GROUP PERFORMANCE (CONT'D)

3 months ended 31 March 2020 ("1Q 2020") vs 3 months ended 31 March 2019 ("1Q 2019") (Cont'd)

Finance costs

Finance costs increased by approximately US\$0.6 million or 11% from US\$5.7 million in 1Q 2019 to US\$6.3 million in 1Q 2020.

The increase in finance costs was mainly attributable to higher overdue interest charges, partially offset by a decrease in bank loans outstanding from US\$422.3 million as at 31 March 2019 to US\$393.0 million as at 31 March 2020.

Share of results of joint ventures

Share of results of joint ventures increased by approximately US\$0.2 million from US\$0.1 million in 1Q 2019 to US\$0.3 million in 1Q 2020 mainly due to lower losses as the Group capped its share of losses up to the Group's interest in the joint ventures.

Taxation

Tax expense increased by approximately US\$0.2 million or 81% from US\$0.2 million in 1Q 2019 to US\$0.4 million in 1Q 2020. The increase in tax expense was due to higher withholding tax expense for 1Q 2020.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$291.7 million as at 31 March 2020. The decrease in non-current assets from US\$298.4 million as at 31 December 2019 was mainly due to:

- (i) the decrease in property, plant and equipment by US\$5.4 million mainly due to depreciation; and
- (ii) the decrease in investment in joint ventures by US\$1.1 million mainly due to impairment in investment in a joint venture of US\$1.0 million.

Current assets

The Group's current assets amounted to US\$84.7 million as at 31 March 2020. The decrease in current assets from US\$89.5 million as at 31 December 2019 was mainly due to:

- (i) the decrease in cash and bank balances by US\$4.7 million;
- (ii) the decrease in trade receivables by US\$1.2 million; and
- (iii) the decrease in inventories by US\$0.5 million.

This was partially offset by the increase in amounts due from related companies by US\$1.3 million.

REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)

Current liabilities

The Group's current liabilities amounted to US\$590.8 million as at 31 March 2020. The decrease in current liabilities from US\$606.9 million as at 31 December 2019 was attributed mainly to:

- (i) the decrease in current bank loans by US\$16.9 million; and
- (ii) the decrease in notes payable by US\$4.1 million due to foreign exchange movement.

This was partially offset by:

- (iii) the increase in other liabilities by US\$3.3 million; and
- (iv) the increase in trade payables by US\$2.1 million.

The Group is in negative working capital position of US\$506.2 million as at 31 March 2020. 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\$22.7 million as at 31 March 2020. Non-current liabilities decreased from US\$23.3 million as at 31 December 2019 primarily due to decrease in lease liabilities of US\$0.6 million.

REVIEW OF CASH FLOWS

In 1Q 2020, the Group incurred net cash outflows of US\$1.6 million.

Net cash inflow from operating activities was US\$1.6 million, this was mainly due to cash inflow from operating activities before working capital changes of US\$3.5 million, which was partially offset by net working capital outflow of US\$1.6 million and net interest and taxes paid of US\$0.2 million.

Net cash outflow from investing activities was US\$3.3 million, this was mainly due to loans to related companies of US\$2.1 million and increase in property, plant and equipment of US\$1.4 million, which was partially offset by dividend income from joint venture of US\$0.5 million.

Net cash outflow from financing activities was US\$0.3 million, this was mainly due to release of US\$2.9 million pledged cash to repay US\$3.1 million of bank loans.

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 current oil price volatility and COVID-19 pandemic are expected to impact the business and operations of the Group. In response to this, the Company has undertaken a review of the Group's vessel chartering activities and operations. As at the date of this announcement, there is no major cancellation of existing contracts. Certain new vessel chartering contracts in the pipeline are expected to be deferred, and charter rate reduction is under negotiation for certain contracts. Plans are underway to pare down operating costs in the event of material changes to vessel chartering activities so as to sustain ongoing operations. The Group continues to actively engage clients on this front to stay updated on their plans.

If the current negative or low oil price persists, further adverse impact on vessel chartering activities and charter rates, as well as cancellation of contracts and delay or default in payment by customers can be expected. This will reduce the Group's revenue, gross margins and affect operating cash flows. The value of the financial and non-financial assets of the Group may decline as a result of further impairment.

The Group has put in place precautionary measures to ensure that the workplace remain safe for its employees and business contingency plans have been rolled out to reduce impact of disruption to operations. These measure and plans are updated continually to adhere to advisories and recommendations of the government.

In respect of the ongoing Debt Restructuring, the Company wishes to update that the restructuring options involving various investors are still under discussions. Given the heightened uncertainties brought about by oil price volatility and COVID-19 pandemic, more time is required to reach an agreement with the major creditors.

The Group is closely monitoring the oil price and COVID-19 pandemic situations as they continue to evolve. Any further material developments will be disseminated at the appropriate juncture.

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.

No dividend was recommended as the Group is in an accumulated loss position and in the midst of a restructuring exercise.

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 three months ended 31 March 2020 to be false or misleading in any material respect.

On behalf of the Board of Directors

Pang Yoke Min
Executive Chairman

Pang Wei Meng
Executive Director

14 May 2020