



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

**Unaudited Second Quarter ("2Q 2020") Financial Statement and Dividend Announcement
 For the Six Months Ended 30 June 2020 ("6M 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			Group		
	2Q 2020	2Q 2019	+ /(-)	6M 2020	6M 2019	+ /(-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	15,777	20,117	(22)	32,793	36,065	(9)
Cost of sales	(13,261)	(15,632)	(15)	(27,253)	(28,406)	(4)
Gross profit	2,516	4,485	(44)	5,540	7,659	(28)
Other operating income	1,049	263	NM	15,781	15,132	4
General and administrative expenses	(3,558)	(5,632)	(37)	(7,612)	(10,069)	(24)
Other operating expenses	(3,955)	(5,868)	(33)	(8,594)	(16,784)	(49)
Finance costs	(5,101)	(5,560)	(8)	(11,399)	(11,243)	1
Share of results of joint ventures	227	363	(38)	568	458	24
Share of results of associates	-	-	NM	-	-	NM
Loss before taxation	(8,822)	(11,949)	(26)	(5,716)	(14,847)	(61)
Taxation	(336)	(238)	41	(736)	(459)	60
Loss for the period	(9,158)	(12,187)	(25)	(6,452)	(15,306)	(58)
Other comprehensive income:						
<u>Items that may be reclassified</u>						
<u>subsequently to profit or loss:</u>						
Foreign currency translation	(1,097)	72	NM	1,568	(404)	NM
Foreign currency translation, reclassified to profit or loss	-	-	NM	(75)	-	NM
Other comprehensive income for the period, net of tax	(1,097)	72	NM	1,493	(404)	NM
Total comprehensive income for the period	(10,255)	(12,115)	(15)	(4,959)	(15,710)	(68)
Loss for the period attributable to:						
Equity holders of the Company	(9,165)	(12,072)	(24)	(6,428)	(16,346)	(61)
Non-controlling interests	7	(115)	NM	(24)	1,040	NM
	(9,158)	(12,187)	(25)	(6,452)	(15,306)	(58)
Total comprehensive income for the period attributable to:						
Equity holders of the Company	(10,259)	(12,000)	(15)	(4,935)	(16,750)	(71)
Non-controlling interests	4	(115)	NM	(24)	1,040	NM
	(10,255)	(12,115)	(15)	(4,959)	(15,710)	(68)

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 2020	2Q 2019	6M 2020	6M 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment (included in cost of sales)	3,604	3,873	7,317	7,735
Depreciation of property, plant and equipment (included in general and administrative expenses)	196	197	394	397
Impairment of doubtful receivables, net	13	166	388	139
Impairment of amounts due from related companies, net	2,081	617	7,021	522
Loss on disposal of property, plant and equipment, net	43	769	180	769
Loss on disposal of assets held for sale	–	4,309	–	14,754
Impairment of investment in joint venture	–	–	964	–
Gain on debt forgiveness of bank loan	–	–	(11,877)	(14,256)
Net fair value loss on derivatives	–	–	–	29
Reclassification of foreign currency translation reserve to profit or loss on disposal of a subsidiary	–	–	(75)	–
Exchange loss/(gain)	1,802	7	(2,440)	570
Interest income	(161)	(138)	(337)	(458)
Net fair value loss/(gain) on held for trading investment securities	1	(5)	26	(5)

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 2020	As at 31 Dec 2019	As at 30 Jun 2020	As at 31 Dec 2019
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	238,160	243,471	–	–
Investment in subsidiaries	–	–	5	5
Investment in associates	–	–	–	–
Investment in joint ventures	2,135	3,012	–	–
Investment securities	50	50	–	–
Club memberships	140	148	–	–
Amount due from related companies	47,504	51,435	–	–
Other receivables	63	241	–	–
	288,052	298,357	5	5
Current assets				
Inventories	309	798	–	–
Trade receivables	25,105	28,931	–	–
Other receivables	6,887	7,345	2,735	3,402
Amounts due from related companies	36,305	34,346	143,251	137,682
Investment securities	16	43	–	–
Cash and bank balances	14,075	18,013	75	103
	82,697	89,476	146,061	141,187
Total assets	370,749	387,833	146,066	141,192
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	16,890	17,182	–	–
Other liabilities	102,592	95,281	11,496	11,419
Amounts due to related companies	6,726	7,518	226,559	218,580
Bank loans	394,704	409,971	–	–
Notes payable	71,780	74,310	71,780	74,310
Provision for taxation	1,424	1,365	–	–
Lease liabilities	1,288	1,307	–	–
	595,404	606,934	309,835	304,309
Non-current liabilities				
Other liabilities	11,717	11,717	–	–
Provisions	235	244	–	–
Deferred tax liabilities	3,125	3,106	–	–
Lease liabilities	7,669	8,282	–	–
	22,746	23,349	–	–
Total liabilities	618,150	630,283	309,835	304,309
Net liabilities	(247,401)	(242,450)	(163,769)	(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 30 Jun 2020 US\$'000	As at 31 Dec 2019 US\$'000	As at 30 Jun 2020 US\$'000	As at 31 Dec 2019 US\$'000
Equity attributable to equity holders of the Company				
Share capital	162,854	162,854	162,854	162,854
Treasury shares	(2,135)	(2,290)	(2,135)	(2,290)
Accumulated losses	(389,527)	(383,099)	(324,425)	(323,766)
Other reserves	(6,622)	(7,968)	(63)	85
	(235,430)	(230,503)	(163,769)	(163,117)
Non-controlling interests	(11,971)	(11,947)	–	–
Total equity	(247,401)	(242,450)	(163,769)	(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 30 Jun 2020		Group As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
395,317	71,780	410,605	74,310

Amount repayable after one year

Group As at 30 Jun 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\$178.7 million and US\$181.4 million as at 30 June 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\$37.9 million and US\$40.0 million as at 30 June 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 30 June 2020 and 31 December 2019 respectively.

Secured borrowings include lease liabilities financed by bank lenders of US\$613,000 and US\$634,000 as at 30 June 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	
	2Q 2020	2Q 2019
	US\$'000	US\$'000
Cash flows from operating activities:		
Loss before taxation	(8,822)	(11,949)
Adjustments for:		
Depreciation of property, plant and equipment	3,800	4,070
Finance costs	5,101	5,560
Interest income	(161)	(138)
Share of results of joint ventures	(227)	(363)
Loss on disposal of property, plant and equipment, net	43	769
Loss on disposal of assets held for sale	–	4,309
Impairment of doubtful receivables, net	13	166
Impairment of amounts due from related companies, net	2,081	617
Net fair value loss/(gain) on held for trading investment securities	1	(5)
Share-based payment expense	–	3
Exchange difference	1,479	(113)
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Operating cash flows before changes in working capital	3,308	2,926
Decrease/(increase) in trade and other receivables	3,329	(3,366)
Increase in amounts due from/to related companies, net	(1,193)	(2,166)
Decrease/(increase) in inventories	17	(211)
(Decrease)/increase in trade payables and other liabilities	(3,685)	14
	<hr/>	<hr/>
Cash generated from/(used in) operations	1,776	(2,803)
Taxes paid	(116)	(309)
Interest paid	(1,312)	(10)
Interest received	2	396
	<hr/>	<hr/>
Net cash flows generated from/(used in) operating activities	350	(2,726)
	<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	
	2Q 2020 US\$'000	2Q 2019 US\$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(757)	(1,233)
Proceeds from sale of property, plant and equipment	313	200
Proceeds from sale of assets held for sale	–	4,750
Deposit received for sale of a joint venture	676	4,750
	<hr/>	<hr/>
Net cash flows generated from investing activities	232	3,717
	<hr/>	<hr/>
Cash flows from financing activities:		
Repayment of finance lease obligations	–	(6)
Repayment of principal portion of lease liabilities	–	(13)
Repayment of bank loans	–	(4,470)
Cash and bank balances pledged as securities	–	(8)
	<hr/>	<hr/>
Net cash flows used in financing activities	–	(4,497)
	<hr/>	<hr/>
Net increase/(decrease) in cash and bank balances	582	(3,506)
Effect of exchange rate changes on cash and bank balances	150	(10)
Cash and bank balances at beginning of the period	13,336	21,446
	<hr/>	<hr/>
Cash and bank balances at end of the period	14,068	17,930
	<hr/>	<hr/>
Breakdown of cash and bank balances at end of the period:		
Cash and bank balances as per balance sheet	14,075	20,779
Cash pledged	(7)	(2,849)
	<hr/>	<hr/>
	14,068	17,930
	<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 April 2020	162,854	(2,290)	(380,362)	(5,373)	876	235	114	126	(6,724)	(225,171)	(11,975)	(237,146)
Loss for the period	-	-	(9,165)	-	-	-	-	-	-	(9,165)	7	(9,158)
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	(1,094)	(1,094)	-	-	-	-	(1,094)	(3)	(1,097)
Total comprehensive income for the period	-	-	(9,165)	(1,094)	(1,094)	-	-	-	-	(10,259)	4	(10,255)
<u>Contributions by and distributions to equity holders</u>												
- Treasury shares reissued pursuant to employee share award plan	-	155	-	(155)	-	(65)	-	-	(90)	-	-	-
Total contributions by and distributions to equity holders	-	155	-	(155)	-	(65)	-	-	(90)	-	-	-
Balance at 30 June 2020	162,854	(2,135)	(389,527)	(6,622)	(218)	170	114	126	(6,814)	(235,430)	(11,971)	(247,401)

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 April 2019	162,854	(2,485)	(302,682)	(4,258)	(1,484)	194	114	127	(3,209)	(146,571)	(15,525)	(162,096)
Loss for the period	-	-	(12,072)	-	-	-	-	-	-	(12,072)	(115)	(12,187)
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	72	72	-	-	-	-	72	-	72
Total comprehensive income for the period	-	-	(12,072)	72	72	-	-	-	-	(12,000)	(115)	(12,115)
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	-	-	-	3	-	3	-	-	-	3	-	3
Total contributions by and distributions to equity holders	-	-	-	3	-	3	-	-	-	3	-	3
Balance at 30 June 2019	162,854	(2,485)	(314,754)	(4,183)	(1,412)	197	114	127	(3,209)	(158,568)	(15,640)	(174,208)

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 April 2020	162,854	(2,290)	(318,459)	92	235	(143)	(157,803)
Loss for the period	–	–	(5,966)	–	–	–	(5,966)
Total comprehensive income for the period	–	–	(5,966)	–	–	–	(5,966)
<u>Contributions by and distributions to equity holders:</u>							
- Treasury shares reissued pursuant to employee share award plan	–	155	–	(155)	(65)	(90)	–
Total contributions by and distributions to equity holders	–	155	–	(155)	(65)	(90)	–
Balance at 30 June 2020	162,854	(2,135)	(324,425)	(63)	170	(233)	(163,769)
Balance at 1 April 2019	162,854	(2,485)	(303,108)	164	194	(30)	(142,575)
Loss for the period	–	–	(1,652)	–	–	–	(1,652)
Total comprehensive income for the period	–	–	(1,652)	–	–	–	(1,652)
<u>Contributions by and distributions to equity holders:</u>							
- Grant of equity-settled performance share awards to employees	–	–	–	3	3	–	3
Total contributions by and distributions to equity holders	–	–	–	3	3	–	3
Balance at 30 June 2019	162,854	(2,485)	(304,760)	167	197	(30)	(144,224)

- 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 25 June 2020. The Company has not bought back any ordinary shares during the second quarter of 2020.

As at 30 June 2020, the Company's total issued shares is 725,755,013 ordinary shares (31 December 2019: 725,755,013) with 10,327,000 (31 December 2019: 11,098,000) ordinary shares being held as treasury shares.

The Company has no subsidiary holdings as at 30 June 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 715,428,013 as at 30 June 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
Treasury shares reissued pursuant to employee performance share plan:	: (771,000) shares
Purchase of treasury shares during the period	: Nil
As at 30 June 2020	: 10,327,000 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 2020 and 31 December 2019. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the period January to June 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	
	6M 2020	6M 2019
Loss attributable to equity holders of the Company (US\$'000)	(6,428)	(16,346)
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	714,810	713,726
- based on a fully diluted basis	714,810	713,726
Loss per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	(0.9)	(2.3)
(b) On a fully diluted basis	(0.9)	(2.3)

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 20	As at 31 Dec 19	As at 30 Jun 20	As at 31 Dec 19
Net asset value (US\$'000)	(235,430)	(230,503)	(163,769)	(163,117)
Total number of ordinary shares issued ('000)	715,428	714,657	715,428	714,657
Net asset value per ordinary share (US cents)	(32.9)	(32.3)	(22.9)	(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

Revenue

6 months ended 30 June 2020 ("6M 2020") vs 6 months ended 30 June 2019 ("6M 2019")

Revenue decreased by approximately US\$3.3 million or 9% from US\$36.1 million for 6M 2019 to US\$32.8 million for 6M 2020.

The decrease was attributed mainly to the decrease in revenue from the Subsea Business of US\$6.4 million or 69% from US\$9.3 million for 6M 2019 to US\$2.9 million for 6M 2020 due to lower utilisation of the vessels. Revenue from the Shipyard Business decreased by US\$0.4 million or 17% from US\$2.4 million for 6M 2019 to US\$2.0 million for 6M 2020 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\$3.6 million or 15% from US\$24.3 million for 6M 2019 to US\$27.9 million for 6M 2020 due to higher utilisation of vessels.

3 months ended 30 June 2020 ("2Q 2020") vs 3 months ended 30 June 2019 ("2Q 2019")

Revenue decreased by approximately US\$4.3 million or 22% from US\$20.1 million for 2Q 2019 to US\$15.8 million for 2Q 2020.

The decrease was attributed mainly to the decrease in revenue from the Subsea Business of US\$6.4 million or 96% from US\$6.7 million for 2Q 2019 to US\$0.3 million for 2Q 2020 due to lower utilisation of the vessels. Revenue from the Shipyard Business decreased by US\$0.5 million or 54% from US\$0.9 million for 2Q 2019 to US\$0.4 million for 2Q 2020 due to lower completion of ship repair works.

This was partially offset by an increase in revenue from the Offshore Support Business of US\$2.6 million or 21% from US\$12.4 million for 2Q 2019 to US\$15.0 million for 2Q 2020 due to higher utilisation of vessels.

Gross profit

6 months ended 30 June 2020 ("6M 2020") vs 6 months ended 30 June 2019 ("6M 2019") **3 months ended 30 June 2020 ("2Q 2020") vs 3 months ended 30 June 2019 ("2Q 2019")**

Gross profit decreased by approximately US\$2.2 million or 28% from US\$7.7 million for 6M 2019 to US\$5.5 million for 6M 2020.

Gross profit decreased by approximately US\$2.0 million or 44% from US\$4.5 million for 2Q 2019 to US\$2.5 million for 2Q 2020.

The decrease was mainly attributable to weaker performance from the Subsea Business, and partially offset by improved performances from the Offshore Support Business and Shipyard Business.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating income

6 months ended 30 June 2020 ("6M 2020") vs 6 months ended 30 June 2019 ("6M 2019")

Other operating income increased by approximately US\$0.7 million or 4% from US\$15.1 million for 6M 2019 to US\$15.8 million for 6M 2020.

The increase was mainly attributable to foreign exchange gain of US\$2.4 million and grant income of US\$0.6 million for 6M 2020. The increase was partially offset by lower gain on debt forgiveness of bank loan from US\$14.3 million for 6M 2019 to US\$11.9 million for 6M 2020.

3 months ended 30 June 2020 ("2Q 2020") vs 3 months ended 30 June 2019 ("2Q 2019")

Other operating income increased by approximately US\$0.7 million from US\$0.3 million for 2Q 2019 to US\$1.0 million for 2Q 2020.

The increase was mainly attributable to grant income of US\$0.6 million for 2Q 2020.

General and administrative expenses

6 months ended 30 June 2020 ("6M 2020") vs 6 months ended 30 June 2019 ("6M 2019")

3 months ended 30 June 2020 ("2Q 2020") vs 3 months ended 30 June 2019 ("2Q 2019")

General and administrative expenses decreased by approximately US\$2.5 million or 24% from US\$10.1 million for 6M 2019 to US\$7.6 million for 6M 2020.

General and administrative expenses decreased by approximately US\$2.0 million or 37% from US\$5.6 million for 2Q 2019 to US\$3.6 million for 2Q 2020.

The decrease in general and administrative expenses for both periods was mainly attributable to the Group's restructuring expenses that was largely incurred in 2019.

Other operating expenses

6 months ended 30 June 2020 ("6M 2020") vs 6 months ended 30 June 2019 ("6M 2019")

Other operating expenses decreased by approximately US\$8.2 million or 49% from US\$16.8 million for 6M 2019 to US\$8.6 million for 6M 2020.

The decrease in other operating expenses was mainly attributable to a decrease in loss on disposal of vessels of US\$15.3 million from US\$15.5 million for 6M 2019 to US\$0.2 million for 6M 2020. The decrease was partially offset by an increase in doubtful debt expense by US\$6.7 million and impairment in investment in a joint venture of US\$1.0 million in 6M 2020.

3 months ended 30 June 2020 ("2Q 2020") vs 3 months ended 30 June 2019 ("2Q 2019")

Other operating expenses decreased by approximately US\$1.9 million or 33% from US\$5.9 million for 2Q 2019 to US\$4.0 million for 2Q 2020.

The decrease in other operating expenses was mainly attributable to a decrease in loss on disposal of vessels and vessel drydocking of US\$5.0 million from US\$5.1 million for 2Q 2019 to US\$0.1 million for 2Q 2020. The increase was partially offset by an increase in doubtful debt expense by US\$1.3 million and higher foreign exchange loss of US\$1.8 million.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Finance costs

6 months ended 30 June 2020 ("6M 2020") vs 6 months ended 30 June 2019 ("6M 2019")

Finance costs increased by approximately US\$0.2 million or 1% from US\$11.2 million for 6M 2019 to US\$11.4 million for 6M 2020.

The increase was mainly attributable to higher overdue interest charges, partially offset by a decrease in bank loans outstanding from US\$417.7 million as at 30 June 2019 to US\$394.7 million as at 30 June 2020.

3 months ended 30 June 2020 ("2Q 2020") vs 3 months ended 30 June 2019 ("2Q 2019")

Finance costs decreased by approximately US\$0.5 million or 8% from US\$5.6 million for 2Q 2019 to US\$5.1 million for 2Q 2020.

The decrease was mainly attributable to a decrease in interest rates and a decrease in bank loans outstanding from US\$417.7 million as at 30 June 2019 to US\$394.7 million as at 30 June 2020.

Share of results of joint ventures

6 months ended 30 June 2020 ("6M 2020") vs 6 months ended 30 June 2019 ("6M 2019")

Share of results of joint ventures increased by approximately US\$0.1 million or 24% from US\$0.5 million for 6M 2019 to US\$0.6 million for 6M 2020.

The increase in share of results for 6M 2020 was mainly attributable to lower losses as the Group capped its share of losses up to the Group's interest in the joint ventures.

3 months ended 30 June 2020 ("2Q 2020") vs 3 months ended 30 June 2019 ("2Q 2019")

Share of results of joint ventures decreased by approximately US\$0.1 million or 38% from US\$0.4 million for 2Q 2019 to US\$0.2 million for 2Q 2020.

The decrease in share of results for 2Q 2020 was mainly attributable to lower profits from the Group's joint ventures.

Taxation

6 months ended 30 June 2020 ("6M 2020") vs 6 months ended 30 June 2019 ("6M 2019")

3 months ended 30 June 2020 ("2Q 2020") vs 3 months ended 30 June 2019 ("2Q 2019")

Taxation expense increased by US\$0.2 million or 60% from US\$0.5 million for 6M 2019 to US\$0.7 million for 6M 2020.

Taxation expense increased by US\$0.1 million or 41% from US\$0.2 million for 2Q 2019 to US\$0.3 million for 2Q 2020.

The increase for both periods was mainly attributable to higher withholding tax expenses.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$288.1 million as at 30 June 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\$5.3 million mainly due to depreciation of US\$7.7 million, offset by additions of US\$2.1 million;
- (ii) the decrease in non-current portion of amounts due from related companies by US\$3.9 million; and
- (iii) the decrease in investment in joint ventures by US\$0.9 million mainly due to impairment in investment in a joint venture of US\$1.0 million, partially offset by share of results.

Current assets

The Group's current assets amounted to US\$82.7 million as at 30 June 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\$3.9 million;
- (ii) the decrease in trade receivables by US\$3.8 million;
- (iii) the decrease in inventories by US\$0.5 million; and
- (iv) the decrease in other receivables by US\$0.5 million.

This was partially offset by the increase in current portion of amounts due from related companies by US\$2.0 million.

Current liabilities

The Group's current liabilities amounted to US\$595.4 million as at 30 June 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\$15.3 million due to repayment and debt forgiveness of bank loans; and
- (ii) the decrease in notes payable by US\$2.5 million due to foreign exchange movement.

This was partially offset by the increase in other liabilities by US\$7.3 million due to accrual of interest expense.

The Group is in negative working capital position of US\$512.7 million as at 30 June 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 30 June 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 2Q 2020, the Group incurred net cash inflow of US\$0.6 million.

Net cash inflow from operating activities was US\$0.4 million. This was mainly due to cash inflow from operating activities before working capital changes of US\$3.3 million, partially offset by net working capital outflow of US\$1.5 million, and net interest and taxes paid of US\$1.4 million.

Net cash inflow from investing activities was US\$0.2 million due to the deposit received for sale of a joint venture of US\$0.7 million and proceeds from sale of property, plant and equipment of US\$0.3 million, partially offset by the increase in property, plant and equipment of US\$0.8 million.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The economic fallout from the COVID-19 pandemic is expected to persist in the near to mid-term, this will weigh down on the business and operations of the Group in the next 12 months. Chartering and shipyard activities are expected to be negatively impacted by the slowdown in oil demand and oil and gas activities. At the same time, costs associated with COVID-19 measures imposed by governments in countries within the Group's network is expected to increase operating expenses. The Group will remain disciplined in managing costs and liquidity to sustain operations.

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 the economic slowdown, more time is required to reach an agreement with the major creditors.

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 six months ended 30 June 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 August 2020