



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

Unaudited Third Quarter ("3Q 2020") Financial Statement and Dividend Announcement
For the Nine Months Ended 30 September 2020 ("9M 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		
	3Q 2020	3Q 2019	+ / (-)	9M 2020	9M 2019	+ / (-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	17,024	17,951	(5)	49,817	54,016	(8)
Cost of sales	(15,729)	(14,440)	9	(42,982)	(42,846)	NM
Gross profit	1,295	3,511	(63)	6,835	11,170	(39)
Other operating income	872	1,616	(46)	15,646	16,178	(3)
General and administrative expenses	(2,954)	(4,565)	(35)	(10,566)	(14,634)	(28)
Other operating expenses	(5,266)	(5,054)	4	(12,853)	(21,268)	(40)
Finance costs	(4,650)	(5,660)	(18)	(16,049)	(16,903)	(5)
Share of results of joint ventures	-	52	NM	568	510	11
Share of results of associates	-	-	NM	-	-	NM
Loss before taxation	(10,703)	(10,100)	6	(16,419)	(24,947)	(34)
Taxation	(326)	(256)	27	(1,062)	(715)	49
Loss for the period	(11,029)	(10,356)	6	(17,481)	(25,662)	(32)
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	(673)	698	NM	820	294	NM
Other comprehensive income for the period, net of tax	(673)	698	NM	820	294	NM
Total comprehensive income for the period	(11,702)	(9,658)	21	(16,661)	(25,368)	(34)
Loss for the period attributable to:						
Equity holders of the Company	(11,060)	(10,194)	8	(17,488)	(26,540)	(34)
Non-controlling interests	31	(162)	NM	7	878	NM
	(11,029)	(10,356)	6	(17,481)	(25,662)	(32)
Total comprehensive income for the period attributable to:						
Equity holders of the Company	(11,733)	(9,498)	24	(16,668)	(26,248)	(36)
Non-controlling interests	31	(160)	NM	7	880	NM
	(11,702)	(9,658)	21	(16,661)	(25,368)	(34)

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 2020	3Q 2019	9M 2020	9M 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment (included in cost of sales)	3,772	3,927	11,089	11,662
Depreciation of property, plant and equipment (included in general and administrative expenses)	200	196	594	593
Impairment of doubtful receivables, net	243	308	631	447
Impairment of amounts due from related companies, net	510	1,158	7,531	1,680
Impairment of property, plant and equipment	3,480	–	3,480	–
(Gain)/loss on disposal of property, plant and equipment, net	–	(7)	180	762
Loss on disposal of assets held for sale	–	–	–	14,754
Impairment of investment in joint ventures	–	3,395	964	3,395
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)	1,007	(1,411)	(1,433)	(841)
Interest income	(139)	(71)	(476)	(529)
Net fair value loss/(gain) on held for trading investment securities	2	(4)	28	(9)

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 2020	As at 31 Dec 2019	As at 30 Sep 2020	As at 31 Dec 2019
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	229,921	243,471	–	–
Investment in subsidiaries	–	–	5	5
Investment in associates	–	–	–	–
Investment in joint ventures	–	3,012	–	–
Investment securities	50	50	–	–
Club memberships	140	148	–	–
Amounts due from related companies	45,247	51,435	–	–
Other receivables	–	241	–	–
	275,358	298,357	5	5
Current assets				
Inventories	367	798	–	–
Trade receivables	27,428	28,931	–	–
Other receivables	6,560	7,345	2,748	3,402
Amounts due from related companies	39,135	34,346	144,126	137,682
Investment securities	14	43	–	–
Assets held for sale	2,966	–	–	–
Cash and bank balances	13,803	18,013	161	103
	90,273	89,476	147,035	141,187
Total assets	365,631	387,833	147,040	141,192
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	15,065	17,182	–	–
Other liabilities	108,792	95,281	11,613	11,419
Amounts due to related companies	6,967	7,518	230,894	218,580
Bank loans	395,744	409,971	–	–
Notes payable	72,780	74,310	72,780	74,310
Provision for taxation	1,353	1,365	–	–
Lease liabilities	1,279	1,307	–	–
	601,980	606,934	315,287	304,309
Non-current liabilities				
Other liabilities	11,717	11,717	–	–
Provisions	239	244	–	–
Deferred tax liabilities	3,170	3,106	–	–
Lease liabilities	7,628	8,282	–	–
	22,754	23,349	–	–
Total liabilities	624,734	630,283	315,287	304,309
Net liabilities	(259,103)	(242,450)	(168,247)	(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 Sep 2020 US\$'000	As at 31 Dec 2019 US\$'000	As at 30 Sep 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	(400,587)	(383,099)	(328,903)	(323,766)
Other reserves	(7,295)	(7,968)	(63)	85
	(247,163)	(230,503)	(168,247)	(163,117)
Non-controlling interests	(11,940)	(11,947)	–	–
Total equity	(259,103)	(242,450)	(168,247)	(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		Group	
As at 30 Sep 2020		As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
396,365	72,780	410,605	74,310

Amount repayable after one year

Group		Group	
As at 30 Sep 2020		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\$170.1 million and US\$181.4 million as at 30 September 2020 and 31 December 2019 respectively;
- first legal mortgages over assets held for sale of the Group, with net book value of US\$3.0 million as at 30 September 2020;
- 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 September 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\$2,000 and US\$2.9 million as at 30 September 2020 and 31 December 2019 respectively.

Secured borrowings include lease liabilities financed by bank lenders of US\$621,000 and US\$634,000 as at 30 September 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.

	3Q 2020	Group	3Q 2019
	US\$'000		US\$'000
Cash flows from operating activities:			
Loss before taxation	(10,703)		(10,100)
Adjustments for:			
Depreciation of property, plant and equipment	3,972		4,123
Finance costs	4,650		5,660
Interest income	(139)		(71)
Share of results of joint ventures	–		(52)
Gain on disposal of property, plant and equipment, net	–		(7)
Impairment of doubtful receivables, net	243		308
Impairment of amounts due from related companies, net	510		1,158
Impairment of investment in a joint venture	–		3,395
Impairment of property, plant and equipment	3,480		–
Net fair value loss/(gain) on held for trading investment securities	2		(4)
Share-based payment expense	–		112
Exchange difference	871		(1,276)
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Operating cash flows before changes in working capital	2,886		3,246
(Increase)/decrease in trade and other receivables	(2,253)		685
(Increase)/decrease in amounts due from related companies, net	(462)		2,731
(Increase)/decrease in inventories	(57)		(122)
Increase/(decrease) in trade payables and other liabilities	23		(2,096)
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Cash generated from operations	137		4,444
Taxes paid	(343)		(306)
Interest paid	–		(6)
Interest received	–		26
	<hr/>		<hr/>
Net cash flows (used in)/generated from operating activities	(206)		4,158
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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 2020 US\$'000	3Q 2019 US\$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,528)	(1,662)
Proceeds from sale of property, plant and equipment	–	7
Dividend income from a joint venture	–	234
Purchase of investment securities	–	(50)
Net cash inflow on dissolution of a joint venture	–	31
Proceeds from sale of a joint venture	1,459	–
Deposit paid for proposed acquisition of a company	–	(2,700)
Net cash flows used in investing activities	<u>(69)</u>	<u>(4,140)</u>
Cash flows from financing activities:		
Repayment of finance lease obligations	–	(3)
Repayment of principal portion of lease liabilities	–	(15)
Cash and bank balances released/(pledged) as securities	5	(47)
Net cash flows generated from/(used in) financing activities	<u>5</u>	<u>(65)</u>
Net decrease in cash and bank balances	(270)	(47)
Effect of exchange rate changes on cash and bank balances	3	(35)
Cash and bank balances at beginning of the period	14,068	17,930
Cash and bank balances at end of the period	<u>13,801</u>	<u>17,848</u>
Breakdown of cash and bank balances at end of the period:		
Cash and bank balances as per balance sheet	13,803	20,744
Cash pledged	(2)	(2,896)
	<u>13,801</u>	<u>17,848</u>

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
<u>The Group</u>												
Balance at 1 July 2020	162,854	(2,135)	(389,527)	(6,622)	(218)	170	114	126	(6,814)	(235,430)	(11,971)	(247,401)
Loss for the period	-	-	(11,060)	-	-	-	-	-	-	(11,060)	31	(11,029)
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	(673)	(673)	-	-	-	-	(673)	-	(673)
Total comprehensive income for the period	-	-	(11,060)	(673)	(673)	-	-	-	-	(11,733)	31	(11,702)
<u>Contributions by and distributions to equity holders</u>												
- Treasury shares reissued pursuant to employee share award plan	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2020	162,854	(2,135)	(400,587)	(7,295)	(891)	170	114	126	(6,814)	(247,163)	(11,940)	(259,103)

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 2019	162,854	(2,485)	(314,754)	(4,183)	(1,412)	197	114	127	(3,209)	(158,568)	(15,640)	(174,208)
Loss for the period	-	-	(10,194)	-	-	-	-	-	-	(10,194)	(162)	(10,356)
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	697	697	-	-	-	-	697	1	698
- Re-measurement of defined benefit plans	-	-	-	(1)	-	-	-	(1)	-	(1)	1	-
Total comprehensive income for the period	-	-	(10,194)	696	697	-	-	(1)	-	(9,498)	(160)	(9,658)
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	-	-	-	112	-	112	-	-	-	112	-	112
- Treasury shares reissued pursuant to employee share award plan	-	195	-	(195)	-	(82)	-	-	(113)	-	-	-
Total contributions by and distributions to equity holders	-	195	-	(83)	-	30	-	-	(113)	112	-	112
<u>Changes in ownership interests in subsidiaries</u>												
- Acquisition of non-controlling interests without a change of control	-	-	-	(3,402)	-	-	-	-	(3,402)	(3,402)	3,402	-
Total changes in ownership interests in subsidiaries	-	-	-	(3,402)	-	-	-	-	(3,402)	(3,402)	3,402	-
Balance at 30 September 2019	162,854	(2,290)	(324,948)	(6,972)	(715)	227	114	126	(6,724)	(171,356)	(12,398)	(183,754)

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 July 2020	162,854	(2,135)	(324,425)	(63)	170	(233)	(163,769)
Loss for the period	-	-	(4,478)	-	-	-	(4,478)
Total comprehensive income for the period	-	-	(4,478)	-	-	-	(4,478)
<u>Contributions by and distributions to equity holders:</u>							
- Treasury shares reissued pursuant to employee share award plan	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	-	-	-	-	-	-	-
Balance at 30 September 2020	162,854	(2,135)	(328,903)	(63)	170	(233)	(168,247)
Balance at 1 July 2019	162,854	(2,485)	(304,760)	167	197	(30)	(144,224)
Loss for the period	-	-	(5,203)	-	-	-	(5,203)
Total comprehensive income for the period	-	-	(5,203)	-	-	-	(5,203)
<u>Contributions by and distributions to equity holders:</u>							
- Grant of equity-settled performance share awards to employees	-	-	-	112	112	-	112
- Treasury shares reissued pursuant to employee share award plan	-	195	-	(195)	(82)	(113)	-
Total contributions by and distributions to equity holders	-	195	-	(83)	30	(113)	112
Balance at 30 September 2019	162,854	(2,290)	(309,963)	84	227	(143)	(149,315)

- 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 third quarter of 2020.

As at 30 September 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 September 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 September 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 September 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 September 2020 and 31 December 2019. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the period January to September 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	
	9M 2020	9M 2019
Loss attributable to equity holders of the Company (US\$'000)	(17,488)	(26,540)
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	715,017	713,934
- based on a fully diluted basis	715,017	713,934
Loss per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	(2.4)	(3.7)
(b) On a fully diluted basis	(2.4)	(3.7)

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 20	As at 31 Dec 19	As at 30 Sep 20	As at 31 Dec 19
Net asset value (US\$'000)	(247,163)	(230,503)	(168,247)	(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)	(34.5)	(32.3)	(23.5)	(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

9 months ended 30 September 2020 ("9M 2020") vs 9 months ended 30 September 2019 ("9M 2019")

Revenue decreased by approximately US\$4.2 million or 8% from US\$54.0 million for 9M 2019 to US\$49.8 million for 9M 2020.

The decrease was attributed mainly to the decrease in revenue from the Subsea Business of US\$8.5 million or 70% from US\$12.2 million for 9M 2019 to US\$3.7 million for 9M 2020 due to lower utilisation of vessels.

This was partially offset by an increase in revenue from the Offshore Support Services Business of US\$4.3 million or 11% from US\$38.7 million for 9M 2019 to US\$43.0 million for 9M 2020 due to higher utilisation of vessels. Revenue from the Shipyard Business also increased by US\$0.1 million or 1% from US\$3.1 million for 9M 2019 to US\$3.2 million for 9M 2020 due to higher completion of ship repair works.

3 months ended 30 September 2020 ("3Q 2020") vs 3 months ended 30 September 2019 ("3Q 2019")

Revenue decreased by approximately US\$1.0 million or 5% from US\$18.0 million for 3Q 2019 to US\$17.0 million for 3Q 2020.

The decrease was attributed mainly to the decrease in revenue from the Subsea Business of US\$2.1 million or 74% from US\$2.8 million for 3Q 2019 to US\$0.7 million for 3Q 2020 due to lower utilisation of vessels.

This was partially offset by an increase in revenue from the Offshore Support Services Business of US\$0.7 million or 5% from US\$14.4 million for 3Q 2019 to US\$15.1 million for 3Q 2020 due to higher utilisation of vessels. Revenue from the Shipyard Business also increased by US\$0.4 million or 59% from US\$0.8 million for 3Q 2019 to US\$1.2 million for 3Q 2020 due to higher completion of ship repair works.

Gross profit

9 months ended 30 September 2020 ("9M 2020") vs 9 months ended 30 September 2019 ("9M 2019")

Gross profit decreased by approximately US\$4.4 million or 39% from US\$11.2 million for 9M 2019 to US\$6.8 million for 9M 2020.

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

3 months ended 30 September 2020 ("3Q 2020") vs 3 months ended 30 September 2019 ("3Q 2019")

Gross profit decreased by approximately US\$2.2 million or 63% from US\$3.5 million for 3Q 2019 to US\$1.3 million for 3Q 2020.

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

REVIEW OF GROUP PERFORMANCE (CONT'D)

Other operating income

9 months ended 30 September 2020 ("9M 2020") vs 9 months ended 30 September 2019 ("9M 2019")

Other operating income decreased by approximately US\$0.6 million or 3% from US\$16.2 million for 9M 2019 to US\$15.6 million for 9M 2020.

The decrease was mainly attributable to lower gain on debt forgiveness of bank loan from US\$14.3 million for 9M 2019 to US\$11.9 million for 9M 2020. The decrease was partially offset by grant income of US\$1.2 million and an increase in foreign exchange gain of US\$0.6 million for 9M 2020.

3 months ended 30 September 2020 ("3Q 2020") vs 3 months ended 30 September 2019 ("3Q 2019")

Other operating income decreased by approximately US\$0.7 million or 46% from US\$1.6 million for 3Q 2019 to US\$0.9 million for 3Q 2020.

The decrease was mainly attributable to foreign exchange gain of US\$1.4 million for 3Q 2019 compared to loss for 3Q 2020. The decrease was partially offset by grant income of US\$0.5 million for 3Q 2020.

General and administrative expenses

9 months ended 30 September 2020 ("9M 2020") vs 9 months ended 30 September 2019 ("9M 2019") **3 months ended 30 September 2020 ("3Q 2020") vs 3 months ended 30 September 2019 ("3Q 2019")**

General and administrative expenses decreased by approximately US\$4.0 million or 28% from US\$14.6 million for 9M 2019 to US\$10.6 million for 9M 2020.

General and administrative expenses decreased by approximately US\$1.6 million or 35% from US\$4.6 million for 3Q 2019 to US\$3.0 million for 3Q 2020.

The decrease in general and administrative expenses for both periods was mainly attributable to lower restructuring expenses incurred for the period under review.

Other operating expenses

9 months ended 30 September 2020 ("9M 2020") vs 9 months ended 30 September 2019 ("9M 2019")

Other operating expenses decreased by approximately US\$8.4 million or 40% from US\$21.3 million for 9M 2019 to US\$12.9 million for 9M 2020.

The decrease in other operating expenses was mainly attributable to a decrease in loss on disposal of vessels of US\$15.3 million and decrease in impairment of investment in joint ventures of US\$2.4 million. The decrease was partially offset by impairment of property, plant and equipment of US\$3.5 million in 9M 2020 and an increase in doubtful debt expense of US\$6.0 million.

3 months ended 30 September 2020 ("3Q 2020") vs 3 months ended 30 September 2019 ("3Q 2019")

Other operating expenses increased by approximately US\$0.2 million or 4% from US\$5.1 million for 3Q 2019 to US\$5.3 million for 3Q 2020.

The increase in other operating expenses was mainly attributable to impairment of property, plant and equipment of US\$3.5 million and foreign exchange loss of US\$1.0 million for 3Q 2020. The increase was partially offset by impairment of investment in a joint venture of US\$3.4 million recorded in 3Q 2019 and a decrease in doubtful debt expense of US\$0.8 million.

REVIEW OF GROUP PERFORMANCE (CONT'D)

Finance costs

9 months ended 30 September 2020 ("9M 2020") vs 9 months ended 30 September 2019 ("9M 2019") **3 months ended 30 September 2020 ("3Q 2020") vs 3 months ended 30 September 2019 ("3Q 2019")**

Finance costs decreased by approximately US\$0.9 million or 5% from US\$16.9 million for 9M 2019 to US\$16.0 million for 9M 2020.

Finance costs decreased by approximately US\$1.0 million or 18% from US\$5.7 million for 3Q 2019 to US\$4.7 million for 3Q 2020.

The decrease in finance costs for both periods was mainly attributable to a decrease in interest rates and a decrease in bank loans outstanding from US\$416.3 million as at 30 September 2019 to US\$395.7 million as at 30 September 2020, partially offset by higher overdue interest charges.

Share of results of joint ventures

9 months ended 30 September 2020 ("9M 2020") vs 9 months ended 30 September 2019 ("9M 2019")

Share of results of joint ventures increased by approximately US\$0.1 million or 11% from US\$0.5 million for 9M 2019 to US\$0.6 million for 9M 2020.

This was mainly attributable to the disposal of a joint venture in 3Q 2020 and the Group capped its share of losses of the other joint ventures up to its interest in these joint ventures.

3 months ended 30 September 2020 ("3Q 2020") vs 3 months ended 30 September 2019 ("3Q 2019")

Share of results of joint venture was nil for 3Q 2020, compared to US\$0.1 million for 3Q 2019.

This was mainly attributable to the disposal of a joint venture in 3Q 2020 and the Group capped its share of losses of the other joint ventures up to its interest in these joint ventures.

Taxation

9 months ended 30 September 2020 ("9M 2020") vs 9 months ended 30 September 2019 ("9M 2019") **3 months ended 30 September 2020 ("3Q 2020") vs 3 months ended 30 September 2019 ("3Q 2019")**

Taxation expense increased by US\$0.3 million or 49% from US\$0.7 million for 9M 2019 to US\$1.0 million for 9M 2020.

Taxation expense remained at US\$0.3 million for 3Q 2019 and 3Q 2020.

The increase in taxation expense for 9M 2020 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\$275.4 million as at 30 September 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\$13.6 million mainly due to depreciation of US\$11.7 million, impairment of US\$3.5 million and transfer to assets held for sale of US\$3.0 million, partially offset by additions of US\$3.7 million;
- (ii) the decrease in non-current portion of amounts due from related companies by US\$6.2 million; and
- (iii) the decrease in investment in joint ventures by US\$3.0 million mainly due to impairment of investment in a joint venture of US\$1.0 million and disposal of a joint venture, partially offset by share of results.

Current assets

The Group's current assets amounted to US\$90.3 million as at 30 September 2020. The increase in current assets from US\$89.5 million as at 31 December 2019 was mainly due to:

- (i) the increase in assets held for sale by US\$3.0 million; and
- (ii) the increase in current portion of amounts due from related companies by US\$4.8 million.

This was partially offset by:

- (iii) the decrease in cash and bank balances by US\$4.2 million;
- (iv) the decrease in trade receivables by US\$1.5 million;
- (v) the decrease in other receivables by US\$0.8 million; and
- (vi) the decrease in inventories by US\$0.4 million.

Current liabilities

The Group's current liabilities amounted to US\$602.0 million as at 30 September 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\$14.2 million due to repayment and debt forgiveness of bank loans;
- (ii) the decrease in trade payables by US\$2.1 million;
- (iii) the decrease in notes payable by US\$1.5 million due to foreign exchange movement; and
- (iv) the decrease in amounts due to related parties by US\$0.6 million.

This was partially offset by the increase in other liabilities by US\$13.5 million mainly due to accrual of interest expense.

The Group is in negative working capital position of US\$511.7 million as at 30 September 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\$22.8 million as at 30 September 2020. Non-current liabilities decreased from US\$23.3 million as at 31 December 2019 primarily due to decrease in lease liabilities of US\$0.7 million.

REVIEW OF CASH FLOWS

In 3Q 2020, the Group incurred net cash outflow of US\$0.3 million.

Net cash outflow from operating activities was US\$0.2 million. This was mainly due to net working capital outflow of US\$2.8 million, and net interest and taxes paid of US\$0.3 million, partially offset by cash inflow from operating activities before working capital changes of US\$2.9 million.

Net cash outflow from investing activities was US\$0.1 million due to the increase in property, plant and equipment of US\$1.5 million partially offset by the proceeds from sale of a joint venture of US\$1.4 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 outlook remains uncertain for the next 12 months as the number of COVID 19 cases continue to surge in many countries. While recent positive development on the vaccine front has helped boost investor sentiment across the markets, the recovery path is expected to be slow and uneven in the near to mid-term till the global pandemic can be put under control. Similarly, the business and operations of the Group will continue to experience the negative impact of the COVID pandemic on oil demand and activities. Chartering and shipyard activities of the Group are expected to remain subdued and costs associated with COVID-19 measures imposed by governments in countries within the Group's network are expected to increase operating expenses. The Group will remain disciplined in managing costs and liquidity to sustain its 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 has announced that the major secured creditors of the Group have on 5 November 2020 entered into a letter of agreement ("Letter Agreement") with an owner of offshore support vessels (the "Third Financier") for the proposed acquisition of loan receivables and all related rights, claims and securities in relation to all loans and arrangements provided by these creditors for the financing of the Group (the "Loans"). The Group is concurrently working towards having a separate letter of agreement executed with the Third Financier to, following the acquisition of the Loans, restructure the Loans through the purchase of vessels from the Group so as to release and discharge the Group of its liabilities in relation to the Loans and to collaborate with the Group and appoint the Group as ship managers of the vessels with ship management contracts. The Group is also working in parallel to restructure its remaining liabilities through inter alia bi-lateral agreements, scheme of arrangements and/or consent solicitation exercise (in the case of the notes payable).

Due diligence on the Group by the Third Financier has commenced whilst the definitive agreements are being negotiated with relevant parties. The Group is working closely with the relevant parties to ensure these processes can be completed in an expedient manner. Any further material developments in relation to the acquisition of the Loans and the plan to implement the restructuring in relation to the Loans, the notes payable and other liabilities of the Group owing to other creditors of the Group 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 nine months ended 30 September 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

12 November 2020