



**PACC OFFSHORE SERVICES HOLDINGS LTD.**

Registration Number: 200603185Z

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UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
FOR THE THIRD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2014

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**Introduction**

PACC Offshore Services Holdings Ltd. ("POSH") is Asia's largest operator of offshore support vessels, with a diversified fleet servicing offshore oil and gas exploration and production activities. With four distinct operating segments: Offshore Supply Vessels, Transportation and Installation, Offshore Accommodation and Harbour Services and Emergency Response. POSH's offshore support vessels perform anchor handling services, ocean towage and installation, ocean transportation, heavy-lift and offshore accommodation services as well as harbour towage and emergency response services.

As of 30 September 2014, the POSH Group (including joint ventures) operated a combined fleet of 108 vessels with another 18 vessels on order, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, Platform Supply Vessels, Light Construction Vessels, accommodation vessels, harbour tugs, crane and deck barges.

The POSH fleet operates worldwide, serving offshore oilfields in Asia, Africa and Latin America, providing vessels and services for projects involving many of the world's major oil companies, as well as many large international offshore contractors.

The Company's shares were listed and quoted on the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 April 2014.

For more information on POSH, please visit [www.posh.com.sg](http://www.posh.com.sg).

<p>The initial public offering ("IPO") of the PACC Offshore Services Holdings Ltd. was sponsored by DBS Bank Ltd., Merrill Lynch (Singapore) Pte. Ltd. and Oversea-Chinese Banking Corporation Limited (together, the "Joint Issue Managers"). The Joint Issue Managers assume no responsibility for the contents of this Announcement.</p>
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PACC OFFSHORE SERVICES HOLDINGS LTD.  
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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					
	Quarter ended			9 Months ended		
	30-Sep 2014 US\$'000	30-Sep 2013 US\$'000	% Change	30-Sep 2014 US\$'000	30-Sep 2013 US\$'000	% Change
Revenue	67,032	65,081	3%	178,230	182,189	-2%
Cost of sales	(49,669)	(38,334)	30%	(127,493)	(122,067)	4%
<b>Gross profit</b>	<b>17,363</b>	<b>26,747</b>	<b>-35%</b>	<b>50,737</b>	<b>60,122</b>	<b>-16%</b>
Other operating income	13,707	6,904	99%	56,153	34,749	62%
Distribution costs	(335)	(434)	-23%	(1,059)	(1,196)	-11%
General and administrative Expenses	(8,012)	(9,506)	-16%	(24,859)	(20,085)	24%
Finance costs	(2,392)	(3,409)	-30%	(8,622)	(9,455)	-9%
Share of joint ventures' result	(5,683)	1,415	NM	(8,579)	7,321	NM
<b>Profit before taxation</b>	<b>14,648</b>	<b>21,717</b>	<b>-33%</b>	<b>63,771</b>	<b>71,456</b>	<b>-11%</b>
Taxation	-	(746)	-100%	(576)	(2,279)	-75%
<b>Net Profit for the period</b>	<b>14,648</b>	<b>20,971</b>	<b>-30%</b>	<b>63,195</b>	<b>69,177</b>	<b>-9%</b>
<b>Profit/(loss) attributable to:</b>						
Equity holders of the Company	14,648	20,971	-30%	63,195	69,177	-9%
Non-controlling interests	-	-		-	-	
	<b>14,648</b>	<b>20,971</b>	<b>-30%</b>	<b>63,195</b>	<b>69,177</b>	<b>-9%</b>

N.M. denotes "Not Meaningful"

1(a)(ii). *Profit before taxation is arrived at after (charging)/crediting the following significant items.*

	Group			
	Quarter ended		9 Months Ended	
	30-Sep 2014 US\$'000	30-Sep 2013 US\$'000	30-Sep 2014 US\$'000	30-Sep 2013 US\$'000
Amortisation of intangible assets	(20)	(57)	(132)	(170)
Depreciation of fixed assets	(8,961)	(8,839)	(26,852)	(27,201)
Gain on disposal of fixed assets	11,646	2,719	46,456	3,249
Net fair value gain on derivatives	-	-	-	15,020
Interest income	282	2,895	5,257	10,438
(Allowance for)/reversal of doubtful debts	27	(3,699)	(2,055)	(3,377)
Bad debts written off	-	-	(36)	-

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**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30-Sep-14</b>	<b>31-Dec-13</b>	<b>30-Sep-14</b>	<b>31-Dec-13</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current assets</b>				
Goodwill	295,303	295,303	-	-
Fixed assets	1,030,296	1,037,610	17,609	208,045
Intangible assets	119	251	38	128
Loans to joint ventures	181,056	191,197	181,056	191,197
Investment in subsidiaries	-	-	432,856	432,856
Investment in joint ventures	47,544	20,072	64,700	60,582
Long-term prepayments	7,494	8,847	-	-
	<b>1,561,812</b>	<b>1,553,280</b>	<b>696,259</b>	<b>892,808</b>
<b>Current assets</b>				
Consumables stores	919	1,265	-	-
Receivables and other current assets	85,892	67,845	2,965	2,011
Amount owing from subsidiaries, joint ventures and fellow subsidiaries	111,809	90,170	1,011,626	847,465
Loans to joint ventures	29,304	26,089	28,041	26,089
Cash and cash equivalents	11,195	10,552	443	664
	<b>239,119</b>	<b>195,921</b>	<b>1,043,075</b>	<b>876,229</b>
Fixed assets classified as held for sale	26,478	24,320	-	-
	<b>265,597</b>	<b>220,241</b>	<b>1,043,075</b>	<b>876,229</b>
<b>Total assets</b>	<b>1,827,409</b>	<b>1,773,521</b>	<b>1,739,334</b>	<b>1,769,037</b>
<b>Non-current liabilities</b>				
Bank borrowings	300,000	300,000	300,000	300,000
Deferred tax liabilities	166	166	-	-
	<b>300,166</b>	<b>300,166</b>	<b>300,000</b>	<b>300,000</b>
<b>Current liabilities</b>				
Payables and accruals	81,991	62,089	14,211	12,605
Advances received from customers	13,400	12,778	10,000	-
Amount owing to subsidiaries, joint ventures and fellow subsidiaries	18,770	23,367	30,603	41,984
Amount owing to holding companies	614	649	614	649
Bank borrowings	185,965	507,426	185,965	507,426
Provision for taxation	2,787	2,751	2,059	1,602
	<b>303,527</b>	<b>609,060</b>	<b>243,452</b>	<b>564,266</b>
<b>Total liabilities</b>	<b>603,693</b>	<b>909,226</b>	<b>543,452</b>	<b>864,266</b>
<b>Equity</b>				
Share capital	827,201	530,975	827,201	530,975
Accumulated profits	396,217	333,022	368,681	373,796
Other reserves	298	298	-	-
<b>Total equity</b>	<b>1,223,716</b>	<b>864,295</b>	<b>1,195,882</b>	<b>904,771</b>
<b>Total liabilities and equity</b>	<b>1,827,409</b>	<b>1,773,521</b>	<b>1,739,334</b>	<b>1,769,037</b>

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

	<b>As at 30-Sep-2014</b>		<b>As at 31-Dec-2013</b>	
	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
(i) Amount payable in one year or less, or on demand	185,965	-	507,426	-
(ii) Amount repayable after one year	300,000	-	300,000	-

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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.**

	Group			
	Quarter Ended		9 Months Ended	
	30-Sep-14 US\$'000	30-Sep-13 US\$'000	30-Sep-14 US\$'000	30-Sep-13 US\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	14,648	21,717	63,771	71,456
Adjustments for:				
Amortisation of prepayments	147	747	454	1,837
Amortisation of intangible assets	20	57	132	170
Depreciation of fixed assets	8,961	8,839	26,852	27,201
Fixed assets written off	1,031	-	1,031	-
Bad debts written off	-	-	36	-
(Reversal of)/allowance for doubtful debts-trade	(27)	3,461	2,055	3,377
Gain on disposal of fixed assets	(11,646)	(2,719)	(46,456)	(3,249)
Fair value losses on derivatives	-	1,818	-	6,543
Shares of joint ventures' results	5,683	(1,415)	8,579	(7,321)
Interest expense	2,392	3,409	8,622	9,230
Interest income	(282)	(2,895)	(5,257)	(10,438)
Operating cash flows before working capital changes	20,927	33,019	59,819	98,806
Changes in working capital				
Decrease/(increase) in consumables	(315)	294	346	3,902
Increase in receivables and other current assets	(5,334)	(5,491)	(17,362)	(9,736)
Increase in payables and accruals	17,455	4,633	29,906	543
Increase/(decrease) in amount owing to holding companies (non-trade)	-	2	(29)	-
Cash generated from operations	32,733	32,457	72,680	93,515
Interest paid	(2,243)	(4,626)	(9,526)	(9,649)
Interest received	226	2,895	2,380	10,438
Income taxes received/(paid)	19	(148)	(539)	(805)
<b>Net cash generated from operating activities</b>	<b>30,735</b>	<b>30,578</b>	<b>64,995</b>	<b>93,499</b>
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets	-	-	-	(43)
Acquisition of fixed assets	(26,113)	(78,645)	(103,539)	(291,958)
Proceeds from disposal of fixed assets	55,328	5,699	101,717	8,320
(Decrease)/increase in amount owing from joint ventures	(13,674)	(10,558)	(15,210)	1,187
Increase in interest in joint ventures	(8,972)	-	(9,090)	(24,370)
<b>Net cash generated from/(used) in investing activities</b>	<b>6,569</b>	<b>(83,504)</b>	<b>(26,122)</b>	<b>(306,864)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-	(6,918)	-	(6,918)
Proceeds from issuance of shares	-	-	296,226	-
(Repayment of)/proceeds from bank borrowings	(36,275)	57,995	(321,461)	232,660
Increase/(decrease) in amount owing to fellow subsidiaries	(986)	959	(12,989)	(10,807)
Decrease in amount owing to holding companies	(300)	(1)	(6)	(1,264)
<b>Net cash (used in)/generated from financing activities</b>	<b>(37,561)</b>	<b>52,035</b>	<b>(38,230)</b>	<b>213,671</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(257)</b>	<b>(891)</b>	<b>643</b>	<b>306</b>
Cash and cash equivalents at beginning of period	11,452	1,714	10,552	517
<b>Cash and cash equivalents at end of period</b>	<b>11,195</b>	<b>823</b>	<b>11,195</b>	<b>823</b>

**1(d)(i). A statement (for the issuer and group) showing either (i) all the 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.**

<b>The Group</b>	<b>Share Capital US\$'000</b>	<b>Retained profits US\$'000</b>	<b>Exchange reserves US\$'000</b>	<b>Equity component of RCPS<sup>1</sup> US\$'000</b>	<b>Total US\$'000</b>
Balance at 1 Jan 2014	530,975	333,022	298	-	864,295
Issuance of new ordinary shares	296,226	-	-	-	296,226
Total comprehensive income for the period	-	48,547	-	-	48,547
Balance at 30 June 2014	827,201	381,569	298	-	1,209,068
Total comprehensive income for the period	-	14,648	-	-	14,648
Balance at 30 Sep 2014	827,201	396,217	298	-	1,223,716
Balance at 1 Jan 2013	380,975	266,569	298	14,672	662,514
Total comprehensive income for the period	-	48,206	-	-	48,206
Balance at 30 June 2013	380,975	314,775	298	14,672	710,720
Total comprehensive income for the period	-	20,971	-	-	20,971
Dividend paid	-	(6,918)	-	-	(6,918)
Balance at 30 Sep 2013	380,975	328,828	298	14,672	724,773
<b>The Company</b>	<b>Share Capital US\$'000</b>	<b>Retained profits US\$'000</b>	<b>Equity component of RCPS<sup>1</sup> US\$'000</b>	<b>Total US\$'000</b>	
Balance at 1 Jan 2014	530,975	373,796	-	904,771	
Issuance of new ordinary shares	296,226	-	-	296,226	
Total comprehensive loss for the period	-	(1,750)	-	(1,750)	
Balance at 30 June 2014	827,201	372,046	-	1,199,247	
Total comprehensive loss for the period	-	(3,365)	-	(3,365)	
Balance at 30 Sep 2014	827,201	368,681	-	1,195,882	
Balance at 1 Jan 2013	380,975	365,086	14,672	760,733	
Total comprehensive income for the period	-	15,562	-	15,562	
Balance at 30 June 2013	380,975	380,648	14,672	776,295	
Total comprehensive income for the period	-	2,319	-	2,319	
Dividend paid	-	(6,918)	-	(6,918)	
Balance at 30 Sep 2013	380,975	376,049	14,672	771,696	

<sup>1</sup> RCPS refers to redeemable convertible preference shares

- 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 issue of equity securities, issue of shares for cash or consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year.**

The Company has not issued any new shares since the end of the previous period reported on.

<u>Share Capital</u>	<u>Number of shares ( '000)</u>
As at 30 June 2014 and 30 September 2014	<u>1,820,000</u>

**Redeemable Convertible Preference Shares**

As at 30 September 2013, the Company had 37,500,000 redeemable convertible preference shares ("RCPS") outstanding, each fully convertible into one fully paid new ordinary share.

On 9 December 2013, an aggregate of 37,500,000 RCPS held by the RCPS holders were converted to 37,500,000 ordinary shares. As at 30 September 2014, there were no outstanding RCPS.

- 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.**

Total number of issued ordinary shares (excluding treasury shares) as at 30 September 2014 and 31 December 2013 were 1,820,000,000 and 197,650,000 respectively.

- 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.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial statements for the period under review have not been audited or reviewed by the auditor.

- 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 accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements for the year ended 31 December 2013 save as disclosed in Note 5.

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 reason for, and the effect of, the change.***

On 1 January 2014, the Group and the Company adopted all new and revised FRSs and interpretation of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new/revised FRSs and INT FRSs did not result in changes to the Group's and the Company's accounting policies.

6. ***Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding year, after deducting any provision for the preference dividends; (a) Based on weighted average number of shares and (b) On a fully diluted basis (detailing any adjustments made to the earnings)***

	Group			
	Quarter Ended		9 Months Ended	
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
Net profit attributable to equity holders of the Company (US\$'000)	14,648	20,971	63,195	69,177
Weighted average ordinary shares for calculation ('000)				
- Basic	1,820,000	1,201,125	1,680,250	1,201,125
- On fully diluted basis	1,820,000	1,482,375	1,680,250	1,482,375
Earnings per ordinary shares ("EPS")				
(i) Based on weighted average number of ordinary shares issued	0.80	1.75	3.76	5.76
(ii) On fully diluted basis	0.80	1.41	3.76	4.67

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-14	As at 31-Dec-13	As at 30-Sep-14	As at 31-Dec-13
Net asset value (US\$'000)	1,223,716	864,295	1,195,882	904,771
Total number of ordinary shares issued ('000)	1,820,000	1,482,375	1,820,000	1,482,375
Net asset value per ordinary shares (US cents)	67.24	58.30	65.71	61.04

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.***

**Income Statement**

**3rd Quarter 2014 ("Q3 14") vs 3rd Quarter 2013 ("Q3 13")**

	Revenue		Gross Operating Profit		Gross Profit Margin	
	Q3 14 US\$'000	Q3 13 US\$'000	Q3 14 US\$'000	Q3 13 US\$'000	Q3 14 %	Q3 13 %
Offshore Supply Vessels ("OSV") Transportation & Installation ("T&I") (Shallow Water)	42,955	39,734	10,447	15,660	24.3	39.4
Offshore Accommodation ("OA")	9,817	10,964	3,332	2,506	33.9	22.9
Harbour Services & Emergency Response ("HSER")	8,988	9,271	3,255	6,995	36.2	75.4
	5,272	5,112	330	1,586	6.3	31.0
	<u>67,032</u>	<u>65,081</u>	<u>17,363</u>	<u>26,747</u>	<u>25.9</u>	<u>41.1</u>

The Group's revenue was US\$67.0 million as compared to US\$65.1 million in Q3 13. OSV was the largest segment, accounting for 64.1% of the Group's revenue in Q3 14.

OSV segment revenue increased 8.1% to US\$43.0 million (Q3 13: US\$39.7 million). Utilisation rate at 83% in Q3 14 had been adversely impacted by 3 vessels undergoing repairs, of which 2 are presently in Mexico. Excluding these 3 vessels, utilisation rate remained above 90%, which was comparable to Q3 13. Non-recurring repair cost (plus loss of hire days) and the rate revision of a vessel caused the current quarter's gross profit to decline to US\$10.4 million (Q3 13: US\$15.7 million).

The T&I segment remained competitive in Q3 14 and this lowered the utilisation of Anchor Handling Tugs ("AHT") and barges by 10% and 30% respectively. The Group disposed of 4 older vessels during the year as part of its fleet renewal programme, and hence segment revenue fell to US\$9.8 million (Q3 13: US\$11.0 million). The disposal of 4 older vessels improved gross profit margin from 22.9% to 33.9% in Q3 14.

OA segment recorded a 3.1% decline in revenue to US\$9.0 million (Q3 13: US\$9.3 million) due to the off-hire of one vessel but this was partially offset by the delivery of a new vessel in Q2 14.

HSER segment reported a revenue of US\$5.3 million (Q3 13: US\$5.1 million). The additional cost of charter-in harbour tugs, lower utilisation of its heavy lift vessels and absence of salvage revenue caused segment gross operating profit to drop to US\$0.3 million (Q3 13: US\$1.6 million).

General and administrative expenses were lower by US\$1.5 million compared to Q3 13. Whilst personal and other administrative expenses increased by US\$2.5 million, this was partially offset by an absence of allowance for doubtful debts (US\$3.7 million in Q3 13).

Gain from sale of vessels was US\$11.6 million in Q3 14 as compared to US\$2.7 million in Q3 13. Loan interest reduced from US\$3.4 million in Q3 13 to US\$2.4 million in Q3 14 as a result of lower bank borrowings post IPO. Interest income reduced from US\$2.9 million in Q3 13 to US\$0.3 million in Q3 14.

The Group's share from Joint Ventures ("JV") returned a loss of US\$5.7 million in Q3 14 against a profit of US\$1.4 million in Q3 13. This was mainly attributable to a loss of US\$5.0 million from the Group's JVs in Mexico.

The Group recorded a net profit attributable to shareholders of US\$14.6 million in Q3 14 as compared to US\$21.0 million in Q3 13.



**Income Statement (cont'd)**

**9 Months ended 30 September 2014 ("9M 14") vs 9 Months ended 30 September 2013 ("9M 13")**

	Revenue		Gross Operating Profit		Gross Profit Margin	
	9M 14 US\$'000	9M 13 US\$'000	9M 14 US\$'000	9M 13 US\$'000	9M 14 %	9M 13 %
Offshore Supply Vessels ("OSV")	105,066	89,179	27,833	23,887	26.5	26.8
Transportation & Installation ("T&I") (Deepwater)	-	8,196	-	2,537	NM	31.0
T&I (Shallow Water)	34,277	44,468	12,581	15,054	36.7	33.9
Offshore Accommodation ("OA")	22,575	22,403	8,166	11,040	36.2	49.3
Harbour Services & Emergency Response ("HSER")	16,311	17,943	2,157	7,604	13.2	42.4
	<u>178,230</u>	<u>182,189</u>	<u>50,737</u>	<u>60,122</u>	<u>28.5</u>	<u>33.0</u>

The Group's revenue for 9M 14 decreased by 2.2% due mainly to the transfer of T&I Deepwater operations into a JV (which accounted for US\$8.2 million revenue in 9M 13) in Q1 13. On a like-comparison basis, (excluding the assets and operations which were sold to a JV), the Group's revenue in fact increased by 2.4%, whilst gross operating profit would have decreased by 11.9%.

OSV continues to be the Group's largest contributing segment with revenue increasing by 18% from US\$89.2 million to US\$105.1 million. Notwithstanding that two of our vessels in Mexico were off-hire, segment operating profit increased by 16.5% from US\$23.9 million to US\$27.8 million. This is attributable to the full period deployment of new vessels delivered over FY2013, higher time charter rates and utilisation averaging above 90%.

T&I Deepwater was fully integrated into a JV in Q1 14. Revenue from T&I shallow water reduced by 22.9% for the nine months due to reduced utilisation and charter rates. The T&I shallow market has been very challenging with owners offering competitive rates and charter terms. Although gross operating profit is lower on a nine month comparative basis, gross profit margin has improved from 33.4% to 36.7% on the back of the Group's fleet renewal programme.

OA segment took delivery of a 198 pax accommodation vessel (POSH Bawean) in Q2 14 which commenced contribution to the Group. Gross operating profit decreased by 26.0% due to lower utilisation and a vessel being dry docked.

HSER segment registered a reduction of 9.1% in revenue due to lower charter rates and utilization, coupled with the absence of salvage jobs.

General and administrative ("G&A") expenses increased from US\$20.1 million in 9M 13 to US\$24.9 million in 9M 14. This was partially due to increased G&A expenses in Mexico.

Other operating income for 9M 14 was US\$56.2 million, an increase of 62.0% from US\$34.7 million for 9M 13. This comprised mainly of gains on sale of vessels of US\$46.5 million and interest income of US\$5.3 million.

The Group's share of profit from JVs decreased from a profit of US\$7.3 million in 9M 13 to a loss of US\$8.6 million in 9M 14 mainly due to our share of attributable loss of US\$12.5 million from our Mexican JVs. On a positive note, PT Win Offshore, reported an improved performance against same period last year.

**Income Statement (cont'd)**

**9 Months ended 30 September 2014 ("9M 14") vs 9 Months ended 30 September 2013 ("9M 13")**

The Group's net profit attributable to shareholder was US\$63.2 million for 9M 14 as compared to US\$69.2 million registered in 9M 13.

**Statement of Financial Position**

The Group's net assets increased to US\$1,224 million as at 30 September 2014 (31 December 2013: US\$864.3 million) due mainly to net proceeds of US\$296.2 million from issuance of new shares pursuant to the IPO. Included in the fixed assets of US\$1,030 million as of 30 September 2014 are 18 vessels under construction amounting to US\$450 million, scheduled for progressive delivery over the next 2 years.

The IPO net proceeds were used to repay short term bank borrowings as indicated in the IPO Prospectus dated 17 April 2014. Consequently, the Group's total bank borrowings were reduced from US\$807.4 million to US\$486 million. As a result, the Group's net current liabilities reduced to US\$37.9 million.

**Statement of Cash Flows**

The Group generated net operating cashflow of US\$65.0 million in 9M 14 as compared to US\$93.5 million in 9M 13. The lower net operating cashflow was due mainly to lower earnings in the current period.

The Group's net cash used in investing activities was US\$26.1 million as compared to US\$306.9 million in 9M 13. The reduction was due mainly to lower amount paid for vessels under construction and higher proceeds from sale of vessels in the current period.

The Group's net cash flow used in financing activities was US\$38.2 million in 9M 14 as compared to 9M 13 cash generated from financing of US\$213.7 million. During the period, the Group received US\$296.2 million from its IPO and repaid short term bank borrowings of US\$321.4 million.

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

None

**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 recent decline in Brent oil price is mainly driven by the increased export from Libya, higher shale oil production in the US and weak macro data from China and Europe. A continued fall in oil price may result in a slowdown of exploration and drilling activities in the medium term, leading to greater competition in the offshore support vessel market.

Oil majors are also likely to shift their resource allocation from exploration to development and production activities, resulting in greater demand for Production Support Vessel ("PSVs") and floatels. The Group is well positioned to meet this demand with the deliveries of 5 new vessels over the next 12 months.

The Group's Semi-Submersible Accommodation Vessel ("SSAV"), the "POSH Xanadu", has been contracted to Petrobras for one plus one year with a contract value of US\$80.5 million for the first year. The vessel is expected to generate revenue towards the middle of Q1 15. The Group's other SSAV, "POSH Arcadia", is scheduled to be delivered in Q2 15 and efforts are underway to secure employment.

With regards to the Group's JV in Mexico, the JV's customer, Oceanografia, S.A. de C.V. ("OSA"), was placed into bankruptcy proceedings (*concurso mercantil*) and is presently at the conciliatory stage (i.e. an arrangement with the majority of its creditors). The Group and its JVs have been successful in having a significant part of their claims recognised by the Mexican Bankruptcy Court and have submitted an appeal for the balance. As earlier reported, the JV's injunction against the court order obtained by the Mexican State Administrator ("MSA") for PEMEX to stop paying charter hire on vessels chartered from OSA is ongoing.

Notwithstanding our efforts to recover all debts due from OSA, full allowance has been made by the JVs and the Group.

The Company exercised its rights and in October 2014 secured equity control (hence the JV is now a subsidiary) in addition to its existing operational control over all of its Mexican operations and assets. The loans granted by the Company to its Mexican subsidiary are fully underpinned by the value of the vessels.

The Group is actively seeking employment for the vessels, of which one has been deployed to West Africa.

Whilst a conclusive outcome to this matter has taken longer than expected and is still pending, the Group remains committed to the Mexican market. The Mexican petroleum industry reforms with recent legal changes allowing foreign entry and participation into the Mexican offshore oil & gas sector will have a significant impact on the industry. The Group's Mexican presence and experience over the last two years, albeit with its attendant difficulties, positions the Group favourably to take advantage of future opportunities.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Final
Dividend type	Cash
Dividend rate (US\$)	3.5 cents per ordinary share
Tax rate	Tax exempt (one-tier)

**(b) Date payable**

On 18 July 2013, the Company declared a dividend payable at US\$0.035.

**(c) Book closure date**

Not applicable

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the current period reported on.

**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.**

Pursuant to Rule 920(2) of the listing manual of the SGX-ST, a general mandate has been obtained for the Group to enter into Interested Person Transactions with our Interested Persons as set out in the prospectus of the Company dated 17 April 2014 registered with the Monetary Authority of Singapore. During the nine months financial period ended 30 September 2014, the following Interested Person Transactions were entered into by the Group.

Name of interested person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	US\$' 000	US\$' 000
DP Shipbuilding and Engineering Pte Ltd	-	26,754
PaxOcean Engineering Zhousan Co., Ltd	-	4,600
PaxOcean Engineering Zhuhai Co., Ltd	-	98,945
DP Marine Pte Ltd	-	2,239
PSM Perkapalan Sdn Bhd	-	739
DDW-Pax Ocean Shipyard Pte Ltd	-	190
Midpoint Properties Limited	-	459
PaxOcean Engineering Pte Ltd	136	-
Pacific Carriers Ltd	-	794
Raffles Bunkering Pte Ltd	-	151
Kuok (Singapore) Ltd	385	-
<b>TOTAL</b>	<b>521</b>	<b>134,871</b>

Note: Transactions relating to construction of vessels are reported based on the contract value upon signing and not on progress payments made.

**14. Use of IPO net proceeds**

As per the Company's SGX announcements on 25 and 29 April 2014, the Company has disbursed the full amount of estimated net proceeds of US\$296.2 million (S\$373.5 million) raised from the IPO to reduce its bank borrowings.

**15. Negative confirmation pursuant to Rule 705 (5)**

The Board hereby confirms that to the best of their knowledge, 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 2014 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

**Kuok Khoon Ean**  
Chairman

**Gerald Seow**  
Chief Executive Officer/Director

14 November 2014