



PACC OFFSHORE SERVICES HOLDINGS LTD.

Registration Number: 200603185Z

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2014

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 31 December 2014, the POSH Group (including joint ventures) operated a combined fleet of 109 vessels with another 21 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.

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.

PACC OFFSHORE SERVICES HOLDINGS LTD.
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2014

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			12 Months ended		
	31-Dec 2014 US\$'000	31-Dec 2013 US\$'000	% Change	31-Dec 2014 US\$'000	31-Dec 2013 US\$'000	% Change
Revenue	55,807	55,074	1%	234,037	237,263	-1%
Cost of sales	(49,340)	(42,805)	15%	(176,833)	(164,872)	7%
Gross profit	6,467	12,269	-47%	57,204	72,391	-21%
Other operating income	1,830	15,630	-88%	57,983	50,379	15%
Distribution costs	(514)	(417)	23%	(1,573)	(1,613)	-2%
General and administrative Expenses	(8,488)	(11,601)	-27%	(33,347)	(31,686)	5%
Finance costs	(2,286)	(3,508)	-35%	(10,908)	(12,963)	-16%
Share of joint ventures' result	(4,978)	(6,471)	-23%	(13,557)	850	NM
(Loss)/profit before taxation	(7,969)	5,902	NM	55,802	77,358	-28%
Taxation	(1,983)	(1,708)	16%	(2,559)	(3,987)	-36%
Net (loss)/profit for the period	(9,952)	4,194	NM	53,243	73,371	-27%
(Loss)/Profit attributable to:						
Equity holders of the Company	(9,952)	4,194	NM	53,243	73,371	-27%
Non-controlling interests	-	-		-	-	
	(9,952)	4,194	NM	53,243	73,371	-27%

N.M. denotes "Not Meaningful"

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

	Group			
	Quarter ended		12 Months Ended	
	31-Dec 2014 US\$'000	31-Dec 2013 US\$'000	31-Dec 2014 US\$'000	31-Dec 2013 US\$'000
Amortisation of intangible assets	(15)	(71)	(147)	(241)
Depreciation of fixed assets	(12,422)	(9,508)	(39,274)	(36,709)
Gain on disposal of fixed assets	203	7,689	46,659	10,938
Provision for impairment of fixed assets	(2,114)	-	(2,114)	-
Net fair value gain on derivatives	-	4,032	-	19,052
Interest income	1,806	5,531	7,063	15,967
(Allowance for)/reversal of doubtful debts	-	268	(2,055)	(3,109)
Bad debts written off	-	-	(36)	-

PACC OFFSHORE SERVICES HOLDINGS LTD.
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2014

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	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Goodwill	295,303	295,303	-	-
Fixed assets	1,113,689	1,037,610	33,798	208,045
Intangible assets	104	251	33	128
Due from joint ventures	165,541	191,197	165,541	191,197
Investment in subsidiaries	-	-	358,394	432,856
Investment in joint ventures	75,078	20,072	64,700	60,582
Long-term prepayments	4,847	8,847	-	-
	1,654,562	1,553,280	622,466	892,808
Current assets				
Consumables stores	2,437	1,265	-	-
Receivables and other current assets	76,640	67,845	288	2,011
Due from subsidiaries, joint ventures and fellow subsidiaries	124,953	116,259	1,109,512	873,554
Cash and cash equivalents	12,168	10,552	1,687	664
	216,198	195,921	1,111,487	876,229
Fixed assets classified as held for sale	575	24,320	-	-
	216,773	220,241	1,111,487	876,229
Total assets	1,871,335	1,773,521	1,733,953	1,769,037
Non-current liabilities				
Bank borrowings	300,000	300,000	300,000	300,000
Deferred tax liabilities	166	166	-	-
	300,166	300,166	300,000	300,000
Current liabilities				
Payables and accruals	70,393	62,089	19,962	12,605
Advances received from customers	2,400	12,778	-	-
Due to subsidiaries, joint ventures and fellow subsidiaries	19,323	23,367	28,641	41,984
Due to holding companies	405	649	405	649
Bank borrowings	260,500	507,426	260,500	507,426
Provision for taxation	4,384	2,751	3,722	1,602
	357,405	609,060	313,230	564,266
Total liabilities	657,571	909,226	613,230	864,266
Equity				
Share capital	827,201	530,975	827,201	530,975
Accumulated profits	386,265	333,022	293,522	373,796
Other reserves	298	298	-	-
Total equity	1,213,764	864,295	1,120,723	904,771
Total liabilities and equity	1,871,335	1,773,521	1,733,953	1,769,037

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

	As at 31-Dec-2014		As at 31-Dec-2013	
	Unsecured	Secured	Unsecured	Secured
	US\$'000	US\$'000	US\$'000	US\$'000
(i) Amount payable in one year or less, or on demand	260,500	-	507,426	-
(ii) Amount repayable after one year	300,000	-	300,000	-

PACC OFFSHORE SERVICES HOLDINGS LTD.
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2014

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		12 Months Ended	
	31-Dec-14 US\$'000	31-Dec-13 US\$'000	31-Dec-14 US\$'000	31-Dec-13 US\$'000
Cash flows from operating activities				
(Loss)/Profit before taxation	(7,969)	5,902	55,802	77,358
Adjustments for:				
Amortisation of prepayments	134	271	588	660
Amortisation of intangible assets	15	71	147	241
Depreciation of fixed assets	12,422	9,508	39,274	36,709
Fixed assets written off	-	-	1,032	-
Bad debts written off	-	-	36	-
(Reversal of)/allowance for doubtful debts-trade	-	(268)	2,055	3,109
Provision for impairment of fixed assets	2,114	-	2,114	-
Gain on disposal of fixed assets	(203)	(7,689)	(46,659)	(10,938)
Fair value losses on derivatives	-	(606)	-	5,937
Shares of joint ventures' results	4,978	6,471	13,557	(850)
Interest expense	2,286	3,532	10,908	12,762
Interest income	(1,806)	(5,531)	(7,063)	(15,967)
Operating cash flows before working capital changes	11,971	11,661	71,791	109,021
Changes in working capital				
(Increase)/decrease in consumables	(1,518)	812	(1,172)	4,714
Decrease/(increase) in receivables and other current assets	12,960	276	(4,402)	(8,019)
(Decrease)/increase in payables and accruals	(25,994)	27,178	3,910	25,065
Increase/(decrease) in due to holding companies (non-trade)	18	8	(11)	-
Cash (used in)/generated from operations	(2,563)	39,935	70,116	130,781
Interest paid	(2,588)	(2,969)	(12,114)	(9,947)
Interest received	611	5,531	2,991	15,967
Income taxes received/(paid)	(387)	(779)	(926)	(1,584)
Net cash (used in)/generated from operating activities	(4,927)	41,718	60,067	135,217
Cash flows from investing activities				
Acquisition of intangible assets	-	(122)	-	(165)
Acquisition of fixed assets	(86,612)	(124,565)	(190,151)	(416,523)
Proceeds from disposal of fixed assets	10,997	18,382	112,714	26,701
Decrease/(increase) in due from joint ventures	4,558	11,754	(10,652)	12,941
Increase in interest in joint ventures	-	(3,640)	(9,090)	(28,010)
Net cash generated from/(used) in investing activities	(71,057)	(98,191)	(97,179)	(405,056)
Cash flows from financing activities				
Dividends paid	-	-	-	(6,918)
Proceeds from issuance of shares	-	-	296,226	-
Proceeds from/(repayment of) bank borrowings	74,535	49,441	(246,926)	282,101
Increase/(decrease) in due to fellow subsidiaries	2,650	16,146	(10,339)	5,339
(Decrease)/increase in due to holding companies	(227)	616	(233)	(648)
Net cash generated from financing activities	76,958	66,203	38,728	279,874
Net increase in cash and cash equivalents	974	9,730	1,616	10,035
Cash and cash equivalents at beginning of period	11,194	822	10,552	517
Cash and cash equivalents at end of period	12,168	10,552	12,168	10,552

PACC OFFSHORE SERVICES HOLDINGS LTD.
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2014

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.

The Group	Share Capital US\$'000	Retained profits US\$'000	Exchange reserves US\$'000	Equity component of RCPS¹ US\$'000	Total US\$'000
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	-	63,195	-	-	63,195
Balance at 30 Sep 2014	827,201	396,217	298	-	1,223,716
Total comprehensive loss for the period	-	(9,952)	-	-	(9,952)
Balance at 31 Dec 2014	827,201	386,265	298	-	1,213,764
Balance at 1 Jan 2013	380,975	266,569	298	14,672	662,514
Total comprehensive income for the period	-	69,177	-	-	69,177
Dividend paid	-	(6,918)	-	-	(6,918)
Balance at 30 Sep 2013	380,975	328,828	298	14,672	724,773
Total comprehensive income for the period	-	4,194	-	-	4,194
Conversion of RCPS	150,000	-	-	(14,672)	135,328
Balance at 31 Dec 2013	530,975	333,022	298	-	864,295
The Company	Share Capital US\$'000	Retained profits US\$'000	Equity component of RCPS¹ US\$'000	Total US\$'000	
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 Sep 2014	827,201	372,046	-	1,199,247	
Total comprehensive loss for the period	-	(78,524)	-	(78,524)	
Balance at 31 Dec 2014	827,201	293,522	-	1,120,723	
Balance at 1 Jan 2013	380,975	365,086	14,672	760,733	
Total comprehensive income for the period	-	17,881	-	17,881	
Dividend paid	-	(6,918)	-	(6,918)	
Balance at 30 Sep 2013	380,975	376,049	14,672	771,696	
Total comprehensive income for the period	-	(2,253)	-	(2,253)	
Conversion of RCPS	150,000	-	(14,672)	135,328	
Balance at 31 Dec 2013	530,975	373,796	-	904,771	

¹ 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 September 2014 and 31 December 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 31 December 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 31 December 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 year 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		12 Months Ended	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Net (loss)/profit attributable to equity holders of the Company (US\$'000)	(9,952)	4,194	53,243	73,371
Weighted average ordinary shares for calculation ('000)				
- Basic	1,820,000	1,482,375	1,715,475	1,482,375
- On fully diluted basis	1,820,000	1,482,375	1,715,475	1,482,375
Earnings per ordinary shares ("EPS")				
(i) Based on weighted average number of ordinary shares issued	(0.55)	0.28	3.10	4.95
(ii) On fully diluted basis	(0.55)	0.28	3.10	4.95

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	As at	As at	As at
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Net asset value (US\$'000)	1,213,764	864,295	1,120,723	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)	66.69	58.30	61.58	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

4th Quarter 2014 ("Q4 14") vs 4th Quarter 2013 ("Q4 13")

	Revenue			Gross Profit			Gross Profit Margin	
	Q4 14 US\$'000	Q4 13 US\$'000	% change	Q4 14 US\$'000	Q4 13 US\$'000	% change	FY14 %	FY13 %
Offshore Supply Vessels ("OSV")	34,413	31,095	11%	2,672	6,536	-59%	8%	21%
Transportation & Installation ("T&I") (Shallow Water)	7,112	12,447	-43%	1,010	2,150	-53%	14%	17%
Offshore Accommodation ("OA")	6,755	7,057	-4%	2,231	2,893	-23%	33%	41%
Harbour Services & Emergency Response ("HSER")	7,527	4,475	68%	554	690	-20%	7%	15%
	55,807	55,074	1%	6,467	12,269	-47%	12%	22%

The Group achieved revenue of US\$55.8 million in Q4 14 (Q4 13: US\$55.1 million). Gross profit was lower mainly due to OSV and T&I shallow water segments.

OSV's revenue increased by 11% to US\$34.4 million (Q4 13: US\$31.1 million). However, utilisation at 83% (Q4 13: 91%) had been 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 Q4 13. Included in the Q4 14 cost of sales was repair cost of US\$1.5 million for 2 vessels, mobilisation costs of US\$0.4 million and cost recovery by Joint Ventures ("JVs") of US\$2.1 million.

T&I segment revenue declined to US\$7.1 million (Q4 13: US\$12.4 million) due to disposal of 4 older vessels and lower charter rates. This segment remained highly competitive with utilisation of Anchor Handling Tugs ("AHT") and barges at 55% (Q4 13: 86%) and 45% (Q4 13: 70%) respectively.

OA segment revenue saw a slight decline to US\$6.8 million (Q4 13: US\$7.1 million) due to a vessel being dry docked. In December 2014, the Group took delivery of a new 750 pax semi-submersible accommodation vessel (POSH Xanadu) which is contracted to Petrobras Brazil on a 1 + 1 year contract commencing in Q1 15. US\$0.5 million of depreciation was recorded in Q4 14 for this vessel.

HSER segment reported an increase in revenue to US\$7.5 million (Q4 13: US\$4.5 million) due to salvage revenue of US\$3 million for 2 projects. However, cost of charter-in harbour tugs, lower utilisation and higher costs incurred on a salvage project resulted in lower gross profit of US\$0.6 million (Q4 13: US\$0.7 million).

General and administrative expenses were lower by US\$3.1 million compared to Q4 13 mainly due to proportionate accrual of costs throughout the year in FY14.

Income Statement (cont'd)

4th Quarter 2014 ("Q4 14") vs 4th Quarter 2013 ("Q4 13")

Gain from sale of vessels was US\$0.2 million in Q4 14 as compared to US\$7.7 million in Q4 13. The carrying value of assets held for sale were impaired by US\$2.1 million in Q4 14. Loan interest decreased to US\$2.3 million (Q4 13: US\$3.5 million) due to lower borrowings, whilst interest income decreased to US\$1.8 million (Q4 13: US\$5.5 million) due to lower interest income from JVs.

The Group's share from JVs registered a loss of US\$5.0 million in Q4 14 as compared to a loss of US\$6.5 million in Q4 13. This was mainly attributable to a loss of US\$8.3 million from the Group's JVs in Mexico (Q4 13: US\$4.8 million).

The Group recorded a net loss attributable to shareholders of US\$10.0 million in Q4 14 as compared to net profit of US\$4.2 million in Q4 13.

12 Months ended 31 December 2014 ("FY14") vs 12 Months ended 31 December 2013 ("FY13")

	Revenue			Gross Profit			Gross Profit Margin	
	FY14 US\$'000	FY13 US\$'000	% change	FY14 US\$'000	FY13 US\$'000	% change	FY14 %	FY13 %
OSV	139,480	120,274	16%	30,505	30,423	0.3%	22%	25%
T&I - deepwater	-	8,196	NM	-	2,537	NM	-	31%
T&I - shallow water	41,389	56,915	-27%	13,591	17,109	-21%	33%	30%
OA	29,330	29,459	0%	10,398	13,932	-25%	35%	47%
HSER	23,838	22,419	6%	2,710	8,390	-68%	11%	37%
	234,037	237,263	-1%	57,204	72,391	-21%	24%	31%

The Group's revenue for FY14 was US\$234.0 million. Gross profit decreased by 21% to US\$57.2 million due to lower utilisation and higher operating costs.

OSV segment revenue increased by 16% to US\$139.5 million (FY13: US\$120.3 million). Revenue increased due to full year contribution from 4 vessels added in FY13 partially offset by sale of a vessel in FY14. Gross profit margin decreased due mainly to repair cost for 2 vessels in Mexico (US\$1.5 million) to restore them back to class. Utilisation averaged 84% in FY14 as compared to 89% in FY13.

T&I Deepwater was transferred into a JV in Q1 FY14. Revenue from T&I shallow water reduced by 27% for the year due to disposal of vessels, lower utilisation and charter rates. Average utilisation was lower at 63% (FY13: 76%).

OA segment recorded revenue of US\$29.3 million (Q4 13: US\$ 29.5 million) with the delivery of a 198 pax accommodation vessel (POSH Bawean) in Q2 14 and disposal of an older 191 pax accommodation vessel (PAC Bintan) in Q4 14. Gross profit decreased by 25.0% due to lower utilisation and 2 vessels being dry docked. Utilisation averaged 73% in FY14 as compared to 80% in FY13.

HSER segment registered an increase of 6% in revenue due to salvage jobs in Q4 14 offset by lower charter rates and utilisation of harbour services. Gross profit decreased by 68% in FY14 due to higher cost incurred on salvage project as well as higher charter-in cost of vessels to jump-start the new harbour services activities.

Income Statement (cont'd)

12 Months ended 31 December 2014 ("FY14") vs 12 Months ended 31 December 2013 ("FY13")

General and administrative ("G&A") expenses increased by 5% mainly due to higher personnel and related expenses for OA segment.

Other operating income in FY14 was US\$58.0 million and comprised mainly gains on sale of vessels of US\$46.7 million (FY13: US\$10.9 million) and interest income of US\$7.1 million (FY13: US\$16.0 million).

The Group's share of result from JVs was a loss of US\$13.6 million in FY14 after taking into account loss of US\$20.8 million from our Mexican operations.

The Group's net profit attributable to shareholder was US\$53.2 million in FY14 as compared to US\$73.4 million in FY13.

Statement of Financial Position

The Group's net assets increased to US\$1,214 million as at 31 December 2014 (31 December 2013: US\$864.3 million) included net proceeds of US\$296.2 million from issuance of new shares pursuant to the IPO. Fixed assets of US\$1,114 million (as of 31 December 2014) included progressive payments for vessels under construction of US\$318 million, scheduled for delivery over the next 2 years.

The IPO net proceeds contributed to a reduction in bank borrowings from US\$807.4 million to US\$560.5 million. The Group's net current liabilities reduced to US\$140.6 million (FY13: US\$388.8 million).

Statement of Cash Flows

The Group generated a lower net operating cash flow of US\$60.1 million as a result of reduced earnings in the current year (FY13: US\$135.2 million) .

The Group's net cash used in investing activities was US\$97.2 million as compared to US\$405.1 million in FY13. The reduction was mainly due to higher proceeds from sale of vessels in the current year and lower progressive payments for vessels under construction.

The Group's generated net cash flow from financing activities of US\$38.7 million in FY14 as compared to FY13 of US\$279.9 million. US\$296.2 million IPO proceeds was used to reduce bank borrowings.

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 decline in oil prices since the middle of 2014 has resulted in reduced capital expenditure by many oil companies. This will negatively impact charter rates for vessels in the offshore services sector.

The Group's Semi-Submersible Accommodation Vessel ("SSAV"), the POSH Xanadu, is undergoing inspections and trials in Brazil prior to final certifications for deployment in Q1 15. It has been contracted to Petrobras for one plus one year with a contract value of US\$80.5 million for the first year. The Group's other SSAV, POSH Arcadia, is scheduled for delivery in mid 2015 and efforts are ongoing to secure employment.

The Mexican offshore oil and gas sector remains uncertain due to various local factors and the declining oil prices. Whilst the Group continues to pursue opportunities in the Mexican market, it is also actively seeking employment opportunities in other regions and taking steps to reduce operating expenses.

With oil price volatility and uncertainties in the global economy, the Group will focus on cost efficiency and maximise utilisation of vessels. In addition, the Group has deferred certain planned newbuildings. Committed capex as of 31 December 2014 approximates US\$250 million, of which, US\$130 million is expected to be paid in FY2015.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Final
Dividend type	Cash
Dividend rate (S\$)	1.5 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(b) 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 (S\$)	4.5 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(c) Date payable

To be announced at a later date

(d) Book closure date

To be announced at a later date

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

Refer to paragraph 11.

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 full financial year ended 31 December 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	-	29,025
PaxOcean Engineering Zhousan Co., Ltd	-	11,493
PaxOcean Engineering Zhuhai Co., Ltd	-	235,545
DP Marine Pte Ltd	-	2,731
PSM Perkapalan Sdn Bhd	-	903
DDW-Pax Ocean Shipyard Pte Ltd	-	190
Midpoint Properties Limited	-	607
PaxOcean Engineering Pte Ltd	282	965
Pacific Carriers Ltd	-	232
Raffles Bunkering Pte Ltd	-	151
Kuok (Singapore) Ltd	408	-
PACC Ship Managers Pte Ltd	-	103
PACC Container Line Pte Ltd	-	132
TOTAL	690	282,077

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-ST announcement 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.

PACC OFFSHORE SERVICES HOLDINGS LTD.
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2014

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements with comparative information for the immediately preceding year**

<u>Year ended 31 December 2014</u>	OSV US\$'000	T&I US\$'000	OA US\$'000	HSER US\$'000	Total US\$'000
Revenue	139,480	41,389	29,330	23,838	234,037
Segment results	35,606	32,987	2,393	2,393	73,379
Share of joint ventures' results	(15,958)	(1,152)	-	3,553	(13,557)
Interest income					7,063
Interest expense					(10,908)
Taxation					(2,559)
Unallocated other operating income, net					4,020
Unallocated expenses					(4,195)
Profit for the year					<u>53,243</u>
Assets					
Segment assets	919,698	327,380	531,070	67,951	1,846,099
Unallocated assets					25,236
Total assets					<u>1,871,335</u>
Liabilities					
Segment liabilities	34,480	10,763	6,241	10,592	62,076
Unallocated liabilities					595,495
Total liabilities					<u>657,571</u>
Other information					
Depreciation	27,022	5,992	4,284	631	37,929
Addition to non-current assets	36,085	7,010	136,743	9,404	189,242
<u>Year ended 31 December 2013</u>	OSV US\$'000	T&I US\$'000	OA US\$'000	HSER US\$'000	Total US\$'000
Revenue	120,274	65,111	29,459	22,419	237,263
Segment results	24,751	17,516	11,303	4,740	58,310
Share of joint ventures' results	(4,725)	1,341	-	4,234	850
Interest income					15,967
Interest expense					(12,963)
Taxation					(3,987)
Unallocated other operating income, net					20,891
Unallocated expenses					(5,697)
Profit for the year					<u>73,371</u>
Assets					
Segment assets	941,877	333,948	407,887	66,779	1,750,491
Unallocated assets					23,030
Total assets					<u>1,773,521</u>
Liabilities					
Segment liabilities	16,549	23,365	4,988	5,175	50,077
Unallocated liabilities					859,149
Total liabilities					<u>909,226</u>
Other information					
Depreciation	23,115	8,381	2,707	914	35,117
Capital expenditure	105,041	738	307,592	2,075	415,446

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Refer to paragraph 8.

17. A breakdown of sales as follows:-

	GROUP		
	FY14 US\$'000	FY13 US\$'000	Increase/ (decrease) %
(a) Sales reported for the first half year	111,198	117,108	-5%
(b) Operating profit after tax before deducting minority interests reported for the first half year	48,547	48,206	1%
(c) Sales reported for second half year	122,839	120,155	2%
(d) Operating profit after tax before deducting minority interests reported for second half year	4,696	25,165	-81%

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or a chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries, who is a relative of a director or a chief executive officer or substantial shareholder of the Company.

On behalf of the Board of Directors

Kuok Khoon Ean
Chairman

Gerald Seow
Chief Executive Officer/Director

17 February 2015