



**PACC OFFSHORE SERVICES HOLDINGS LTD.**

Registration Number: 200603185Z

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UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2015

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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 31 March 2015, the POSH Group (including joint ventures) operated a combined fleet of 114 vessels with another 15 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).

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 THREE MONTHS ENDED 31 MARCH 2015

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		
	3 Months Ended		
	31-Mar 2015 US\$'000	31-Mar 2014 US\$'000	% Change
Revenue	57,585	52,928	9%
Cost of sales	(49,591)	(37,109)	34%
<b>Gross profit</b>	<b>7,994</b>	15,819	-49%
Other operating income	3,330	35,817	-91%
Distribution costs	(438)	(353)	24%
General and administrative expenses	(6,829)	(7,509)	-9%
Finance costs	(2,567)	(3,500)	-27%
Share of joint ventures' result	(1,320)	(3,196)	-59%
<b>Profit before taxation</b>	<b>170</b>	37,078	-99.5%
Taxation	(149)	(401)	-63%
<b>Net profit for the period</b>	<b>21</b>	36,677	-99.9%
<b>Profit attributable to:</b>			
Equity holders of the Company	21	36,677	-99.9%
Non-controlling interests	-	-	
	<b>21</b>	36,677	-99.9%

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

	Quarter ended	
	31-Mar 2015 US\$'000	31-Mar 2014 US\$'000
	Amortisation of intangible assets	(15)
Depreciation of fixed assets	(12,821)	(8,911)
Gain on disposal of fixed assets	1,264	32,618
Interest income	1,019	3,154
(Allowance for)/reversal of doubtful debts	-	(535)

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
 FOR THE THREE MONTHS ENDED 31 MARCH 2015

**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-Mar-15 US\$'000	31-Dec-14 US\$'000	31-Mar-15 US\$'000	31-Dec-14 US\$'000
<b>Non-current assets</b>				
Goodwill	295,303	295,303	-	-
Fixed assets	1,249,815	1,113,689	23,685	33,798
Intangible assets	88	104	28	33
Due from joint ventures	51,038	165,541	51,038	165,541
Investment in subsidiaries	-	-	358,395	358,394
Investment in joint ventures	79,862	75,078	64,700	64,700
Long-term prepayments	4,714	4,847	-	-
	<u>1,680,820</u>	<u>1,654,562</u>	<u>497,846</u>	<u>622,466</u>
<b>Current assets</b>				
Consumable stores	1,787	2,437	-	-
Receivables and other current assets	106,113	76,640	4,457	288
Due from subsidiaries, joint ventures and fellow subsidiaries	127,783	124,953	1,283,044	1,109,512
Cash and cash equivalents	10,918	12,168	913	1,687
	<u>246,601</u>	<u>216,198</u>	<u>1,288,414</u>	<u>1,111,487</u>
Fixed assets classified as held for sale	575	575	-	-
	<u>247,176</u>	<u>216,773</u>	<u>1,288,414</u>	<u>1,111,487</u>
<b>Total assets</b>	<u>1,927,996</u>	<u>1,871,335</u>	<u>1,786,260</u>	<u>1,733,953</u>
<b>Non-current liabilities</b>				
Bank borrowings	300,000	300,000	300,000	300,000
Deferred tax liabilities	152	166	-	-
	<u>300,152</u>	<u>300,166</u>	<u>300,000</u>	<u>300,000</u>
<b>Current liabilities</b>				
Payables and accruals	67,743	70,393	16,047	19,962
Advances received from customers	2,400	2,400	-	-
Due to subsidiaries, joint ventures and fellow subsidiaries	16,935	19,323	22,832	28,641
Due to holding companies	2,879	405	2,879	405
Bank borrowings	321,795	260,500	321,795	260,500
Provision for taxation	2,307	4,384	1,634	3,722
	<u>414,059</u>	<u>357,405</u>	<u>365,187</u>	<u>313,230</u>
<b>Total liabilities</b>	<u>714,211</u>	<u>657,571</u>	<u>665,187</u>	<u>613,230</u>
<b>Equity</b>				
Share capital	827,201	827,201	827,201	827,201
Accumulated profits	386,286	386,265	293,872	293,522
Other reserves	298	298	-	-
<b>Total equity</b>	<u>1,213,785</u>	<u>1,213,764</u>	<u>1,121,073</u>	<u>1,120,723</u>
<b>Total liabilities and equity</b>	<u>1,927,996</u>	<u>1,871,335</u>	<u>1,786,260</u>	<u>1,733,953</u>

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

	As at 31-Mar-2015		As at 31-Dec-2014	
	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000	Secured US\$'000
(i) Amount payable in one year or less, or on demand	321,795	-	260,500	-
(ii) Amount repayable after one year	300,000	-	300,000	-

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
 FOR THE THREE MONTHS ENDED 31 MARCH 2015

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.*

	<b>Group</b>	
	<b>3 Months Ended</b>	
	<b>31-Mar-15</b>	<b>31-Mar-14</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	170	37,078
Adjustments for:		
Amortisation of prepayments	133	145
Amortisation of intangible assets	15	67
Depreciation of fixed assets	12,821	8,911
Allowance for doubtful debts-trade	-	535
Gain on disposal of fixed assets	(1,264)	(32,618)
Shares of joint ventures' results	1,320	3,196
Interest expense	2,567	3,500
Interest income	(1,019)	(3,154)
Operating cash flows before working capital changes	<u>14,743</u>	<u>17,660</u>
Changes in working capital		
Decrease/(increase) in consumables	650	(78)
Increase in receivables and other current assets	(29,332)	(7,769)
(Decrease)/increase in payables and accruals	(1,499)	12,683
Increase in amount due to holding companies (non-trade)	-	42
Cash (used in)/generated from operations	<u>(15,438)</u>	<u>22,538</u>
Interest paid	(2,364)	(4,412)
Interest received	878	1,560
Income taxes paid	(2,240)	-
<b>Net cash (used in)/generated from operating activities</b>	<u>(19,164)</u>	<u>19,686</u>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(148,952)	(46,017)
Proceeds from disposal of fixed assets	-	34,283
Decrease in amount due from joint ventures	106,661	116
<b>Net cash used in investing activities</b>	<u>(42,291)</u>	<u>(11,618)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	61,295	3,154
Decrease in amount due to fellow subsidiaries	(3,952)	(12,922)
Increase in amount due to holding companies	2,862	3,415
<b>Net cash generated from/(used in) financing activities</b>	<u>60,205</u>	<u>(6,353)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(1,250)</u>	<u>1,715</u>
Cash and cash equivalents at beginning of period	<u>12,168</u>	<u>10,552</u>
<b>Cash and cash equivalents at end of period</b>	<u>10,918</u>	<u>12,267</u>

**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>Total US\$'000</b>
Balance at 1 Jan 2015	827,201	386,265	298	1,213,764
Total comprehensive income for the period	-	21	-	21
<b>Balance at 31 Mar 2015</b>	<b>827,201</b>	<b>386,286</b>	<b>298</b>	<b>1,213,785</b>
Balance at 1 Jan 2014	530,975	333,022	298	864,295
Total comprehensive income for the period	-	36,677	-	36,677
<b>Balance at 31 Mar 2014</b>	<b>530,975</b>	<b>369,699</b>	<b>298</b>	<b>900,972</b>
<b>The Company</b>	<b>Share Capital US\$'000</b>	<b>Retained profits US\$'000</b>	<b>Total US\$'000</b>	
Balance at 1 Jan 2015	827,201	293,522	1,120,723	
Total comprehensive income for the period	-	350	350	
<b>Balance at 31 Mar 2015</b>	<b>827,201</b>	<b>293,872</b>	<b>1,121,073</b>	
Balance at 1 Jan 2014	530,975	373,796	904,771	
Total comprehensive income for the period	-	(1,212)	(1,212)	
<b>Balance at 31 Mar 2014</b>	<b>530,975</b>	<b>372,584</b>	<b>903,559</b>	

**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.

**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) remained at 1,820,000,000 as at 31 March 2015 and 31 December 2014.

**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 2014.

**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.**

None.

**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)**

	<b>Group</b>	
	<b>3 Months Ended</b>	
	<b>31-Mar-15</b>	<b>31-Mar-14</b>
Net profit attributable to equity holders of the Company (US\$'000)	21	36,677
Weighted average ordinary shares for calculation ('000)		
- Basic	1,820,000	1,482,375
- On fully diluted basis	1,820,000	1,482,375
Earnings per ordinary shares ("EPS") (US cents)		
(i) Based on weighted average number of ordinary shares issued	0.001	2.47
(ii) On fully diluted basis	0.001	2.47

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	As at 31-Mar-15	As at 31-Dec-14	As at 31-Mar-15	As at 31-Dec-14
Net asset value (US\$'000)	1,213,785	1,213,764	1,121,073	1,120,723
Total number of ordinary shares issued ('000)	1,820,000	1,820,000	1,820,000	1,820,000
Net asset value per ordinary shares (US cents)	66.69	66.69	61.60	61.58

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

### 1st Quarter 2015 ("Q1 FY15") vs 1st Quarter 2014 ("Q1 FY14")

	Revenue			Gross Profit			Gross Profit Margin	
	Q1 15 US\$ '000	Q1 14 US\$ '000	% Change	Q1 15 US\$ '000	Q1 14 US\$ '000	% Change	Q1 15 %	Q1 14 %
Offshore Supply Vessels ("OSV")	32,755	28,908	13%	3,899	7,444	-48%	12%	26%
Transportation & Installation ("T&I")	6,041	13,446	-55%	1,540	6,525	-76%	25%	49%
Offshore Accommodation ("OA")	13,120	4,258	208%	1,613	287	462%	12%	7%
Harbour Services and Emergency Response ("HSER")	5,669	6,316	-10%	942	1,563	-40%	17%	25%
	<u>57,585</u>	<u>52,928</u>	9%	<u>7,994</u>	<u>15,819</u>	-49%	14%	30%

## **Segmental Review**

In Q1 FY15, the Group registered revenue of US\$57.6 million, a 9% increase from Q1 FY14's US\$52.9 million. This was driven mainly by contribution from the OSV and OA segments. OA registered a 208% increase in revenue, on initial revenue recognition from the commencement of charters from 2 new builds, "POSH Xanadu" (a 750-pax semi-submersible accommodation vessel "SSAV") and "POSH Endurance" (238-pax light construction vessel "LCV"). Both vessels commenced their charters towards the end of Q1 FY15. Overall gross profit decreased to US\$8.0 million due mainly to higher cost from OSV segment and initial cost of new vessels delivered in Q1 FY15.

### OSV

OSV revenue increased by 13% to US\$32.8 million (Q1 FY14: US\$28.9 million). Utilisation rate was 82% (Q1 FY14: 85%) (excluding 6 Mexico vessels which were progressively transferred to the OSV fleet). Gross profit decreased due to operating expenses incurred by the Mexico vessels amounting to US\$3.9 million, of which US\$1.3 million related to redeployment cost.

### T&I

Revenue for Q1 FY15 was US\$6.0 million, a 55% decrease as compared with Q1 FY14's US\$13.4 million. Utilisation of its AHT vessels and barges decreased to 60% (Q1 FY14: 62%) and 37% (Q1 FY14: 62%) respectively. Consequently, gross profit decreased by 76% in the period under review.

### Income Statement (cont'd)

#### OA

POSH Xanadu and POSH Endurance commenced charter towards the end of Q1 FY15, contributing to higher revenue and gross profit in the quarter. Gross profit increased to US\$1.6 million (Q1 FY14: US\$0.3 million).

#### HSER

HSER revenue of US\$5.7 million (Q1 FY14: US\$6.3 million) was mainly due to lower utilisation of its heavy lift vessels and absence of salvage jobs during the period.

#### Expenses

General and administrative expenses decreased by 9% due to absence of allowance for doubtful debt (Q1 FY14: US\$0.5 million) and lower costs. Finance cost decreased by 27% to US\$2.6 million due to lower borrowings.

#### Other income

Other income decreased to US\$3.3 million (Q1 FY14: US\$35.8 million) due to lower gain from the sale of vessels. The gain from the sale of 5 vessels to a Joint Venture amounting to US\$25.9 million was included in Q1 FY14.

#### Share from Joint Ventures

The Group's share from Joint Ventures ("JV") was a loss of US\$1.3 million in Q1 FY15 (Q1 FY14: US\$3.2 million) due mainly to losses incurred in Mexico. Losses from Mexican JVs arose mainly from operational costs incurred by vessels prior to their ownership transfer to Group subsidiaries and consequently are not expected to recur. The Group's share of US\$1.4 million profit from Pacific Workboats included a gain on disposal of a vessel of US\$1 million. For POSH Terasea, utilisation rates increased to 65% (Q1 FY14: 40%) resulting in increased profit of US\$2.5 million attributable to the Group.

	<b>Share of Joint Ventures Results</b>		
	<b>Q1 15</b>	<b>Q1 14</b>	<b>%</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>Change</b>
Mexico JVs	(5,254)	(5,330)	-1%
POSH Terasea (PTPL)	2,540	768	231%
Pacific Workboats (PWPL)	1,428	712	101%
Others	(34)	654	-105%
<b>Total</b>	<b>(1,320)</b>	<b>(3,196)</b>	<b>-59%</b>

### Statement of Financial Position

The Group's net assets remained unchanged at US\$1,213.8 million as at 31 March 2015 whilst fixed assets increased by US\$136.1 million due mainly to vessels being transferred from joint ventures. The increase in receivables and other current assets of US\$29.5 million was due mainly to revenue recognised and deferred project expenses for new charters in the OA segment. The net current liabilities of the Group increased from US\$140.6 million to US\$166.9 million due mainly to increased bank borrowings to fund milestone payments for 5 new vessels delivered in Q1 FY15 as well as for other vessels under construction.

### Statement of Cash Flows

The Group's net cash used in operations was US\$19.2 million in Q1 FY15 compared to US\$19.7 million cash generated in Q1 FY14. The lower net operating cash flow was due to lower earnings in the current period as well as working capital changes.

The Group's net cash used in investing activities was US\$42.3 million as compared to US\$11.6 million in Q1 FY14. The increase was due to payments for new builds as well as vessels under construction and settlement of amounts due from joint ventures in relation to vessels transferred to the Group.

The Group generated cash flow from financing activities of US\$60.2 million in Q1 FY15 as compared to net cash used in Q1 FY14 of US\$6.3 million due mainly to higher 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 oil price continues to remain under pressure and consequently, the Group does not expect any significant increase in demand from offshore oilfield development activities. This will continue to put pressure on rates and utilisation.

In Q1 FY15, the Group has secured long term contracts worth US\$140 million, which will commence and contribute to the Group's earnings from Q2 FY15.

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) 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 three months financial period ended 31 March 2015, 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	160	299
Sea Puffin Pte Ltd	-	661
DP Marine Pte Ltd	-	560
PSM Perkapalan Sdn Bhd	-	102
Midpoint Properties Limited	-	145
PaxOcean Engineering Pte Ltd	-	443
Kuok (Singapore) Ltd	-	2,341*
<b>TOTAL</b>	<b>160</b>	<b>4,551</b>

Note:

\*This amount represents actual billing in Q1 FY15 for shared services provided in FY14. An accrual for shared services expenses were recorded in FY14 and reflected in Note 26 of the financial statements for financial year ended 31 December 2014.

14. ***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 three months ended 31 March 2015 to be false or misleading in any material respect.

**On behalf of the Board of Directors**

**Kuok Khoon Ean**  
**Chairman**

**Gerald Seow**  
**Chief Executive Officer/Director**

5 May 2015