PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

Q2 FY2016 LOSS IN CHALLENGING MARKET CONDITIONS

- *Q2 FY2016 revenue at US$46.1 million; net loss attributable to shareholders of US$17.5 million amid continued challenging industry conditions*
- *Generated US$10.3 million in net operating cash flow in Q2 FY2016*

Group Financial Performance for Q2 and 1H FY2016

	Quarter ended			Six months ended		
	30 June 2016 (US$'000)	30 June 2015 (US$'000)	% change	30 June 2016 (US$'000)	30 June 2015 (US$'000)	% change
Revenue	46,109	71,022	(35)	104,806	128,607	(19)
Gross profit	1,833	14,466	(87)	15,878	22,460	(29)
Share of joint ventures' results	(3,118)	3,304	NM*	(1,738)	1,984	NM*
Net (loss) /profit attributable to Shareholders ("NLAT/NPAT")	(17,527)	6,110	NM*	(13,076)	6,131	NM*

**NM denotes not meaningful*

SINGAPORE, 2 August 2016 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today reported results for the second quarter ended 30th June 2016 ("**Q2 FY2016**").

Amid continued challenging conditions across the industry, the Group recorded a 35% decline in revenue year-on-year ("**YoY**") to US$46.1 million. This is due to lower performance from its three major business segments. POSH registered a gross profit of US$1.8 million.

Share of joint ventures' results recorded a loss of US$3.1 million mainly due to an allowance for doubtful debt of POSH Terasea.

Overall, POSH reported a net loss attributable to shareholders ("**NLAT**") of US$17.5 million, compared to a net profit of US$6.1 million in the previous corresponding period.

For the six months ended 30 June 2016 ("**1H FY2016**"), revenue at POSH declined by 19% YoY to US$104.8 million on lower charter rates and utilisation from most business segments, offset by increased contribution from the Offshore Accommodation ("**OA**") segment. Correspondingly, gross profit fell 29% to US$15.9 million. The Group's share of joint ventures' loss was US$1.7 million, mainly due to an allowance for doubtful debt of POSH Terasea. For 1H FY2016, POSH booked a net loss attributable to shareholders of US$13.1 million, versus a net profit of U$6.1 million in the previous corresponding period.

The Group generated net operating cash flow of US$30.6 million for 1H FY2016, with a net gearing of 0.57 times as at the end of June 2016.

Business Segment Performance for Q2 FY2016

	Revenue			**Gross (Loss)/Profit**		
	Quarter ended			**Quarter ended**		
	30 Jun 2016 (US$'000)	**30 Jun 2015 (US$'000)**	**% change**	**30 Jun 2016 (US$'000)**	**30 Jun 2015 (US$'000)**	**% change**
Offshore Supply Vessels	19,665	31,532	(38)	(2,746)	(721)	281
Offshore Accommodation	16,612	26,305	(37)	2,736	13,060	(79)
Transportation & Installation	3,856	8,053	(52)	179	1,691	(89)
Harbour Services & Emergency Services	5,976	5,132	16	1,664	436	282

Offshore Supply Vessels ("OSV")

Revenue declined by 38% in Q2 FY2016 to US$19.7 million (Q2 FY2015: US$31.5 million) mainly due to lower charter rates from discounts on rates previously contracted, reduced rates of new contracts and lower utilisation levels from project delays. As a result, the segment registered a gross loss of US$2.7 million.

Offshore Accommodation ("OA")

Revenue decreased by 37% to US$16.6 million mainly due to a lower charter rate for the POSH Xanadu semi-submersible accommodation vessel ("**SSAV**") upon its contract extension and lower utilisation of the Group's light construction vessels ("**LCVs**"). Gross profit for the period was US$2.7 million.

Transportation & Installation ("T&I")

Revenue decreased by 52% to US$3.9 million mainly on lower charter rates and utilisation levels arising from reduction in capital expenditure and the cancellation of projects by oil companies. As a result, gross profit decreased to US$179,000.

Harbour Services & Emergency Response ("HSER")

HSER reported a 16% increase in revenue on improved utilisation from new charters and a higher number of spot jobs for its harbour tugs in Q2 FY2016. Gross profit increased to US$1.7 million.

Outlook

Capital expenditure in the offshore oil and gas industry has slowed significantly and oilfield operators continue to seek further operating cost reductions. This has exerted downward pressure on the Group's vessel utilisation and charter rates, which is expected to have a negative impact on the Group's financial performance for the year.

Captain Gerald Seow, Chief Executive Officer of POSH, said, "Our financial performance this past quarter is a reflection of the continued uncertainty surrounding our industry.

Management will focus on achieving positive net operating cash generation through cost reduction and improving vessels utilisation.

We are encouraged by our recent contract wins including for POSH Arcadia and eight of our offshore supply vessels."

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About PACC Offshore Services Holdings ("POSH")

PACC Offshore Services Holdings ("POSH") is listed on the Singapore Exchange and is one of the largest Asia-based international operators of offshore support vessels, and among the top five globally, with a diversified fleet providing marine support services to the offshore oil and gas industry.

The Group's four key business segments are:

Offshore Supply Vessels (**"OSV"**) – supports mid- to deep-water operations of rigs and oilfield operators (exploration and construction phases)

Offshore Accommodation (**"OA"**) – operates a fleet of offshore accommodation vessels providing a range of solutions for offshore construction, modification & maintenance, and decommissioning activities

Transport & Installation (**"T&I"**) – supports marine contractors in construction and maintenance of oilfield infrastructure and pipelines

Harbour Services & Emergency Response (**"HSER"**) – operates a fleet of harbour tugs actively engaged in supporting harbour towage operators. A joint venture also provides heavy lift services to shipyards engaged in the construction, repair and conversion of ships, offshore drilling units, other offshore structures, topside production and processing facilities.