



**PACC OFFSHORE SERVICES HOLDINGS LTD.**

Registration Number: 200603185Z

---

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2016

---

## **Introduction**

PACC Offshore Services Holdings Ltd. ("POSH") is one of 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 2016, the POSH Group (including joint ventures) operated a combined fleet of 119 vessels with another 14 vessels on order, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, Utility Maintenance Vessels, Platform Supply Vessels, Light Construction Vessels, Accommodation Vessels and Harbour Tugs.

The POSH fleet operates worldwide, serving offshore oilfields in Asia, Australasia, Africa, Middle-East 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.

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

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2016

1(a)(i). *Group Income Statement*

	Group					
	Quarter ended			12 Months ended		
	31-Dec-16 US\$'000	31-Dec-15 US\$'000	% Change	31-Dec-16 US\$'000	31-Dec-15 US\$'000	% Change
Revenue	36,665	71,816	-49%	183,100	280,820	-35%
Cost of sales	(46,122)	(54,630)	-16%	(178,115)	(222,794)	-20%
<b>Gross (loss)/profit</b>	<b>(9,457)</b>	17,186	NM	<b>4,985</b>	58,026	-91%
Other expenses						
Impairment of goodwill	(111,179)	(127,000)	-12%	(111,179)	(127,000)	-12%
Impairment of fixed assets	(198,950)	(21,437)	828%	(198,950)	(21,437)	828%
Other operating income	4,721	4,007	18%	7,335	12,872	-43%
Distribution costs	(279)	(489)	-43%	(1,001)	(1,691)	-41%
General and administrative expenses	(6,616)	(6,062)	9%	(27,627)	(28,014)	-1%
Allowance for doubtful debts	(2,584)	-	NM	(13,768)	(2,004)	587%
Bad debts written-off	(1,882)	-	NM	(1,882)	-	NM
Finance costs	(4,115)	(2,655)	55%	(14,412)	(10,357)	39%
Share of joint ventures' result	(15,495)	(12,383)	25%	(13,814)	(9,526)	45%
<b>Loss before taxation</b>	<b>(345,836)</b>	(148,833)	132%	<b>(370,313)</b>	(129,131)	187%
Taxation	371	(836)	NM	(1,271)	(1,828)	-30%
<b>Net loss for the period</b>	<b>(345,465)</b>	(149,669)	131%	<b>(371,584)</b>	(130,959)	184%
<b>Loss attributable to:</b>						
Equity holders of the Company	(345,436)	(149,669)	131%	(371,448)	(130,959)	184%
Non-controlling interests	(29)	-	NM	(136)	-	NM
	<u>(345,465)</u>	<u>(149,669)</u>	131%	<u>(371,584)</u>	<u>(130,959)</u>	184%
<b>Note:</b>						
<b>Net loss for the period</b>	<b>(345,465)</b>	(149,669)	131%	<b>(371,584)</b>	(130,959)	184%
<b>Less:</b>						
Impairment of goodwill	(111,179)	(127,000)	-12%	(111,179)	(127,000)	-12%
Impairment of fixed assets	(198,950)	(21,437)	828%	(198,950)	(21,437)	828%
Fixed assets written-off	(64)	(3)	NM	(505)	(210)	140%
Gain on disposal of fixed assets	41	1,441	-97%	352	4,066	-91%
	<u>(310,152)</u>	<u>(146,999)</u>	111%	<u>(310,282)</u>	<u>(144,581)</u>	115%
<b>Net (loss)/profit excluding the above items</b>	<b>(35,313)</b>	(2,670)	NM	<b>(61,302)</b>	13,622	NM

NM denotes "Not Meaningful".

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2016

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

	Group			
	Quarter ended		12 Months Ended	
	31-Dec-16 US\$'000	31-Dec-15 US\$'000	31-Dec-16 US\$'000	31-Dec-15 US\$'000
Amortisation of intangible assets	(4)	(32)	(33)	(75)
Depreciation of fixed assets	(19,487)	(16,428)	(69,626)	(60,655)
Exchange gain	143	431	226	1,059
Fixed assets written-off	(64)	(3)	(505)	(210)
Gain on disposal of fixed assets	41	1,441	352	4,066
Impairment of fixed assets	(198,950)	(21,437)	(198,950)	(21,437)
Impairment of goodwill	(111,179)	(127,000)	(111,179)	(127,000)
Interest income	542	830	2,259	3,217
Interest expense	(4,115)	(2,655)	(14,412)	(10,357)
Allowance for doubtful debts	(2,584)	-	(13,768)	(2,004)
Bad debts written-off	(1,882)	-	(1,882)	-

1(a)(iii). Consolidated Statement of Comprehensive Income

	Group					
	Quarter ended			12 Months ended		
	31-Dec-16 US\$'000	31-Dec-15 US\$'000	% Change	31-Dec-16 US\$'000	31-Dec-15 US\$'000	% Change
<b>Net loss for the period</b>	<b>(345,465)</b>	(149,669)	131%	<b>(371,584)</b>	(130,959)	184%
<b>Other comprehensive (loss)/income:</b>						
Items that may be reclassified subsequently to profit or loss						
Cash flow hedges-fair value gain	7,485	-	NM	5,600	-	NM
<b>Other comprehensive income for the period</b>	<b>7,485</b>	-	NM	<b>5,600</b>	-	NM
<b>Total comprehensive loss for the period</b>	<b>(337,980)</b>	(149,669)	126%	<b>(365,984)</b>	(130,959)	179%
<b>Total comprehensive loss for the period attributable to:</b>						
Equity holders of the Company	(337,951)	(149,669)	126%	(365,848)	(130,959)	179%
Non-controlling interests	(29)	-	NM	(136)	-	NM
	<b>(337,980)</b>	(149,669)	126%	<b>(365,984)</b>	(130,959)	179%

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2016

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-16 US\$'000	31-Dec-15 US\$'000	31-Dec-16 US\$'000	31-Dec-15 US\$'000
<b>Non-current assets</b>				
Goodwill	57,124	168,303	-	-
Fixed assets	1,184,927	1,278,147	96,638	46,861
Intangible assets	12	29	-	1
Due from joint ventures	21,834	22,871	21,834	22,871
Investment in subsidiaries	-	-	331,616	356,662
Investment in joint ventures	63,189	76,734	44,507	48,317
Long-term prepayments	1,983	3,774	-	-
Other non-current assets	5,600	7,515	-	-
	<u>1,334,669</u>	<u>1,557,373</u>	<u>494,595</u>	<u>474,712</u>
<b>Current assets</b>				
Consumables	1,677	805	-	-
Receivables and other current assets	79,626	93,761	3,443	4,386
Due from subsidiaries, joint ventures and related companies	72,013	66,101	860,585	1,197,635
Cash and cash equivalents	15,058	13,779	3,850	2,003
	<u>168,374</u>	<u>174,446</u>	<u>867,878</u>	<u>1,204,024</u>
Fixed assets classified as held for sale	2,547	1,791	-	-
	<u>170,921</u>	<u>176,237</u>	<u>867,878</u>	<u>1,204,024</u>
<b>Total assets</b>	<u>1,505,590</u>	<u>1,733,610</u>	<u>1,362,473</u>	<u>1,678,736</u>
<b>Non-current liabilities</b>				
Bank borrowings	439,225	-	200,000	-
Other non-current liabilities	414	138	-	-
	<u>439,639</u>	<u>138</u>	<u>200,000</u>	<u>-</u>
<b>Current liabilities</b>				
Payables and accruals	73,561	69,247	20,259	19,463
Advances received from customers	198	3,400	-	-
Due to subsidiaries, joint ventures and related companies	31,806	36,130	51,429	53,310
Due to holding company	195	584	195	584
Bank borrowings	269,107	559,730	248,487	559,730
Provision for taxation	2,821	3,338	2,128	2,038
	<u>377,688</u>	<u>672,429</u>	<u>322,498</u>	<u>635,125</u>
<b>Total liabilities</b>	<u>817,327</u>	<u>672,567</u>	<u>522,498</u>	<u>635,125</u>
<b>Equity</b>				
Share capital	827,201	827,201	827,201	827,201
Treasury shares	(1,828)	(1,669)	(1,828)	(1,669)
Retained (losses)/profits	(142,939)	235,213	14,602	218,079
Other reserves	5,898	298	-	-
	<u>688,332</u>	<u>1,061,043</u>	<u>839,975</u>	<u>1,043,611</u>
Non-controlling interest	(69)	-	-	-
<b>Total equity</b>	<u>688,263</u>	<u>1,061,043</u>	<u>839,975</u>	<u>1,043,611</u>
<b>Total liabilities and equity</b>	<u>1,505,590</u>	<u>1,733,610</u>	<u>1,362,473</u>	<u>1,678,736</u>

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2016

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

	As at 31-Dec-16		As at 31-Dec-15	
	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000	Secured US\$'000
(i) Amount payable in one year or less, or on demand	248,487	20,620	559,730	-
(ii) Amount repayable after one year	200,000	239,225	-	-

In FY2016, the Group refinanced its loan facilities with existing banks to facilities with longer tenor of 5 years to 7 years.

**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-16 US\$'000	31-Dec-15 US\$'000	31-Dec-16 US\$'000	31-Dec-15 US\$'000
<b>Cash flows from operating activities</b>				
Loss before taxation	(345,836)	(148,833)	(370,313)	(129,131)
Adjustments for:				
Amortisation of prepayments	91	91	364	461
Amortisation of intangible assets	4	32	33	75
Depreciation of fixed assets	19,487	16,428	69,626	60,655
Fixed assets written off	64	3	505	210
Bad debts written off	1,882	-	1,882	-
Allowance for doubtful debts-trade	2,584	-	13,768	2,004
Impairment of fixed assets	198,950	21,437	198,950	21,437
Impairment of goodwill	111,179	127,000	111,179	127,000
Gain on disposal of fixed assets	(41)	(1,441)	(352)	(4,066)
Shares of joint ventures' results	15,495	12,383	13,814	9,526
Interest expense	4,115	2,655	14,412	10,357
Interest income	(542)	(830)	(2,259)	(3,217)
Unrealised exchange gain	(104)	(7)	(320)	(6)
Operating cash flows before working capital changes	7,328	28,918	51,289	95,305
Changes in working capital				
(Increase)/decrease in consumables	(721)	216	(872)	1,632
(Increase)/decrease in receivables and other current assets	(3,275)	17,905	(28)	(13,163)
(Decrease)/increase in payables and accruals	(1,846)	(6,974)	1,226	(4,355)
Cash generated from operations	1,486	40,065	51,615	79,419
Interest paid	(2,909)	(2,134)	(14,139)	(9,689)
Interest received	541	938	2,256	2,755
Income taxes paid	14	(1)	(1,512)	(2,902)
<b>Net cash (used in)/generated from operating activities</b>	<b>(868)</b>	<b>38,868</b>	<b>38,220</b>	<b>69,583</b>
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets	(1)	-	(16)	-
Acquisition of fixed assets	(71,074)	(29,176)	(171,049)	(258,193)
Proceeds from disposal of fixed assets	10	1,444	2,239	2,156
(Increase)/decrease in due from joint ventures	(9,164)	(11,638)	(4,587)	206,087
<b>Net cash used in investing activities</b>	<b>(80,229)</b>	<b>(39,370)</b>	<b>(173,413)</b>	<b>(49,950)</b>

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2016

	Group			
	Quarter Ended		12 Months Ended	
	31-Dec-16 US\$'000	31-Dec-15 US\$'000	31-Dec-16 US\$'000	31-Dec-15 US\$'000
<b>Cash flows from financing activities</b>				
Capital injection from non-controlling interest of a subsidiary	-	-	67	-
Purchase of treasury shares	-	(609)	(159)	(1,669)
Dividends paid	-	-	(6,704)	(20,093)
Proceeds from/(repayment of) bank borrowings	80,898	(5,665)	148,602	(770)
Increase/(decrease) in due to joint ventures and related companies	1,280	6,951	(5,265)	3,938
Increase/(decrease) in due to a holding company	79	460	(389)	566
<b>Net cash generated from/(used in) financing activities</b>	<b>82,257</b>	<b>1,137</b>	<b>136,152</b>	<b>(18,028)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,160</b>	<b>635</b>	<b>959</b>	<b>1,605</b>
Effect of exchange rate changes on cash and cash equivalents	104	7	320	6
Cash and cash equivalents at beginning of period	13,794	13,137	13,779	12,168
<b>Cash and cash equivalents at end of period</b>	<b>15,058</b>	<b>13,779</b>	<b>15,058</b>	<b>13,779</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.

The Group	Attributable to Shareholders of the Company						
	Share capital US\$'000	Treasury shares US\$'000	Retained profits / (losses) US\$'000	Hedging reserve US\$'000	Exchange reserves US\$'000	Non-controlling interest US\$'000	Total US\$'000
Balance at 1 Jan 2016	827,201	(1,669)	235,213	-	298	-	1,061,043
Purchase of treasury shares	-	(159)	-	-	-	-	(159)
Incorporation of a subsidiary	-	-	-	-	-	67	67
Dividends paid	-	-	(6,704)	-	-	-	(6,704)
Loss for the period	-	-	(26,012)	-	-	(107)	(26,119)
Other comprehensive loss	-	-	-	(1,885)	-	-	(1,885)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(26,012)</b>	<b>(1,885)</b>	<b>-</b>	<b>(107)</b>	<b>(28,004)</b>
Balance at 30 Sep 2016	827,201	(1,828)	202,497	(1,885)	298	(40)	1,026,243
Loss for the period	-	-	(345,436)	-	-	(29)	(345,465)
Other comprehensive income	-	-	-	7,485	-	-	7,485
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(345,436)</b>	<b>7,485</b>	<b>-</b>	<b>(29)</b>	<b>(337,980)</b>
Balance at 31 Dec 2016	827,201	(1,828)	(142,939)	5,600	298	(69)	688,263

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2016

<b>The Group</b>	<b>Attributable to Shareholders of the Company</b>						<b>Total US\$'000</b>
	<b>Share capital US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Retained profits US\$'000</b>	<b>Hedging reserve US\$'000</b>	<b>Exchange reserves US\$'000</b>	<b>Non-controlling interest US\$'000</b>	
Balance at 1 Jan 2015	827,201	-	386,265	-	298	-	1,213,764
Purchase of treasury shares	-	(1,060)	-	-	-	-	(1,060)
Dividends paid	-	-	(20,093)	-	-	-	(20,093)
Profit for the period, representing total comprehensive income for the period	-	-	18,710	-	-	-	18,710
<b>Balance at 30 Sep 2015</b>	<b>827,201</b>	<b>(1,060)</b>	<b>384,882</b>	<b>-</b>	<b>298</b>	<b>-</b>	<b>1,211,321</b>
Purchase of treasury shares	-	(609)	-	-	-	-	(609)
Loss for the period, representing total comprehensive loss for the period	-	-	(149,669)	-	-	-	(149,669)
<b>Balance at 31 Dec 2015</b>	<b>827,201</b>	<b>(1,669)</b>	<b>235,213</b>	<b>-</b>	<b>298</b>	<b>-</b>	<b>1,061,043</b>

<b>The Company</b>	<b>Share capital US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Retained profits US\$'000</b>	<b>Total US\$'000</b>
<b>Balance at 1 Jan 2016</b>	<b>827,201</b>	<b>(1,669)</b>	<b>218,079</b>	<b>1,043,611</b>
<b>Dividends paid</b>	<b>-</b>	<b>-</b>	<b>(6,704)</b>	<b>(6,704)</b>
<b>Purchase of treasury shares</b>	<b>-</b>	<b>(159)</b>	<b>-</b>	<b>(159)</b>
<b>Loss for the period, representing total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(6,524)</b>	<b>(6,524)</b>
<b>Balance at 30 Sep 2016</b>	<b>827,201</b>	<b>(1,828)</b>	<b>204,851</b>	<b>1,030,224</b>
<b>Loss for the period, representing total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(190,249)</b>	<b>(190,249)</b>
<b>Balance at 31 Dec 2016</b>	<b>827,201</b>	<b>(1,828)</b>	<b>14,602</b>	<b>839,975</b>
Balance at 1 Jan 2015	827,201	-	293,522	1,120,723
Dividends paid	-	-	(20,093)	(20,093)
Purchase of treasury shares	-	(1,060)	-	(1,060)
Loss for the period, representing total comprehensive loss for the period	-	-	(4,211)	(4,211)
<b>Balance at 30 Sep 2015</b>	<b>827,201</b>	<b>(1,060)</b>	<b>269,218</b>	<b>1,095,359</b>
Purchase of treasury shares	-	(609)	-	(609)
Loss for the period, representing total comprehensive loss for the period	-	-	(51,139)	(51,139)
<b>Balance at 31 Dec 2015</b>	<b>827,201</b>	<b>(1,669)</b>	<b>218,079</b>	<b>1,043,611</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.

As at 31 December 2016, 8,052,900 treasury shares were held by the Company (31 December 2015: 7,294,600). These shares represent 0.4% (31 December 2015: 0.4%) of the total number of issued shares (excluding treasury shares).

There were no outstanding convertible shares as at 31 December 2016 and 31 December 2015.

- 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 2016 was 1,811,947,100 (31 December 2015: 1,812,705,400).

- 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.**

None.

- 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 2015.

- 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 2016, 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 2016. The adoption of these new/revised FRSs and INT FRSs did not result in significant 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-16	31-Dec-15	31-Dec-16	31-Dec-15
Net loss attributable to equity holders of the Company (US\$'000)	(345,436)	(149,669)	(371,448)	(130,959)
Weighted average ordinary shares for calculation ('000)				
- Basic	1,811,947	1,813,832	1,812,001	1,818,095
- On fully diluted basis	1,811,947	1,813,832	1,812,001	1,818,095
Loss per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	(19.06)	(8.25)	(20.50)	(7.20)
(ii) On fully diluted basis	(19.06)	(8.25)	(20.50)	(7.20)

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-16	31-Dec-15	31-Dec-16	31-Dec-15
Net asset value (US\$'000)	688,263	1,061,043	839,975	1,043,611
Total number of ordinary shares issued ('000)	1,811,947	1,812,705	1,811,947	1,812,705
Net asset value per ordinary shares (US cents)	37.98	58.53	46.36	57.57

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 2016 ("Q4 FY16") vs 4th Quarter 2015 ("Q4 FY15")

	Revenue			Gross (Loss)/Profit			Gross (Loss)/Profit Margin	
	Q4 FY16	Q4 FY15	%	Q4 FY16	Q4 FY15	%	Q4 FY16	Q4 FY15
	US\$ '000	US\$ '000	Change	US\$ '000	US\$ '000	Change	%	%
Offshore Supply Vessels ("OSV")	16,673	33,945	-51%	(4,881)	4,633	NM	-29%	14%
Offshore Accommodation ("OA")	11,828	26,801	-56%	(2,221)	10,364	NM	-19%	39%
Transportation & Installation ("T&I")	3,449	5,973	-42%	(2,793)	540	NM	-81%	9%
Harbour Services and Emergency Response ("HSER")	4,715	5,097	-7%	438	1,649	-73%	9%	32%
	<u>36,665</u>	<u>71,816</u>	-49%	<u>(9,457)</u>	<u>17,186</u>	NM	-26%	24%

**Income Statement (cont'd)**

**4th Quarter 2016 ("Q4 FY16") vs 4th Quarter 2015 ("Q4 FY15") (cont'd)**

Market conditions in the offshore marine sector continued to deteriorate and this had negatively affected the results of the Group in Q4 FY16. Consequently, the Group registered lower revenue of US\$36.7 million (Q4 FY15: US\$71.8 million) mainly due to lower utilisation and charter rates across major business segments.

OSV

OSV segment revenue decreased by 51% to US\$16.7 million (Q4 FY15: US\$33.9 million) mainly due to lower charter rates and utilisation of 62% in Q4 FY16 (Q4 FY15: 67%). The day rates earned in this quarter were lower compared to Q4 FY15 as a result of discount on day rates previously contracted and reduced rates for new contracts. As such, the segment registered a gross loss of US\$4.9 million in Q4 FY16 as compared with gross profit of US\$4.6 million in Q4 FY15.

OA

OA segment revenue decreased by 56% to US\$11.8 million (Q4 FY15: US\$26.8 million) mainly due to lower utilisation and rates of OA (shallow water) vessels and lower charter rate and absence of mobilisation revenue from POSH Xanadu (a 750-pax semi-submersible accommodation vessel "SSAV") on contract extension. As such, the segment registered a gross loss of US\$2.2 million as compared with gross profit of US\$10.4 million in Q4 FY15.

T&I

T&I segment revenue decreased by 42% to US\$3.4 million (Q4 FY15: US\$6.0 million) mainly due to lower charter rates and utilisation. As such, the segment registered a gross loss of US\$2.8 million as compared with gross profit of US\$0.5 million in Q4 FY15.

HSER

HSER revenue decreased by 7% to US\$4.7 million (Q4 FY15: US\$5.1 million) mainly due to lower salvage revenue in Q4 FY16.

General & administrative ("G&A") expenses and other income

G&A expenses increased by US\$0.6 million or 9% to US\$6.6 million (Q4 FY15: US\$6.1 million) mainly due to expansion of overseas operations in the Middle East.

Impairment of fixed assets and goodwill for Q4 FY16 were US\$198.9 million and US\$111.2 million respectively, compared to impairment of fixed assets of US\$21.4 million and impairment of goodwill of \$127.0 million in Q4 FY15.

Finance costs increased by 55% or US\$1.5 million due to higher loan balances and higher interest rates in Q4 FY16.

The Group's share of results from joint ventures ("JVs") registered a loss of US\$15.5 million in Q4 FY16 compared to US\$12.4 million in Q4 FY15. This was mainly due to lower contributions and impairment of vessels.

The Group recorded a net loss attributable to shareholders of US\$345.4 million in Q4 FY16 compared to US\$149.7 million in Q4 FY15.

**Income Statement (cont'd)**

**12 Months ended 31 December 2016 ("FY16") vs 12 Months ended 31 December 2015 ("FY15")**

	Revenue			Gross (Loss)/Profit			Gross (Loss)/Profit Margin	
	FY16	FY15	%	FY16	FY15	%	FY16	FY15
	US\$ '000	US\$ '000	Change	US\$ '000	US\$ '000	Change	%	%
Offshore Supply Vessels ("OSV")	74,230	136,228	-46%	(12,457)	13,133	NM	-17%	10%
Offshore Accommodation ("OA")	72,027	93,169	-23%	14,627	35,949	-59%	20%	39%
Transportation & Installation ("T&I")	15,992	27,315	-41%	(1,559)	4,611	NM	-10%	17%
Harbour Services and Emergency Response ("HSER")	20,851	24,108	-14%	4,374	4,333	1%	21%	18%
	<u>183,100</u>	<u>280,820</u>	<u>-35%</u>	<u>4,985</u>	<u>58,026</u>	<u>-91%</u>	<u>3%</u>	<u>21%</u>

In FY16, the Group registered revenue of US\$183.1 million (FY15: US\$280.8 million), a decrease of 35% or US\$97.7 million. This was mainly due to lower charter rates and utilisation across major business segments. As such, gross profit decreased by 91% to US\$5.0 million (FY15: US\$58.0 million).

**OSV**

OSV segment revenue decreased by 46% to US\$74.2 million (FY15: US\$136.2 million) mainly due to lower charter rates and utilisation of 65% (FY15: 69%). Consequently, the segment incurred gross loss of US\$12.5 million in FY16 as compared to gross profit of US\$13.1 million in FY15.

**OA**

OA segment revenue decreased by 23% to US\$72.0 million (FY15: US\$93.2 million) mainly due to lower revenue contribution from POSH Xanadu (SSAV) and lower utilisation of other accommodation vessels. Consequently, gross profit decreased by US\$21.3 million or 59% to US\$14.6 million (FY15: US\$35.9 million).

**T&I**

T&I segment revenue decreased by 41% to US\$16.0 million (FY15: US\$27.3 million) mainly due to lower charter rates and utilisation. Consequently, the segment incurred gross loss of US\$1.6 million in FY16 as compared to gross profit of US\$4.6 million in FY15.

**HSER**

HSER segment registered a 14% decrease in revenue to US\$20.9 million (FY15: US\$24.1 million) mainly due to the lack of salvage jobs in FY16.

**General & administrative ("G&A") expenses and other expenses/income**

G&A expenses decreased by 1% or US\$0.4 million to US\$27.6 million (FY15: US\$28.0 million) mainly due to lower personnel expenses incurred in FY16.

Impairment of fixed assets and goodwill for FY16 were US\$198.9 million and US\$111.2 million respectively, compared to impairment of fixed assets of US\$21.4 million and impairment of goodwill of \$127.0 million in FY15.

Finance costs increased by 39% or US\$4.1 million to US\$14.4 million (FY15: US\$10.4 million) mainly due to higher loan balances and higher interest rates.

The Group's share of losses from joint ventures increased by 45% to US\$13.8 million in FY16 (FY15: US\$9.5 million) mainly due to lower contributions and impairment of vessels.

The Group's net loss attributable to shareholders was US\$371.4 million in FY16 as compared to US\$131.0 million in FY15.

### **Statement of Financial Position**

The Group's net asset was US\$688.3 million as at 31 December 2016.

Goodwill decreased by US\$111.2 million due to goodwill impairment for the amount allocated to OSV segment.

Fixed assets decreased by US\$93.2 million mainly due to vessels impairment, partially offset by payments for vessels under construction. Decrease in receivables and other current assets were mainly due to lower billings and additional allowance for doubtful debts of US\$13.8 million and bad debt written-off of US\$1.9 million.

The Group has a net current liability of US\$206.8 million mainly due to bank borrowings due within one year.

### **Statement of Cash Flows**

The Group generated net operating cash flow of US\$38.2 million in FY16 compared to US\$69.6 million in FY15.

Net cash used in investing activities of US\$173.4 million in FY16 (FY15: US\$50.0 million) was mainly due to payment for vessels under construction.

The Group's net cash generated from financing activities in FY16 was US\$136.2 million mainly due to proceeds from bank borrowings compared to net cash used in financing activities of US\$18.0 million in FY15 mainly due to dividends payment.

**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 outlook for the oil and gas sector continues to remain depressed and the timing of recovery is uncertain. Whilst OPEC had reached an agreement to cut oil production in Nov 2016, supply and demand balances are still slow to return to equilibrium. Offshore oilfield development capex remains subdued.

The Group will continue to focus on managing costs and maximizing the utilization of its fleet. Two of its twelve vessels contracted with an oil major in the Middle East have commenced charter with the remaining ten vessels to be deployed progressively in 2017.

**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**

Name of dividend	Final
Dividend type	Cash
Dividend rate	0.5 Singapore cents per ordinary share
Tax rate	Tax exempt (one-tier)

**(c) Date payable**

Not Applicable

**(d) Book closure date**

Not Applicable

**(e) Total Annual Dividend and Capital Distribution (in dollar value)**

The total ordinary dividend paid and proposed in respect of the financial year ended 31 December 2016 is nil (FY2015: S\$9,060,000 (USD equivalent 6,704,000)).

**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 renewal of general mandate has been obtained for the Group to enter into Interested Person Transactions with our Interested Persons as set out in the circular to the shareholders of the Company dated 5 April 2016. During the year ended 31 December 2016, 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
PSM Perkapalan Sdn Bhd	-	229
Kuok (Singapore) Ltd	-	1,548
DP Shipbuilding & Engineering Pte Ltd	28	8,188
GWC Commercial Pte Ltd	-	1,574
DDW PaxOcean Shipyard Pte Ltd	264	772
PaxOcean Engineering Zhuhai Co., Ltd	-	87,845
PACC Ship Managers Pte Ltd	-	253
PaxOcean Engineering Zhoushan Co., Ltd	-	4,621
Raffles Bunkering Pte Ltd	-	123
KSL Corporate Services Pte Ltd	-	607
<b>TOTAL</b>	<b>292</b>	<b>105,760</b>

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
 FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2016

**14. 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 2016</u>	OSV US\$'000	OA US\$'000	T&I US\$'000	HSER US\$'000	Total US\$'000
<b>Revenue</b>	<b>74,230</b>	<b>72,027</b>	<b>15,992</b>	<b>20,851</b>	<b>183,100</b>
<b>Segment results</b>	<b>(25,018)</b>	<b>(921)</b>	<b>(7,905)</b>	<b>2,293</b>	<b>(31,551)</b>
Share of joint ventures' results	(8,775)	-	(2,588)	(2,451)	(13,814)
Impairment of fixed assets	(163,061)	(18,577)	(17,312)	-	(198,950)
Impairment of goodwill	(111,179)	-	-	-	(111,179)
Interest income					2,259
Interest expense					(14,412)
Taxation					(1,271)
Unallocated other income, net					695
Unallocated general and administrative expenses					(3,361)
Loss for the year					<u>(371,584)</u>
<b>Assets</b>					
Segment assets	553,492	650,524	198,623	74,583	1,477,222
Unallocated assets					28,368
Total assets					<u>1,505,590</u>
<b>Liabilities</b>					
Segment liabilities	64,284	12,381	8,491	8,932	94,088
Unallocated liabilities					723,239
Total liabilities					<u>817,327</u>
<b>Other information</b>					
Depreciation	38,699	21,395	7,423	1,576	69,093
Additions to non-current assets	89,064	59,465	23,398	4,685	176,612
<u>Year ended 31 December 2015</u>	OSV US\$'000	OA US\$'000	T&I US\$'000	HSER US\$'000	Total US\$'000
<b>Revenue</b>	<b>136,228</b>	<b>93,169</b>	<b>27,315</b>	<b>24,108</b>	<b>280,820</b>
<b>Segment results</b>	<b>6,549</b>	<b>28,008</b>	<b>2,352</b>	<b>2,168</b>	<b>39,077</b>
Share of joint ventures' results	(18,992)	-	7,319	2,147	(9,526)
Impairment of fixed assets	(15,315)	(2,282)	(3,840)	-	(21,437)
Impairment of goodwill	(81,348)	-	(38,946)	(6,706)	(127,000)
Interest income					3,217
Interest expense					(10,357)
Taxation					(1,828)
Unallocated other income, net					633
Unallocated general and administrative expenses					(3,738)
Loss for the year					<u>(130,959)</u>
<b>Assets</b>					
Segment assets	827,733	580,673	231,253	74,049	1,713,708
Unallocated assets					19,902
Total assets					<u>1,733,610</u>
<b>Liabilities</b>					
Segment liabilities	48,870	13,661	35,856	9,624	108,011
Unallocated liabilities					564,556
Total liabilities					<u>672,567</u>
<b>Other information</b>					
Depreciation	36,955	15,287	6,674	1,345	60,261
Additions to non-current assets	179,338	60,015	9,145	9,100	257,598

**15. 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.

**16. A breakdown of sales as follows:-**

	GROUP		
	FY16 US\$'000	FY15 US\$'000	Increase/ (decrease) %
(a) Sales reported for the first half year	104,806	128,607	-19%
(b) Operating (loss)/profit after tax before deducting minority interests reported for the first half year	(13,167)	6,131	NM
(c) Sales reported for second half year	78,294	152,213	-49%
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(358,417)	(137,090)	161%

**17. 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 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.

**18. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**On behalf of the Board of Directors**

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

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

21 February 2017