



**PACC OFFSHORE SERVICES HOLDINGS LTD.**

Registration Number: 200603185Z

---

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2017

---

**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 March 2017, the POSH Group (including joint ventures) operated a combined fleet of 120 vessels with another 10 vessels on order, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, 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 STATEMENT AND DIVIDEND ANNOUNCEMENT  
 FOR THREE MONTHS ENDED 31 MARCH 2017

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

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>	<b>%</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>Change</b>
Revenue	34,321	58,697	-42%
Cost of sales	(39,335)	(44,652)	-12%
<b>Gross (loss)/profit</b>	<b>(5,014)</b>	14,045	NM
Other operating income	1,372	1,765	-22%
Distribution costs	(164)	(188)	-13%
General and administrative expenses	(5,234)	(12,199)	-57%
Finance costs	(4,745)	(2,909)	63%
Share of joint ventures' results	(4,438)	4,856	NM
<b>(Loss)/profit before taxation</b>	<b>(18,223)</b>	5,370	NM
Taxation	(179)	(987)	-82%
<b>Net (loss)/profit for the period</b>	<b>(18,402)</b>	4,383	NM
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company	(18,377)	4,451	NM
Non-controlling interests	(25)	(68)	-63%
	<b>(18,402)</b>	4,383	NM

*NM denotes "Not Meaningful".*

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

	<b>Group</b>	
	<b>3 Months Ended</b>	
	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Amortisation of intangible assets	(6)	(11)
Depreciation of fixed assets	(15,022)	(15,798)
Exchange gain	35	239
Fixed assets written-off	-	(270)
Gain on disposal of fixed assets	73	253
Interest income	510	659
Interest expense	(4,745)	(2,909)
Reversal of/(allowance for) doubtful debts	74	(4,715)

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

	<b>Group</b>		<b>Change</b>
	<b>3 Months ended</b>		
	<b>31-Mar-2017</b>	<b>31-Mar-2016</b>	
	<b>US\$'000</b>	<b>US\$'000</b>	
<b>Net (loss)/profit for the period</b>	<b>(18,402)</b>	4,383	NM
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges-fair value gain	<b>240</b>	-	NM
<b>Other comprehensive income for the period</b>	<b>240</b>	-	NM
<b>Total comprehensive (loss)/income for the period</b>	<b>(18,162)</b>	4,383	NM
<b>Total comprehensive (loss)/income for the period attributable to:</b>			
Equity holders of the Company	<b>(18,137)</b>	4,451	NM
Non-controlling interests	<b>(25)</b>	(68)	-63%
	<b>(18,162)</b>	4,383	NM

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
 FOR THREE MONTHS ENDED 31 MARCH 2017

1(b)(i). *A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.*

	<b>Group</b>		<b>Company</b>	
	<b>31-Mar-17</b>	<b>31-Dec-16</b>	<b>31-Mar-17</b>	<b>31-Dec-16</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current assets</b>				
Goodwill	57,125	57,125	-	-
Fixed assets	1,182,659	1,184,927	88,584	96,638
Intangible assets	96	12	-	-
Due from joint ventures	22,221	21,834	22,221	21,834
Investment in subsidiaries	-	-	331,616	331,616
Investment in joint ventures	59,210	63,189	44,507	44,507
Receivables and other non-current assets	1,892	1,982	-	-
Derivatives	5,840	5,600	173	-
	<b>1,329,043</b>	<b>1,334,669</b>	<b>487,101</b>	<b>494,595</b>
<b>Current assets</b>				
Consumables	2,444	1,677	-	-
Receivables and other current assets	87,690	79,626	3,468	3,443
Due from subsidiaries, joint ventures and related companies	72,504	72,013	878,824	860,585
Cash and cash equivalents	11,827	15,058	4,613	3,850
	<b>174,465</b>	<b>168,374</b>	<b>886,905</b>	<b>867,878</b>
Fixed assets classified as held for sale	-	2,547	-	-
	<b>174,465</b>	<b>170,921</b>	<b>886,905</b>	<b>867,878</b>
<b>Total assets</b>	<b>1,503,508</b>	<b>1,505,590</b>	<b>1,374,006</b>	<b>1,362,473</b>
<b>Non-current liabilities</b>				
Bank borrowings	484,070	439,225	250,000	200,000
Deferred tax liabilities	414	414	-	-
	<b>484,484</b>	<b>439,639</b>	<b>250,000</b>	<b>200,000</b>
<b>Current liabilities</b>				
Payables and accruals	75,385	73,561	16,551	20,259
Advances received from customers	1,491	198	-	-
Due to subsidiaries, joint ventures and related companies	35,871	31,806	54,160	51,429
Due to holding company	121	195	121	195
Bank borrowings	232,640	269,107	212,020	248,487
Provision for taxation	2,971	2,821	2,253	2,128
	<b>348,479</b>	<b>377,688</b>	<b>285,105</b>	<b>322,498</b>
<b>Total liabilities</b>	<b>832,963</b>	<b>817,327</b>	<b>535,105</b>	<b>522,498</b>
<b>Equity</b>				
Share capital	827,201	827,201	827,201	827,201
Treasury shares	(1,409)	(1,828)	(1,409)	(1,828)
Accumulated (losses)/retained profits	(161,316)	(142,939)	12,911	14,602
Other reserves	6,163	5,898	198	-
	<b>670,639</b>	<b>688,332</b>	<b>838,901</b>	<b>839,975</b>
Non-controlling interest	(94)	(69)	-	-
<b>Total equity</b>	<b>670,545</b>	<b>688,263</b>	<b>838,901</b>	<b>839,975</b>
<b>Total liabilities and equity</b>	<b>1,503,508</b>	<b>1,505,590</b>	<b>1,374,006</b>	<b>1,362,473</b>

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

	As at 31-Mar-2017		As at 31-Dec-2016	
	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000	Secured US\$'000
(i) Amount payable in one year or less, or on demand	212,020	20,620	248,487	20,620
(ii) Amount repayable after one year	250,000	234,070	200,000	239,225

**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	
	3 Months Ended	
	31-Mar-17 US\$'000	31-Mar-16 US\$'000
<b>Cash flows from operating activities</b>		
(Loss)/profit before taxation	(18,223)	5,370
Adjustments for:		
Amortisation of prepayments	91	91
Amortisation of intangible assets	6	11
Depreciation of fixed assets	15,022	15,798
Grant of equity-settled share options to employees	25	-
Fixed assets written off	-	270
(Reversal of)/allowance for doubtful debts - trade	(74)	4,715
Gain on disposal of fixed assets	(73)	(253)
Share of joint ventures' results	4,438	(4,856)
Interest expense	4,745	2,909
Interest income	(510)	(659)
Unrealised exchange gain	(59)	(177)
Operating cash flows before working capital changes	5,388	23,219
Changes in working capital		
Increase in consumables	(767)	(765)
(Increase)/decrease in receivables and other assets	(7,883)	4,713
Increase in due to related companies	849	-
Increase/(decrease) in payables and accruals	4,143	(2,915)
Cash generated from operations	1,730	24,252
Interest paid	(5,356)	(3,508)
Interest received	405	530
Income taxes paid	(28)	(928)
<b>Net cash (used in)/generated from operating activities</b>	<b>(3,249)</b>	<b>20,346</b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	(90)	(15)
Acquisition of fixed assets	(12,813)	(33,749)
Proceeds from disposal of fixed assets	2,679	779
Increase in due to related companies	1,488	-
Decrease in due from joint ventures	391	921
<b>Net cash used in investing activities</b>	<b>(8,345)</b>	<b>(32,064)</b>

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
 FOR THREE MONTHS ENDED 31 MARCH 2017

	<b>Group</b>	
	<b>3 Months Ended</b>	
	<b>31-Mar-17</b>	<b>31-Mar-16</b>
	<b>US\$' 000</b>	<b>US\$' 000</b>
<b>Cash flows from financing activities</b>		
Capital injection from non-controlling interest of a subsidiary	-	67
Purchase of treasury shares	-	(151)
Proceeds from bank borrowings	<b>8,378</b>	18,105
Increase/(decrease) in due to related companies	-	(6,640)
(Decrease)/increase in due to holding company	<b>(74)</b>	149
<b>Net cash generated from financing activities</b>	<b>8,304</b>	11,530
<b>Net decrease in cash and cash equivalents</b>	<b>(3,290)</b>	(188)
Effect of exchange rate changes on cash and cash equivalents	<b>59</b>	177
Cash and cash equivalents at beginning of period	<b>15,058</b>	13,779
<b>Cash and cash equivalents at end of period</b>	<b>11,827</b>	13,768

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.

	Attributable to Shareholders of the Company							Total US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Accumulated (losses)/ retained profits US\$'000	Hedging reserves US\$'000	Employee share option reserves US\$'000	Exchange reserves US\$'000	Non- controlling interest US\$'000	
<b>The Group</b>								
Balance at 1 Jan 2017	827,201	(1,828)	(142,939)	5,600	-	298	(69)	688,263
Treasury shares reissued pursuant to employee share option plans	-	419	-	-	-	-	-	419
Grant of equity-settled share options to employees	-	-	-	-	25	-	-	25
Loss for the period	-	-	(18,377)	-	-	-	(25)	(18,402)
Other comprehensive income	-	-	-	240	-	-	-	240
<b>Total comprehensive loss for the period</b>	-	-	(18,377)	240	-	-	(25)	(18,162)
<b>Balance at 31 Mar 2017</b>	<b>827,201</b>	<b>(1,409)</b>	<b>(161,316)</b>	<b>5,840</b>	<b>25</b>	<b>298</b>	<b>(94)</b>	<b>670,545</b>
Balance at 1 Jan 2016	827,201	(1,669)	235,213	-	-	298	-	1,061,043
Purchase of treasury shares	-	(151)	-	-	-	-	-	(151)
Incorporation of a subsidiary	-	-	-	-	-	-	67	67
Loss for the period, representing total comprehensive loss for the period	-	-	4,451	-	-	-	(68)	4,383
Balance at 31 Mar 2016	827,201	(1,820)	239,664	-	-	298	(1)	1,065,342

PACC OFFSHORE SERVICES HOLDINGS LTD.  
 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
 FOR THREE MONTHS ENDED 31 MARCH 2017

<b><u>The Company</u></b>	<b>Share capital US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Retained profits US\$'000</b>	<b>Hedging reserves US\$'000</b>	<b>Employee share option reserves US\$'000</b>	<b>Total US\$'000</b>
<b>Balance at 1 Jan 2017</b>	<b>827,201</b>	<b>(1,828)</b>	<b>14,602</b>	<b>-</b>	<b>-</b>	<b>839,975</b>
<b>Treasury shares reissued pursuant to employee share option plans</b>	<b>-</b>	<b>419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>419</b>
<b>Grant of equity-settled share options to employees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>25</b>
<b>Loss for the period</b>	<b>-</b>	<b>-</b>	<b>(1,691)</b>	<b>-</b>	<b>-</b>	<b>(1,691)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173</b>	<b>-</b>	<b>173</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(1,691)</b>	<b>173</b>	<b>-</b>	<b>(1,518)</b>
<b>Balance at 31 Mar 2017</b>	<b>827,201</b>	<b>(1,409)</b>	<b>12,911</b>	<b>173</b>	<b>25</b>	<b>838,901</b>
Balance at 1 Jan 2016	827,201	(1,669)	218,079	-	-	1,043,611
Purchase of treasury shares	-	(151)	-	-	-	(151)
Loss for the period, representing total comprehensive loss for the period	-	-	(3,022)	-	-	(3,022)
Balance at 31 Mar 2016	827,201	(1,820)	215,057	-	-	1,040,438



**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 and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital since the end of the previous period reported on.

On 25 January 2017, the Company had announced share options and awards granted under the Company's Performance Share Plan in accordance with Rule 704(29) of the Listing Manual. For further details, please refer to the Company's announcement dated 25 January 2017.

Movement in the Company's treasury shares during the three months ended 31 March 2017 was as follows:

	Number of shares
Balance as at 1 January 2017	8,052,900
Treasury shares reissued pursuant to employee performance share plan	(1,873,000)
Balance as at 31 March 2017	<u>6,179,900</u>

During the quarter ended 31 March 2017, the Company reissued 1,873,000 (31 March 2016: nil) treasury shares to its eligible employees upon vesting of shares released under the Company's Performance Share Plan.

As at 31 March 2017, 6,179,900 treasury shares were held by the Company (31 March 2016: 8,014,900) representing 0.3% (31 March 2016: 0.4%) of the total number of issued shares (excluding treasury shares).

**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 March 2017 were 1,813,820,100 (31 March 2016: 1,811,985,100).

**1(d)(iv). A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During the quarter ended 31 March 2017, the Company reissued 1,873,000 (31 March 2016: nil) treasury shares to its eligible employees upon vesting of shares released under the Company's Performance Share Plan.

**1(d)(v). A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 period consistent with those of the audited financial statements for the year ended 31 December 2016.

**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 2017, 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 2017. 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 policy.

**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-17</b>	<b>31-Mar-16</b>
Net (loss)/profit attributable to equity holders of the Company (US\$'000)	(18,377)	4,451
Weighted average ordinary shares for calculation ('000)		
- Basic	1,813,778	1,812,100
- On fully diluted basis	1,813,778	1,812,100
(Loss)/Earnings per ordinary shares ("EPS") (US cents)		
(i) Based on weighted average number of ordinary shares issued	(1.013)	0.246
(ii) On fully diluted basis	(1.013)	0.246

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-17	As at 31-Dec-16	As at 31-Mar-17	As at 31-Dec-16
Net asset value (US\$'000)	670,545	688,263	838,901	839,975
Total number of ordinary shares issued ('000)	1,813,820	1,811,947	1,813,820	1,811,947
Net asset value per ordinary shares (US cents)	36.97	37.98	46.25	46.36

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 2017 ("Q1 FY17") vs 1st Quarter 2016 ("Q1 FY16")

	Revenue			Gross (Loss)/Profit			Gross (Loss)/Profit Margin	
	Q1 FY17 US\$ '000	Q1 FY16 US\$ '000	% Change	Q1 FY17 US\$ '000	Q1 FY16 US\$ '000	% Change	Q1 FY17 %	Q1 FY16 %
Offshore Supply Vessels ("OSV")	14,401	20,985	-31%	(4,710)	(460)	924%	-33%	-2%
Offshore Accommodation ("OA")	9,975	28,433	-65%	(2,672)	12,297	NM	-27%	43%
Transportation & Installation ("T&I")	4,249	4,785	-11%	1,262	1,040	21%	30%	22%
Harbour Services and Emergency Response ("HSER")	5,696	4,494	27%	1,106	1,168	-5%	19%	26%
	<b>34,321</b>	<b>58,697</b>	<b>-42%</b>	<b>(5,014)</b>	<b>14,045</b>	<b>NM</b>	<b>-15%</b>	<b>24%</b>

As market conditions in the offshore marine remains challenging in Q1 FY17, the Group registered revenue of US\$34.3 million, 42% decrease from US\$58.7 million in Q1 FY16. This was mainly due to lower utilisation and charter rates across major business segments.

#### OSV

OSV segment revenue decreased by 31% to US\$14.4 million (Q1 FY16: US\$21.0 million) mainly due to lower charter rates and utilisation of 59% (Q1 FY16: 67%). The day rates for existing and new contracts earned in the period under review were lower than Q1 FY16. Correspondingly, the OSV segment incurred a gross loss of US\$4.7 million compared to gross loss of US\$0.5 million in Q1 FY16

#### OA

OA segment revenue decreased by 65% to US\$10.0 million (Q1 FY16: US\$28.4 million) as POSH Xanadu, Semi-Submersible Accommodation Vessel ("SSAV"), completed its extended charter in March 2017 on reduced charter rate and two of the Light Construction Vessels ("LCVs") were not deployed during the current quarter. As such, the segment registered gross loss of US\$2.7 million as compared to gross profit of US\$12.3 million in Q1 FY16.

#### T&I

T&I segment revenue decreased by 11% to US\$4.2 million (Q1 FY16: US\$4.8 million) mainly due to lower charter rates and utilisation. The segment registered a gross profit of US\$1.3 million (Q1 FY16: US\$1.0 million).

**Income Statement (cont'd)**  
**1st Quarter 2017 ("Q1 FY17") vs 1st Quarter 2016 ("Q1 FY16")**

**HSER**

HSER revenue increased by 27% to US\$5.7 million (Q1 FY16: US\$4.5 million) mainly due to higher revenue from both harbour services and salvage job.

**General & Administrative expenses and Other Income**

General and administrative expenses decreased by US\$7.0 million or 57% to US\$5.2 million (Q1 FY16: US\$12.2 million) mainly due to lower salaries and related expenses in Q1 FY17 and allowance for doubtful debts of US\$4.7 million in Q1 FY16.

Finance costs increased by 63% to US\$4.7 million due to higher loan balances and higher interest rates in Q1 FY17.

The Group's share of results from joint ventures ("JVs") registered a loss of US\$4.4 million in Q1 FY17 as compared to a profit of US\$4.9 million in Q1 FY16. This was mainly due to lower vessel utilisation of our JV, POSH Terasea, as five vessels underwent drydocking during the quarter in preparation for their respective towage and positioning projects, namely the INPEX Ichthys Central Processing Facility ("CPF"), the INPEX Ichthys Floating Production Storage and Offloading ("FPSO") unit, and the Shell Prelude Floating Liquefied Natural Gas ("FLNG") Platform.

The Group recorded a net loss attributable to shareholders of US\$18.4 million in Q1 FY17 as compared to profit of US\$4.5 million in Q1 FY16.

**Statement of Financial Position**

The Group's net asset was US\$670.5 million as at 31 March 2017.

Receivables and other current assets increased to US\$87.7 million mainly due to higher turnover days in Q1 FY17.

The Group has net current liabilities of US\$174.0 million mainly due to bank borrowings due within one year.

**Statement of Cash Flows**

The Group net cash used in operations was US\$3.2 million in Q1 FY17 as compared to net cash of US\$20.3 million generated in Q1 FY16. The lower net operating cash flow was due to lower earnings in current period as well as working capital changes.

Net cash used in investing activities of US\$8.3 million in Q1 FY17 (Q1 FY16: US\$32.1 million) was mainly due to payment for vessels under constructions.

The Group generated net cash from financing activities of US\$8.3 million in Q1 FY17 (Q1 FY16: US\$11.5 million) mainly due to an increase in bank borrowings during the period.

**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.***

OPEC and Russia's agreement on production cuts in November 2016 helped to stabilise oil prices in Q1 FY17 above US\$50 per barrel but offshore oilfield development capital expenditure remains subdued.

The current vessel oversupply situation will continue to exert pressure on charter rates and vessel utilisation, and this will continue to have a negative impact on the Group's financial performance for the year.

As of Q1 FY17, the Group had four vessels which commenced charter with an oil major in the Middle East and the remaining eight vessels will be deployed progressively in the next three quarters of FY17.

In the coming quarters, our POSH Terasea JV, will execute a few major towage and positioning projects, namely the INPEX Ichthys CPF, the INPEX Ichthys FPSO, the Shell Prelude FLNG platform and the Egina FPSO unit. Upon completion of the towage and positioning of the Shell Prelude FLNG, our 750-pax Semi-Submersible Accommodation Vessel, POSH Arcadia will provide accommodation support for the hook-up and commissioning of the project.

The Group will continue to participate actively in tenders in the Middle East and Africa which remain active in current market conditions.

**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**

Not Applicable

**(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 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 10 April 2017. During the three months ended 31 March 2017, 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
KSL Corporate Services Pte Ltd	-	623
DP Shipbuilding & Engineering Pte Ltd	-	435
GWC Commerical Pte Ltd	-	3,269
DDW PaxOcean Shipyard Pte Ltd	-	104
PaxOcean Engineering Zhuhai Co., Ltd	-	743
Manis Shipping Pte Ltd	-	800
TOTAL	-	5,974

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 2017 to be false or misleading in any material respect.

15. ***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**

4 May 2017