



**PACC OFFSHORE SERVICES HOLDINGS LTD.**

Registration Number: 200603185Z

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE THIRD QUARTER AND THE NINE MONTHS ENDED 30 SEPTEMBER 2017

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**Introduction**

PACC Offshore Services Holdings Ltd. ("POSH") is one of Asia's largest operators 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 30 September 2017, the POSH Group (including joint ventures) operated a combined fleet of 124 vessels with another 5 vessels on order, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, Maintenance Utility 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).

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

	Group					
	Quarter ended			9 Months ended		
	30-Sep-17 US\$'000	30-Sep-16 US\$'000	% Change	30-Sep-17 US\$'000	30-Sep-16 US\$'000	% Change
Revenue	52,786	41,629	27%	129,541	146,435	-12%
Cost of sales	(57,123)	(43,065)	33%	(141,624)	(131,993)	7%
<b>Gross (loss)/profit</b>	<b>(4,337)</b>	<b>(1,436)</b>	<b>202%</b>	<b>(12,083)</b>	<b>14,442</b>	<b>NM</b>
Other operating (expenses)/income	(553)	(381)	45%	3,015	2,614	15%
Distribution costs	(270)	(227)	19%	(728)	(722)	1%
General and administrative expenses	(8,668)	(6,584)	32%	(20,871)	(32,195)	-35%
Finance costs	(6,349)	(4,034)	57%	(16,217)	(10,297)	57%
Share of joint ventures' result	11,803	(57)	NM	12,010	1,681	614%
<b>Loss before taxation</b>	<b>(8,374)</b>	<b>(12,719)</b>	<b>-34%</b>	<b>(34,874)</b>	<b>(24,477)</b>	<b>42%</b>
Taxation	(1,408)	(233)	504%	(2,444)	(1,642)	49%
<b>Net loss for the period</b>	<b>(9,782)</b>	<b>(12,952)</b>	<b>-24%</b>	<b>(37,318)</b>	<b>(26,119)</b>	<b>43%</b>
<b>Loss attributable to:</b>						
Equity holders of the Company	(9,762)	(12,936)	-25%	(37,248)	(26,012)	43%
Non-controlling interests	(20)	(16)	25%	(70)	(107)	-35%
	<b>(9,782)</b>	<b>(12,952)</b>	<b>-24%</b>	<b>(37,318)</b>	<b>(26,119)</b>	<b>43%</b>

NM denotes "Not Meaningful".

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

	Group			
	Quarter ended		9 Months Ended	
	30-Sep-17 US\$'000	30-Sep-16 US\$'000	30-Sep-17 US\$'000	30-Sep-16 US\$'000
Amortisation of intangible assets	(9)	(6)	(25)	(29)
Depreciation of fixed assets	(16,098)	(17,706)	(46,696)	(50,139)
Exchange (loss)/gain	(558)	(42)	(575)	83
Fixed assets written-off	-	(17)	-	(441)
(Loss)/gain on disposal of fixed assets	(1,888)	(220)	(1,914)	311
Interest income	523	534	1,514	1,717
Interest expense	(6,349)	(4,034)	(16,217)	(10,297)
Allowance for doubtful debts	(1,761)	-	(1,918)	(11,184)

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

	<b>Group</b>					
	<b>Quarter ended</b>			<b>9 Months ended</b>		
	<b>30-Sep-17</b>	<b>30-Sep-16</b>	<b>%</b>	<b>30-Sep-17</b>	<b>30-Sep-16</b>	<b>%</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>Change</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>Change</b>
<b>Net loss for the period</b>	<b>(9,782)</b>	(12,952)	-24%	<b>(37,318)</b>	(26,119)	43%
<b>Other comprehensive loss:</b> Items that may be reclassified subsequently to profit or loss						
Cash flow hedges-fair value gain/(loss)	<b>357</b>	(272)	NM	<b>(2,802)</b>	(1,885)	49%
<b>Other comprehensive income/(loss) for the period</b>	<b>357</b>	(272)	NM	<b>(2,802)</b>	(1,885)	49%
<b>Total comprehensive loss for the period</b>	<b>(9,425)</b>	(13,224)	-29%	<b>(40,120)</b>	(28,004)	43%
<b>Total comprehensive loss for the period attributable to:</b>						
Equity holders of the Company	<b>(9,405)</b>	(13,208)	-29%	<b>(40,050)</b>	(27,897)	44%
Non-controlling interests	<b>(20)</b>	(16)	25%	<b>(70)</b>	(107)	-35%
	<b>(9,425)</b>	(13,224)	-29%	<b>(40,120)</b>	(28,004)	43%

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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>30-Sep-17</b>	<b>31-Dec-16</b>	<b>30-Sep-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	1,205,116	1,184,927	17,638	96,638
Intangible assets	128	12	-	-
Due from joint ventures	27,026	21,834	27,026	21,834
Investment in subsidiaries	-	-	331,666	331,616
Investment in joint ventures	76,811	63,189	44,507	44,507
Receivables and other non-current assets	1,711	1,982	-	-
Derivatives	3,944	5,600	-	-
	<b>1,371,861</b>	<b>1,334,669</b>	<b>420,837</b>	<b>494,595</b>
<b>Current assets</b>				
Consumables	1,985	1,677	-	-
Receivables and other current assets	83,549	79,626	3,548	3,443
Due from subsidiaries, joint ventures and related companies	79,244	72,013	963,271	860,585
Cash and cash equivalents	15,897	15,058	3,202	3,850
	<b>180,675</b>	<b>168,374</b>	<b>970,021</b>	<b>867,878</b>
Fixed assets classified as held for sale	-	2,547	-	-
	<b>180,675</b>	<b>170,921</b>	<b>970,021</b>	<b>867,878</b>
<b>Total assets</b>	<b>1,552,536</b>	<b>1,505,590</b>	<b>1,390,858</b>	<b>1,362,473</b>
<b>Non-current liabilities</b>				
Bank borrowings	524,760	439,225	295,000	200,000
Derivatives	1,146	-	1,063	-
Deferred tax liabilities	414	414	-	-
	<b>526,320</b>	<b>439,639</b>	<b>296,063</b>	<b>200,000</b>
<b>Current liabilities</b>				
Payables and accruals	94,849	73,561	19,177	20,259
Advances received from customers	378	198	-	-
Due to subsidiaries, joint ventures and related companies	49,909	31,806	36,770	51,429
Due to holding company	186	195	186	195
Bank borrowings	227,360	269,107	206,740	248,487
Provision for taxation	4,913	2,821	2,497	2,128
	<b>377,595</b>	<b>377,688</b>	<b>265,370</b>	<b>322,498</b>
<b>Total liabilities</b>	<b>903,915</b>	<b>817,327</b>	<b>561,433</b>	<b>522,498</b>
<b>Equity</b>				
Share capital	827,201	827,201	827,201	827,201
Treasury shares	(1,447)	(1,828)	(1,447)	(1,828)
Accumulated (losses)/ retained profits	(180,187)	(142,939)	4,637	14,602
Other reserves	3,193	5,898	(966)	-
	<b>648,760</b>	<b>688,332</b>	<b>829,425</b>	<b>839,975</b>
Non-controlling interest	(139)	(69)	-	-
<b>Total equity</b>	<b>648,621</b>	<b>688,263</b>	<b>829,425</b>	<b>839,975</b>
<b>Total liabilities and equity</b>	<b>1,552,536</b>	<b>1,505,590</b>	<b>1,390,858</b>	<b>1,362,473</b>

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

	As at 30-Sep-17		As at 31-Dec-16	
	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000	Secured US\$'000
(i) Amount payable in one year or less, or on demand	206,740	20,620	248,487	20,620
(ii) Amount repayable after one year	295,000	229,760	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			
	Quarter Ended		9 Months Ended	
	30-Sep-17 US\$'000	30-Sep-16 US\$'000	30-Sep-17 US\$'000	30-Sep-16 US\$'000
<b>Cash flows from operating activities</b>				
Loss before taxation	(8,374)	(12,719)	(34,874)	(24,477)
Adjustments for:				
Amortisation of prepayments	91	91	273	273
Amortisation of intangible assets	9	6	25	29
Depreciation of fixed assets	16,098	17,706	46,696	50,139
Grant of equity-settled share options to employees	37	-	97	-
Fixed assets written off	-	17	-	441
Allowance for doubtful debts-trade	1,761	-	1,918	11,184
Loss/(gain) on disposal of fixed assets	1,888	220	1,914	(311)
Shares of joint ventures' results	(11,803)	57	(12,010)	(1,681)
Interest expense	6,349	4,034	16,217	10,297
Interest income	(523)	(534)	(1,514)	(1,717)
Unrealised exchange gain	(91)	(44)	(152)	(216)
Operating cash flows before working capital changes	5,442	8,834	18,590	43,961
Changes in working capital				
Decrease/(increase) in consumables	339	451	(308)	(151)
(Increase)/decrease in receivables and other current assets	(1,417)	(4,162)	(6,173)	3,247
Increase in due to related companies	1,468	-	3,130	-
Increase in payables and accruals	10,156	7,813	21,360	3,072
Cash generated from operations	15,988	12,936	36,599	50,129
Interest paid	(5,766)	(4,848)	(15,695)	(11,230)
Interest received	598	419	1,849	1,715
Income taxes paid	(37)	(53)	(352)	(1,526)
<b>Net cash generated from operating activities</b>	<b>10,783</b>	<b>8,454</b>	<b>22,401</b>	<b>39,088</b>
<b>Cash flows from investing activities</b>				
Acquisition of intangible assets	(39)	-	(141)	(15)
Acquisition of fixed assets	(32,439)	(30,853)	(76,275)	(99,975)
Proceeds from disposal of fixed assets	1,168	817	3,847	2,229
Decrease in due to related companies	(2,142)	-	(101)	-
Decrease in due from joint ventures	8,109	1,105	7,235	4,577
Increase in interest in joint venture	(20)	-	(20)	-
<b>Net cash used in investing activities</b>	<b>(25,363)</b>	<b>(28,931)</b>	<b>(65,455)</b>	<b>(93,184)</b>

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	Group			
	Quarter Ended		9 Months Ended	
	30-Sep-17 US\$'000	30-Sep-16 US\$'000	30-Sep-17 US\$'000	30-Sep-16 US\$'000
<b>Cash flows from financing activities</b>				
Capital injection from non-controlling interest of a subsidiary	-	-	-	67
Purchase of treasury shares	(13)	(8)	(38)	(159)
Dividends paid	-	-	-	(6,704)
Proceeds from bank borrowings	15,575	26,211	43,788	67,704
Decrease in due to joint ventures and related companies	-	(3,475)	-	(6,545)
Increase/(decrease) in due to a holding company	65	(4)	(9)	(468)
<b>Net cash generated from financing activities</b>	<b>15,627</b>	<b>22,724</b>	<b>43,741</b>	<b>53,895</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,047</b>	<b>2,247</b>	<b>687</b>	<b>(201)</b>
Effect of exchange rate changes on cash and cash equivalents	91	44	152	216
Cash and cash equivalents at beginning of period	14,759	11,503	15,058	13,779
<b>Cash and cash equivalents at end of period</b>	<b>15,897</b>	<b>13,794</b>	<b>15,897</b>	<b>13,794</b>

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**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 reserve 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 options plans	-	419	-	-	-	-	-	419
Purchase of treasury shares	-	(25)	-	-	-	-	-	(25)
Grant of equity-settled share options to employees	-	-	-	-	60	-	-	60
Loss for the period	-	-	(27,486)	-	-	-	(50)	(27,536)
Other comprehensive loss	-	-	-	(3,159)	-	-	-	(3,159)
Total comprehensive loss for the period	-	-	(27,486)	(3,159)	-	-	(50)	(30,695)
Balance at 30 Jun 2017	827,201	(1,434)	(170,425)	2,441	60	298	(119)	658,022
Purchase of treasury shares	-	(13)	-	-	-	-	-	(13)
Grant of equity-settled share options to employees	-	-	-	-	37	-	-	37
Loss for the period	-	-	(9,762)	-	-	-	(20)	(9,782)
Other comprehensive income	-	-	-	357	-	-	-	357
Total comprehensive loss for the period	-	-	(9,762)	357	-	-	(20)	(9,425)
Balance at 30 Sep 2017	827,201	(1,447)	(180,187)	2,798	97	298	(139)	648,621

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	Attributable to Shareholders of the Company							Non-controlling interest US\$'000	Total US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Accumulated (losses)/ retained profits US\$'000	Hedging reserve US\$'000	Employee share option reserves US\$'000	Exchange reserves US\$'000			
<b>The Group</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	
Dividends paid	-	-	(6,704)	-	-	-	-	(6,704)	
Loss for the period	-	-	(13,076)	-	-	-	(91)	(13,167)	
Other comprehensive loss	-	-	-	(1,613)	-	-	-	(1,613)	
Total comprehensive loss for the period	-	-	(13,076)	(1,613)	-	-	(91)	(14,780)	
Balance at 30 Jun 2016	827,201	(1,820)	215,433	(1,613)	-	298	(24)	1,039,475	
Purchase of treasury shares	-	(8)	-	-	-	-	-	(8)	
Loss for the period	-	-	(12,936)	-	-	-	(16)	(12,952)	
Other comprehensive loss	-	-	-	(272)	-	-	-	(272)	
Total comprehensive loss for the period	-	-	(12,936)	(272)	-	-	(16)	(13,224)	
Balance at 30 Sep 2016	827,201	(1,828)	202,497	(1,885)	-	298	(40)	1,026,243	



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<u>The Company</u>	Share capital US\$'000	Treasury shares US\$'000	Retained profits US\$'000	Hedging reserves US\$'000	Employee share option reserves US\$'000	Total US\$'000
<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>
Treasury shares reissued pursuant to employees share option plans	-	419	-	-	-	419
Purchase of treasury shares	-	(25)	-	-	-	(25)
Grant of equity-settled share options to employees	-	-	-	-	60	60
Loss for the period	-	-	(5,020)	-	-	(5,020)
Other comprehensive income	-	-	-	(1,239)	-	(1,239)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(5,020)</b>	<b>(1,239)</b>	<b>-</b>	<b>(6,259)</b>
<b>Balance at 30 Jun 2017</b>	<b>827,201</b>	<b>(1,434)</b>	<b>9,582</b>	<b>(1,239)</b>	<b>60</b>	<b>834,170</b>
Purchase of treasury shares	-	(13)	-	-	-	(13)
Grant of equity-settled share options to employees	-	-	-	-	37	37
Loss for the period	-	-	(4,945)	-	-	(4,945)
Other comprehensive income	-	-	-	176	-	176
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(4,945)</b>	<b>176</b>	<b>-</b>	<b>(4,769)</b>
<b>Balance at 30 Sep 2017</b>	<b>827,201</b>	<b>(1,447)</b>	<b>4,637</b>	<b>(1,063)</b>	<b>97</b>	<b>829,425</b>
Balance at 1 Jan 2016	827,201	(1,669)	218,079	-	-	1,043,611
Purchase of treasury shares	-	(151)	-	-	-	(151)
Dividends paid	-	-	(6,704)	-	-	(6,704)
Loss for the period, representing total comprehensive loss for the period	-	-	(3,831)	-	-	(3,831)
<b>Balance at 30 Jun 2016</b>	<b>827,201</b>	<b>(1,820)</b>	<b>207,544</b>	<b>-</b>	<b>-</b>	<b>1,032,925</b>
Purchase of treasury shares	-	(8)	-	-	-	(8)
Loss for the period, representing total comprehensive loss for the period	-	-	(2,693)	-	-	(2,693)
<b>Balance at 30 Sep 2016</b>	<b>827,201</b>	<b>(1,828)</b>	<b>204,851</b>	<b>-</b>	<b>-</b>	<b>1,030,224</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 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.

Movement in the Company's treasury shares during the three months ended 30 September 2017 was as follows:

	Number of shares
Balance as at 1 July 2017	6,299,100
Purchase of treasury shares	60,500
Balance as at 30 September 2017	<u>6,359,600</u>

As at 30 September 2017, 6,359,600 treasury shares were held by the Company (30 September 2016: 8,052,900) representing 0.4% (30 September 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 30 September 2017 was 1,813,640,400 (30 September 2016: 1,811,947,100).

**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 nine months ended 30 September 2017, the Company reissued 1,873,000 (30 September 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 year 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)**

	Group			
	Quarter Ended		9 Months Ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Net loss attributable to equity holders of the Company (US\$'000)	(9,762)	(12,936)	(37,248)	(26,012)
Weighted average ordinary shares for calculation ('000)				
- Basic	1,813,671	1,811,947	1,807,109	1,812,010
- On fully diluted basis	1,813,671	1,813,820	1,807,109	1,813,740
Loss per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	(0.54)	(0.71)	(2.06)	(1.44)
(ii) On fully diluted basis	(0.54)	(0.71)	(2.06)	(1.43)

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 30-Sep-17	As at 31-Dec-16	As at 30-Sep-17	As at 31-Dec-16
Net asset value (US\$'000)	648,621	688,263	829,425	839,975
Total number of ordinary shares issued ('000)	1,813,640	1,811,947	1,813,640	1,811,947
Net asset value per ordinary shares (US cents)	35.76	37.98	45.73	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

#### 3rd Quarter 2017 ("Q3 FY17") vs 3rd Quarter 2016 ("Q3 FY16")

	Revenue			Gross Profit			Gross Profit Margin	
	Q3 FY17	Q3 FY16	%	Q3 FY17	Q3 FY16	%	Q3 FY17	Q3 FY16
	US\$ '000	US\$ '000	Change	US\$ '000	US\$ '000	Change	%	%
Offshore Supply Vessels ("OSV")	21,073	16,907	25%	(198)	(4,370)	-95%	-1%	-26%
Offshore Accommodation ("OA")	23,207	15,154	53%	(4,622)	1,815	NM	-20%	12%
Transportation & Installation ("T&I")	2,448	3,902	-37%	(850)	15	NM	-35%	0%
Harbour Services and Emergency Response ("HSER")	6,058	5,666	7%	1,333	1,104	21%	22%	19%
	<b>52,786</b>	<b>41,629</b>	<b>27%</b>	<b>(4,337)</b>	<b>(1,436)</b>	<b>202%</b>	<b>-8%</b>	<b>-3%</b>

The Group registered a 27% increase in revenue to US\$52.8 million as compared to US\$41.6 million in Q3 FY16. This was mainly due to higher contribution from OSV and OA segments.

#### OSV

OSV segment revenue increased by 25% to US\$21.1 million (Q3 FY16: US\$16.9 million) due to improved utilisation of 72% (Q3 FY16: 59%) mainly attributable to increased deployment of vessels under our long-term charters with a Middle East National Oil Company and vessels chartered out for the Shell Prelude project. While utilisation for Q3 FY17 has improved, the contribution margin was lower due to lower average charter rate which resulted in gross loss of US\$0.2 million (Q3 FY16: US\$4.4 million).

#### OA

OA segment revenue increased by 53% to US\$23.2 million (Q3 FY16: US\$15.2 million) as POSH Arcadia, a Semi-Submersible Accommodation Vessel ("SSAV") started her charter on the Shell Prelude project mid of Aug 2017. However, the segment recorded a gross loss of US\$4.6 million in Q3 FY17 compared to gross profit of US\$1.8 million in Q3 FY16 as it incurred higher operating expenses in preparing POSH Arcadia for the project while POSH Xanadu ("SSAV") and two of the Light Construction Vessels ("LCVs") remained idle during the quarter.

#### T&I

With utilisation remaining flat and low charter rates, T&I segment revenue decreased by 37% to US\$2.4 million (Q3 FY16: US\$3.9 million). With lower gross revenue, the segment registered a gross loss of US\$0.9 million in current quarter against a breakeven in Q3 FY16.

**Income Statement (cont'd)**

**3rd Quarter 2017 ("Q3 FY17") vs 3rd Quarter 2016 ("Q3 FY16") (cont'd)**

HSER

HSER revenue increased by 7% to US\$6.1 million (Q3 FY16: US\$5.7 million) mainly due to increased jobs from Heavy Lift offset by lower overseas and spot charters for Harbour Tugs. Gross profit improved by 21% to US\$1.3 million (Q3 FY16: US\$1.1 million).

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

G&A expenses increased by US\$2.1 million or 32% to US\$8.7 million (Q3 FY16: US\$6.6 million) mainly due to allowance for doubtful debts of US\$1.8 million made in Q3 FY17.

Finance costs increased by 57% or US\$2.3 million due to higher loan balance and higher interest rates in Q3 FY17. The higher loan balance was mainly due to financing for the construction of OSV vessels for the long-term charters in the Middle East.

The Group's share of results from joint ventures ("JVs") registered a profit of US\$11.8 million in Q3 FY17 compared to a loss of US\$0.06 million in Q3 FY16. This was largely contributed from POSH Terasea as the JV executed and completed several major towage and positioning projects in Q3 FY17.

The Group recorded a lower net loss attributable to shareholders of US\$9.8 million in Q3 FY17 compared to US\$12.9 million in Q3 FY16.

**9 Months ended 30 September 2017 ("9M FY17") vs 9 Months ended 30 September 2016 ("9M FY16")**

	<u>Revenue</u>			<u>Gross Profit</u>			<u>Gross Profit Margin</u>	
	<u>9M FY17</u>	<u>9M FY16</u>	<u>%</u>	<u>9M FY17</u>	<u>9M FY16</u>	<u>%</u>	<u>9M FY17</u>	<u>9M FY16</u>
	<u>US\$ '000</u>	<u>US\$ '000</u>	<u>Change</u>	<u>US\$ '000</u>	<u>US\$ '000</u>	<u>Change</u>	<u>%</u>	<u>%</u>
Offshore Supply Vessels ("OSV")	55,942	57,557	-3%	(4,990)	(7,576)	-34%	-9%	-13%
Offshore Accommodation ("OA")	45,871	60,199	-24%	(11,549)	16,848	NM	-25%	28%
Transportation & Installation ("T&I")	10,872	12,543	-13%	882	1,234	-29%	8%	10%
Harbour Services and Emergency Response ("HSER")	16,856	16,136	4%	3,574	3,936	-9%	21%	24%
	<u>129,541</u>	<u>146,435</u>	<u>-12%</u>	<u>(12,083)</u>	<u>14,442</u>	<u>NM</u>	<u>-9%</u>	<u>10%</u>

In 9M FY17, the Group registered revenue of US\$129.5 million (9M FY16: US\$146.4 million), a decrease of 12% or US\$16.9 million. This was mainly due to lower charter rates and utilisation across the major business segments. As such, the Group recorded gross loss of US\$12.1 million in 9M FY17 compared to gross profit of US\$14.4 million in 9M FY16.

OSV

With oversupply of offshore support vessels, the deep-water market remains competitive and this led the reduced charter rates and utilisation across all vessels in the OSV segment. In 9M FY17, the segment registered revenue of US\$55.9 million (9M FY16: US\$57.6 million). However, the segment recorded lower gross loss of US\$5.0 million in 9M FY17 (9M FY16: US\$7.6 million) due to lower operating expenses.

OA

OA segment revenue decreased by 24% to US\$45.9 million (9M FY16: US\$60.2 million) mainly due to lower revenue contribution from POSH Xanadu ("SSAV") which ended its charter in March 2017 off-set by contribution from POSH Arcadia ("SSAV"), and lower utilisation of other accommodation vessels. Consequently, the segment incurred gross loss of US\$11.5 million in 9M FY17 compared to gross profit of US\$16.8 million in 9M FY16.

### **Income Statement (cont'd)**

#### **9 Months ended 30 September 2017 ("9M FY17") vs 9 Months ended 30 September 2016 ("9M FY16") (cont'd)**

##### T&I

T&I segment revenue decreased by 13% to US\$10.9 million (9M FY16: US\$12.5 million) mainly due to lower charter rates. Consequently, gross profit was lower at US\$0.9 million (9M FY16: US\$1.2 million).

##### HSER

HSER segment registered a 4% increase in revenue to US\$16.9 million (9M FY16: US\$16.1 million) mainly due to higher revenue from Heavy lift, salvage and diving revenue offset by lower charters for Harbour Tugs. The lower gross profit of US\$3.6 million in 9M FY17 (9M FY16: US\$3.9 million) was due to higher operating costs and depreciation expenses as new vessels were added to the division.

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

G&A expenses decreased by 35% or US\$11.3 million to US\$20.9 million (9M FY16: US\$32.2 million) mainly due to lower allowance for doubtful debts and personnel expenses incurred in 9M FY17.

Finance costs increased by 57% or US\$5.9 million to US\$16.2 million (9M FY16: US\$10.3 million) mainly due to higher interest rates and higher loan balance in 9M FY17. The higher loan balance was mainly due to financing for the construction of OSV vessels for the long-term charters in the Middle East.

The Group's share of joint ventures' results increased by 614% to US\$12.0 million in 9M FY17 (9M FY16: US\$1.7 million) mainly contributed from POSH Terasea in Q3 FY17 with the completion of several major towage and positioning projects.

The Group's net loss attributable to shareholders was US\$37.2 million in 9M FY17 as compared to US\$26.0 million in 9M FY16.

### **Statement of Financial Position**

The Group's net asset was US\$648.6 million as at 30 September 2017.

Increase in receivables and other current assets were mainly due to higher turnover days in the period.

The Group has net current liabilities of US\$196.9 million mainly due to bank borrowings due within one year.

### **Statement of Cash Flows**

The Group generated net operating cash flow of US\$22.4 million in 9M FY17 compared to US\$39.1 million in 9M FY16. The lower net operating cash flow was mainly due to higher losses and interest expense offset by working capital changes.

Net cash used in investing activities of US\$65.4 million in 9M FY17 (9M FY16: US\$93.2 million) was mainly due to payment for vessels under construction.

The Group's net cash generated from financing activities in 9M FY17 was US\$43.7 million mainly due to proceeds from bank borrowings (9M FY16: US\$53.9 million).

**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.**

Offshore oilfield development capital expenditure remains subdued and demand for all categories of offshore vessels remain weak. This will continue to exert significant pressure on charter rates and vessel utilisation and will have a negative impact on the Group's financial performance in the next few quarters.

Under these circumstances, the Group will reassess the carrying value of its fleet and goodwill and further impairments are expected. While the amount is yet to be determined, this will have a material adverse impact on the Group's financial results in Q4 FY17 and the 12 months ending 31 December 2017.

As of Q3 FY17, the Group has deployed six vessels to the Middle East for their long-term charter contracts with a National Oil Company and another six vessels will be deployed progressively by Q4 FY17.

In Q4 FY17, our 750-pax Semi-Submersible Accommodation Vessel ("SSAV"), POSH Arcadia will continue to provide accommodation support for the hook-up and commissioning of the Shell Prelude Floating Liquefied Natural Gas (FLNG) facility. Our JV POSH Terasea having completed the towage of the Shell Prelude platform in Q3 FY17 will be starting the towage of the Egina FPSO in Q4 FY17.

The Middle East and West Africa remain active key regions where oil majors continue to issue tenders for vessel requirements. The Group will continue to focus on and participate actively in tenders in these regions.

**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 nine months ended 30 September 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	-	1,713
DP Shipbuilding & Engineering Pte Ltd	-	2,846
GWC Commercial Pte Ltd	-	3,920
DDW PaxOcean Shipyard Pte Ltd	-	315
Manis Shipping Pte Ltd	-	986
PaxOcean Engineering Zhoushan Co., Ltd	-	1,516
PaxOcean Engineering Zhuhai Co., Ltd	-	1,036
PACC Ship Managers Pte Ltd	-	146
<b>TOTAL</b>	-	<b>12,478</b>

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 nine months ended 30 September 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**

10 November 2017