PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

POSH NARROWS LOSSES IN Q2 FY2017

- *Q2 FY2017 revenue at US$42.4 million; net loss attributable to shareholders narrows to US$9.1 million*
- *Utilisation rates of our core business segments have increased in Q2 FY2017*

Group Financial Performance for Q2 FY2017

	Quarter ended			6 months ended		
	30 Jun 2017 (US$'000)	**30 Jun 2016 (US$'000)**	**% change**	**30 Jun 2017 (US$'000)**	**30 Jun 2016 (US$'000)**	**% change**
Revenue	42,434	46,109	(8)	76,755	104,806	(27)
Gross (loss)/profit	(2,732)	1,833	N.M.	(7,746)	15,878	N.M.
Share of joint ventures' results	4,645	(3,118)	N.M.	207	1,738	(88)
Net (loss) /profit attributable to Shareholders ("NLAT/NPAT")	(9,109)	(17,527)	(48)	(27,486)	(13,076)	110

**N.M. denotes not meaningful*

SINGAPORE, 1 August 2017 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today reported results for the second quarter ended 30 June 2017 ("**Q2 FY2017**").

For the three months ended 30 June 2017 ("**Q2 FY2017**"), revenue declined 8% year-on-year ("**YoY**") to US$42.4 million. This was mainly due to persistent challenging conditions across the industry that resulted in lower utilisation and charter rates across most business segments. Correspondingly, POSH reported a gross loss of US$2.7 million.

The Group's share of joint ventures' results swung to a profit of US$4.6 million from a loss of US$3.1 million a year ago, mainly on higher contribution from POSH Terasea. During the quarter, POSH Terasea executed and completed several major towage and positioning projects.

Overall, POSH narrowed its net loss attributable to shareholders ("**NLAT**") for the period to US$9.1 million, from the US$17.5 million loss booked in Q2 FY2016.

For the six months ended 30 June 2017 ("**1H FY2017**"), revenue decreased by 27% YoY to US$76.8 million on lower charter rates and utilisation for most business segments. The Group reported a gross loss of US$7.7 million, compared to a gross profit of US$15.9 million in the previous corresponding period.

The Group continued to focus on cost rationalisation for 1H FY2017. General and administrative expenses decreased to US$12.2 million, mainly achieved through lower personnel costs and a lower allowance for doubtful debts.

Net loss attributable to shareholders was US$27.5 million, compared to US$13.1 million for 1H FY2016.

The Group generated a positive net operating cash flow of US$11.6 million for 1H 2017 with a net gearing of 1.1 times as at 30 June 2017.

Business Segment Performance for Q2 FY2017

	Revenue			**Gross (Loss)/Profit**		
	Quarter ended			**Quarter ended**		
	30 Jun 2017 (US$'000)	**30 Jun 2016 (US$'000)**	**% change**	**30 Jun 2017 (US$'000)**	**30 Jun 2016 (US$'000)**	**% change**
Offshore Supply Vessels	20,468	19,665	4	(82)	(2,746)	(97)
Offshore Accommodation	12,689	16,612	(24)	(4,255)	2,736	N.M.
Transportation & Installation	4,175	3,856	8	470	179	163
Harbour Services & Emergency Response	5,102	5,976	(15)	1,135	1,664	(32)

**N.M. denotes not meaningful*

Offshore Supply Vessels ("OSV")

Revenue increased by 4% to US$20.5 million due to improved utilisation mainly attributable to increased deployment of vessels under our long-term charters with a Middle East National Oil Company. Correspondingly, the segment narrowed its gross loss to US$82,000.

Offshore Accommodation (“OA”)

Revenue decreased by 24% to US$12.7 million as POSH Xanadu, semi-submersible accommodation vessel (“**SSAV**”) and two of the Light Construction Vessels were not deployed during the quarter. As a result, the segment registered a gross loss of US$4.3 million.

Transportation & Installation (“T&I”)

Revenue increased by 8% to US$4.2 million primarily on improved utilisation and the segment reported a gross profit of US$0.5 million.

Harbour Services & Emergency Response (“HSER”)

HSER reported a 15% decrease in revenue to US$5.1 million on fewer overseas and spot charters for its Harbour Tugs. Gross profit for the period was US$1.1 million.

Operational update and outlook

Oil prices remained below US$50 per barrel despite efforts by oil producing countries to curb oil production, resulting in a lack of new field development.

The oversupply situation for all vessel categories continues to exert pressure on charter rates and vessel utilisation, and this will have a negative impact on the Group’s financial performance for the year.

As at 30 Jun 2017, the Group has deployed six vessels to the Middle East to perform their charter contracts with a National Oil Company and another six vessels will be deployed progressively in 2H FY17.

After the successful towage and positioning of the INPEX Ichthys Central Processing Facilities (“CPF”) in Q2 FY17, our POSH Terasea JV will be executing the towage and positioning of the INPEX Ichthys FPSO and the Shell Prelude FLNG platform in Q3 FY17 and the Egina FPSO unit in Q4 FY17. After the positioning of the Shell Prelude FLNG platform is completed, our 750-pax SSAV, POSH Arcadia will provide accommodation support for the hook-up and commissioning of the project.

While other oil producing regions had slowed down given the weak market conditions, the Middle East and West Africa remain as key regions where oil majors continue to issue tenders for vessel requirements. The Group will continue to participate actively in tenders and focus in these regions.

Captain Gerald Seow, Chief Executive Officer of POSH, said, "We will continue to focus on driving vessel utilisation, manage our cash flow and reduce costs.

Our operational service excellence continues to differentiate us in the industry. We have just delivered successfully on the highly complex INPEX Ichthys CPF and we look forward to further showcasing our capabilities in supporting the upcoming Shell Prelude and Egina FPSO projects.

We also continue to keep a tight rein on costs while executing our growth strategy in the Middle East and West Africa; and exploring accretive opportunities to generate long-term value for shareholders."

****

For further information or to speak to a POSH spokesperson, please contact:

Ms Kelly Shia, POSH, Corporate Affairs, +65 6839 7860,
kelly.shia@paccoffshore.com.sg

Ms Josephine Chew, WATATAWA Consulting, Director**,** +65 9061 0353,
jchew@we-watatawa.com

Mr Ong Chor Hao, WATATAWA Consulting, Manager, +65 9627 2674,
chorhaoo@we-watatawa.com

About PACC Offshore Services Holdings ("POSH")

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

The Group's four key business segments are:

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

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

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

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