



PACC OFFSHORE SERVICES HOLDINGS LTD.

Registration Number: 200603185Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND THE SIX MONTHS ENDED 30 JUNE 2018

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 June 2018, the POSH Group (including joint ventures) operated a combined fleet of 123 vessels, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, Platform Supply Vessels, Maintenance Utility Vessels, Crane and Deck Barges, Semi-submersible Accommodation Vessels, Light Construction Vessels, Accommodation Vessels, Multi-purpose Support 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.

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1(a)(i). Group Income Statement

	Group					
	Quarter ended			6 Months ended		
	30-Jun-18 US\$'000	(Restated) 30-Jun-17 US\$'000	% Change	30-Jun-18 US\$'000	(Restated) 30-Jun-17 US\$'000	% Change
Revenue	83,142	42,606	95%	153,707	77,187	99%
Cost of sales	(68,907)	(45,164)	53%	(129,536)	(84,618)	53%
Gross profit/(loss)	14,235	(2,558)	NM	24,171	(7,431)	NM
Other operating income	1,257	2,196	-43%	1,332	3,568	-63%
Distribution costs	(370)	(294)	26%	(597)	(458)	30%
General and administrative expenses	(9,693)	(6,969)	39%	(17,366)	(12,203)	42%
Finance costs	(7,302)	(5,123)	43%	(14,068)	(9,868)	43%
Share of joint ventures' result	(1,016)	2,579	NM	(464)	(2,191)	-79%
Loss before taxation	(2,889)	(10,169)	-72%	(6,992)	(28,583)	-76%
Taxation	(2,974)	(857)	247%	(6,091)	(1,036)	488%
Net loss for the period	(5,863)	(11,026)	-47%	(13,083)	(29,619)	-56%
Loss attributable to:						
Equity holders of the Company	(5,796)	(11,001)	-47%	(12,988)	(29,569)	-56%
Non-controlling interests	(67)	(25)	168%	(95)	(50)	90%
	(5,863)	(11,026)	-47%	(13,083)	(29,619)	-56%

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) with 1 January 2017 as the date of transition (please refer to note 5 of the announcement for details).

NM denotes "Not Meaningful".

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

	Group			
	Quarter ended		6 Months ended	
	30-Jun-18 US\$'000	30-Jun-17 US\$'000	30-Jun-18 US\$'000	30-Jun-17 US\$'000
Amortisation of intangible assets	(19)	(10)	(44)	(16)
Depreciation of fixed assets	(15,396)	(15,576)	(30,136)	(30,598)
Exchange gain/(loss)	159	(52)	(624)	(17)
Loss on disposal of fixed assets	(645)	(99)	(645)	(26)
Interest income	481	481	931	991
Interest expense	(7,302)	(5,123)	(14,068)	(9,868)
Allowance for doubtful debts	(1,299)	(231)	(1,329)	(157)

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

	Group					
	Quarter ended			6 Months ended		
	30-Jun-18 US\$'000	(Restated) 30-Jun-17 US\$'000	% Change	30-Jun-18 US\$'000	(Restated) 30-Jun-17 US\$'000	% Change
Net loss for the period	(5,863)	(11,026)	-47%	(13,083)	(29,619)	-56%
Other comprehensive loss: Items that may be reclassified subsequently to profit or loss						
Cash flow hedges-fair value gain/(loss)	2,118	(3,399)	NM	7,648	(3,159)	NM
Other comprehensive income/(loss) for the period	2,118	(3,399)	NM	7,648	(3,159)	NM
Total comprehensive loss for the period	(3,745)	(14,425)	-74%	(5,435)	(32,778)	-83%
Total comprehensive loss for the period attributable to:						
Equity holders of the Company	(3,678)	(14,400)	-74%	(5,340)	(32,728)	-84%
Non-controlling interests	(67)	(25)	168%	(95)	(50)	90%
	(3,745)	(14,425)	-74%	(5,435)	(32,778)	-83%

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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.

	Group			Company	
	30-Jun-18 US\$'000	(Restated) 31-Dec-17 US\$'000	(Restated) 01-Jan-17 US\$'000	30-Jun-18 US\$'000	31-Dec-17 US\$'000
Non-current assets					
Goodwill	-	-	57,125	-	-
Fixed assets	1,074,617	1,111,975	1,184,927	355	346
Intangible assets	226	95	12	-	-
Due from joint ventures	21,910	31,877	21,834	18,123	27,050
Investment in subsidiaries	-	-	-	112,493	112,493
Investment in joint ventures	80,294	80,557	63,080	35,989	35,989
Receivables and other non-current assets	2,892	1,616	1,982	-	-
Derivatives	15,019	7,295	5,600	4,959	1,261
	1,194,958	1,233,415	1,334,560	171,919	177,139
Current assets					
Consumables	1,746	3,609	1,677	-	-
Receivables and other current assets	93,810	83,241	79,693	5,604	5,877
Due from subsidiaries, joint ventures and related companies	71,622	76,398	72,013	819,853	806,581
Cash and cash equivalents	15,450	17,088	15,058	9,590	12,511
	182,628	180,336	168,441	835,047	824,969
Fixed assets classified as held for sale	-	-	2,547	-	-
	182,628	180,336	170,988	835,047	824,969
Total assets	1,377,586	1,413,751	1,505,548	1,006,966	1,002,108
Non-current liabilities					
Bank borrowings	569,791	584,461	439,225	295,000	295,000
Derivatives	76	-	-	21	-
Deferred tax liabilities	475	475	414	-	-
	570,342	584,936	439,639	295,021	295,000
Current liabilities					
Payables and accruals	80,556	110,314	73,592	18,305	19,254
Advances received from customers	-	849	198	-	-
Due to subsidiaries, joint ventures and related companies	61,519	65,695	31,806	35,949	37,275
Due to holding company	197	196	195	199	196
Bank borrowings	201,459	184,464	269,107	174,850	161,400
Provision for taxation	9,062	7,178	2,821	2,849	2,623
	352,793	368,696	377,719	232,152	220,748
Total liabilities	923,135	953,632	817,358	527,173	515,748
Equity					
Share capital	827,201	827,201	827,201	827,201	827,201
Treasury shares	(1,447)	(1,447)	(1,828)	(1,447)	(1,447)
Accumulated losses	(386,293)	(372,999)	(142,714)	(351,105)	(340,788)
Other reserves	15,149	7,428	5,600	5,144	1,394
	454,610	460,183	688,259	479,793	486,360
Non-controlling interest	(159)	(64)	(69)	-	-
Total equity	454,451	460,119	688,190	479,793	486,360
Total liabilities and equity	1,377,586	1,413,751	1,505,548	1,006,966	1,002,108

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

	As at 30-Jun-18		As at 31-Dec-17	
	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000	Secured US\$'000
(i) Amount payable in one year or less, or on demand	174,850	26,609	161,400	23,064
(ii) Amount repayable after one year	295,000	274,791	295,000	289,461

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		6 Months ended	
	30-Jun-18 US\$'000	(Restated) 30-Jun-17 US\$'000	30-Jun-18 US\$'000	(Restated) 30-Jun-17 US\$'000
Cash flows from operating activities				
Loss before taxation	(2,889)	(10,169)	(6,992)	(28,583)
Adjustments for:				
Amortisation of prepayments	91	91	182	182
Amortisation of intangible assets	19	10	44	16
Depreciation of fixed assets	15,396	15,576	30,136	30,598
Grant of equity-settled share options to employees	37	35	73	60
Allowance for doubtful debts-trade	1,299	231	1,329	157
Loss on disposal of fixed assets	645	99	645	26
Shares of joint ventures' results	1,016	(2,579)	464	2,191
Interest expense	7,302	5,123	14,068	9,868
Interest income	(481)	(481)	(931)	(991)
Unrealised exchange loss/(gain)	95	(2)	306	(61)
Operating cash flows before working capital changes	22,530	7,934	39,324	13,463
Changes in working capital				
Decrease/(increase) in consumables	142	120	1,863	(647)
(Increase)/decrease in receivables and other assets	(12,990)	2,955	(13,457)	(5,188)
(Decrease)/increase in due to related companies	(4,557)	813	(2,687)	1,662
Increase/(decrease) in payables and accruals	306	7,059	(807)	11,321
Cash generated from operations	5,431	18,881	24,236	20,611
Interest paid	(7,932)	(4,573)	(14,498)	(9,929)
Interest received	389	846	726	1,251
Income taxes paid	(3,814)	(287)	(4,207)	(315)
Net cash (used in)/generated from operating activities	(5,926)	14,867	6,257	11,618
Cash flows from investing activities				
Acquisition of intangible assets	(28)	(12)	(28)	(102)
Acquisition of fixed assets	(7,940)	(31,023)	(24,601)	(43,836)
Proceeds from disposal of fixed assets	12,960	-	12,960	2,679
(Decrease)/increase in due to related companies	(12,640)	553	656	2,041
Decrease/(increase) in due from joint ventures	3,444	(1,265)	1,098	(874)
Net cash used in investing activities	(4,204)	(31,747)	(9,915)	(40,092)

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	Group			
	Quarter ended		6 Months ended	
	30-Jun-18 US\$'000	(Restated) 30-Jun-17 US\$'000	30-Jun-18 US\$'000	(Restated) 30-Jun-17 US\$'000
Cash flows from financing activities				
Purchase of treasury shares	-	(25)	-	(25)
Increase in bank borrowings	11,680	19,835	2,325	28,213
Increase/(decrease) in due to holding company	89	-	1	(74)
Net cash generated from financing activities	11,769	19,810	2,326	28,114
Net increase/(decrease) in cash and cash equivalents	1,639	2,930	(1,332)	(360)
Effect of exchange rate changes on cash and cash equivalents	(95)	2	(306)	61
Cash and cash equivalents at beginning of period	13,906	11,827	17,088	15,058
Cash and cash equivalents at end of period	15,450	14,759	15,450	14,759

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						Non-controlling interest	Total
	Share capital	Treasury shares	Accumulated losses	Hedging reserves	Employee share option reserves	Exchange reserves		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 31 Dec 2017 (As previously reported)	827,201	(1,447)	(373,205)	7,295	133	298	(64)	460,211
Adoption of SFRS(I) 1	-	-	298	-	-	(298)	-	-
Adoption of SFRS(I) 15	-	-	(92)	-	-	-	-	(92)
Balance at 31 Dec 2017 (Restated)	827,201	(1,447)	(372,999)	7,295	133	-	(64)	460,119
Adoption of SFRS(I) 9	-	-	(306)	-	-	-	-	(306)
Balance at 1 Jan 2018	827,201	(1,447)	(373,305)	7,295	133	-	(64)	459,813
Grant of equity-settled share options to employees	-	-	-	-	36	-	-	36
Loss for the period	-	-	(7,192)	-	-	-	(28)	(7,220)
Other comprehensive income	-	-	-	5,530	-	-	-	5,530
Total comprehensive loss for the period	-	-	(7,192)	5,530	-	-	(28)	(1,690)
Balance at 31 Mar 2018	827,201	(1,447)	(380,497)	12,825	169	-	(92)	458,159
Grant of equity-settled share options to employees	-	-	-	-	37	-	-	37
Loss for the period	-	-	(5,796)	-	-	-	(67)	(5,863)
Other comprehensive income	-	-	-	2,118	-	-	-	2,118
Total comprehensive loss for the period	-	-	(5,796)	2,118	-	-	(67)	(3,745)
Balance at 30 Jun 2018	827,201	(1,447)	(386,293)	14,943	206	-	(159)	454,451

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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 US\$'000	Hedging reserves US\$'000	Employee share option reserves US\$'000	Exchange reserves US\$'000		
The Group								
Balance at 1 Jan 2017 (As previously reported)	827,201	(1,828)	(142,939)	5,600	-	298	(69)	688,263
Adoption of the SFRS(I) 1	-	-	298	-	-	(298)	-	-
Adoption of the SFRS(I) 15	-	-	(73)	-	-	-	-	(73)
Balance as at 1 Jan 2017 (Restated)	827,201	(1,828)	(142,714)	5,600	-	-	(69)	688,190
Treasury shares reissued pursuant to employee share plans	-	419	-	-	-	-	-	419
Grant of equity-settled share options to employees	-	-	-	-	25	-	-	25
Loss for the period (Restated)	-	-	(18,568)	-	-	-	(25)	(18,593)
Other comprehensive income	-	-	-	240	-	-	-	240
Total comprehensive loss for the period	-	-	(18,568)	240	-	-	(25)	(18,353)
Balance at 31 Mar 2017 (Restated)	827,201	(1,409)	(161,282)	5,840	25	-	(94)	670,281
Purchase of treasury shares	-	(25)	-	-	-	-	-	(25)
Grant of equity-settled share options to employees	-	-	-	-	35	-	-	35
Loss for the period (Restated)	-	-	(11,001)	-	-	-	(25)	(11,026)
Other comprehensive loss	-	-	-	(3,399)	-	-	-	(3,399)
Total comprehensive loss for the period	-	-	(11,001)	(3,399)	-	-	(25)	(14,425)
Balance at 30 Jun 2017 (Restated)	827,201	(1,434)	(172,283)	2,441	60	-	(119)	655,866

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The Company

	Share capital US\$'000	Treasury shares US\$'000	Accumulated (losses)/ retained profits US\$'000	Hedging reserves US\$'000	Employee share option reserves US\$'000	Total US\$'000
Balance at 1 Jan 2018	827,201	(1,447)	(340,788)	1,261	133	486,360
Grant of equity-settled share options to employees	-	-	-	-	36	36
Loss for the period	-	-	(4,745)	-	-	(4,745)
Other comprehensive income	-	-	-	2,447	-	2,447
Total comprehensive loss for the period	-	-	(4,745)	2,447	-	(2,298)
Balance at 31 Mar 2018	827,201	(1,447)	(345,533)	3,708	169	484,098
Grant of equity-settled share options to employees	-	-	-	-	37	37
Loss for the period	-	-	(5,572)	-	-	(5,572)
Other comprehensive income	-	-	-	1,230	-	1,230
Total comprehensive loss for the period	-	-	(5,572)	1,230	-	(4,342)
Balance at 30 Jun 2018	827,201	(1,447)	(351,105)	4,938	206	479,793
Balance at 1 Jan 2017	827,201	(1,828)	14,602	-	-	839,975
Treasury shares reissued pursuant to employees share plans	-	419	-	-	-	419
Grant of equity-settled share options to employees	-	-	-	-	25	25
Loss for the period	-	-	(1,691)	-	-	(1,691)
Other comprehensive income	-	-	-	173	-	173
Total comprehensive loss for the period	-	-	(1,691)	173	-	(1,518)
Balance at 31 Mar 2017	827,201	(1,409)	12,911	173	25	838,901
Purchase of treasury shares	-	(25)	-	-	-	(25)
Grant of equity-settled share options to employees	-	-	-	-	35	35
Loss for the period	-	-	(3,329)	-	-	(3,329)
Other comprehensive loss	-	-	-	(1,412)	-	(1,412)
Total comprehensive loss for the period	-	-	(3,329)	(1,412)	-	(4,741)
Balance at 30 Jun 2017	827,201	(1,434)	9,582	(1,239)	60	834,170

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 June 2018 was as follows:

	Number of shares
Balance as at 1 April and 30 June 2018	<u>6,359,600</u>

As at 30 June 2018, 6,359,600 treasury shares were held by the Company (30 June 2017: 6,299,100) representing 0.4% (30 June 2017: 0.3%) 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 June 2018 was 1,813,640,400 (31 December 2017: 1,813,640,400).

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.

None.

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 2017, except as disclosed in paragraph 5.

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.*

The Group has adopted SFRS(I) on 1 January 2018. The financial statements for the period ended 30 June 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I). The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

The adoption of new/revised SFRS(I)s and INT SFRS(I)s did not have any significant impact on the financial performance or position of the Group except for the following:

a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)

The Group has elected for the optional exemption to reset the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, cumulative translation reserve of US\$298,000 was reclassified from other reserves to accumulated losses as at 1 January 2017.

b) Adoption of SFRS(I) 9 Financial Instruments

The Group adopted SFRS(I) 9 on the required effective date without restating prior periods' information. As a result of adopting SFRS(I) 9, the Group recognised additional allowance for doubtful debts of US\$306,000 which has been included in the accumulated losses at the date of initial application, 1 January 2018.

c) Adoption of SFRS(I) 15 Revenue from Contracts with Customers

The Group has adopted SFRS(I) 15 on the required effective date and applied the changes in accounting policy retrospectively to each reporting year presented, using the full retrospective approach. As a result of adopting SFRS(I) 15, the net loss for 1H FY17 increased by US\$2,083,000.

5. d) Comparatives

The comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) described above are summarised below:

Group Income Statement and Consolidated Statement of Comprehensive Income

		30-Jun-2017 Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	30-Jun-2017 Restated under SFRS(I) US\$'000
Revenue	5c	76,755	432	77,187
Cost of sales	5c	(84,501)	(117)	(84,618)
Share of joint ventures' results	5c	207	(2,398)	(2,191)
Net loss for the period		(27,536)	(2,083)	(29,619)
Loss attributable to:				
Equity holders of the Company		(27,486)	(2,083)	(29,569)
Non-controlling interests		(50)	-	(50)
		(27,536)	(2,083)	(29,619)

Group Consolidated Statement of Comprehensive Income

		30-Jun-2017 Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	30-Jun-2017 Restated under SFRS(I) US\$'000
Total comprehensive loss for the period		(30,695)	(2,083)	(32,778)
Loss attributable to:				
Equity holders of the Company		(30,645)	(2,083)	(32,728)
Non-controlling interests		(50)	-	(50)
		(30,695)	(2,083)	(32,778)

Group Consolidated Balance Sheets

	Note	31-Dec-17 Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	31-Dec-17 Restated under SFRS(I) US\$'000	1-Jan-17 Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	1-Jan-17 Restated under SFRS(I) US\$'000
Equity							
Accumulated losses	5a	(373,205)	298	(372,999)	(142,939)	298	(142,714)
Accumulated losses	5c	-	(92)	-	-	(73)	-
Exchange reserve	5a	298	(298)	-	298	(298)	-
Total equity		460,211	(92)	460,119	688,263	(73)	688,190

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FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

5. d) Comparatives (cont'd)

		31-Dec-17 Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	31-Dec-17 Restated under SFRS(I) US\$'000	1-Jan-17 Reported under SFRS US\$'000	Effect of transition to SFRS(I) US\$'000	1-Jan-17 Restated under SFRS(I) US\$'000
Non-current assets							
Investment in joint ventures	5c	80,668	(111)	80,557	63,189	(109)	63,080
Total non-current assets		1,233,526	(111)	1,233,415	1,334,669	(109)	1,334,560
Current assets							
Receivables and other current assets	5c	83,203	38	83,241	79,626	67	79,693
Total current assets		180,298	38	180,336	170,921	67	170,988
Current liabilities							
Payables and accruals	5c	110,295	19	110,314	73,561	31	73,592
Total current liabilities		368,677	19	368,696	377,688	31	377,719

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		6 Months ended	
	30-Jun-18	(Restated) 30-Jun-17	30-Jun-18	(Restated) 30-Jun-17
Net loss attributable to equity holders of the Company (US\$'000)	(5,796)	(11,001)	(12,988)	(29,569)
Weighted average ordinary shares for calculation ('000)				
- Basic	1,813,640	1,833,733	1,813,640	1,813,790
- On fully diluted basis	1,813,640	1,833,733	1,813,640	1,813,790
Loss per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	(0.32)	(0.60)	(0.72)	(1.63)
(ii) On fully diluted basis	(0.32)	(0.60)	(0.72)	(1.63)

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-Jun-18	(Restated) As at 31-Dec-17	As at 30-Jun-18	As at 31-Dec-17
Net asset value (US\$'000)	454,451	460,119	479,793	486,360
Total number of ordinary shares issued ('000)	1,813,640	1,813,640	1,813,640	1,813,640
Net asset value per ordinary shares (US cents)	25.06	25.37	26.45	26.82

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

2nd Quarter 2018 ("Q2 FY18") vs 2nd Quarter 2017 ("Q2 FY17")

	Revenue			Gross Profit/(loss)			Gross Margin	
	Q2 FY18 US\$'000	(Restated) Q2 FY17 US\$'000	% Change	Q2 FY18 US\$'000	(Restated) Q2 FY17 US\$'000	% Change	Q2 FY18 %	Q2 FY17 %
Offshore Supply Vessels ("OSV")	26,044	20,728	26%	832	97	758%	3%	0%
Offshore Accommodation ("OA")	45,384	12,901	252%	11,631	(4,098)	NM	26%	-32%
Transportation & Installation ("T&I")	4,624	3,875	19%	841	308	173%	18%	8%
Harbour Services and Emergency Response ("HSER")	7,090	5,102	39%	931	1,135	-18%	13%	22%
	83,142	42,606	95%	14,235	(2,558)	NM	17%	-6%

In Q2 FY18, the Group registered revenue of US\$83.1 million, a 95% increase from US\$42.6 million in Q2 FY17. This was mainly due to improved average daily charter rates, particularly for the OA segment, and improved utilisation, for which the OA Semi-Submersible Accommodation Vessel ("SSAV") segment reported 100% utilisation.

OSV

OSV segment revenue increased by 26% to US\$26.0 million (Q2 FY17: US\$20.7 million) due to improved utilisation of 76% (Q2 FY17: 64%) mainly attributable to the full contribution of 12 vessels (Q2 FY 2017: 6 vessels) deployed under long term charters to a Middle East National Oil Company. Notwithstanding increased operating expenses and lower average daily charter rates, the OSV segment was able to record a higher gross profit of US\$0.8 million in Q2 FY18 compared to US\$0.1 million in Q2 FY17.

OA

OA segment revenue increased by 252% to US\$45.4 million (Q2 FY17: US\$12.9 million), as both our 750 pax SSAVs POSH Arcadia and POSH Xanadu were fully employed during Q2 FY18. In addition to the improved performance of the SSAVs, the other OA vessels also reported higher average daily charter rates and utilisation. With better operating margin, the segment registered gross profit of US\$11.6 million compared to gross loss of US\$4.1 million in Q2 FY17.

Income Statement (cont'd)

2nd Quarter 2018 ("Q2 FY18") vs 2nd Quarter 2017 ("Q2 FY17") (cont'd)

T&I

T&I segment registered a revenue increase of 19% to US\$4.6 million (Q2 FY17: US\$3.9 million) due to higher vessel utilisation of 75% (Q2 FY17: 48%) which resulted in an improved gross profit of US\$0.8 million (Q2 FY17: US\$0.3 million).

HSER

HSER revenue increased by 39% to US\$7.1 million (Q2 FY17: US\$5.1 million) mainly due to higher revenue from salvage jobs and heavy lift vessels.

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

G&A expenses increased by US\$2.7 million or 39% to US\$9.7 million (Q2 FY17: US\$7.0 million) mainly due to increased personnel and legal costs as well as higher allowance for doubtful debts.

Finance costs increased by 43% or US\$2.2 million due to higher loan balances and higher interest rates.

The Group's share of results from joint ventures ("JVs") registered a loss of US\$1.0 million in Q2 FY18 compared to a profit of US\$2.6 million in Q2 FY17. This was largely contributed by the net loss incurred by POSH Terasea in Q2 FY18 as a result of lower vessel utilisation.

The Group recorded a net loss attributable to shareholders of US\$5.8 million in Q2 FY18 compared to US\$11.0 million in Q2 FY17.

6 Months ended 30 June 2018 ("1H FY18") vs 6 Months ended 30 June 2017 ("1H FY17")

	Revenue			Gross Profit/(loss)			Gross Margin	
	(Restated)			(Restated)			(Restated)	
	1H FY18	1H FY17	%	1H FY18	1H FY17	%	1H FY18	1H FY17
	US\$'000	US\$'000	Change	US\$'000	US\$'000	Change	%	%
Offshore Supply Vessels ("OSV")	47,753	35,159	36%	582	(4,595)	NM	1%	-13%
Offshore Accommodation ("OA")	84,283	22,895	268%	20,958	(6,760)	NM	25%	-30%
Transportation & Installation ("T&I")	9,659	8,335	16%	1,267	1,683	-25%	13%	20%
Harbour Services and Emergency Response ("HSER")	12,012	10,798	11%	1,364	2,241	-39%	11%	21%
	153,707	77,187	99%	24,171	(7,431)	NM	16%	-10%

In 1H FY18, the Group registered revenue of US\$153.7 million (1H FY17: US\$77.2 million), an increase of 99% or US\$76.5 million. This was mainly due to improved vessel utilisation across the business segments and higher average daily charter rates for the OA segment. As such, the Group recorded gross profit of US\$24.2 million in 1H FY18 compared to gross loss of US\$7.4 million in 1H FY17.

OSV

While average daily charter rates were lower against the same period last year, OSV segment revenue increased by 36% to US\$47.8 million (1H FY17: US\$35.2 million) mainly due to higher vessel utilisation of 72% (1H FY17: 61%). As such, the segment achieved a gross profit of US\$0.6 million in 1H FY18 compared to gross loss of US\$4.6 million in 1H FY17.

OA

OA segment revenue increased 268% to US\$84.3 million (1H FY17: US\$22.9 million) mainly due to revenue contribution from POSH Arcadia, from the Shell Prelude project and POSH Xanadu which started work in early March 2018 for the Chevron Big Foot TLP project, and coupled with higher utilisation and higher average daily charter rates from the rest of the OA vessels. Consequently, the segment registered a gross profit of US\$21.0 million in 1H FY18 compared to gross loss of US\$6.8 million in 1H FY17.

Income Statement (cont'd)

6 Months ended 30 June 2018 ("1H FY18") vs 6 Months ended 30 June 2017 ("1H FY17") (cont'd)

T&I

T&I segment revenue increased by 16% to US\$9.7 million (1H FY17: US\$8.3 million) mainly due to higher vessel utilisation of 63% (1H FY17: 40%). While vessel utilisation improved, charter rates remained depressed. Consequently, the segment registered a lower gross profit at US\$1.3 million (1H FY17: US\$1.7 million).

HSER

HSER segment registered an 11% increase in revenue to US\$12.0 million (1H FY17: US\$10.8 million) mainly due to new salvage projects and higher revenue from heavy lift vessels. The lower gross profit of US\$1.4 million in 1H FY18 (1H FY17: US\$2.2 million) was mainly due to higher operating costs.

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

G&A expenses increased by 42% or US\$5.2 million to US\$17.4 million (1H FY17: US\$12.2 million) mainly due to increase in personnel expenses as a result of the reversal of prior year bonus provision in 1H FY17, increased legal costs as well as higher allowance for doubtful debts.

Finance costs increased by 43% or US\$4.2 million to US\$14.1 million (1H FY17: US\$9.9 million) mainly due to higher loan balances and higher interest rates in 1H FY18.

Share of joint ventures' loss decreased by 79% or US\$1.7 million to US\$0.5 million in 1H FY18 (1H FY17: US\$2.2 million loss) mainly due to higher vessel utilisation from our Indonesian JV.

Accordingly, the Group's net loss attributable to shareholders decreased to US\$13.0 million in 1H FY18 compared to US\$29.6 million in 1H FY17.

Statement of Financial Position

The Group's net asset was US\$454.5 million as at 30 June 2018.

The Group had net current liabilities of US\$170.2 million mainly due to bank borrowings due within one year.

Statement of Cash Flows

The Group reported a higher cash generated from operations of US\$24.2 million for 1H FY18 against US\$20.6 million for 1H FY17. However, higher interest expenses for 1H FY18 (US\$14.5 million) and taxes (US\$4.2 million), reduced the net cash generated from operating activities to US\$6.3 million for 1H FY18 against US\$11.6 million for 1H FY17.

Net cash used in investing activities was US\$9.9 million in 1H FY18 compared to US\$40.1 million in 1H FY17. This was mainly due to lower acquisition of fixed assets and increase in proceeds from disposal of fixed assets.

The Group's net cash generated from financing activities in 1H FY18 was US\$2.3 million (1H FY17: US\$28.1 million) due to substantial decline in incremental bank borrowings.

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.***

Whilst market sentiment is more positive amid signs of increased investment and Capex in offshore oil field development, the oversupply of OSV vessels continues to exert pressure on both utilisation and charter rates.

The two SSAVs will remain employed in current charters until Q3 FY18, and POSH Xanadu will commence her new charter to Petrobras in December 2018 for a firm period of 8 months and with an option to extend for a further 8 months.

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 11 April 2018. During the six months ended 30 June 2018, 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	-	1,178
DP Shipbuilding & Engineering Pte Ltd	-	1,411
DDW PaxOcean Shipyard Pte Ltd	-	228
PACC Ship Managers Pte Ltd	-	259
PaxOcean Engineering Zhuhai Co., Ltd	-	920
PACC Shipping Phils Inc	-	153
TOTAL	-	4,149

- 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 six months ended 30 June 2018 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

06 August 2018