PACC OFFSHORE SERVICES HOLDINGS LTD.
Registration Number: 200603185Z

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND THE SIX MONTHS ENDED 30 JUNE 2019

Introduction

PACC Offshore Services Holdings Ltd. ("POSH") is one of Asia's largest operators of offshore support vessels, with a diversified fleet servicing the offshore oil and gas and renewables industries.

With four distinct operating segments: Offshore Supply Vessels, Transportation and Installation, Offshore Accommodation as well as Harbour Services and Emergency Response, POSH's offshore support vessels perform anchor handling services, ocean towage and installation, ocean transportation, heavy-lift, offshore accommodation services, Subsea Umbilicals Risers and Flowlines (SURF) and Inspection Maintenance and Repair (IMR) support, harbour towage and emergency response services.

As at 30 June 2019, the POSH Group (including joint ventures) operates a combined fleet of 122 vessels with another vessel on order, 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, Dive 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 energy companies, as well as many large international offshore contractors.

For more information on POSH, please visit www.posh.com.sg.

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

	Group					
	Quarter ended			6 Months ended		
	30-Jun-19 US$'000	**30-Jun-18 US$'000**	**% change**	**30-Jun-19 US$'000**	**30-Jun-18 US$'000**	**% change**
Revenue	**73,957**	83,142	-11%	**135,763**	153,707	-12%
Cost of sales	**(65,578)**	(68,907)	-5%	**(120,570)**	(129,536)	-7%
Gross profit	**8,379**	14,235	-41%	**15,193**	24,171	-37%
Other income	**1,369**	1,902	-28%	**1,964**	2,601	-24%
Other expenses	**-**	(645)	NM	**(87)**	(1,269)	-93%
Reversal of/(allowance for) doubtful debts - trade	**735**	(1,299)	NM	**944**	(1,329)	NM
Distribution costs	**(324)**	(370)	-12%	**(615)**	(597)	3%
General and administrative expenses	**(10,353)**	(8,394)	23%	**(21,033)**	(16,037)	31%
Finance costs	**(7,785)**	(7,302)	7%	**(15,516)**	(14,068)	10%
Share of joint ventures' results	**(1,853)**	(1,016)	82%	**(3,422)**	(464)	638%
Loss before taxation	**(9,832)**	(2,889)	240%	**(22,572)**	(6,992)	223%
Taxation	**1,284**	(2,974)	NM	**1,204**	(6,091)	NM
Net loss for the period	**(8,548)**	(5,863)	46%	**(21,368)**	(13,083)	63%
(Loss)/income attributable to:						
Equity holders of the Company	**(8,638)**	(5,796)	49%	**(21,357)**	(12,988)	64%
Non-controlling interests	**90**	(67)	NM	**(11)**	(95)	-88%
	(8,548)	(5,863)	46%	**(21,368)**	(13,083)	63%

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-19 US$'000	**30-Jun-18 US$'000**	**% change**	**30-Jun-19 US$'000**	**30-Jun-18 US$'000**	**% change**
Amortisation of intangible assets	**(78)**	(19)	311%	**(154)**	(44)	250%
Depreciation of right-of-use assets	**(1,208)**	-	NM	**(2,418)**	-	NM
Depreciation of fixed assets	**(14,439)**	(15,396)	-6%	**(28,991)**	(30,136)	-4%
Exchange gain/(loss)	**202**	159	27%	**(87)**	(624)	-86%
Gain/(loss) on disposal of fixed assets	**281**	(645)	NM	**281**	(645)	NM
Interest income	**325**	481	-32%	**716**	931	-23%
Interest expense	**(7,785)**	(7,302)	7%	**(15,516)**	(14,068)	10%
Reversal of/(allowance for) doubtful debts - trade	**735**	(1,299)	NM	**944**	(1,329)	NM

NM denotes "Not Meaningful".

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

	Group					
	Quarter ended			6 Months ended		
	30-Jun-19 US$'000	**30-Jun-18 US$'000**	**% change**	**30-Jun-19 US$'000**	**30-Jun-18 US$'000**	**% change**
Net loss for the period	**(8,548)**	(5,863)	46%	**(21,368)**	(13,083)	63%
Other comprehensive (loss)/income:						
Items that may be reclassified subsequently to profit or loss:						
Cash flow hedges						
Fair value (loss)/gain	**(6,940)**	2,118	NM	**(11,263)**	7,648	NM
Other comprehensive (loss)/income for the period	**(6,940)**	2,118	NM	**(11,263)**	7,648	NM
Total comprehensive loss for the period	**(15,488)**	(3,745)	314%	**(32,631)**	(5,435)	500%
Total comprehensive loss for the period attributable to:						
Equity holders of the Company	**(15,578)**	(3,678)	324%	**(32,620)**	(5,340)	511%
Non-controlling interests	**90**	(67)	NM	**(11)**	(95)	-88%
	(15,488)	(3,745)	314%	**(32,631)**	(5,435)	500%

NM denotes "Not Meaningful".

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-19 US$'000	**31-Dec-18 US$'000**	**30-Jun-19 US$'000**	**31-Dec-18 US$'000**
Non-current assets				
Fixed assets	**980,675**	1,004,629	**184**	226
Right-of-use assets	**7,189**	-	**1,764**	-
Intangible assets	**445**	597	**315**	420
Due from joint ventures	**14,660**	23,316	**12,838**	20,973
Investment in subsidiaries	**-**	-	**110,141**	110,140
Investment in joint ventures	**67,043**	70,788	**35,989**	35,989
Receivables and other non-current assets	**7,412**	5,896	**-**	-
Deferred tax asset	**136**	-	**-**	-
Derivatives	**1,980**	10,197	**-**	2,862
	1,079,540	1,115,423	**161,231**	170,610
Current assets				
Consumables	**1,279**	5,047	**-**	-
Receivables and other current assets	**95,118**	83,991	**2,629**	3,045
Due from subsidiaries and joint ventures	**79,368**	80,930	**779,300**	759,824
Due from related parties	**268**	91	**1**	1
Cash and cash equivalents	**16,481**	13,829	**8,997**	8,159
	192,514	183,888	**790,927**	771,029
Total assets	**1,272,054**	1,299,311	**952,158**	941,639
Non-current liabilities				
Bank borrowings	**534,950**	550,330	**285,000**	285,000
Lease liabilities	**2,008**	-	**1,169**	-
Derivatives	**3,627**	581	**2,217**	82
Deferred tax liabilities	**-**	12	**-**	-
	540,585	550,923	**288,386**	285,082
Current liabilities				
Payables and accruals	**84,907**	87,182	**20,320**	19,187
Advances received from customers	**-**	285	**-**	-
Due to subsidiaries and joint ventures	**57,565**	62,940	**35,308**	34,493
Due to related companies	**1,692**	2,020	**961**	1,386
Due to holding company	**152**	650	**155**	654
Bank borrowings	**247,160**	216,041	**216,400**	185,400
Lease liabilities	**4,261**	-	**615**	-
Provision for taxation	**4,115**	15,395	**3,272**	3,122
	399,852	384,513	**277,031**	244,242
Total liabilities	**940,437**	935,436	**565,417**	529,324
Equity				
Share capital	**827,201**	827,201	**827,201**	827,201
Treasury shares	**(1,238)**	(1,590)	**(1,238)**	(1,590)
Accumulated losses	**(492,988)**	(471,631)	**(437,271)**	(416,321)
Other reserves	**(1,381)**	9,861	**(1,951)**	3,025
	331,594	363,841	**386,741**	412,315
Non-controlling interest	**23**	34	**-**	-
Total equity	**331,617**	363,875	**386,741**	412,315
Total liabilities and equity	**1,272,054**	1,299,311	**952,158**	941,639

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

	As at 30-Jun-19		As at 31-Dec-18	
	Unsecured US$'000	**Secured US$'000**	**Unsecured US$'000**	**Secured US$'000**
(i) Amount payable in one year or less, or on demand	**216,400**	**30,760**	185,400	30,641
(ii) Amount repayable after one year	**285,000**	**249,950**	285,000	265,330

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-19 US$'000	**30-Jun-18 US$'000**	**30-Jun-19 US$'000**	**30-Jun-18 US$'000**
Cash flows from operating activities				
Loss before taxation	**(9,832)**	(2,889)	**(22,572)**	(6,992)
Adjustments for:				
Amortisation of prepayments	**167**	91	**188**	182
Amortisation of intangible assets	**78**	19	**154**	44
Depreciation of fixed assets	**14,439**	15,396	**28,991**	30,136
Depreciation of right-of-use assets	**1,208**	-	**2,418**	-
Grant of equity-settled share options to employees	**10**	37	**21**	73
(Reversal of)/allowance for doubtful debts – trade	**(735)**	1,299	**(944)**	1,329
(Gain)/loss on disposal of fixed assets	**(281)**	645	**(281)**	645
Share of joint ventures' results	**1,853**	1,016	**3,422**	464
Interest expense	**7,785**	7,302	**15,516**	14,068
Interest income	**(325)**	(481)	**(716)**	(931)
Unrealised exchange (gain)/loss	**(205)**	95	**(185)**	306
Operating cash flows before working capital changes	**14,162**	22,530	**26,012**	39,324
Changes in working capital				
Decrease in consumables	**1,187**	142	**3,768**	1,863
Increase in receivables and other current assets	**(17,908)**	(12,990)	**(12,524)**	(13,457)
Increase/(decrease) in due to related companies	**1,290**	(4,557)	**(504)**	(2,687)
Increase/(decrease) in payables and accruals	**2,858**	306	**(2,004)**	(807)
Cash generated from operating activities	**1,589**	5,431	**14,748**	24,236
Interest paid	**(8,381)**	(7,932)	**(16,067)**	(14,498)
Interest received	**325**	389	**603**	726
Income taxes paid	**(10,193)**	(3,814)	**(10,224)**	(4,207)
Net cash (used in)/generated from operating activities	**(16,660)**	(5,926)	**(10,940)**	6,257
Cash flows from investing activities				
Acquisition of intangible assets	**(2)**	(28)	**(2)**	(28)
Acquisition of fixed assets	**(242)**	(7,940)	**(5,109)**	(24,601)
Proceeds from disposal of fixed assets	**353**	12,960	**353**	12,960
(Decrease)/increase in due to related companies	**-**	(12,640)	**-**	656
Decrease in due from joint ventures	**6,233**	3,444	**4,695**	1,098
Net cash generated from/(used in) investing activities	**6,342**	(4,204)	**(63)**	(9,915)

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. (cont'd)

	Group			
	Quarter ended		6 Months ended	
	30-Jun-19 US$'000	**30-Jun-18 US$'000**	**30-Jun-19 US$'000**	**30-Jun-18 US$'000**
Cash flows from financing activities				
Issuance of treasury shares	**-**	-	**371**	-
Purchase of treasury shares	**-**	-	**(19)**	-
Repayment of term loans	**(8,644)**	(5,970)	**(15,261)**	(11,125)
Proceeds from revolving credit facilities	**15,350**	17,650	**31,000**	13,450
Principal lease repayments	**(1,300)**	-	**(2,123)**	-
(Decrease)/increase in due to holding company	**(20)**	89	**(498)**	1
Net cash generated from financing activities	**5,386**	11,769	**13,470**	2,326
Net (decrease)/increase in cash and cash equivalents	**(4,932)**	1,639	**2,467**	(1,332)
Effect of exchange rate changes on cash and cash equivalents	**205**	(95)	**185**	(306)
Cash and cash equivalents at beginning of period	**21,208**	13,906	**13,829**	17,088
Cash and cash equivalents at end of period	**16,481**	15,450	**16,481**	15,450

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 equity holders of the Company							
The Group	**Share capital US$'000**	**Treasury shares US$'000**	**Accumulated losses US$'000**	**Other reserves US$'000**	**Hedging reserve US$'000**	**Employee share plan reserve US$'000**	**Non-controlling interest US$'000**	**Total US$'000**
Balance at 1 January 2019	**827,201**	**(1,590)**	**(471,631)**	**9,861**	**9,616**	**245**	**34**	**363,875**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**11**	**-**	**11**	**-**	**11**
Purchase of treasury shares	**-**	**(19)**	**-**	**-**	**-**	**-**	**-**	**(19)**
Issuance of treasury shares	**-**	**371**	**-**	**-**	**-**	**-**	**-**	**371**
Loss for the period	**-**	**-**	**(12,719)**	**-**	**-**	**-**	**(101)**	**(12,820)**
Other comprehensive income	**-**	**-**	**-**	**(4,323)**	**(4,323)**	**-**	**-**	**(4,323)**
Total comprehensive loss for the period	**-**	**-**	**(12,719)**	**(4,323)**	**(4,323)**	**-**	**(101)**	**(17,143)**
Balance at 31 March 2019	**827,201**	**(1,238)**	**(484,350)**	**5,549**	**5,293**	**256**	**(67)**	**347,095**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**10**	**-**	**10**	**-**	**10**
(Loss)/income for the period	**-**	**-**	**(8,638)**	**-**	**-**	**-**	**90**	**(8,548)**
Other comprehensive income	**-**	**-**	**-**	**(6,940)**	**(6,940)**	**-**	**-**	**(6,940)**
Total comprehensive (loss)/income for the period	**-**	**-**	**(8,638)**	**(6,940)**	**(6,940)**	**-**	**90**	**(15,488)**
Balance at 30 June 2019	**827,201**	**(1,238)**	**(492,988)**	**(1,381)**	**(1,647)**	**266**	**23**	**331,617**

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. (cont'd)

	Attributable to equity holders of the Company								
The Group	**Share capital US$'000**	**Treasury shares US$'000**	**Accumulated losses US$'000**	**Other reserves US$'000**	**Hedging reserve US$'000**	**Employee share plan reserve US$'000**	**Exchange reserve US$'000**	**Non-controlling interest US$'000**	**Total US$'000**
Balance at 31 December 2017 (under SFRS)	827,201	(1,447)	(373,205)	7,726	7,295	133	298	(64)	460,211
Adoption of SFRS(I) 1	-	-	298	(298)	-	-	(298)	-	-
Adoption of SFRS(I) 15	-	-	(92)	-	-	-	-	-	(92)
Balance at 31 December 2017 (under SFRS(I))	827,201	(1,447)	(372,999)	7,428	7,295	133	-	(64)	460,119
Adoption of SFRS(I) 9	-	-	(306)	-	-	-	-	-	(306)
Balance at 1 January 2018 (under SFRS(I))	827,201	(1,447)	(373,305)	7,428	7,295	133	-	(64)	459,813
Grant of equity-settled share options to employees	-	-	-	36	-	36	-	-	36
Loss for the period	-	-	(7,192)	-	-	-	-	(28)	(7,220)
Other comprehensive income	-	-	-	5,530	5,530	-	-	-	5,530
Total comprehensive loss for the period	-	-	(7,192)	5,530	5,530	-	-	(28)	(1,690)
Balance at 31 March 2018	827,201	(1,447)	(380,497)	12,994	12,825	169	-	(92)	458,159
Grant of equity-settled share options to employees	-	-	-	37	-	37	-	-	37
Loss for the period	-	-	(5,796)	-	-	-	-	(67)	(5,863)
Other comprehensive income	-	-	-	2,118	2,118	-	-	-	2,118
Total comprehensive loss for the period	-	-	(5,796)	2,118	2,118	-	-	(67)	(3,745)
Balance at 30 June 2018	827,201	(1,447)	(386,293)	15,149	14,943	206	-	(159)	454,451

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. (cont'd)

	Attributable to equity holders of the Company						
The Company	**Share capital US$'000**	**Treasury shares US$'000**	**Accumulated losses US$'000**	**Other reserves US$'000**	**Hedging reserve US$'000**	**Employee share plan reserve US$'000**	**Total US$'000**
Balance at 1 January 2019	**827,201**	**(1,590)**	**(416,321)**	**3,025**	**2,780**	**245**	**412,315**
Purchase of treasury shares	**-**	**(19)**	**-**	**-**	**-**	**-**	**(19)**
Issuance of treasury shares	**-**	**371**	**-**	**-**	**-**	**-**	**371**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**11**	**-**	**11**	**11**
Loss for the period	**-**	**-**	**(6,685)**	**-**	**-**	**-**	**(6,685)**
Other comprehensive loss	**-**	**-**	**-**	**(1,850)**	**(1,850)**	**-**	**(1,850)**
Total comprehensive loss for the period	**-**	**-**	**(6,685)**	**(1,850)**	**(1,850)**	**-**	**(8,535)**
Balance at 31 March 2019	**827,201**	**(1,238)**	**(423,006)**	**1,186**	**930**	**256**	**404,143**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Issuance of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**10**	**-**	**10**	**10**
Loss for the period	**-**	**-**	**(14,265)**	**-**	**-**	**-**	**(14,265)**
Other comprehensive loss	**-**	**-**	**-**	**(3,147)**	**(3,147)**	**-**	**(3,147)**
Total comprehensive loss for the period	**-**	**-**	**(14,265)**	**(3,147)**	**(3,147)**	**-**	**(17,412)**
Balance at 30 June 2019	**827,201**	**(1,238)**	**(437,271)**	**(1,951)**	**(2,217)**	**266**	**386,741**

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. (cont'd)

	Attributable to equity holders of the Company						
The Company	**Share capital US$'000**	**Treasury shares US$'000**	**Accumulated losses US$'000**	**Other reserves US$'000**	**Hedging reserve US$'000**	**Employee share plan reserve US$'000**	**Total US$'000**
Balance at 1 January 2018	827,201	(1,447)	(340,788)	1,394	1,261	133	486,360
Grant of equity-settled share options to employees	-	-	-	36	-	36	36
Loss for the period	-	-	(4,745)	-	-	-	(4,745)
Other comprehensive income	-	-	-	2,447	2,447	-	2,447
Total comprehensive loss for the period	-	-	(4,745)	2,447	2,447	-	(2,298)
Balance at 31 March 2018	827,201	(1,447)	(345,533)	3,877	3,708	169	484,098
Grant of equity-settled share options to employees	-	-	-	37	-	37	37
Loss for the period	-	-	(5,572)	-	-	-	(5,572)
Other comprehensive income	-	-	-	1,230	1,230	-	1,230
Total comprehensive loss for the period	-	-	(5,572)	1,230	1,230	-	(4,342)
Balance at 30 June 2018	827,201	(1,447)	(351,105)	5,144	4,938	206	479,793

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 six months ended 30 June 2019 was as follows:

	Number of shares
Balance as at 1 January 2019	7,359,600
Purchase of treasury shares	140,000
Issuance of treasury shares	(1,719,000)
Balance as at 31 March and 30 June 2019	5,780,600

As at 30 June 2019, 5,780,600 treasury shares were held by the Company (30 June 2018: 6,359,600) representing 0.3% (30 June 2018: 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 numbers of issued ordinary shares (excluding treasury shares) as at 30 June 2019 were 1,814,219,400 (31 December 2018: 1,812,640,400).

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.

During the six months ended 30 June 2019, the Company reissued 1,719,000 (30 June 2018: 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 2018, 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 adopted the new/revised Singapore Financial Reporting Standards (International) ("SFRS(I)") that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty Over Income Tax Treatments
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 3 and 11 Previously held interest in a joint operation
- Amendments to SFRS(I) 1-12 Income tax consequences of payments on financial instruments classified as equity
- Amendments to SFRS(I) 1-23 Borrowing costs eligible for capitalization

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

Adoption of SFRS(I) 16 Leases

The Group has adopted the SFRS(I) 16 using the modified retrospective approach.

On adoption of SFRS(I) 16, the Group and the Company has measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease recognised in the statement of financial position immediately before 1 January 2019. The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rates. Subsequent to initial recognition, the Group and the Company depreciate the right-of-use assets over the shorter of the useful life of the right-of-use assets and the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The right-of-use assets as at 30 June 2019 were mainly related to leases of the premises and vessels. Accordingly, there was a corresponding increase in lease liabilities of approximately US$6.3 million as at 30 June 2019.

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-19	**30-Jun-18**	**30-Jun-19**	**30-Jun-18**
Net loss attributable to equity holders of the Company (US$'000)	**(8,638)**	(5,796)	**(21,357)**	(12,988)
Weighted average ordinary shares for calculation ('000)				
- Basic	**1,814,219**	1,813,640	**1,814,004**	1,813,640
- On fully diluted basis	**1,814,219**	1,813,640	**1,814,004**	1,813,640
Loss per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	**(0.48)**	(0.32)	**(1.18)**	(0.72)
(ii) On fully diluted basis	**(0.48)**	(0.32)	**(1.18)**	(0.72)

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-19	**As at 31-Dec-18**	**As at 30-Jun-19**	**As at 31-Dec-18**
Net asset value (US$'000)	**331,617**	363,875	**386,741**	412,315
Total number of ordinary shares issued ('000)	**1,814,219**	1,812,640	**1,814,219**	1,812,640
Net asset value per ordinary shares (US cents)	**18.28**	20.07	**21.32**	22.75

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 2019 ("Q2 FY19") vs 2nd Quarter 2018 ("Q2 FY18")

	Revenue			Gross profit			Gross Margin	
	Q2 FY19 US$'000	Q2 FY18 US$'000	% Change	Q2 FY19 US$'000	Q2 FY18 US$'000	% Change	Q2 FY19 %	Q2 FY18 %
Offshore Supply Vessels ("OSV")	**27,076**	26,044	4%	**(1,116)**	832	NM	**-4%**	3%
Offshore Accommodation ("OA")	**25,835**	45,384	-43%	**5,110**	11,631	-56%	**20%**	26%
Transportation & Installation ("T&I")	**14,496**	4,624	213%	**3,080**	841	266%	**21%**	18%
Harbour Services and Emergency Response ("HSER")	**6,550**	7,090	-8%	**1,305**	931	40%	**20%**	13%
	73,957	83,142	-11%	**8,379**	14,235	-41%	**11%**	17%

The Group registered revenue of US$74.0 million in Q2 FY19, 11% decrease from US$83.1 million in Q2 FY18. Higher revenue in the OSV and T&I segments were offset by lower contributions from OA and HSER.

OSV

Revenue increased 4% to US$27.1 million (Q2 FY18: US$26.0 million) mainly due to income from mobilising two vessels for work in Mexico. Vessel utilisation was at 74% in Q2 FY2019 (Q2 FY2018: 76%). Due to higher repair and maintenance and mobilisation costs, the segment recorded a gross loss of US$1.1 million in Q2 FY19 compared to US$0.8 million profit in Q2 FY18.

OA

Revenue decreased 43% to US$25.8 million (Q2 FY19: US$45.4 million). In Q2 FY19, POSH Xanadu continued its charter to Petrobras and POSH Arcadia on-hired for a charter in June. This is compared with Q2 FY18, when both of the Group's Semi-Submersible Accommodation Vessels ("SSAV") were fully employed. Correspondingly, gross profit declined 56% to US$5.1 million (Q2 FY2018: US$11.6 million). The segment's performance was mitigated by contribution from the monohull fleet where all four Light Construction Vessels ("LCVs") and three Multi-Purpose Support Vessels ("MPSVs") were deployed during the quarter.

T&I

Revenue increased 213% to US$14.5 million (Q2 FY18: US$4.6 million), mainly attributable to contribution from the subsea operations while vessel utilisation for the remaining vessels remain stable at 76% (Q2 FY18: 75%). As a result, the segment registered higher gross profit of US$3.1 million in Q2 FY19 compared to US$0.8 million in the previous corresponding quarter.

HSER

HSER recorded 8% decrease in revenue to US$6.6 million (Q2 FY18: US$7.1 million), mainly due to absence of salvage jobs during Q2 FY19 for the ER business segment. Gross profit grew by 40% to US$1.3 million (Q2 FY18: US$0.9 million) mainly due to higher margin from harbour tugs working overseas.

Income Statement (cont'd)
2nd Quarter 2019 ("Q2 FY19") vs 2nd Quarter 2018 ("Q2 FY18")

General & Administrative expenses and Other Income

General and administrative expenses increased by US$2.0 million or 23% to US$10.4 million (Q2 FY18: US$8.4 million) mainly due to increased legal fees and personnel costs in Q2 FY19.

Finance costs increased by 7% to US$7.8 million (Q2 FY18: US$7.3 million) due to higher interest rates in Q2 FY19.

The Group's share of results from joint ventures ("JVs") was a loss of US$1.9 million in Q2 FY19 as compared to US$1.0 million loss in Q2 FY18. This was mainly due to lower vessel utilisation of our JV, POSH Terasea.

The Group reported a tax credit of US$1.3 million due to a reversal of overprovision of Australian corporate tax of US$1.4 million.

The Group recorded a net loss attributable to equity holders of the Company of US$8.6 million in Q2 FY19 as compared to US$5.8 million in Q2 FY18.

6 Months ended 30 June 2019 ("1H FY19") vs 6 Months ended 30 June 2018 ("1H FY18")

	Revenue			Gross profit			Gross Margin	
	1H FY19 US$'000	1H FY18 US$'000	% Change	1H FY19 US$'000	1H FY18 US$'000	% Change	1H FY19 %	1H FY18 %
Offshore Supply Vessels ("OSV")	**51,341**	47,753	8%	**(1,373)**	582	NM	**-3%**	1%
Offshore Accommodation ("OA")	**49,677**	84,283	-41%	**10,077**	20,958	-52%	**20%**	25%
Transportation & Installation ("T&I")	**21,981**	9,659	128%	**4,040**	1,267	219%	**18%**	13%
Harbour Services and Emergency Response ("HSER")	**12,764**	12,012	6%	**2,449**	1,364	80%	**19%**	11%
	135,763	153,707	-12%	**15,193**	24,171	-37%	**11%**	16%

The Group registered revenue of US$135.8 million in 1H FY19, 12% decrease from US$153.7 million in 1H FY18. Higher revenue in the OSV, T&I and HSER segments were offset by lower contribution from OA.

OSV
Revenue increased 8% to US$51.3 million (1H FY18: US$47.8 million) on improved vessel utilisation of 73% in 1H FY2019 (1H FY18: 72%). However, due to higher repair and maintenance and mobilisation costs, the segment recorded a gross loss of US$1.4 million in 1H FY19 compared profit of US$0.6 million in 1H FY18.

OA
Revenue decreased 41% to US$49.7 million (1H FY18: US$84.3 million). In 1H FY19, POSH Xanadu was deployed for its charter to Petrobras since January and POSH Arcadia on-hired for a charter in June. This is compared with 1H FY18, when both of the Group's Semi-Submersible Accommodation Vessels ("SSAV") were fully employed. Correspondingly, gross profit declined 52% to US$10.1 million (1H FY2018: US$21.0 million). The segment's performance was mitigated by contribution from the monohull fleet where all four Light Construction Vessels ("LCVs") and three Multi-Purpose Support Vessels ("MPSVs") were deployed during 1H 2019.

Income Statement (cont'd)
6 Months ended 30 June 2019 ("1H FY19") vs 6 Months ended 30 June 2018 ("1H FY18")

T&I
Revenue increased 128% to US$22.0 million (1H FY18: US$9.7 million) mainly due to contribution from our subsea operations and improved vessel utilisation of 68% from remaining vessels (1H FY18: 63%). As a result, the segment registered higher gross profit of US$4.0 million in 1H FY19 compared to US$1.3 million in the previous corresponding period.

HSER
HSER recorded a 6% increase in revenue to US$12.8 million (1H FY18: US$12.0 million), mainly due to an increase in the number of overseas charters for harbour tugs. Correspondingly, gross profit grew by 80% to US$2.4 million (1H FY18: US$1.4 million), due to higher margins from these overseas charters.

General & Administrative expenses and Other Income

General and administrative expenses increased by US$5.0 million or 31% to US$21.0 million (1H FY18: US$16.0 million) mainly due to increased legal fees and personnel costs in 1H FY19.

Finance costs increased by 10% to US$15.5 million (1H FY18: US$14.1 million) due to higher interest rates in 1H FY19.

The Group's share of results from JVs was a loss of US$3.4 million in 1H FY19 as compared to US$0.5 million loss in 1H FY18. This was mainly due to lower vessel utilisation of our JV, POSH Terasea.

The Group recorded a net loss attributable to equity holders of the Company of US$21.4 million in 1H FY19 as compared to US$13.0 million loss in 1H FY18.

Statement of Financial Position

The Group's net asset was US$331.6 million as at 30 June 2019.

. The Group has net current liabilities of US$207.3 million mainly due to bank borrowings due within one year.

Statement of Cash Flows

The Group generated negative net operating cash flow of US$10.9 million for 1H FY19. This was mainly due to (i) lower operating gross profit; (ii) legal fee for the Mexico arbitration case and (iii) tax provided for in FY18 and paid in Q2 FY19.

The Group's net cash used in investing activities was US$0.1 million in 1H FY19, significantly lower than US$9.9 million used in 1H FY18, mainly due to lower spending for acquisition of fixed assets.

Net cash generated from financing activities was US$13.5 million in 1H FY19 (1H FY18: US$2.3 million) mainly due to higher loan drawdowns during 1H FY19.

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.

Oversupply of vessels continues to be a drag on charter rates although there are signs of increased activities in select segments. The Group is undertaking a comprehensive review of its business including divesting non-performing assets and investments.

For the OA segment, confirmation has been received that the eight-month charter of POSH Xanadu, which commenced in January 2019, will be extended for another eight months. POSH Arcadia has been hired for short-term work in offshore Malaysia in June 2019. Aside from the two SSAVs, all monohull vessels in the OA fleet were deployed in 1H FY2019, with higher charter rates as compared to the same period in the previous year. The Group expects continued gradual improvement to utilisation and charter rates for the monohull segment for the rest of FY2019.

For the OSV segment, POSH continued to deliver on its 13 long-term charters for a National Oil Company in the Middle East in Q2 FY2019.

The Group saw growth momentum for its two new business segments. POSH Subsea completed two projects in 1H FY2019, and will focus on South Asia and the Middle East for further opportunities. In the renewables sector, POSH Kerry Renewables ("POSH Kerry") secured several contracts in 1H FY2019 to support offshore survey and preparatory works for windfarm construction in Taiwan. We expect revenue growth from these new business segments in the next 12 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 3 April 2019. During the six months ended 30 June 2019, 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	-	1,061
DP Shipbuilding & Engineering Pte Ltd	-	1,025
DDW PaxOcean Shipyard Pte Ltd	-	1,164
PACC Ship Managers Pte Ltd	-	364
TOTAL	-	3,614

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 2019 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

Lee Keng Lin
Chief Executive Officer/Director

6 August 2019