PACC OFFSHORE SERVICES HOLDINGS LTD.
Registration Number: 200603185Z

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE THIRD QUARTER AND THE NINE MONTHS ENDED 30 SEPTEMBER 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, POSH's offshore support vessels perform anchor handling services, ocean towage and installation, ocean transportation, offshore accommodation services, Subsea Umbilicals Risers and Flowlines ("SURF") and Inspection Maintenance and Repair ("IMR") support and harbour towage services. The Group also supports offshore renewables projects and offers an integrated suite of subsea services.

As at 30 September 2019, the POSH Group (including joint ventures) operates a combined fleet of 120 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, 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			9 Months ended		
	30-Sep-19 US$'000	**30-Sep-18 US$'000**	**% change**	**30-Sep-19 US$'000**	**30-Sep-18 US$'000**	**% change**
Revenue	**73,300**	79,708	-8%	**209,063**	233,415	-10%
Cost of sales	**(57,171)**	(66,082)	-13%	**(177,741)**	(195,618)	-9%
Gross profit	**16,129**	13,626	18%	**31,322**	37,797	-17%
Other income	**1,173**	1,365	-14%	**2,856**	3,863	-26%
Other expenses	**(729)**	-	NM	**(535)**	(1,166)	-54%
Impairment of interest in JV	**(25,385)**	-	NM	**(25,385)**	-	NM
Allowance for doubtful debt	**(13,856)**	(773)	NM	**(12,912)**	(2,102)	514%
Distribution costs	**(278)**	(146)	90%	**(893)**	(743)	20%
General and administrative expenses	**(8,312)**	(7,779)	7%	**(29,345)**	(23,816)	23%
Finance costs	**(7,678)**	(7,543)	2%	**(23,194)**	(21,611)	7%
Share of joint ventures' results	**(798)**	(793)	1%	**(4,220)**	(1,257)	236%
Loss before taxation	**(39,734)**	(2,043)	NM	**(62,306)**	(9,035)	590%
Taxation	**(497)**	(3,297)	-85%	**707**	(9,388)	NM
Net loss for the period	**(40,231)**	(5,340)	653%	**(61,599)**	(18,423)	234%
(Loss)/income attributable to:						
Equity holders of the Company	**(40,426)**	(5,344)	656%	**(61,783)**	(18,332)	237%
Non-controlling interests	**195**	4	NM	**184**	(91)	NM
	(40,231)	(5,340)	653%	**(61,599)**	(18,423)	234%

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-19 US$'000	**30-Sep-18 US$'000**	**% change**	**30-Sep-19 US$'000**	**30-Sep-18 US$'000**	**% change**
Amortisation of intangible assets	**(76)**	(25)	204%	**(230)**	(69)	233%
Depreciation of right-of-use assets	**(1,154)**	-	NM	**(3,572)**	-	NM
Depreciation of fixed assets	**(14,697)**	(15,349)	-4%	**(43,687)**	(45,485)	-4%
Exchange (loss)/gain	**(26)**	104	NM	**(114)**	(520)	-78%
Loss on disposal of fixed assets	**(703)**	(1)	NM	**(424)**	(646)	-34%
Impairment of interest in JV	**(25,385)**	-	NM	**(25,385)**	-	NM
Interest income	**360**	435	-17%	**1,076**	1,366	-21%
Interest expense	**(7,678)**	(7,543)	2%	**(23,194)**	(21,611)	7%
Reversal of/(allowance for) doubtful debts - trade	**575**	(773)	NM	**1,519**	(2,102)	NM
Allowance for doubtful debt - loan to JV	**(14,431)**	-	NM	**(14,431)**	-	NM

NM denotes "Not Meaningful".

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

	Group					
	Quarter ended			9 Months ended		
	30-Sep-19 US$'000	**30-Sep-18 US$'000**	**% change**	**30-Sep-19 US$'000**	**30-Sep-18 US$'000**	**% change**
Net loss for the period	**(40,231)**	(5,340)	653%	**(61,599)**	(18,423)	234%
Other comprehensive (loss)/income:						
Items that may be reclassified subsequently to profit or loss:						
Cash flow hedges						
Fair value (loss)/gain	**(1,249)**	1,800	NM	**(12,512)**	9,448	NM
Other comprehensive (loss)/income for the period	**(1,249)**	1,800	NM	**(12,512)**	9,448	NM
Total comprehensive loss for the period	**(41,480)**	(3,540)	NM	**(74,111)**	(8,975)	726%
Total comprehensive loss for the period attributable to:						
Equity holders of the Company	**(41,675)**	(3,544)	NM	**(74,295)**	(8,884)	736%
Non-controlling interests	**195**	4	NM	**184**	(91)	NM
	(41,480)	(3,540)	NM	**(74,111)**	(8,975)	726%

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-Sep-19 US$'000	**31-Dec-18 US$'000**	**30-Sep-19 US$'000**	**31-Dec-18 US$'000**
Non-current assets				
Fixed assets	**964,363**	1,004,629	**41**	226
Right-of-use assets	**5,541**	-	**1,604**	-
Intangible assets	**367**	597	**263**	420
Due from joint ventures	**13,620**	23,316	**12,838**	20,973
Investment in subsidiaries	**-**	-	**110,141**	110,140
Interest in joint ventures	**41,078**	70,788	**3,091**	35,989
Receivables and other non-current assets	**8,881**	5,896	**-**	-
Deferred tax assets	**136**	-	**-**	-
Derivatives	**1,025**	10,197	**-**	2,862
	1,035,011	1,115,423	**127,978**	170,610
Current assets				
Consumables	**1,636**	5,047	**-**	-
Receivables and other current assets	**98,493**	83,991	**2,647**	3,045
Due from subsidiaries and joint ventures	**70,854**	80,930	**762,654**	759,824
Due from related parties	**594**	91	**216**	1
Cash and cash equivalents	**12,603**	13,829	**10,615**	8,159
	184,180	183,888	**776,132**	771,029
Total assets	**1,219,191**	1,299,311	**904,110**	941,639
Non-current liabilities				
Bank borrowings	**473,195**	550,330	**230,000**	285,000
Lease liabilities	**1,234**	-	**995**	-
Derivatives	**3,921**	581	**2,500**	82
Deferred tax liabilities	**-**	12	**-**	-
	478,350	550,923	**233,495**	285,082
Current liabilities				
Payables and accruals	**87,014**	87,182	**22,758**	19,187
Advances received from customers	**-**	285	**-**	-
Due to subsidiaries and joint ventures	**54,800**	62,940	**40,211**	34,493
Due to related companies	**597**	2,020	**4**	1,386
Due to holding company	**186**	650	**189**	654
Bank borrowings	**299,980**	216,041	**269,200**	185,400
Lease liabilities	**3,731**	-	**624**	-
Provision for taxation	**4,386**	15,395	**3,347**	3,122
	450,694	384,513	**336,333**	244,242
Total liabilities	**929,044**	935,436	**569,828**	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	**(533,414)**	(471,631)	**(489,457)**	(416,321)
Other reserves	**(2,620)**	9,861	**(2,224)**	3,025
	289,929	363,841	**334,282**	412,315
Non-controlling interest	**218**	34	**-**	-
Total equity	**290,147**	363,875	**334,282**	412,315
Total liabilities and equity	**1,219,191**	1,299,311	**904,110**	941,639

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

	As at 30-Sep-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	**269,200**	**30,780**	185,400	30,641
(ii) Amount repayable after one year	**230,000**	**243,195**	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		9 Months ended	
	30-Sep-19 US$'000	30-Sep-18 US$'000	30-Sep-19 US$'000	30-Sep-18 US$'000
Cash flows from operating activities				
Loss before taxation	**(39,734)**	(2,043)	**(62,306)**	(9,035)
Adjustments for:				
Amortisation of prepayments	**(188)**	64	**-**	246
Amortisation of intangible assets	**76**	25	**230**	69
Depreciation of fixed assets	**14,697**	15,349	**43,687**	45,485
Depreciation of right-of-use assets	**1,154**	-	**3,572**	-
Grant of equity-settled share options to employees	**10**	36	**31**	109
Allowance for doubtful debts - loan to JV	**14,431**	-	**14,431**	-
(Reversal of)/allowance for doubtful debts - trade	**(575)**	773	**(1,519)**	2,102
Impairment of interest in JV	**25,385**	-	**25,385**	-
Loss on disposal of fixed assets	**703**	1	**424**	646
Share of joint ventures' results	**798**	793	**4,220**	1,257
Interest expense	**7,678**	7,543	**23,194**	21,611
Interest income	**(360)**	(435)	**(1,076)**	(1,366)
Unrealised exchange (gain)/loss	**(5)**	8	**(191)**	314
Operating cash flows before working capital changes	**24,070**	22,114	**50,082**	61,438
Changes in working capital				
(Increase)/decrease in consumables	**(357)**	499	**3,411**	2,362
Increase in receivables and other current assets	**(4,195)**	(3,754)	**(16,719)**	(17,211)
Decrease in due to related companies	**(1,421)**	(508)	**(1,926)**	(3,195)
Decrease/(increase) in due from joint ventures	**1,580**	(1,918)	**4,744**	(1,861)
Increase/(decrease) in payables and accruals	**503**	1,858	**(1,500)**	1,051
Cash generated from operating activities	**20,180**	18,291	**38,092**	42,584
Interest paid	**(6,074)**	(7,025)	**(22,141)**	(21,523)
Interest received	**473**	455	**1,076**	1,181
Income taxes paid	**(226)**	110	**(10,450)**	(4,097)
Net cash generated from operating activities	**14,353**	11,831	**6,577**	18,145
Cash flows from investing activities				
Acquisition of intangible assets	**2**	-	**-**	(28)
Acquisition of fixed assets	**(3,565)**	(3,196)	**(8,674)**	(27,797)
Proceeds from disposal of fixed assets	**4,969**	1	**5,322**	12,961
Decrease in due to related companies	**-**	(1,338)	**-**	(682)
(Increase)/decrease in due from joint ventures	**(9,438)**	(1,683)	**(7,907)**	(642)
Net cash used in investing activities	**(8,032)**	(6,216)	**(11,259)**	(16,188)

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		9 Months ended	
	30-Sep-19 US$'000	**30-Sep-18 US$'000**	**30-Sep-19 US$'000**	**30-Sep-18 US$'000**
Cash flows from financing activities				
Issuance of treasury shares	**-**	81	**352**	81
Proceeds from term loans	**-**	6,510	**-**	6,510
Repayment of term loans	**(6,735)**	(5,970)	**(21,996)**	(17,095)
(Repayment of)/proceeds from revolving credit facilities	**(2,200)**	(4,300)	**28,800**	9,150
Principal lease repayments	**(1,304)**	-	**(3,427)**	-
Increase/(decrease) in due to holding company	**34**	(115)	**(464)**	(114)
Net cash (used in)/generated from financing activities	**(10,205)**	(3,794)	**3,265**	(1,468)
Net (decrease)/increase in cash and cash equivalents	**(3,884)**	1,821	**(1,417)**	489
Effect of exchange rate changes on cash and cash equivalents	**6**	(8)	**191**	(314)
Cash and cash equivalents at beginning of period	**16,481**	15,450	**13,829**	17,088
Cash and cash equivalents at end of period	**12,603**	17,263	**12,603**	17,263

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	**-**	**-**	**-**	**21**	**-**	**21**	**-**	**21**
Purchase of treasury shares	**-**	**(19)**	**-**	**-**	**-**	**-**	**-**	**(19)**
Issuance of treasury shares	**-**	**371**	**-**	**-**	**-**	**-**	**-**	**371**
Loss for the period	**-**	**-**	**(21,357)**	**-**	**-**	**-**	**(11)**	**(21,368)**
Other comprehensive income	**-**	**-**	**-**	**(11,263)**	**(11,263)**	**-**	**-**	**(11,263)**
Total comprehensive loss for the period	**-**	**-**	**(21,357)**	**(11,263)**	**(11,263)**	**-**	**(11)**	**(32,631)**
Balance at 30 June 2019	**827,201**	**(1,238)**	**(492,988)**	**(1,381)**	**(1,647)**	**266**	**23**	**331,617**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**10**	**-**	**10**	**-**	**10**
Loss for the period	**-**	**-**	**(40,426)**	**-**	**-**	**-**	**195**	**(40,231)**
Other comprehensive income	**-**	**-**	**-**	**(1,249)**	**(1,249)**	**-**	**-**	**(1,249)**
Total comprehensive loss for the period	**-**	**-**	**(40,426)**	**(1,249)**	**(1,249)**	**-**	**195**	**(41,480)**
Balance at 30 September 2019	**827,201**	**(1,238)**	**(533,414)**	**(2,620)**	**(2,896)**	**276**	**218**	**290,147**

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	-	-	-	73	-	73	-	-	73
Loss for the period	-	-	(12,988)	-	-	-	-	(95)	(13,083)
Other comprehensive income	-	-	-	7,648	7,648	-	-	-	7,648
Total comprehensive loss for the period	-	-	(12,988)	7,648	7,648	-	-	(95)	(5,435)
Balance at 30 June 2018	827,201	(1,447)	(386,293)	15,149	14,943	206	-	(159)	454,451
Grant of equity-settled share options to employees	-	-	-	36	-	36	-	-	36
Incorporation of subsidiary	-	-	-	-	-	-	-	81	81
Loss for the period	-	-	(5,344)	-	-	-	-	4	(5,340)
Other comprehensive income	-	-	-	1,800	1,800	-	-	-	1,800
Total comprehensive loss for the period	-	-	(5,344)	1,800	1,800	-	-	4	(3,540)
Balance at 30 September 2018	827,201	(1,447)	(391,637)	16,985	16,743	242	-	(74)	451,028

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	**-**	**-**	**-**	**21**	**-**	**21**	**21**
Loss for the period	**-**	**-**	**(20,950)**	**-**	**-**	**-**	**(20,950)**
Other comprehensive loss	**-**	**-**	**-**	**(4,997)**	**(4,997)**	**-**	**(4,997)**
Total comprehensive loss for the period	**-**	**-**	**(20,950)**	**(4,997)**	**(4,997)**	**-**	**(25,947)**
Balance at 30 June 2019	**827,201**	**(1,238)**	**(437,271)**	**(1,951)**	**(2,217)**	**266**	**386,741**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Issuance of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**10**	**-**	**10**	**10**
Loss for the period	**-**	**-**	**(52,186)**	**-**	**-**	**-**	**(52,186)**
Other comprehensive loss	**-**	**-**	**-**	**(283)**	**(283)**	**-**	**(283)**
Total comprehensive loss for the period	**-**	**-**	**(52,186)**	**(283)**	**(283)**	**-**	**(52,469)**
Balance at 30 September 2019	**827,201**	**(1,238)**	**(489,457)**	**(2,224)**	**(2,500)**	**276**	**334,282**

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	-	-	-	73	-	73	73
Loss for the period	-	-	(10,317)	-	-		(10,317)
Other comprehensive income	-	-	-	3,677	3,677	-	3,677
Total comprehensive loss for the period	-	-	(10,317)	3,677	3,677	-	(6,640)
Balance at 30 June 2018	827,201	(1,447)	(351,105)	5,144	4,938	206	479,793
Grant of equity-settled share options to employees	-	-	-	36	-	36	36
Loss for the period	-	-	(5,228)	-	-	-	(5,228)
Other comprehensive income	-	-	-	1,085	1,085	-	1,085
Total comprehensive loss for the period	-	-	(5,228)	1,085	1,085	-	(4,143)
Balance at 30 September 2018	827,201	(1,447)	(356,333)	6,265	6,023	242	475,686

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 nine months ended 30 September 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, 30 June and 30 September 2019	5,780,600

As at 30 September 2019, 5,780,600 treasury shares were held by the Company (30 September 2018: 6,359,600) representing 0.3% (30 September 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 September 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 nine months ended 30 September 2019, the Company reissued 1,719,000 (30 September 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:

<u>Adoption of SFRS(I) 16 Leases</u>

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 September 2019 were mainly related to leases of the premises and vessels. Accordingly, there was a corresponding increase in lease liabilities of approximately US$5.0 million as at 30 September 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		9 Months ended	
	30-Sep-19	**30-Sep-18**	**30-Sep-19**	**30-Sep-18**
Net loss attributable to equity holders of the Company (US$'000)	**(40,426)**	(5,344)	**(61,783)**	(18,332)
Weighted average ordinary shares for calculation ('000)				
- Basic	**1,814,219**	1,813,640	**1,814,077**	1,813,640
- On fully diluted basis	**1,814,219**	1,813,640	**1,814,077**	1,813,640
Loss per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	**(2.23)**	(0.30)	**(3.41)**	(1.01)
(ii) On fully diluted basis	**(2.23)**	(0.30)	**(3.41)**	(1.01)

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-19	**As at 31-Dec-18**	**As at 30-Sep-19**	**As at 31-Dec-18**
Net asset value (US$'000)	**290,147**	363,875	**334,282**	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)	**15.99**	20.07	**18.43**	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
3rd Quarter 2019 ("Q3 FY19") vs 3rd Quarter 2018 ("Q3 FY18")

	Revenue			Gross Profit/(loss)			Gross Margin	
	Q3 FY19 US$'000	Q3 FY18 US$'000	% Change	Q3 FY19 US$'000	Q3 FY18 US$'000	% Change	Q3 FY19 %	Q3 FY18 %
Offshore Supply Vessels ("OSV")	**25,376**	24,416	4%	**2,650**	(1,035)	NM	**10%**	-4%
Offshore Accommodation ("OA")	**31,930**	46,156	-31%	**9,823**	14,002	-30%	**31%**	30%
Transportation & Installation ("T&I")	**9,268**	3,878	139%	**2,970**	29	NM	**32%**	1%
Harbour Services and Emergency Response ("HSER")	**6,726**	5,258	28%	**686**	630	9%	**10%**	12%
	73,300	79,708	-8%	**16,129**	13,626	18%	**22%**	17%

The Group registered revenue of US$73.3 million in Q3 FY19, an 8% decrease from US$79.7 million in Q3 FY18. Higher revenue in OSV, T&I and HSER segments were offset by lower contributions from OA.

OSV
Revenue increased by 4% to US$25.4 million (Q3 FY18: US$24.4 million) mainly due to improved vessel utilisation of 76% (Q3 FY18: 75%). The segment recorded a gross profit of US$2.7 million in Q3 FY19 compared to US$1.0 million gross loss in Q3 FY18. This was mainly attributable to lower project costs and vessel operating expenses in Q3 FY19 compared to the corresponding period in FY18.

OA
Revenue decreased 31% to US$31.9 million (Q3 FY18: US$46.2 million). In Q3 FY19, POSH Xanadu continued to be on charter to Petrobras and POSH Arcadia was off-hired in July 2019 after her short-term charter in South-East Asia. This is compared with Q3 FY18, when both of the Group's Semi-Submersible Accommodation Vessels ("SSAVs") were fully deployed. The segment's performance was partially 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. Correspondingly, gross profit declined 30% to US$9.8 million (Q3 FY18: US$14.0 million).

T&I
Revenue increased 139% to US$9.3 million (Q3 FY18: US$3.9 million), mainly attributable to contribution from the offshore renewables operations and improved vessel utilisation of 77% from the T&I fleet (Q3 FY18: 67%). As a result, the segment registered higher gross profit of US$3.0 million in Q3 FY19 (Q3 FY18: US$29,000).

HSER
HSER recorded 28% increase in revenue to US$6.7 million (Q3 FY18: US$5.3 million), mainly due to higher revenue generated from overseas jobs. Gross profit grew by 9% to US$0.7 million (Q3 FY18: US$0.6 million).

Income Statement (cont'd)
3rd Quarter 2019 ("Q3 FY19") vs 3rd Quarter 2018 ("Q3 FY18")

General & Administrative expenses and Other Income

General and administrative expenses increased by US$0.5 million or 7% to US$8.3 million (Q3 FY18: US$7.8 million) mainly due to increased personnel costs in Q3 FY19.

Finance costs increased by 2% to US$7.7 million (Q3 FY18: US$7.5 million) due to higher borrowings and interest rates in Q3 FY19.

In Q3 FY19, the Group recorded an impairment amount of US$25.4 million for its investment in POSH Terasea Pte. Ltd. ("PTPL"), which is a 50% owned joint venture by the Group. In addition, the Group also impaired a loan amount of US$14.4 million due from PTPL. These impairments were made in relation to the liquidation of PTPL. However, POSH does not expect any impact to its operating cash flow. Independent of PTPL, POSH's own fleet of Anchor Handling Tug Supply ("AHTS") remains well-positioned to service our customers in the ocean towage sector globally. Please refer to Company's General Announcements dated 19 September 2019, 21 September 2019 and 24 October 2019 for more details.

The Group's share of results from JVs was a loss of US$0.8 million (Q3 FY18: US$0.8 million).

The Group recorded a net loss attributable to equity holders of the Company of US$40.4 million in Q3 FY19 as compared to US$5.3 million loss in Q3 FY18, mainly due to the impairments mentioned above.

9 Months ended 30 September 2019 ("9M FY19") vs 9 Months ended 30 September 2018 ("9M FY18")

	Revenue			Gross profit			Gross Margin	
	9M FY19	9M FY18	%	9M FY19	9M FY18	%	9M FY19	9M FY18
	US$'000	US$'000	Change	US$'000	US$'000	Change	%	%
Offshore Supply Vessels ("OSV")	**76,717**	72,169	6%	**1,277**	(453)	NM	**2%**	-1%
Offshore Accommodation ("OA")	**81,607**	130,439	-37%	**19,900**	34,960	-43%	**24%**	27%
Transportation & Installation ("T&I")	**31,249**	13,537	131%	**7,010**	1,296	441%	**22%**	10%
Harbour Services and Emergency Response ("HSER")	**19,490**	17,270	13%	**3,135**	1,994	57%	**16%**	12%
	209,063	233,415	-10%	**31,322**	37,797	-17%	**15%**	16%

The Group registered revenue of US$209.1 million in 9M FY19, a 10% decrease from US$233.4 million in 9M FY18. Higher revenue in the OSV, T&I and HSER segments were offset by lower contribution from OA.

OSV
Revenue increased 6% to US$76.7 million (9M FY18: US$ 72.2 million) mainly due to income from mobilising two vessels for work in Mexico and improved vessel utilisation of 74% (9M FY18: 73%). The segment recorded a gross profit of US$1.3 million in 9M FY19 compared to gross loss of US$0.5 million in 9M FY18.

OA
Revenue decreased 37% to US$81.6 million (9M FY18: US$130.4 million) mainly due to lower utilisation of POSH Arcadia compared to 9M FY18. In 9M FY19, POSH Xanadu was deployed for her charter to Petrobras since January and POSH Arcadia was on-hired for a short-term charter. This is compared with 9M FY18, when both of the Group's SSAVs were fully deployed. Correspondingly, gross profit declined 43% to US$19.9 million (9M FY18: US$35.0 million). The segment's performance was mitigated by contribution from the monohull fleet where all four LCVs and three MPSVs were deployed during 9M FY19.

Income Statement (cont'd)
9 Months ended 30 September 2019 ("9M FY19") vs 9 Months ended 30 September 2018 ("9M FY18")

T&I
Revenue increased 131% to US$31.2 million (9M FY18: US$13.5 million) mainly due to contributions from subsea and renewables operations as well as improved vessel utilisation of 71% from the remaining vessels (9M FY18: 65%). As a result, the segment registered higher gross profit of US$7.0 million in 9M FY19 compared to US$1.3 million in the previous corresponding period.

HSER
HSER recorded a 13% increase in revenue to US$19.5 million (9M FY18: US$17.3 million), mainly due to an increase in the number of overseas charters for harbour tugs. Correspondingly, gross profit grew by 57% to US$3.1 million (9M FY18: US$2.0 million), due to higher margins from these overseas charters.

General & Administrative expenses and Other Income

General and administrative expenses increased by US$5.5 million or 23% to US$29.3 million (9M FY18: US$23.8 million) mainly due to increased personnel costs and legal fees due to Mexico arbitration case in 9M FY19.

Finance costs increased by 7% to US$23.2 million (9M FY18: US$21.6 million) due to higher borrowings and interest rates in 9M FY19.

The Group's share of results from JVs was a loss of US$4.2 million in 9M FY19 as compared to US$1.3 million loss in 9M FY18. This was mainly due to lower vessel utilisation from our PTPL JV.

The Group recorded a net loss attributable to equity holders of the Company of US$61.8 million in 9M FY19 as compared to US$18.3 million loss in 9M FY18, mainly due to impairments mentioned earlier pertaining to the PTPL JV.

Statement of Financial Position

The Group's net asset was US$290.1 million as at 30 September 2019.

. The Group has net current liabilities of US$266.5 million mainly due to bank borrowings due within one year.

Statement of Cash Flows

The Group generated net operating cash flow of US$6.6 million for 9M FY19, against US$18.1 million for 9M FY18. 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$11.3 million in 9M FY19, lower than US$16.2 million used in 9M FY18, mainly due to lower spending for acquisition of fixed assets.

Net cash generated from financing activities was US$3.3 million in 9M FY19 compared to US$1.5 million used in 9M FY18 mainly due to higher loan drawdowns during 9M 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.

Liquidation of POSH Terasea joint venture

In October, POSH came to an agreement with its joint venture partner to wind up POSH Terasea Pte Ltd ("PTPL"). The financial impact arising from the liquidation of PTPL was US$39.8 million which has been fully provided for in Q3 2019. It is expected that no further provision is required. This is lower than US$42 million as previously disclosed. The Group is now working with PTPL stakeholders to ensure an orderly wind up of the joint venture. Independent of PTPL, POSH's own fleet of Anchor Handling Tug Supply ("AHTS") vessels remains well-positioned to service customers in the ocean towage sector globally.

Strategic Business Initiatives

POSH continued to deliver against its ongoing comprehensive business review across both core and new business segments.

In October 2019, the Group acquired the remaining equity stake in its harbour services joint venture Pacific Workboats Pte Ltd ("PWPL"). As the 100% shareholder of PWPL, POSH is now more agile in capturing related opportunities in the sector, including re-deploying select assets for longer-term charters overseas while continuing to serve clients in Singapore.

In the same month, POSH divested its Emergency Response ("ER") business to an international salvage company. The divestment of this non-core business segment allows POSH to further reposition its resources, so as to focus on core and new businesses that are better aligned with its longer-term growth strategies. POSH does not expect any material impact to its operating cash flow arising from this transaction.

Core Business Update

POSH continues to see growth opportunities in select overseas markets despite the continued oversupply in the OSV sector. In Q3 2019, POSH secured three long-term charters with a National Oil Company in the Middle East, in addition to the 13 ongoing long-term charters in the region. These newly awarded charters will commence in Q1 2020 with a five-year firm period and two-year option.

For the OA segment, POSH Xanadu continued to be on charter to Petrobras in Q3 2019, with an eight-month extension period beginning September 2019. In October 2019, the Group also secured a three-year charter with one-year option for POSH Endurance, which will begin in Q2 2020, for the provision of accommodation support during the maintenance campaign of oil and gas assets in Brunei.

In September, POSH entered into a ship management agreement with Ocean Challenger, part of the CIMC Group, for the semi-submersible crane accommodation vessel CIMC Gretha. This agreement grants POSH exclusive marketing rights over the CIMC Gretha, thereby enhancing the Group's service capabilities to undertake decommissioning and heavy construction activities.

Notwithstanding, due to continued oversupply putting pressure on utilisation and charter rates, the Group expects the fleet to be further impaired by year end. The impairment amount has yet to be determined and we believe it to be a lesser extent than previous year, but it is expected to materially impact negatively the results of Q4 2019 and FY2019.

New Business Update

The Group's new businesses continued to see sustained growth momentum. In September and October 2019, POSH Subsea secured two new contracts with a National Oil and Gas company in India, which will commence in Q4 2019 and Q1 2020. In the renewables sector, POSH Kerry Renewables ("POSH Kerry") continued to deliver on its charters to support offshore survey and preparatory works for windfarm construction in Taiwan while exploring further opportunities to grow its orderbook. We expect these new business segments to contribute positively to the Group in the next 12 months.

Taken together, the new contracts won by POSH across its core and new businesses amount to US$130 million.

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 nine months ended 30 September 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	-	1,930
DP Shipbuilding & Engineering Pte Ltd	-	1,168
PaxOcean Singapore Pte Ltd	-	1,285
PaxOcean Engineering Pte Ltd	-	618
PACC Ship Managers Pte Ltd	-	476
PACC Shipping Phils Inc	-	261
PT. Drydocks World Pertama	-	1,350
Pacific Carriers Limited	-	210
PaxOcean International Pte Ltd	-	380
TOTAL	-	7,678

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 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

4 November 2019