PACC OFFSHORE SERVICES HOLDINGS LTD.
Registration Number: 200603185Z

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2018

Introduction

PACC Offshore Services Holdings Ltd. ("POSH") is one of Asia's largest operator 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 31 March 2018, the POSH Group (including joint ventures) operated a combined fleet of 125 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 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.

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

	Group		
	3 Months Ended		
	31-Mar-2018	(Restated) 31-Mar-2017	
	US$'000	US$'000	%
Revenue	**70,565**	34,581	104%
Cost of sales	**(60,629)**	(39,454)	54%
Gross profit/(loss)	**9,936**	(4,873)	NM
Other operating income	**75**	1,372	-95%
Distribution costs	**(227)**	(164)	38%
General and administrative expenses	**(7,673)**	(5,234)	47%
Finance costs	**(6,766)**	(4,745)	43%
Share of joint ventures' results	**552**	(4,770)	NM
Loss before taxation	**(4,103)**	(18,414)	-78%
Taxation	**(3,117)**	(179)	NM
Net loss for the period	**(7,220)**	(18,593)	-61%
Loss attributable to:			
Equity holders of the Company	**(7,192)**	(18,568)	-61%
Non-controlling interests	**(28)**	(25)	12%
	(7,220)	(18,593)	-61%

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	
	3 Months Ended	
	31-Mar-2018	31-Mar-2017
	US$'000	US$'000
Amortisation of intangible assets	**(25)**	(6)
Depreciation of fixed assets	**(14,740)**	(15,022)
Exchange (loss)/gain	**(783)**	35
Gain on disposal of fixed assets	**-**	73
Interest income	**450**	510
Interest expense	**(6,766)**	(4,745)
(Allowance for)/Reversal of doubtful debts	**(30)**	74

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

	Group		
	3 Months ended		
		(Restated)	
	31-Mar-2018	31-Mar-2017	
	US$'000	US$'000	%
Net loss for the period	**(7,220)**	(18,593)	-61%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges-fair value gain	**5,530**	240	NM
Other comprehensive income for the period	**5,530**	240	NM
Total comprehensive loss for the period	**(1,690)**	(18,353)	-91%
Total comprehensive loss for the period attributable to:			
Equity holders of the Company	**(1,662)**	(18,328)	-91%
Non-controlling interests	**(28)**	(25)	12%
	(1,690)	(18,353)	-91%

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	
	31-Mar-18 US$'000	**(Restated) 31-Dec-17 US$'000**	**(Restated) 01-Jan-17 US$'000**	**31-Mar-18 US$'000**	**31-Dec-17 US$'000**
Non-current assets					
Goodwill	**-**	-	57,125	**-**	-
Fixed assets	**1,099,522**	1,111,975	1,184,927	**477**	346
Intangible assets	**70**	95	12	**-**	-
Due from joint ventures	**20,911**	31,877	21,834	**16,604**	27,050
Investment in subsidiaries	**-**	-	-	**112,493**	112,493
Investment in joint ventures	**81,124**	80,557	63,080	**35,989**	35,989
Receivables and other non-current assets	**1,525**	1,616	1,982	**-**	-
Derivatives	**12,825**	7,295	5,600	**3,708**	1,261
	1,215,977	1,233,415	1,334,560	**169,271**	177,139
Current assets					
Consumables	**1,888**	3,609	1,677	**-**	-
Receivables and other current assets	**83,485**	83,241	79,693	**5,729**	5,877
Due from subsidiaries, joint ventures and related companies	**90,703**	76,398	72,013	**827,228**	806,581
Cash and cash equivalents	**13,906**	17,088	15,058	**7,355**	12,511
	189,982	180,336	168,441	**840,312**	824,969
Fixed assets classified as held for sale	**-**	-	2,547	**-**	-
	189,982	180,336	170,988	**840,312**	824,969
Total assets	**1,405,959**	1,413,751	1,505,548	**1,009,583**	1,002,108
Non-current liabilities					
Bank borrowings	**578,081**	584,461	439,225	**295,000**	295,000
Deferred tax liabilities	**475**	475	414	**-**	-
	578,556	584,936	439,639	**295,000**	295,000
Current liabilities					
Payables and accruals	**95,876**	110,314	73,592	**18,480**	19,254
Advances received from customers	**-**	849	198	**-**	-
Due to subsidiaries, joint ventures and related companies	**81,869**	65,695	31,806	**51,945**	37,275
Due to holding company	**108**	196	195	**113**	196
Bank borrowings	**181,489**	184,464	269,107	**157,200**	161,400
Provision for taxation	**9,902**	7,178	2,821	**2,747**	2,623
	369,244	368,696	377,719	**230,485**	220,748
Total liabilities	**947,800**	953,632	817,358	**525,485**	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	**(380,497)**	(372,999)	(142,714)	**(345,533)**	(340,788)
Other reserves	**12,994**	7,428	5,600	**3,877**	1,394
	458,251	460,183	688,259	**484,098**	486,360
Non-controlling interest	**(92)**	(64)	(69)	**-**	-
Total equity	**458,159**	460,119	688,190	**484,098**	486,360
Total liabilities and equity	**1,405,959**	1,413,751	1,505,548	**1,009,583**	1,002,108

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

	As at 31-Mar-2018		As at 31-Dec-2017	
	Unsecured US$'000	**Secured US$'000**	**Unsecured US$'000**	**Secured US$'000**
(i) Amount payable in one year or less, or on demand	**157,200**	**24,289**	161,400	23,064
(ii) Amount repayable after one year	**295,000**	**283,081**	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	
	3 Months Ended	
	31-Mar-18 US$'000	**(Restated) 31-Mar-17 US$'000**
Cash flows from operating activities		
Loss before taxation	**(4,103)**	(18,414)
Adjustments for:		
Amortisation of prepayments	**91**	91
Amortisation of intangible assets	**25**	6
Depreciation of fixed assets	**14,740**	15,022
Grant of equity-settled share options to employees	**36**	25
Allowance for/(reversal of) doubtful debts - trade	**30**	(74)
Gain on disposal of fixed assets	**-**	(73)
Share of joint ventures' results	**(552)**	4,770
Interest expense	**6,766**	4,745
Interest income	**(450)**	(510)
Unrealised exchange loss/(gain)	**211**	(59)
Operating cash flows before working capital changes	**16,794**	5,529
Changes in working capital		
Decrease/(increase) in consumables	**1,721**	(767)
Increase in receivables and other assets	**(467)**	(8,143)
Increase in due to related companies	**1,870**	849
(Decrease)/increase in payables and accruals	**(1,113)**	4,262
Cash generated from operating activities	**18,805**	1,730
Interest paid	**(6,566)**	(5,356)
Interest received	**337**	405
Income taxes paid	**(393)**	(28)
Net cash generated from/(used in) operating activities	**12,183**	(3,249)
Cash flows from investing activities		
Acquisition of intangible assets	**-**	(90)
Acquisition of fixed assets	**(16,661)**	(12,813)
Proceeds from disposal of fixed assets	**-**	2,679
Increase in due to related companies	**13,296**	1,488
(Increase)/decrease in due from joint ventures	**(2,346)**	391
Net cash used in investing activities	**(5,711)**	(8,345)

	Group	
	3 Months Ended	
	31-Mar-18 US$'000	(Restated) 31-Mar-17 US$'000
Cash flows from financing activities		
(Decrease)/increase in bank borrowings	**(9,355)**	8,378
Decrease in due to holding company	**(88)**	(74)
Net cash (used in)/generated from financing activities	**(9,443)**	8,304
Net decrease in cash and cash equivalents	**(2,971)**	(3,290)
Effect of exchange rate changes on cash and cash equivalents	**(211)**	59
Cash and cash equivalents at beginning of period	**17,088**	15,058
Cash and cash equivalents at end of period	**13,906**	11,827

1(d)(i). A statement (for the issuer and group) showing either (i) all the changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to Shareholders of the Company							
The Group	**Share capital US$'000**	**Treasury shares US$'000**	**Accumulated losses US$'000**	**Hedging reserve US$'000**	**Employee share option reserve US$'000**	**Exchange reserve US$'000**	**Non-controlling interest US$'000**	**Total US$'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**
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 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

The Company	**Share capital US$'000**	**Treasury shares US$'000**	**Accumulated (losses)/ retained profits US$'000**	**Hedging reserve US$'000**	**Employee share option reserve 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**
Balance at 1 Jan 2017	827,201	(1,828)	14,602	-	-	839,975
Treasury shares reissued pursuant to employee 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

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 31 March 2018 was as follows:

	Number of shares
Balance as at 1 January and 31 March 2018	6,359,600

As at 31 March 2018, 6,359,600 treasury shares were held by the Company (31 March 2017: 6,179,900) representing 0.4% (31 March 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 numbers of issued ordinary shares (excluding treasury shares) as at 31 March 2018 were 1,813,640,400 (31 March 2017: 1,813,820,100).

1(d)(iv). A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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 period 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. These financial statements for the quarter ended 31 March 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 presenting, using the full retrospective approach. As a result of adopting SFRS(I) 5, the net loss for Q1 FY17 increased by US$191,000.

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

5 d) Comparatives (Cont'd)

Group Income Statement and Consolidated Statement of Comprehensive Income

		31-Mar-2017 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	31-Mar-2017 Restated under SFRS(I) US$'000
Revenue	5c	34,321	260	34,581
Cost of sales	5c	(39,335)	(119)	(39,454)
Share of joint ventures' results	5c	(4,438)	(332)	(4,770)
Net loss for the period		**(18,402)**	**(191)**	**(18,593)**
Loss attributable to:				
Equity holders of the Company		(18,377)	(191)	(18,568)
Non-controlling interests		(25)	-	(25)
		(18,402)	**(191)**	**(18,593)**

Group Consolidated Statement of Comprehensive Income

	31-Mar-2017 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	31-Mar-2017 Restated under SFRS(I) US$'000
Total comprehensive loss for the period	**(18,162)**	**(191)**	**(18,353)**
Loss attributable to:			
Equity holders of the Company	(18,137)	(191)	(18,328)
Non-controlling interests	(25)	-	(25)
	(18,162)	**(191)**	**(18,353)**

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**

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	
	3 Months Ended	
	31-Mar-18	(Restated) 31-Mar-17
Net loss attributable to equity holders of the Company (US$'000)	**(7,192)**	(18,568)
Weighted average ordinary shares for calculation ('000)		
- Basic	**1,813,640**	1,813,778
- On fully diluted basis	**1,813,640**	1,813,778
Loss per ordinary shares ("EPS") (US cents)		
(i) Based on weighted average number of ordinary shares issued	**(0.397)**	(1.024)
(ii) On fully diluted basis	**(0.397)**	(1.024)

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 31-Mar-18	(Restated) As at 31-Dec-17	As at 31-Mar-18	As at 31-Dec-17
Net asset value (US$'000)	**458,159**	460,119	**484,098**	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)	**25.26**	25.37	**26.69**	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

1st Quarter 2018 ("Q1 FY18") vs 1st Quarter 2017 ("Q1 FY17") (Restated)

	Revenue			Gross Profit/(Loss)			Gross Profit/(Loss) Margin	
	Q1 FY18 US$'000	Q1 FY17 US$'000	% Change	Q1 FY18 US$'000	Q1 FY17 US$'000	% Change	Q1 FY18 %	Q1 FY17 %
Offshore Supply Vessels ("OSV")	**21,709**	14,431	50%	**(250)**	(4,692)	-95%	-1%	-33%
Offshore Accommodation ("OA")	**38,899**	9,994	289%	**9,327**	(2,662)	NM	24%	-27%
Transportation & Installation ("T&I")	**5,035**	4,460	13%	**426**	1,375	-69%	8%	31%
Harbour Services and Emergency Response ("HSER")	**4,922**	5,696	-14%	**433**	1,106	-61%	9%	19%
	70,565	34,581	104%	**9,936**	(4,873)	NM	14%	-14%

Q1 FY18, the Group registered revenue of US$70.6 million or 104% increase from US$34.6 million in Q1 FY17. This was mainly due to higher utilisation from OSV, OA and T&I segments.

OSV
OSV registered 50% increase in revenue to US$21.7 million (Q1 FY17: US$14.4 million) mainly due to the full contribution of 12 vessels deployed to a Middle East national oil company under long-term charters as compared to four vessels in Q1 FY17. Utilisation for the OSV segment, comprising 39 vessels in Q1 FY18 improved to 68% (Q1 FY17: 59%). Correspondingly, the segment's gross loss was significantly lower at US$0.3 million in Q1 FY18 compared to US$4.7 million in Q1 FY17.

OA
OA segment revenue increased by 289% to US$38.9 million (Q1 FY17: US$10.0 million) mainly due to revenue contribution from POSH Arcadia, from Shell Prelude project and POSH Xanadu which started work for Chevron Big Foot tension-leg platform ("TLP") project in early March 2018. Both POSH Arcadia and POSH Xanadu are 750 pax Semi-Submersible Accommodation Vessels. Three out of four Light Construction Vessels ("LCVs") were on charter during the quarter compared with one vessel in Q1 FY17. The segment also took delivery of POSH Mallard, a Multi-purpose Support Vessel ("MPSV") which was deployed in Nov 2017 and contributed for the full quarter in Q1 FY18. The segment has turned around from a gross loss of US$2.7 million in Q1 FY17 to a gross profit of US$9.3 million in Q1 FY18.

Income Statement (cont'd)
1st Quarter 2018 ("Q1 FY18") vs 1st Quarter 2017 ("Q1 FY17")

T&I
T&I segment revenue increased 13% to US$5.0 million (Q1 FY17: US$4.5 million) mainly due to higher utilisation of 53% (Q1 FY17: 33%). While utilisation improved, charter rates remain depressed, and the segment registered a lower gross profit of US$0.4 million (Q1 FY17: US$1.4 million).

HSER
HSER revenue decreased by 14% to US$4.9 million (Q1 FY17: US$5.7 million) mainly due to absence of salvage jobs in Q1 FY18.

General & Administrative expenses and Other Income

General and administrative expenses increased by US$2.4 million or 47% to US$7.7 million (Q1 FY17: US$5.2 million) mainly due to higher legal fees and normalisation of personnel expenses from Q1 FY17 which had a reversal of bonus provision for prior year.

Finance costs increased by 43% to US$6.8 million (Q1 FY17: US$4.7 million) due to higher loan balances and higher interest rates in Q1 FY18.

The Group's share of results from joint ventures ("JVs") registered a profit of US$0.6 million in Q1 FY18 as compared to a loss of US$4.8 million in Q1 FY17. This was mainly due to higher vessel utilisation of our JV, POSH Terasea, as five vessels underwent drydocking in Q1 FY17.

The Group recorded a net loss attributable to shareholders of US$7.2 million in Q1 FY18 as compared to net loss of US$18.6 million in Q1 FY17.

Statement of Financial Position

The Group's net asset was US$458.2 million as at 31 March 2018.

. The Group has net current liabilities of US$179.3 million mainly due to bank borrowings due within one year.

Statement of Cash Flows

The Group generated net cash from operations of US$12.2 million in Q1 FY18 compared to US$3.2 million net cash used in Q1 FY17. Positive net operating cash flow was due to higher revenue in the current period as well as working capital changes.

Net cash used in investing activities of US$5.7 million in Q1 FY18 (Q1 FY17: US$8.3 million) was mainly due to payment for vessels under construction.

The Group net cash used in financing activities was US$9.4 million in Q1 FY18 as compared to US$8.3 million net cash generated from financing activities in Q1 FY17, mainly for repayment of 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.

In the immediate term, charter rates are expected to remain under pressure due to the continued oversupply of vessels. However, there are positive indicators in the market, with oil and gas capital expenditure expected to increase on firmer oil prices and improved financial performance of oil companies.

As at Q1 FY2018, the Group has deployed 12 vessels to the Middle East on long-term charters. SSAV POSH Xanadu has started her work for Chevron's Big Foot TLP project while POSH Arcadia continues to work for the Shell Prelude project. The Group has also seen an increase in enquiries for vessels supporting maintenance projects in the past quarter.

The Group will continue to focus on safety excellence, cost competitiveness and maximising its fleet utilisation. To widen our market reach and enhance proximity to our clients, the Group will be setting up offices in Angola and Brunei while continuing to grow its existing offices in the Kingdom of Saudi Arabia and Mexico.

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 three months ended 31 March 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	-	568
DP Shipbuilding & Engineering Pte Ltd	-	995
DDW PaxOcean Shipyard Pte Ltd	-	134
PaxOcean Engineering Zhuhai Co., Ltd	-	801
PACC Ship Managers Pte Ltd	-	128
TOTAL	-	2,626

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 three months ended 31 March 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

8 May 2018