PACC OFFSHORE SERVICES HOLDINGS LTD.
Registration Number: 200603185Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2018

Introduction

PACC Offshore Services Holdings Ltd. ("POSH") is one of Asia's largest operators of offshore support vessels, with a diversified fleet servicing offshore oil and gas exploration and production activities. With four distinct operating segments: Offshore Supply Vessels, Transportation and Installation, Offshore Accommodation and Harbour Services and Emergency Response, POSH's offshore support vessels perform anchor handling services, ocean towage and installation, ocean transportation, heavy-lift and offshore accommodation services as well as harbour towage and emergency response services.

As of 31 December 2018, the POSH Group (including joint ventures) operated a combined fleet of 123 vessels, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, Platform Supply Vessels, Maintenance Utility Vessels, Crane and Deck Barges, Semi-submersible Accommodation Vessels, Light Construction Vessels, Accommodation Vessels, Multi-purpose Support Vessels and Harbour Tugs.

The POSH fleet operates worldwide, serving offshore oilfields in Asia, Australasia, Africa, Middle-East and Latin America, providing vessels and services for projects involving many of the world's major oil companies, as well as many large international offshore contractors.

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

1(a)(i). Group Income Statement

	Group					
	Quarter ended			12 Months ended		
	31-Dec-18 US$'000	(Restated) 31-Dec-17 US$'000	% Change	31-Dec-18 US$'000	(Restated) 31-Dec-17 US$'000	% Change
Revenue	**65,985**	62,479	6%	**299,400**	192,208	56%
Cost of sales	**(70,789)**	(63,845)	11%	**(266,407)**	(205,623)	30%
Gross (loss)/profit	**(4,804)**	(1,366)	252%	**32,993**	(13,415)	NM
Other expenses						
- Impairment of goodwill	**-**	(57,125)	NM	**-**	(57,125)	NM
- Impairment of fixed assets	**(49,493)**	(108,255)	-54%	**(49,493)**	(108,255)	-54%
Allowance for doubtful debts	**(1,723)**	(1,303)	32%	**(3,825)**	(3,221)	19%
Other operating income	**1,963**	140	NM	**4,660**	3,155	48%
Distribution costs	**(312)**	(418)	-25%	**(1,055)**	(1,146)	-8%
General and administrative expenses	**(8,351)**	(6,003)	39%	**(32,167)**	(24,955)	29%
Finance costs	**(7,561)**	(6,629)	14%	**(29,172)**	(22,847)	28%
Share of joint ventures' result	**(7,309)**	(11,467)	-36%	**(8,566)**	2,356	NM
Loss before taxation	**(77,590)**	(192,426)	-60%	**(86,625)**	(225,453)	-62%
Taxation	**(2,296)**	(2,384)	-4%	**(11,684)**	(4,828)	142%
Net loss for the period	**(79,886)**	(194,810)	-59%	**(98,309)**	(230,281)	-57%
Loss attributable to:						
Equity holders of the Company	**(79,994)**	(194,885)	-59%	**(98,326)**	(230,286)	-57%
Non-controlling interests	**108**	75	44%	**17**	5	240%
	(79,886)	(194,810)	-59%	**(98,309)**	(230,281)	-57%
Note:						
Net loss for the period	**(79,886)**	(194,810)	-59%	**(98,309)**	(230,281)	-57%
Less:						
Impairment of goodwill	**-**	(57,125)	NM	**-**	(57,125)	NM
Impairment of fixed assets	**(49,493)**	(108,255)	-54%	**(49,493)**	(108,255)	-54%
Loss on disposal of fixed assets	**-**	(1,219)	NM	**(646)**	(3,133)	-79%
	(49,493)	(166,599)	-70%	**(50,139)**	(168,513)	-70%
Net loss excluding the above items	**(30,393)**	(28,211)	8%	**(48,170)**	(61,768)	-22%

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

NM denotes "Not Meaningful".

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

	Group			
	Quarter ended		12 Months ended	
	31-Dec-18 US$'000	**31-Dec-17 US$'000**	**31-Dec-18 US$'000**	**31-Dec-17 US$'000**
Amortisation of intangible assets	**(234)**	(103)	**(303)**	(128)
Depreciation of fixed assets	**(15,947)**	(16,929)	**(61,432)**	(63,625)
Exchange gain/(loss)	**174**	395	**(345)**	(180)
Loss on disposal of fixed assets	**-**	(1,219)	**(646)**	(3,133)
Impairment of fixed assets	**(49,493)**	(108,255)	**(49,493)**	(108,255)
Impairment of goodwill	**-**	(57,125)	**-**	(57,125)
Interest income	**412**	466	**1,778**	1,980
Interest expense	**(7,561)**	(6,629)	**(29,172)**	(22,847)
Allowance for doubtful debts	**(1,723)**	(1,303)	**(3,825)**	(3,221)

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

	Group					
	Quarter ended			12 Months ended		
	31-Dec-18 US$'000	**(Restated) 31-Dec-17 US$'000**	**% Change**	**31-Dec-18 US$'000**	**(Restated) 31-Dec-17 US$'000**	**% Change**
Net loss for the period	**(79,886)**	(194,810)	-59%	**(98,309)**	(230,281)	-57%
Other comprehensive loss:						
Items that may be reclassified subsequently to profit or loss						
Cash flow hedges-fair value (loss)/gain	**(7,127)**	4,497	NM	**2,321**	1,695	37%
Other comprehensive (loss)/income for the period	**(7,127)**	4,497	NM	**2,321**	1,695	37%
Total comprehensive loss for the period	**(87,013)**	(190,313)	-54%	**(95,988)**	(228,586)	-58%
Total comprehensive loss for the period attributable to:						
Equity holders of the Company	**(87,121)**	(190,388)	-54%	**(96,005)**	(228,591)	-58%
Non-controlling interests	**108**	75	44%	**17**	5	240%
	(87,013)	(190,313)	-54%	**(95,988)**	(228,586)	-58%

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-Dec-18 US$'000	**(Restated) 31-Dec-17 US$'000**	**(Restated) 01-Jan-17 US$'000**	**31-Dec-18 US$'000**	**31-Dec-17 US$'000**
Non-current assets					
Goodwill	**-**	-	57,125	**-**	-
Fixed assets	**1,004,629**	1,111,975	1,184,927	**226**	346
Intangible assets	**597**	95	12	**420**	-
Due from joint ventures	**23,907**	31,877	21,834	**20,915**	27,050
Investment in subsidiaries	**-**	-	-	**110,140**	112,493
Investment in joint ventures	**70,788**	80,557	63,080	**35,989**	35,989
Receivables and other non-current assets	**5,896**	1,616	1,982	**-**	-
Derivatives	**10,197**	7,295	5,600	**2,862**	1,261
	1,116,014	1,233,415	1,334,560	**170,552**	177,139
Current assets					
Consumables	**5,047**	3,609	1,677	**-**	-
Receivables and other current assets	**83,991**	83,241	79,693	**3,045**	5,877
Due from subsidiaries, joint ventures and related companies	**80,430**	76,398	72,013	**759,883**	806,581
Cash and cash equivalents	**13,829**	17,088	15,058	**8,159**	12,511
	183,297	180,336	168,441	**771,087**	824,969
Fixed assets classified as held for sale	**-**	-	2,547	**-**	-
	183,297	180,336	170,988	**771,087**	824,969
Total assets	**1,299,311**	1,413,751	1,505,548	**941,639**	1,002,108
Non-current liabilities					
Bank borrowings	**550,330**	584,461	439,225	**285,000**	295,000
Derivatives	**581**	-	-	**82**	-
Deferred tax liabilities	**12**	475	414	**-**	-
	550,923	584,936	439,639	**285,082**	295,000
Current liabilities					
Payables and accruals	**87,467**	110,314	73,592	**19,187**	19,254
Advances received from customers	**-**	849	198	**-**	-
Due to subsidiaries, joint ventures and related companies	**64,960**	65,695	31,806	**35,879**	37,275
Due to holding company	**650**	196	195	**654**	196
Bank borrowings	**216,041**	184,464	269,107	**185,400**	161,400
Provision for taxation	**15,395**	7,178	2,821	**3,122**	2,623
	384,513	368,696	377,719	**244,242**	220,748
Total liabilities	**935,436**	953,632	817,358	**529,324**	515,748
Equity					
Share capital	**827,201**	827,201	827,201	**827,201**	827,201
Treasury shares	**(1,590)**	(1,447)	(1,828)	**(1,590)**	(1,447)
Accumulated losses	**(471,631)**	(372,999)	(142,714)	**(416,321)**	(340,788)
Other reserves	**9,861**	7,428	5,600	**3,025**	1,394
	363,841	460,183	688,259	**412,315**	486,360
Non-controlling interest	**34**	(64)	(69)	**-**	-
Total equity	**363,875**	460,119	688,190	**412,315**	486,360
Total liabilities and equity	**1,299,311**	1,413,751	1,505,548	**941,639**	1,002,108

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

	As at 31-Dec-18		As at 31-Dec-17	
	Unsecured US$'000	**Secured US$'000**	**Unsecured US$'000**	**Secured US$'000**
(i) Amount payable in one year or less, or on demand	**185,400**	**30,641**	161,400	23,064
(ii) Amount repayable after one year	**285,000**	**265,330**	295,000	289,461

1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Quarter ended		12 Months ended	
	31-Dec-18 US$'000	**(Restated) 31-Dec-17 US$'000**	**31-Dec-18 US$'000**	**(Restated) 31-Dec-17 US$'000**
Cash flows from operating activities				
Loss before taxation	**(77,590)**	(192,426)	**(86,625)**	(225,453)
Adjustments for:				
Amortisation of prepayments	**76**	91	**322**	364
Amortisation of intangible assets	**234**	103	**303**	128
Depreciation of fixed assets	**15,947**	16,929	**61,432**	63,625
Grant of equity-settled share options to employees	**3**	36	**112**	133
Allowance for doubtful debts-trade	**1,723**	1,303	**3,825**	3,221
Impairment of fixed assets	**49,493**	108,255	**49,493**	108,255
Impairment of goodwill	**-**	57,125	**-**	57,125
Loss on disposal of fixed assets	**-**	1,219	**646**	3,133
Shares of joint ventures' results	**7,309**	11,467	**8,566**	(2,356)
Interest expense	**7,561**	6,629	**29,172**	22,847
Interest income	**(412)**	(466)	**(1,778)**	(1,980)
Unrealised exchange gain	**(358)**	(29)	**(44)**	(181)
Operating cash flows before working capital changes	**3,986**	10,236	**65,424**	28,861
Changes in working capital				
Increase in consumables	**(3,800)**	(1,624)	**(1,438)**	(1,932)
Decrease/(increase) in receivables and other current assets	**7,850**	(597)	**(9,361)**	(6,958)
Increase/(decrease) in due to related companies	**1,540**	(898)	**(1,655)**	2,231
Increase/(decrease) in payables and accruals	**4,963**	(3,578)	**6,014**	17,935
Cash generated from operating activities	**14,539**	3,539	**58,984**	40,137
Interest paid	**(7,648)**	(5,858)	**(29,171)**	(21,553)
Interest received	**475**	322	**1,656**	2,171
Income taxes paid	**167**	(58)	**(3,930)**	(410)
Net cash generated from/(used in) operating activities	**7,533**	(2,055)	**27,539**	20,345
Cash flows from investing activities				
Acquisition of intangible assets	**(630)**	(70)	**(658)**	(211)
Acquisition of fixed assets	**(8,003)**	(15,296)	**(35,800)**	(91,571)
Proceeds from disposal of fixed assets	**55**	598	**13,016**	4,445
Increase in due to related companies	**-**	152	**(682)**	51
(Increase)/decrease in due from joint ventures	**(2,053)**	1,018	**(4,556)**	8,254
Increase in interest in joint venture	**-**	-	**-**	(20)
Net cash used in investing activities	**(10,631)**	(13,598)	**(28,680)**	(79,052)

	Group			
	Quarter ended		12 Months ended	
	31-Dec-18 US$'000	(Restated) 31-Dec-17 US$'000	31-Dec-18 US$'000	(Restated) 31-Dec-17 US$'000
Cash flows from financing activities				
Capital injection from non-controlling interest of a subsidiary	**-**	-	**81**	-
Purchase of treasury shares	**(143)**	-	**(143)**	(38)
Proceeds from term loan	**-**	67,300	**6,510**	73,300
Repayment of term loan	**(5,969)**	(5,155)	**(23,064)**	(20,620)
Proceeds from/(repayment of) revolving facilities	**4,850**	(45,340)	**14,000**	7,913
Increase in due to holding company	**568**	10	**454**	1
Net cash (used in)/generated from financing activities	**(694)**	16,815	**(2,162)**	60,556
Net increase in cash and cash equivalents	**(3,792)**	1,162	**(3,303)**	1,849
Effect of exchange rate changes on cash and cash equivalents	**358**	29	**44**	181
Cash and cash equivalents at beginning of year	**17,263**	15,897	**17,088**	15,058
Cash and cash equivalents at end of year	**13,829**	17,088	**13,829**	17,088

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$'000**	**Hedging reserves US$'000**	**Employee share option reserves US$'000**	**Exchange reserves US$'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	**-**	**-**	**-**	**-**	**109**	**-**	**-**	**109**
Incorporation of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**81**	**81**
Loss for the period	**-**	**-**	**(18,332)**	**-**	**-**	**-**	**(91)**	**(18,423)**
Other comprehensive income	**-**	**-**	**-**	**9,448**	**-**	**-**	**-**	**9,448**
Total comprehensive loss for the period	**-**	**-**	**(18,332)**	**9,448**	**-**	**-**	**(91)**	**(8,975)**
Balance at 30 Sep 2018	**827,201**	**(1,447)**	**(391,637)**	**16,743**	**242**	**-**	**(74)**	**451,028**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**-**	**3**	**-**	**-**	**3**
Purchase of treasury shares	**-**	**(143)**	**-**	**-**	**-**	**-**	**-**	**(143)**
Loss for the period	**-**	**-**	**(79,994)**	**-**	**-**	**-**	**108**	**(79,886)**
Other comprehensive income	**-**	**-**	**-**	**(7,127)**	**-**	**-**	**-**	**(7,127)**
Total comprehensive loss for the period	**-**	**-**	**(79,994)**	**(7,127)**	**-**	**-**	**108**	**(87,013)**
Balance at 31 Dec 2018	**827,201**	**(1,590)**	**(471,631)**	**9,616**	**245**	**-**	**34**	**363,875**

	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 reserves US$'000**	**Exchange reserves US$'000**	**Non-controlling interest US$'000**	**Total US$'000**
Balance at 1 Jan 2017 (As previously reported)	827,201	(1,828)	(142,939)	5,600	-	298	(69)	688,263
Adoption of the SFRS(I) 1	-	-	298	-	-	(298)	-	-
Adoption of the SFRS(I) 15	-	-	(73)	-	-	-	-	(73)
Balance as at 1 Jan 2017 (Restated)	827,201	(1,828)	(142,714)	5,600	-	-	(69)	688,190
Treasury shares reissued pursuant to employee share plans	-	419	-	-	-	-	-	419
Grant of equity-settled share options to employees	-	-	-	-	97	-	-	97
Purchase of treasury shares	-	(38)	-	-	-	-	-	(38)
Loss for the period (Restated)	-	-	(35,400)	-	-	-	(70)	(35,470)
Other comprehensive loss	-	-	-	(2,802)	-	-	-	(2,802)
Total comprehensive loss for the period	-	-	(35,400)	(2,802)	-	-	(70)	(38,272)
Balance at 30 Sep 2017 (Restated)	827,201	(1,447)	(178,114)	2,798	97	-	(139)	650,396
Grant of equity-settled share options to employees	-	-	-	-	36	-	-	36
Loss for the period (Restated)	-	-	(194,885)	-	-	-	75	(194,810)
Other comprehensive income	-	-	-	4,497	-	-	-	4,497
Total comprehensive loss for the period	-	-	(194,885)	4,497	-	-	75	(190,313)
Balance at 31 Dec 2017 (Restated)	827,201	(1,447)	(372,999)	7,295	133	-	(64)	460,119

The Company	**Share capital US$'000**	**Treasury shares US$'000**	**Accumulated (losses)/ retained profits US$'000**	**Hedging reserves US$'000**	**Employee share option reserves US$'000**	**Total US$'000**
Balance at 1 Jan 2018	**827,201**	**(1,447)**	**(340,788)**	**1,261**	**133**	**486,360**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**-**	**109**	**109**
Loss for the period	**-**	**-**	**(15,545)**	**-**	**-**	**(15,545)**
Other comprehensive income	**-**	**-**	**-**	**4,762**	**-**	**4,762**
Total comprehensive loss for the period	**-**	**-**	**(15,545)**	**4,762**	**-**	**(10,783)**
Balance at 30 Sep 2018	**827,201**	**(1,447)**	**(356,333)**	**6,023**	**242**	**475,686**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**-**	**3**	**3**
Purchase of treasury shares	**-**	**(143)**	**-**	**-**	**-**	**(143)**
Loss for the period	**-**	**-**	**(59,988)**	**-**	**-**	**(59,988)**
Other comprehensive income	**-**	**-**	**-**	**(3,243)**	**-**	**(3,243)**
Total comprehensive loss for the period	**-**	**-**	**(59,988)**	**(3,243)**	**-**	**(63,231)**
Balance at 31 Dec 2018	**827,201**	**(1,590)**	**(416,321)**	**2,780**	**245**	**412,315**
Balance at 1 Jan 2017	827,201	(1,828)	14,602	-	-	839,975
Treasury share reissued pursuant to employees share option plans	-	419	-	-	-	419
Purchase of treasury shares	-	(38)	-	-	-	(38)
Grant of equity-settled share options to employees	-	-	-	-	97	97
Loss for the period	-	-	(9,965)	-	-	(9,965)
Other comprehensive income	-	-	-	(1,063)	-	(1,063)
Total comprehensive loss for the period	-	-	(9,965)	(1,063)	-	(11,028)
Balance at 30 Sep 2017	827,201	(1,447)	4,637	(1,063)	97	829,425
Grand of equity-settled share options to employees	-	-	-	-	36	36
Loss for the period	-	-	(345,425)	-	-	(345,425)
Other comprehensive income	-	-	-	2,324	-	2,324
Total comprehensive loss for the period	-	-	(345,425)	2,324	-	(343,101)
Balance at 31 Dec 2017	827,201	(1,447)	(340,788)	1,261	133	486,360

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 December 2018 was as follows:

	Number of shares
Balance as at 1 October 2018	6,359,600
Purchase of treasury shares	1,000,000
Balance as at 31 December 2018	7,359,600

As at 31 December 2018, 7,359,600 treasury shares were held by the Company (31 December 2017: 6,359,600) representing 0.41% (31 December 2017: 0.40%) of the total number of issued shares (excluding treasury shares).

1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued ordinary shares (excluding treasury shares) as at 31 December 2018 was 1,812,640,400 (31 December 2017: 1,813,640,400).

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

None.

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

None.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The financial statements for the period under review have not been audited or reviewed by the auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting year consistent with those of the audited financial statements for the year ended 31 December 2017, except as disclosed in paragraph 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of, the change.

The Group adopted SFRS(I) on 1 January 2018. The financial statements for the period ended 31 December 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) <u>Application of SFRS(I) 1 First Time Adoption of SFRS(I)</u>
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) <u>Adoption of SFRS(I) 9 Financial Instruments</u>
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) <u>Adoption of SFRS(I) 15 Revenue from Contracts with Customers</u>
The Group has adopted SFRS(I) 15 on the required effective date and applied the changes in accounting policy retrospectively to each reporting year presented, using the full retrospective approach. As a result of adopting SFRS(I) 15, the net loss for YTD Dec FY17 increased by US$20,000.

5. d) Comparatives

The comparatives have been restated where the impact of adoption of SFRS(1) is significant, as follows:

Group Income Statement and Consolidated Statement of Comprehensive Income

		31-Dec-2017 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	31-Dec-2017 Restated under SFRS(I) US$'000
Revenue	5c	192,237	(29)	192,208
Cost of sales	5c	(205,635)	12	(205,623)
Share of joint ventures' results	5c	2,359	(3)	2,356
Net loss for the period		**(230,261)**	**(20)**	**(230,281)**
Loss attributable to:				
Equity holders of the Company		(230,266)	(20)	(230,286)
Non-controlling interests		5	-	5
		(230,261)	**(20)**	**(230,281)**

Group Consolidated Statement of Comprehensive Income

	31-Dec-2017 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	31-Dec-2017 Restated under SFRS(I) US$'000
Total comprehensive loss for the period	**(228,566)**	**(20)**	**(228,586)**
Loss attributable to:			
Equity holders of the Company	(228,571)	(20)	(228,591)
Non-controlling interests	5	-	5
	(228,566)	**(20)**	**(228,586)**

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			
	Quarter Ended		12 Months Ended	
	31-Dec-18	(Restated) 31-Dec-17	31-Dec-18	(Restated) 31-Dec-17
Net loss attributable to equity holders of the Company (US$'000)	**(79,994)**	(194,885)	**(98,326)**	(230,286)
Weighted average ordinary shares for calculation ('000)				
- Basic	**1,813,174**	1,813,640	**1,813,523**	1,813,720
- On fully diluted basis	**1,813,714**	1,813,640	**1,813,523**	1,813,720
Loss per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	**(4.41)**	(10.75)	**(5.42)**	(12.70)
(ii) On fully diluted basis	**(4.41)**	(10.75)	**(5.42)**	(12.70)

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-Dec-18	(Restated) As at 31-Dec-17	As at 31-Dec-18	(Restated) As at 31-Dec-17
Net asset value (US$'000)	**363,875**	460,119	**412,315**	486,360
Total number of ordinary shares issued ('000)	**1,812,640**	1,813,640	**1,812,640**	1,813,640
Net asset value per ordinary shares (US cents)	**20.07**	25.37	**22.75**	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

4th Quarter 2018 ("Q4 FY18") vs 4th Quarter 2017 ("Q4 FY17")

	Revenue			Gross profit			Gross Margin	
	Q4 FY18 US$'000	(Restated) Q4 FY17 US$'000	% Change	Q4 FY18 US$'000	(Restated) Q4 FY17 US$'000	% Change	Q4 FY18 %	(Restated) Q4 FY17 %
Offshore Supply Vessels ("OSV")	**19,682**	18,813	5%	**(8,953)**	(6,158)	45%	**-45%**	-33%
Offshore Accommodation ("OA")	**36,430**	35,887	2%	**3,563**	5,183	-31%	**10%**	14%
Transportation & Installation ("T&I")	**4,178**	3,251	29%	**(716)**	(1,209)	-41%	**-17%**	-37%
Harbour Services and Emergency Response ("HSER")	**5,695**	4,528	26%	**1,302**	818	59%	**23%**	18%
	65,985	62,479	6%	**(4,804)**	(1,366)	252%	**-7%**	-2%

The Group registered a 6% increase in revenue to US$66.0 million as compared to US$62.5 million in Q4 FY17. This was due to improved contribution from all business segments.

OSV
OSV segment revenue increased by 5% to US$19.7 million (Q4 FY17: US$18.8 million) due to improved utilisation of 68% (4Q FY17: 61%), mainly attributable to contribution of 12 vessels (Q4 FY17: 6 vessels) deployed under long term charters to a Middle East National Oil Company. However, higher vessel operating expenses and dry docking costs from the remaining vessels in the fleet resulted in higher gross loss of US$9.0 million in Q4 FY18 (Q4 FY17: US$6.2 million).

OA
OA segment revenue increased by 2% to US$36.4 million (Q4 FY17: US$35.9 million) mainly due to higher utilisation. However, higher maintenance and docking expenses in Q4 FY18 resulted in a lower gross profit of US$3.6 million (Q4 FY17: US$5.2 million).

Income Statement (cont'd)

4th Quarter 2018 ("Q4 FY18") vs 4th Quarter 2017 ("Q4 FY17") (cont'd)

T&I
T&I segment registered 29% increase in revenue to US$4.2 million (Q4 FY17: US$3.3 million) on higher vessel utilisation of 53% (Q4 FY17: 42%). The improved revenue reduced gross loss to US$0.7 million (Q4 FY17: US$1.2 million).

HSER
HSER revenue increased by 26% to US$5.7 million (Q4 FY17: US$4.5 million), mainly due to higher revenue from heavy lift vessels and time charter jobs. Gross profit increased by 59% to US$1.3 million (Q4 FY17: US$0.8 million).

General & administrative ("G&A") expenses and other income/expenses
G&A expenses increased by US$2.3 million or 39% to US$8.4 million (Q4 FY17: US$6.0 million) mainly due to higher personnel expenses and legal costs incurred in Q4 FY18.

Impairment of fixed assets for Q4 FY18 was US$49.5 million compared to US$108.3 million in Q4 FY17.

Finance costs increased by 14% or US$0.9 million to US$ 7.6 million (Q4 FY17: US$6.6 million) due to higher loan balances and interest rates.

The Group's share of results from joint ventures ("JVs") registered a loss of US$7.3 million in Q4 FY18 compared to US$11.5 million in Q4 FY17. This was mainly due to lower impairment of vessels (Q4 FY18: US$6.7 million) compared to Q4 FY17 (US$15.5 million), partially offset by lower contribution from POSH Terasea in this quarter.

The Group recorded a lower net loss attributable to shareholders of US$80.0 million in Q4 FY18 compared to US$194.9 million in Q4 FY17.

12 Months ended 31 December 2018 ("FY18") vs 12 Months ended 31 December 2017 ("FY17")

	Revenue			Gross profit			Gross Margin	
		(Restated)			(Restated)			(Restated)
	FY18	**FY17**	**%**	**FY18**	**FY17**	**%**	**FY18**	**FY17**
	US$'000	**US$'000**	**Change**	**US$'000**	**US$'000**	**Change**	**%**	**%**
Offshore Supply Vessels ("OSV")	**91,851**	74,975	23%	**(9,406)**	(11,095)	-15%	**-10%**	-15%
Offshore Accommodation ("OA")	**166,869**	81,815	104%	**38,523**	(6,336)	NM	**23%**	-8%
Transportation & Installation ("T&I")	**17,715**	14,034	26%	**580**	(376)	NM	**3%**	-3%
Harbour Services and Emergency Response ("HSER")	**22,965**	21,384	7%	**3,296**	4,392	-25%	**14%**	21%
	299,400	192,208	56%	**32,993**	(13,415)	NM	**11%**	-7%

During the year, the Group registered revenue of US$299.4 million (FY17: US$192.2 million), a 56% increase or US$107.2 million. This was due to higher contribution from all business segments. The Group recorded a gross profit of US$33.0 million in FY18 compared to gross loss of US$13.4 million in FY17.

OSV
OSV segment revenue increased by 23% to US$91.9 million (FY17: US$75.0 million), mainly due to higher vessel utilisation of 72% (FY17: 64%), contributed by vessels on charter to the Middle East National Oil Company. Accordingly, the segment recorded lower gross loss of US$9.4 million (FY17: US$11.1 million).

Income Statement (cont'd)

12 Months ended 31 December 2018 ("FY18") vs 12 Months ended 31 December 2017 ("FY17") (cont'd)

OA
OA segment revenue increased by 104% to US$166.9 million (FY17: US$81.8 million) mainly due to revenue contribution from POSH Arcadia, from the Shell Prelude project and POSH Xanadu which started work in early March 2018 for the Chevron Big Foot TLP project, and higher utilisation from the rest of the OA vessels. The segment registered a gross profit of US$38.5 million in FY18 compared to gross loss of US$6.3 million in FY17.

T&I
T&I segment revenue increased by 26% to US$17.7 million (FY17: US$14.0 million) on higher vessel utilisation of 62% (FY17: 40%). The segment registered gross profit at US$0.6 million (FY17: US$0.4 million gross loss).

HSER
HSER segment registered a 7% increase in revenue to US$23.0 million (FY17: US$21.4 million) mainly due to higher revenue from heavy lift vessels and more time charter jobs. Lower gross profit of US$3.3 million in FY18 (FY17: US$4.4 million) was mainly due to higher operating expenses in FY18.

General & administrative ("G&A") expenses and other income/expenses
G&A expenses increased by 29% or US$7.2 million to US$32.2 million (FY17: US$25.0 million) mainly due to higher personnel expenses and increased legal costs, partially offset by the reversal of prior year's bonus provision in FY17.

Finance costs increased by 28% or US$6.3 million to US$29.2 million (FY17: US$22.8 million) mainly due to higher loan balances and interest rates in FY18.

The Group's share of results from JVs registered a loss of US$8.6 million in FY18 compared to a profit of US$2.4 million in FY17, mainly due to lower contribution from POSH Terasea partially offset by lower impairment of vessels of US$6.7 million (FY17: US$15.5 million).

The Group's net loss attributable to shareholders decreased to US$98.3 million in FY18 compared to US$230.3 million in FY17.

Statement of Financial Position

The Group's net asset was US$363.9 million as at 31 December 2018.

Fixed assets decreased by US$107.3 million mainly due to vessels impairment and depreciation expenses.

The Group has net current liabilities of US$209.8 million mainly due to bank borrowings due within one year.

Statement of Cash Flows

The Group reported a higher net cash generated from operating activities of US$27.5 million for FY18 against US$20.3 million for FY17. This was mainly due to lower losses for FY18.

The Group's net cash used in investing activities was US$28.7 million in FY18 compared to US$79.1 million in FY17. This was mainly due to lower acquisition of fixed assets and increase in proceeds from disposal of fixed assets.

The Group's net cash used in financing activities in FY18 was US$2.2 million compared to US$60.6 million net cash generated in FY17. This was mainly due to lower proceeds from term loan.

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.

Semi-submersible Accommodation Vessel ("SSAV") POSH Xanadu completed her Chevron Bigfoot campaign on 15th October 2018, achieving 100% uptime. Upon completion of her maintenance, she mobilised to Brazil to commence an eight months' charter with Petrobras in January 2019.

SSAV POSH Arcadia completed her Shell FLNG Prelude project on 21st December 2018 and demobilised to Batam in January 2019. The Group is bidding her for several prospective charters in 2019 whilst she is undergoing regular maintenance.

Charter rates and utilisation for the OA Monohull segment have firmed up over the last few months, indicating increased activities in the offshore maintenance segment.

Despite increased activities in offshore construction and maintenance segment, the excessive oversupply situation continues to put pressure on utilisation and charter rates across other vessel classes.

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 year ended 31 December 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	-	2,968
DP Shipbuilding & Engineering Pte Ltd	-	3,221
DDW PaxOcean Shipyard Pte Ltd	-	365
PaxOcean Engineering Zhuhai Co., Ltd	-	987
PACC Ship Managers Pte Ltd	-	552
PACC Shipping Phils Inc	-	364
TOTAL	-	8,457

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements with comparative information for the immediately preceding year

Year ended 31 December 2018	**OSV US$'000**	**OA US$'000**	**T&I US$'000**	**HSER US$'000**	**Total US$'000**
Revenue	**91,851**	**166,869**	**17,715**	**22,965**	**299,400**
Segment results	**(22,470)**	**27,125**	**(3,915)**	**652**	**1,392**
Share of joint ventures' results	1,422	1,174	(9,192)	(1,959)	(8,555)
Impairment of fixed assets	(36,896)	(7,397)	(5,200)	-	(49,493)
Interest income					1,778
Interest expense					(29,172)
Taxation					(11,684)
Unallocated other income, net					1,287
Unallocated general and administrative expenses					(3,862)
Loss for the year					(98,309)
Assets					
Segment assets	467,011	615,321	113,725	71,724	1,267,781
Unallocated assets					31,530
Total assets					1,299,311
Liabilities					
Segment liabilities	90,014	17,037	6,212	8,094	121,357
Unallocated liabilities					814,079
Total liabilities					935,436
Other information					
Depreciation	28,322	26,111	4,676	1,712	60,821
Additions to non-current assets	6,240	8,559	1,028	21	15,848

Year ended 31 December 2017 (Restated)	**OSV US$'000**	**OA US$'000**	**T&I US$'000**	**HSER US$'000**	**Total US$'000**
Revenue	**74,975**	**81,815**	**14,034**	**21,384**	**192,208**
Segment results	**(19,178)**	**(14,994)**	**(6,845)**	**2,530**	**(38,487)**
Share of joint ventures' results	(10,656)	-	15,669	(2,657)	2,356
Impairment of fixed assets	(78,717)	(21,533)	(7,149)	(856)	(108,255)
Impairment of goodwill	-	-	(57,125)	-	(57,125)
Interest income					1,980
Interest expense					(22,847)
Taxation					(4,828)
Unallocated other income, net					(481)
Unallocated general and administrative expenses					(2,594)
Loss for the year					(230,281)
Assets					
Segment assets	526,269	647,657	131,665	73,830	1,379,421
Unallocated assets					34,330
Total assets					1,413,751
Liabilities					
Segment liabilities	102,460	40,767	6,039	7,293	156,559
Unallocated liabilities					797,073
Total liabilities					953,632
Other information					
Depreciation	30,736	24,149	6,356	1,829	63,070
Additions to non-current assets	62,396	481	42,345	4,618	109,840

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Refer to paragraph 8.

16. A breakdown of sales as follows:-

	GROUP		
	FY18 US$'000	**(Restated) FY17 US$'000**	**Increase/ (decrease) %**
(a) Sales reported for the first half year	153,707	77,187	99.1%
(b) Operating loss after tax before deducting minority interests reported for the first half year	(13,083)	(29,619)	-55.8%
(c) Sales reported for second half year	145,693	115,021	26.7%
(d) Operating loss after tax before deducting minority interests reported for second half year	(85,226)	(200,662)	-57.5%

17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or a chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, the Company confirms that there is no person occupying managerial position in the Company or any of its principal subsidiaries, who is a relative of a director or a chief executive officer or substantial shareholder of the Company.

18. 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

22 February 2019