



**PACIFIC RADIANCE LTD**  
**Company Registration No. 200609894C**

**Full Financial Statement and Dividend Announcement**  
**For the Financial Year Ended 31 December 2019 ("FY 2019")**

This announcement is pursuant to Rule 705(2) of the SGX Listing Manual.

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			Group		
	4Q 2019	4Q 2018	+ / (-)	FY 2019	FY 2018	+ / (-)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	20,742	14,730	41	74,758	60,667	23
Cost of sales	(16,729)	(16,619)	1	(59,575)	(65,040)	(8)
<b>Gross profit</b>	4,013	(1,889)	NM	15,183	(4,373)	NM
Other operating income	1,810	228	NM	17,147	8,248	NM
General and administrative expenses	(2,840)	(4,120)	(31)	(17,474)	(15,300)	14
Other operating expenses	(51,114)	(53,957)	(5)	(71,541)	(54,833)	30
Finance costs	(8,937)	(5,584)	60	(25,840)	(22,183)	16
Share of results of joint ventures	(291)	(279)	4	219	1,021	(79)
Share of results of associates	—	(10,687)	(100)	—	(12,712)	(100)
<b>Loss before taxation</b>	(57,359)	(76,288)	(25)	(82,306)	(100,132)	(18)
Taxation	(339)	(357)	(5)	(1,054)	(1,111)	(5)
<b>Loss for the period</b>	(57,698)	(76,645)	(25)	(83,360)	(101,243)	(18)
<b>Other comprehensive income:</b>						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	(999)	(137)	NM	(705)	420	NM
Net fair value changes on cash flow hedges	—	—	—	—	401	(100)
Net fair value changes on cash flow hedges, reclassified to profit or loss	—	—	—	—	(443)	(100)
Share of other comprehensive income of an associate/joint venture	—	(16)	(100)	—	(60)	(100)
	(999)	(153)	NM	(705)	318	NM
<u>Items that will not be reclassified to profit or loss:</u>						
Re-measurement of defined benefit plans	—	10	(100)	—	10	(100)
<b>Other comprehensive income for the period, net of tax</b>	(999)	(143)	NM	(705)	328	NM
<b>Total comprehensive income for the period</b>	(58,697)	(76,788)	(24)	(84,065)	(100,915)	(17)
<b>Loss for the period attributable to:</b>						
Equity holders of the Company	(58,151)	(76,030)	(24)	(84,691)	(99,397)	(15)
Non-controlling interests	453	(615)	NM	1,331	(1,846)	NM
	(57,698)	(76,645)	(25)	(83,360)	(101,243)	(18)
<b>Total comprehensive income for the period attributable to:</b>						
Equity holders of the Company	(59,148)	(76,173)	(22)	(85,396)	(99,070)	(14)
Non-controlling interests	451	(615)	NM	1,331	(1,845)	NM
	(58,697)	(76,788)	(24)	(84,065)	(100,915)	(17)

NM: Not Meaningful

**1(a)(ii) Items, if significant must be included in the income statement**

**Loss for the period was stated after charging/(crediting) the following:**

	<b>Group</b>		<b>Group</b>	
	<b>4Q 2019</b>	<b>4Q 2018</b>	<b>FY2019</b>	<b>FY2018</b>
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment (included in cost of sales)	4,268	4,348	15,930	17,509
Depreciation of property, plant and equipment (included in general and administrative expenses)	194	222	787	906
Impairment of doubtful receivables, net	18	557	465	1,439
Impairment of amounts due from related companies, net	9,377	13,975	11,057	13,044
Impairment of club membership	8	—	8	—
Impairment of investment in a joint venture	—	—	3,395	—
Impairment of property, plant and equipment	39,049	39,133	39,049	39,133
Loss on sale of property, plant and equipment, net	124	—	886	22
Loss/(gain) on sale of assets held for sale	—	—	14,754	(4)
Recognition of deferred capital grant income	(1,159)	—	(1,159)	—
Recognition of financial guarantee liabilities	648	—	648	—
Gain on termination of shipbuilding contract, net	—	—	—	(1,190)
Gain on termination of vessel lease contract, net	—	—	—	(1,248)
Gain on debt forgiveness of bank loan	—	—	(14,256)	(3,156)
Net fair value loss on derivatives	—	67	29	14
Exchange loss	1,889	201	1,048	650
Interest income	(210)	—	(739)	(1,696)
Net fair value loss/(gain) on held for trading investment securities	4	23	(5)	33
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	—	(41)	—	(165)
Write back of provision for tax no longer required in respect of prior years, net	(263)	(201)	(263)	(258)

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 2019</b>	<b>As at 31 Dec 2018</b>	<b>As at 31 Dec 2019</b>	<b>As at 31 Dec 2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	243,471	284,349	—	—
Investment in subsidiaries	—	—	5	5
Investment in associates	—	—	—	—
Investment in joint ventures	3,012	6,438	—	—
Investment securities	50	—	—	—
Club memberships	148	156	—	—
Amount due from related companies	51,435	52,172	—	—
Derivatives	—	118	—	—
Other receivables	241	—	—	—
	<b>298,357</b>	<b>343,233</b>	<b>5</b>	<b>5</b>
<b>Current assets</b>				
Inventories	798	402	—	—
Trade receivables	28,931	17,683	—	—
Other receivables	7,345	4,016	3,402	37
Amounts due from related companies	34,346	39,677	137,682	141,448
Investment securities	43	39	—	—
Derivatives	—	17	—	—
Assets held for sale	—	32,954	—	—
Cash and bank balances	18,013	30,731	103	613
	<b>89,476</b>	<b>125,519</b>	<b>141,187</b>	<b>142,098</b>
<b>Total assets</b>	<b>387,833</b>	<b>468,752</b>	<b>141,192</b>	<b>142,103</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	17,182	15,717	—	—
Other liabilities	95,281	69,724	11,419	9,342
Amounts due to related companies	7,518	8,437	218,580	204,620
Bank loans	409,971	443,021	—	—
Notes payable	74,310	73,350	74,310	73,350
Provision for taxation	1,365	1,446	—	—
Lease liabilities	1,307	575	—	—
	<b>606,934</b>	<b>612,270</b>	<b>304,309</b>	<b>287,312</b>
<b>Non-current liabilities</b>				
Other liabilities	11,717	11,717	—	—
Provisions	244	238	—	—
Deferred tax liabilities	3,106	2,920	—	—
Lease liabilities	8,282	89	—	—
	<b>23,349</b>	<b>14,964</b>	<b>—</b>	<b>—</b>
<b>Total liabilities</b>	<b>630,283</b>	<b>627,234</b>	<b>304,309</b>	<b>287,312</b>
<b>Net liabilities</b>	<b>(242,450)</b>	<b>(158,482)</b>	<b>(163,117)</b>	<b>(145,209)</b>

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 (cont'd).

	Group		Company	
	As at 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2019	As at 31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Equity attributable to equity holders of the Company</b>				
Share capital	162,854	162,854	162,854	162,854
Treasury shares	(2,290)	(2,485)	(2,290)	(2,485)
Accumulated losses	(383,099)	(298,408)	(323,766)	(305,761)
Other reserves	(7,968)	(3,763)	85	183
	(230,503)	(141,802)	(163,117)	(145,209)
Non-controlling interests	(11,947)	(16,680)	–	–
<b>Total equity</b>	<b>(242,450)</b>	<b>(158,482)</b>	<b>(163,117)</b>	<b>(145,209)</b>

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

**Amount repayable in one year or less, or on demand**

<b>Group</b>		<b>Group</b>	
<b>As at 31 Dec 2019</b>		<b>As at 31 Dec 2018</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
US\$'000	US\$'000	US\$'000	US\$'000
410,605	74,310	443,596	73,350

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>As at 31 Dec 2019</b>		<b>As at 31 Dec 2018</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
US\$'000	US\$'000	US\$'000	US\$'000
—	—	89	—

Details of any collateral:

The Group's secured portion of bank loans is secured by:

- first legal mortgages over the vessels of the Group, with net book value of US\$181.4 million and US\$221.2 million as at 31 December 2019 and 31 December 2018 respectively;
- first legal mortgages over assets held for sale of the Group, with net book value of US\$33.0 million as at 31 December 2018;
- escrow mortgages over the buildings, ship-repair yard and plant and equipment of the Group, with net book value of US\$40.0 million and US\$46.1 million as at 31 December 2019 and 31 December 2018 respectively;
- a right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged ship-repair yard; and
- cash pledged of US\$2.9 million and US\$3.4 million as at 31 December 2019 and 31 December 2018 respectively.

Secured borrowings include lease liabilities financed by bank lenders of US\$634,000 and US\$664,000 as at 31 December 2019 and 31 December 2018 respectively.

In addition, certain of the Group's bank loans are secured by corporate guarantees from the Company and its subsidiaries.

The banks are entitled to enforce their rights against the mortgaged assets as the terms of the bank loans have been breached.

The Group is in the process of restructuring its debt obligations. Please refer to Note 10 for more information.

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	
	FY 2019 US\$'000	FY 2018 US\$'000
<b>Cash flows from operating activities:</b>		
Loss before taxation	(82,306)	(100,132)
Adjustments for:		
Depreciation of property, plant and equipment	16,717	18,415
Recognition of deferred capital grant income	(1,159)	–
Recognition of financial guarantee liabilities	648	–
Finance costs	25,840	22,183
Interest income	(739)	(1,696)
Share of results of joint ventures	(219)	(1,021)
Share of results of associates	–	12,712
Loss on sale of property, plant and equipment, net	886	22
Impairment of doubtful receivables, net	465	1,439
Impairment of amounts due from related companies, net	11,057	13,044
Impairment of club membership	8	–
Loss/(gain) on sale of assets held for sale	14,754	(4)
Impairment of property, plant and equipment	39,049	39,133
Impairment of investment in joint venture	3,395	–
Net gain on debt forgiveness of bank loan	(14,256)	(3,156)
Net gain on termination of shipbuilding contract	–	(1,190)
Net gain on termination of vessel lease contract	–	(1,248)
Net fair value changes on cash flow hedges, reclassified to profit or loss	–	443
Net fair value loss on derivatives	29	14
Net fair value (gain)/ loss on held for trading investment securities	(5)	33
Share-based payment expense	97	4
Exchange difference	776	918
<b>Operating cash flows before changes in working capital</b>	<b>15,037</b>	<b>(87)</b>
(Increase)/decrease in trade and other receivables	(11,936)	3,479
Increase in amounts due from/to related companies	(3,838)	(5,058)
Increase in inventories	(397)	(40)
Increase/(decrease) in trade payables and other liabilities	2,714	(953)
<b>Cash generated by/(used in) operations</b>	<b>1,580</b>	<b>(2,659)</b>
Taxes paid	(898)	(987)
Interest paid	(1,726)	(5,085)
Interest received	545	149
<b>Net cash flows used in operating activities</b>	<b>(499)</b>	<b>(8,582)</b>

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).**

	<b>Group</b>	
	<b>FY 2019</b>	<b>FY 2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(7,554)	(1,530)
Proceeds from sale of property, plant and equipment	213	4,628
Proceeds from sale of assets held for sale	13,250	350
Loan (to)/repayment from related companies, net	(746)	722
Dividend income from a joint venture	408	—
Purchase of investment securities	(50)	—
Net cash inflow on dissolution of a joint venture	31	—
Deposit paid for proposed acquisition of a company	(2,700)	—
<b>Net cash flows generated from investing activities</b>	<b>2,852</b>	<b>4,170</b>
<b>Cash flows from financing activities:</b>		
Return of capital to minority shareholders of subsidiary	—	(16)
Payment of principal portion of lease liabilities	(142)	(22)
Repayment of bank loans	(14,961)	(4,147)
Cash and bank balances released as securities	528	3,412
<b>Net cash flows used in financing activities</b>	<b>(14,575)</b>	<b>(773)</b>
Net decrease in cash and bank balances	(12,222)	(5,185)
Effect of exchange rate changes on cash and bank balances	33	(49)
Cash and bank balances at beginning of the year	27,285	32,519
<b>Cash and bank balances at end of the year</b>	<b>15,096</b>	<b>27,285</b>
<b>Breakdown of cash and bank balances at end of the period:</b>		
Cash and bank balances as per balance sheet	18,013	30,731
Cash pledged	(2,917)	(3,446)
	<b>15,096</b>	<b>27,285</b>

**1(d)(i) A statement (for the issuer and Group) showing either (i) all 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.**

	Share capital	Treasury Shares	Accumulated losses	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Hedging reserve	Defined benefit plan	Capital reserve	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>												
Balance at 1 January 2019	162,854	(2,485)	(298,408)	(3,763)	(1,008)	213	114	127	(3,209)	(141,802)	(16,680)	(158,482)
Loss for the year	—	—	(84,691)	—	—	—	—	—	—	(84,691)	1,331	(83,360)
<u>Other comprehensive income</u>												
- Foreign currency translation	—	—	—	(704)	(704)	—	—	—	—	(704)	(1)	(705)
- Re-measurement of defined benefit plans	—	—	—	(1)	—	—	—	(1)	—	(1)	1	—
Total comprehensive income for the year	—	—	(84,691)	(705)	(704)	—	—	(1)	—	(85,396)	1,331	(84,065)
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	—	—	—	97	—	97	—	—	—	97	—	97
- Treasury shares reissued pursuant to employee share award plan	—	195	—	(195)	—	(82)	—	—	(113)	—	—	—
Total contributions by and distributions to equity holders	—	195	—	(98)	—	15	—	—	(113)	97	—	97
<u>Changes in ownership interests in subsidiaries</u>												
- Acquisition of non-controlling interests without a change of control	—	—	—	(3,402)	—	—	—	—	(3,402)	(3,402)	3,402	—
Total changes in ownership interests in subsidiaries	—	—	—	(3,402)	—	—	—	—	(3,402)	(3,402)	3,402	—
Balance at 31 December 2019	162,854	(2,290)	(383,099)	(7,968)	(1,712)	228	114	126	(6,724)	(230,503)	(11,947)	(242,450)



**1(d)(i) A statement (for the issuer and Group) showing either (i) all 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.**

	Share capital	Treasury Shares	Accumulated Losses	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Hedging reserve	Defined benefit plan	Capital reserve	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>												
Balance at 31 December 2017 (restated)	162,854	(2,530)	(198,917)	(4,049)	(1,427)	224	259	74	(3,179)	(42,642)	(14,814)	(57,456)
Adoption of SFRS(I) 9	–	–	(94)	–	–	–	–	–	–	(94)	(5)	(99)
Balance at 1 January 2018 (restated)	162,854	(2,530)	(199,011)	(4,049)	(1,427)	224	259	74	(3,179)	(42,736)	(14,819)	(57,555)
Loss for the year	–	–	(99,397)	–	–	–	–	–	–	(99,397)	(1,846)	(101,243)
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	419	419	–	–	–	–	419	1	420
- Net fair value changes on cash flow hedges	–	–	–	401	–	–	401	–	–	401	–	401
- Net fair value changes on cash flow hedges, reclassified to profit or loss	–	–	–	(443)	–	–	(443)	–	–	(443)	–	(443)
- Re-measurement of defined benefit plans	–	–	–	10	–	–	–	10	–	10	–	10
- Share of other comprehensive income of an associate	–	–	–	(60)	–	–	(103)	43	–	(60)	–	(60)
Total comprehensive income for the year	–	–	(99,397)	327	419	–	(145)	53	–	(99,070)	(1,845)	(100,915)
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	–	–	–	4	–	4	–	–	–	4	–	4
- Treasury shares reissued pursuant to employee share award plan	–	45	–	(45)	–	(15)	–	–	(30)	–	–	–
Total contributions by and distributions to equity holders	–	45	–	(41)	–	(11)	–	–	(30)	4	–	4
<u>Changes in ownership interests in subsidiaries</u>												
- Return of capital to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	(16)	(16)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	(16)	(16)
Balance at 31 December 2018	162,854	(2,485)	(298,408)	(3,763)	(1,008)	213	114	127	(3,209)	(141,802)	(16,680)	(158,482)

**1(d)(i) A statement (for the issuer and Group) showing either (i) all 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).**

	Share capital	Treasury Shares	Accumulated losses	Total other reserves	Employee share-based payments reserve	Hedging reserve	Capital reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Company</b>								
Balance at 1 January 2019	162,854	(2,485)	(305,761)	183	213	–	(30)	(145,209)
Loss for the year	–	–	(18,005)	–	–	–	–	(18,005)
Total comprehensive income for the year	–	–	(18,005)	–	–	–	–	(18,005)
<u>Contributions by and distributions to equity holders:</u>								
- Grant of equity-settled performance share awards to employees	–	–	–	97	97	–	–	97
- Treasury shares reissued pursuant to employee share award plan	–	195	–	(195)	(82)	–	(113)	–
Total contributions by and distributions to equity holders	–	195	–	(98)	15	–	(113)	97
Balance at 31 December 2019	162,854	(2,290)	(323,766)	85	228	–	(143)	(163,117)
Balance at 1 January 2018	162,854	(2,530)	(219,915)	266	224	42	–	(59,325)
Loss for the year	–	–	(85,846)	–	–	–	–	(85,846)
<u>Other comprehensive income:</u>								
- Net fair value changes on cash flow hedges	–	–	–	401	–	401	–	401
- Net fair value changes on cash flow hedges, reclassified to profit or loss	–	–	–	(443)	–	(443)	–	(443)
Total comprehensive income for the year	–	–	(85,846)	(42)	–	(42)	–	(85,888)
<u>Contributions by and distributions to equity holders:</u>								
- Grant of equity-settled performance share awards to employees	–	–	–	4	4	–	–	4
- Treasury shares reissued pursuant to employee share award plan	–	45	–	(45)	(15)	–	(30)	–
Total contributions by and distributions to equity holders	–	45	–	(41)	(11)	–	(30)	4
Balance at 31 December 2018	162,854	(2,485)	(305,761)	183	213	–	(30)	(145,209)

- 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 issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. 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.**

In view of the debt restructuring, the Company did not renew the Share Buy Back Mandate (first approved by the Shareholders on 30 April 2014 and last renewed at the Annual General Meeting on 28 April 2017) at the last Annual General Meeting on 26 April 2019. The Company has not bought back any ordinary shares during the fourth quarter of 2019.

As at 31 December 2019, the Company's total issued shares is 725,755,013 ordinary shares (31 December 2018: 725,755,013) with 11,098,000 (31 December 2018: 12,029,000) ordinary shares being held as treasury shares.

The Company has no subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 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.**

The Company's total issued shares excluding treasury shares is 714,657,013 as at 31 December 2019 (31 December 2018: 713,726,013).

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

The movement of treasury shares are as follows:

As at 1 January 2019	: 12,029,000 shares
Treasury shares reissued pursuant to employee performance share plan	: (931,000) shares
Purchase of treasury shares during the year	: Nil
As at 31 December 2019	: 11,098,000 shares

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

The Company has no subsidiary holdings as at 31 December 2019 and 31 December 2018. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the year ended 31 December 2019.

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

The financial statements for the year under review have not been audited or reviewed by the Company's auditors.

- 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 the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the audited financial statements for the year ended 31 December 2018, except as disclosed in Note 5 below.

**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 reasons for, and the effect of the change.**

On 1 January 2019, the Group and the Company adopted all new and revised SFRS(I)s and INT SFRS(I)s that are relevant to its operations and are effective for annual periods beginning on or after 1 January 2019.

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

**a) Application of SFRS(I) 16 Leases**

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of ‘low value’ assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group has adopted SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019. The Group 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 payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

On the adoption of SFRS(I) 16, the Group recognised right-of-use assets of US\$7,984,000 and lease liabilities of US\$7,984,000 for its leases previously classified as operating leases as of 1 January 2019.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>FY 2019</b>	<b>FY 2018</b>
Loss attributable to equity holders of the Company (US\$'000)	(84,691)	(99,397)
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	714,116	713,602
- based on a fully diluted basis	714,116	713,602
Earnings per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	(11.9)	(13.9)
(b) On a fully diluted basis	(11.9)	(13.9)

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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 19</b>	<b>As at 31 Dec 18</b>	<b>As at 31 Dec 19</b>	<b>As at 31 Dec 18</b>
Net liability value (US\$'000)	(230,503)	(141,802)	(163,117)	(145,209)
Total number of ordinary shares issued ('000)	714,657	713,726	714,657	713,726
Net liability value per ordinary share (US cents)	(32.3)	(19.9)	(22.8)	(20.3)

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.**

**REVIEW OF GROUP PERFORMANCE**

**Revenue**

**Financial year ended 31 December 2019 ("FY 2019") vs Financial year ended 31 December 2018 ("FY 2018")**

Revenue increased by approximately US\$14.1 million or 23% from US\$60.7 million in FY 2018 to US\$74.8 million in FY 2019.

The increase was attributed mainly to the increase in revenue from the Offshore Support Services Business of US\$9.9 million or 22% from US\$44.4 million in FY 2018 to US\$54.3 million in FY 2019. Revenue from the Subsea Business increased by US\$5.2 million or 52% from US\$10.1 million in FY 2018 to US\$15.3 million in FY 2019. The increase in revenue from Offshore Support Services Business and Subsea Business was due to higher utilisation of vessels.

This was partially offset by a decrease in revenue from the Shipyard Business of US\$1.1 million or 17% from US\$6.2 million in FY 2018 to US\$5.1 million in FY 2019 due to lower completion of ship repair works.

**3 months ended 31 December 2019 ("4Q 2019") vs 3 months ended 31 December 2018 ("4Q 2018")**

Revenue increased by approximately US\$6.0 million or 41% from US\$14.7 million in 4Q 2018 to US\$20.7 million in 4Q 2019.

The increase was attributed mainly to the increase in revenue from the Offshore Support Services Business of US\$4.7 million or 44% from US\$10.8 million in 4Q 2018 to US\$15.5 million in 4Q 2019. Revenue from the Subsea Business increased by US\$0.6 million or 22% from US\$2.6 million in 4Q 2018 to US\$3.2 million in 4Q 2019. The increase in revenue from Offshore Subsea Services Business and Subsea Business was due to higher utilisation of vessels.

Revenue from the Shipyard Business also increased by US\$0.7 million or 54% from US\$1.3 million in 4Q 2018 to US\$2.0 million in 4Q 2019 due to higher completion of ship repair works.

## **REVIEW OF GROUP PERFORMANCE (CONT'D)**

### **Gross profit**

#### **Financial year ended 31 December 2019 ("FY 2019") vs Financial year ended 31 December 2018 ("FY 2018")**

Gross profit of US\$15.2 million was recorded for FY 2019 compared to gross loss of US\$4.4 million for FY 2018.

The overall improvement in gross profit was mainly attributable to improved performances from the Offshore Support Services and Subsea Businesses and partially offset by weaker performance from the Shipyard Business.

#### **3 months ended 31 December 2019 ("4Q 2019") vs 3 months ended 31 December 2018 ("4Q 2018")**

Gross profit of US\$4.0 million was recorded for 4Q 2019 compared to gross loss of US\$1.9 million for 4Q 2018.

The overall improvement in gross profit was mainly attributable to improved performances from all 3 business segments.

### **Other operating income**

#### **Financial year ended 31 December 2019 ("FY 2019") vs Financial year ended 31 December 2018 ("FY 2018")**

Other operating income increased by approximately US\$8.9 million from US\$8.2 million in FY 2018 to US\$17.1 million in FY 2019.

The increase was mainly attributable to gain on debt forgiveness of bank loan of US\$14.3 million recorded for FY 2019 compared to US\$3.2 million for FY 2018.

#### **3 months ended 31 December 2019 ("4Q 2019") vs 3 months ended 31 December 2018 ("4Q 2018")**

Other operating income increased by approximately US\$1.6 million from US\$0.2 million in 4Q 2018 to US\$1.8 million in 4Q 2019.

The increase was mainly due to the recognition of deferred capital grant income of US\$1.2 million recorded in 4Q 2019.

### **General and administrative expenses**

#### **Financial year ended 31 December 2019 ("FY 2019") vs Financial year ended 31 December 2018 ("FY 2018")**

General and administrative expenses increased by approximately US\$2.2 million or 14% from US\$15.3 million in FY 2018 to US\$17.5 million in FY 2019.

The increase was mainly due to the Group's restructuring expenses.

#### **3 months ended 31 December 2019 ("4Q 2019") vs 3 months ended 31 December 2018 ("4Q 2018")**

General and administrative expenses decreased by approximately US\$1.3 million or 31% from US\$4.1 million in 4Q 2018 to US\$2.8 million in 4Q 2019, mainly due to the Group's restructuring expenses incurred in 4Q 2018.

## **REVIEW OF GROUP PERFORMANCE (CONT'D)**

### **Other operating expenses**

#### **Financial year ended 31 December 2019 ("FY 2019") vs Financial year ended 31 December 2018 ("FY 2018")**

Other operating expenses increased by approximately US\$16.7 million or 30% from US\$54.8 million in FY 2018 to US\$71.5 million in FY 2019.

The increase was mainly due to loss on disposal of property, plant and equipment and assets held for sale of US\$15.6 million, impairment of investment in a joint venture of US\$3.4 million recorded in FY 2019. This was partially offset by a decrease in impairment of doubtful receivables of US\$3.0 million.

#### **3 months ended 31 December 2019 ("4Q 2019") vs 3 months ended 31 December 2018 ("4Q 2018")**

Other operating expenses decreased by approximately US\$2.9 million or 5% from US\$54.0 million in 4Q 2018 to US\$51.1 million in 4Q 2019.

The decrease was mainly due to lower impairment of doubtful receivables of US\$5.1 million. This was partially offset by higher exchange loss of US\$1.7 million.

### **Finance costs**

#### **Financial year ended 31 December 2019 ("FY 2019") vs Financial year ended 31 December 2018 ("FY 2018")**

#### **3 months ended 31 December 2019 ("4Q 2019") vs 3 months ended 31 December 2018 ("4Q 2018")**

Finance costs increased by approximately US\$3.6 million or 16% from US\$22.2 million in FY 2018 to US\$25.8 million in FY 2019.

Finance costs increased by approximately US\$3.3 million or 60% from US\$5.6 million in 4Q 2018 to US\$8.9 million in 4Q 2019.

The increase in finance costs for both periods was in line with the increase in interest rates, partially offset by a decrease in bank loans outstanding from US\$443.0 million as at 31 December 2018 to US\$410.0 million as at 31 December 2019.

### **Share of results of joint ventures**

#### **Financial year ended 31 December 2019 ("FY 2019") vs Financial year ended 31 December 2018 ("FY 2018")**

Share of results of joint ventures decreased by approximately US\$0.8 million from US\$1.0 million in FY 2018 to US\$0.2 million in FY 2019. The decrease was attributed mainly to lower profits from the Group's Malaysian joint venture in FY 2019 as a result of vessel impairment.

#### **3 months ended 31 December 2019 ("4Q 2019") vs 3 months ended 31 December 2018 ("4Q 2018")**

Share of results of joint ventures remained at the same amount of US\$0.3 million in both 4Q 2019 and 4Q 2018.

## **REVIEW OF GROUP PERFORMANCE (CONT'D)**

### **Share of results of associates**

#### **Financial year ended 31 December 2019 ("FY 2019") vs Financial year ended 31 December 2018 ("FY 2018")**

#### **3 months ended 31 December 2019 ("4Q 2019") vs 3 months ended 31 December 2018 ("4Q 2018")**

Share of results of associates was nil for FY 2019 compared to a loss of US\$12.7 million for FY 2018.

Share of results of associates was nil for 4Q 2019 compared to a loss of US\$10.7 million for 4Q 2018.

There was no further share of losses of the associates as the Group capped its share of losses up to the Group's interest in the associates.

### **Taxation**

#### **Financial year ended 31 December 2019 ("FY 2019") vs Financial year ended 31 December 2018 ("FY 2018")**

Tax expense remained at the same amount of US\$1.1 million in FY 2018 and FY 2019.

#### **3 months ended 31 December 2019 ("4Q 2019") vs 3 months ended 31 December 2018 ("4Q 2018")**

Tax expense remained at the same amount of US\$0.3 million in 4Q 2018 and 4Q 2019.

## **REVIEW OF STATEMENT OF FINANCIAL POSITION**

### **Non-current assets**

The Group's non-current assets amounted to US\$298.4 million as at 31 December 2019. The decrease in non-current assets from US\$343.2 million as at 31 December 2018 was mainly due to:

- (i) the decrease in property, plant and equipment by US\$40.9 million primarily due to impairment, depreciation and sale of vessels, which was partially offset by the recognition of right-of-use assets;
- (ii) the decrease in investment in joint ventures by US\$3.4 million mainly due to impairment of investment in a joint venture; and
- (iii) the decrease in non-current portion of amounts due from related companies by US\$0.7 million.

### **Current assets**

The Group's current assets amounted to US\$89.5 million as at 31 December 2019. The decrease in current assets from US\$125.5 million as at 31 December 2018 was mainly due to:

- (i) the decrease in assets held for sale by US\$33.0 million due to sale of assets;
- (ii) the decrease in cash and bank balances by US\$12.7 million; and
- (iii) the decrease in current portion of amounts due from related companies by US\$5.3 million.

This was partially offset by the increase in trade receivables by US\$11.2 million and increase in other receivables by US\$3.3 million.



## **REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)**

### **Current liabilities**

The Group's current liabilities amounted to US\$606.9 million as at 31 December 2019. The decrease in current liabilities from US\$612.3 million as at 31 December 2018 was attributed mainly to:

- (i) the decrease in bank loans by US\$33.1 million; and
- (ii) the decrease in amounts due to related companies by US\$0.9 million.

This was partially offset by:

- (iii) the increase in other liabilities by US\$25.6 million;
- (iv) the increase in trade payables by US\$1.5 million; and
- (v) the increase in notes payable by US\$1.0 million due to foreign exchange movement.

The Group is in negative working capital position of US\$517.5 million as at 31 December 2019. The Group is in the process of restructuring its debt obligations, please refer to Note 10 for more information.

### **Non-current liabilities**

The Group's non-current liabilities amounted to US\$23.3 million as at 31 December 2019. Non-current liabilities increased from US\$15.0 million as at 31 December 2018 primarily due to increase in lease liabilities of US\$8.2 million, in line with the recognition of right-of-use assets.

## **REVIEW OF CASH FLOWS**

In FY2019, the Group incurred net cash outflows of US\$12.2 million.

Net cash outflow from operating activities was US\$0.5 million, which was mainly due to net working capital outflow of US\$13.5 million and net interest and taxes paid of US\$2.1 million. This was partially offset by cash inflow from operating activities before working capital changes of US\$15.0 million.

Net cash inflow from investing activities was US\$2.9 million, which was mainly due to proceeds from sale of assets held for sale of US\$13.2 million and dividend income from joint venture of US\$0.4 million. This was partially offset by purchase of property, plant and equipment of US\$7.6 million, deposit paid for proposed acquisition of a company of US\$2.7 million and net loan to related companies of US\$0.7 million.

Net cash outflow from financing activities was US\$14.6 million, which was mainly due to repayment of bank loans of US\$15.0 million, which was partially offset by the release of US\$0.5 million pledged cash.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 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.**

The improved financial performance of the Group for FY2019 was mainly attributed to higher chartering activities. However, outlook for the next 12 months remains unpredictable. The uncertain macro environment due to geopolitical and trade tensions has been compounded by the recent outbreak of COVID 19, adding volatility to the markets. These macro uncertainties have impacted investors' sentiments and the expected timeline for the Group to complete its debt restructuring. Nevertheless, the Group remains focused on its debt restructuring efforts, various options are currently under discussions with the Group's advisors and lenders.

On 7 October 2019, the High Court of the Republic of Singapore granted the Company, Pacific Crest Pte Ltd ("PCPL") and CSI Offshore Pte Ltd ("CSIO") (collectively the "Entities") an extension of the existing moratoria to 28 February 2020. The Entities have applied for extension of the moratoria.

- 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**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

- 12. If no dividend has been declared/recommendedd, a statement to that effect.**

No dividend was recommended as the Group is in a net loss position and in the midst of a restructuring exercise.

- 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.**

Not applicable as the Group has not obtained a general mandate from shareholders for Interested Party Transactions ("IPTs").

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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 immediate preceding year**

	<b>Offshore Support Services Business</b>	<b>Subsea Business</b>	<b>Shipyard Business</b>	<b>Per consolidated financial statements</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2019</b>				
<b>Revenue:</b>				
External customers	54,293	15,328	5,137	74,758
<b>Results:</b>				
Interest income	707	–	32	739
Finance costs	(23,843)	(221)	(1,776)	(25,840)
Depreciation and amortisation	(10,859)	(2,761)	(3,097)	(16,717)
Share of results of joint ventures	219	–	–	219
Share of results of associates	–	–	–	–
Impairment of property, plant and equipment	(26,412)	(9,105)	(3,532)	(39,049)
Other non-cash expenses (Note A)	(8,067)	(6,857)	(2)	(14,926)
Segment loss	(60,464)	(11,975)	(9,867)	(82,306)
<b>Assets:</b>				
Investment in associates	–	–	–	–
Investment in joint ventures	3,012	–	–	3,012
Additions to non-current assets (Note B)	6,583	971	–	7,554
Segment assets	251,894	80,678	55,261	387,833
<b>Segment liabilities</b>	548,997	19,158	62,128	630,283

Note A. Other non-cash expenses consist of impairment of joint ventures and associates, financial assets and club membership.

Note B. Additions to non-current assets consist of additions to property, plant and equipment.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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 immediate preceding year (Cont'd)**

	<b>Offshore Support Services Business</b>	<b>Subsea Business</b>	<b>Shipyard Business</b>	<b>Per consolidated financial statements</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2018</b>				
<b>Revenue:</b>				
External customers	44,414	10,058	6,195	60,667
<b>Results:</b>				
Interest income	1,651	28	17	1,696
Finance costs	(20,571)	(201)	(1,411)	(22,183)
Depreciation and amortisation	(13,074)	(2,010)	(3,331)	(18,415)
Share of results of joint ventures	1,021	—	—	1,021
Share of results of associates	(12,712)	—	—	(12,712)
Impairment of property, plant and equipment	(21,530)	(7,741)	(9,862)	(39,133)
Other non-cash expenses (Note A)	(9,707)	(4,164)	(612)	(14,483)
Segment loss	(70,026)	(12,504)	(17,602)	(100,132)
<b>Assets:</b>				
Investment in associates	—	—	—	—
Investment in joint ventures	6,438	—	—	6,438
Additions to non-current assets (Note B)	1,461	—	69	1,530
Segment assets	319,074	97,008	52,670	468,752
<b>Segment liabilities</b>	555,298	19,121	52,815	627,234

Note A. Other non-cash expenses consist of impairment of joint ventures and associates, financial assets and club membership.

Note B. Additions to non-current assets consist of additions to property, plant and equipment.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results) (CONT'D)**

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 (cont'd)**

***Geographical information***

Revenue is based on the geographical location in which the services are performed. Non-current assets are based on the geographical location of the companies that own the assets:

	<b>Revenues</b>		<b>Non-current assets</b>	
	<b>FY 2019</b> US\$'000	<b>FY 2018</b> US\$'000	<b>FY 2019</b> US\$'000	<b>FY 2018</b> US\$'000
Asia	61,056	44,734	243,619	284,505
Middle East	13,702	15,933	–	–
	<b>74,758</b>	<b>60,667</b>	<b>243,619</b>	<b>284,505</b>

Non-current assets information presented above consists of property, plant and equipment and club memberships as presented in the consolidated balance sheet.

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

Refer to part 8 and 10.

16. **A breakdown of sales**

	<b>Group</b>		<b>Increase/ (Decrease)</b> %
	<b>FY 2019</b> US\$'000	<b>FY 2018</b> US\$'000	
Sales reported for first half year	36,065	27,336	32
Operating loss after tax before deducting non-controlling interests reported for first half year	(15,306)	(20,601)	(26)
Sales reported for second half year	38,693	33,331	16
Operating loss after tax before deducting non-controlling interests reported for second half year	(68,054)	(80,642)	(16)

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results) (CONT'D)**

18. **Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Pang Wei Kuan	37	Son of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.  Brother of Mr Pang Wei Meng who is the executive director of the Company.	Acting Chief Executive Officer  Appointed from 1 January 2020.  Responsible for the Group's strategic development, and oversight of the commercial, marketing, business development and QHSSE functions.	Previously Managing Director, Commercial and Business Development.  (February 2013 to December 2019)
Alphonsus Ang	61	Brother-in-law of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.  Uncle of Mr Pang Wei Meng who is the executive director of the Company.	General Manager – Procurement.  Appointed in 2007.  Responsible for the development of the Group's supply chain management policies as well as the management of procurement activities in alignment with the Group's strategies and business plans.	None.
James Ang	59	Brother-in-law of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.  Uncle of Mr Pang Wei Meng who is the executive director of the Company.	Ship Repair Manager.  Appointed in 2011.  Responsible for management of the ship-repair yard.	None.

**19. Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

**On behalf of the Board of Directors**

**Pang Yoke Min**  
**Executive Chairman**

**Pang Wei Meng**  
**Executive Director**

24 February 2020