



PACC OFFSHORE SERVICES HOLDINGS LTD.

Registration Number: 200603185Z

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2015

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 December 2015, the POSH Group (including joint ventures) operated a combined fleet of 112 vessels with another 14 vessels on order, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, Platform Supply Vessels, Light Construction Vessels, Accommodation 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.

The Company's shares were listed and quoted on the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 April 2014.

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

The initial public offering ("IPO") of the PACC Offshore Services Holdings Ltd. was sponsored by DBS Bank Ltd., Merrill Lynch (Singapore) Pte. Ltd. and Oversea-Chinese Banking Corporation Limited (together, the "Joint Issue Managers"). The Joint Issue Managers assume no responsibility for the contents of this Announcement.

PACC OFFSHORE SERVICES HOLDINGS LTD.
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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					
	Quarter ended			12 Months ended		
	31-Dec 2015 US\$'000	31-Dec 2014 US\$'000	% Change	31-Dec 2015 US\$'000	31-Dec 2014 US\$'000	% Change
Revenue	71,816	55,807	29%	280,820	234,037	20%
Cost of sales	(54,630)	(49,340)	11%	(222,794)	(176,833)	26%
Gross profit	17,186	6,467	166%	58,026	57,204	1%
Other (expenses)/income	(144,430)	1,830	NM	(135,565)	57,983	NM
Distribution costs	(489)	(514)	-5%	(1,691)	(1,573)	8%
General and administrative expenses	(6,062)	(8,488)	-29%	(30,018)	(33,347)	-10%
Finance costs	(2,655)	(2,286)	16%	(10,357)	(10,908)	-5%
Share of joint ventures' results	(12,383)	(4,978)	149%	(9,526)	(13,557)	-30%
(Loss)/Profit before taxation	(148,833)	(7,969)	NM	(129,131)	55,802	NM
Taxation	(836)	(1,983)	-58%	(1,828)	(2,559)	-29%
Net (loss)/profit for the period	(149,669)	(9,952)	NM	(130,959)	53,243	NM
(Loss)/Profit attributable to:						
Equity holders of the Company	(149,669)	(9,952)	NM	(130,959)	53,243	NM
Non-controlling interests	-	-	-	-	-	-
	<u>(149,669)</u>	<u>(9,952)</u>	<u>NM</u>	<u>(130,959)</u>	<u>53,243</u>	<u>NM</u>
Note:						
Net (loss)/profit for the period	(149,669)	(9,952)	NM	(130,959)	53,243	NM
Less:						
Impairment of goodwill	(127,000)	-	100%	(127,000)	-	100%
Impairment of fixed assets	(21,437)	(2,114)	914%	(21,437)	(2,114)	914%
Fixed assets written-off	(3)	-	100%	(210)	(1,032)	-80%
Gain on disposal of fixed assets	1,441	203	610%	4,066	46,659	-91%
	<u>(146,999)</u>	<u>(1,911)</u>	<u>NM</u>	<u>(144,581)</u>	<u>43,513</u>	<u>NM</u>
Net (loss)/profit excluding the above items	(2,670)	(8,041)	-67%	13,622	9,730	40%

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 2015	31-Dec 2014	31-Dec 2015	31-Dec 2014
	US\$'000	US\$'000	US\$'000	US\$'000
Amortisation of intangible assets	(32)	(15)	(75)	(147)
Depreciation of fixed assets	(16,428)	(12,422)	(60,655)	(39,274)
Exchange gain	431	536	1,059	2,147
Fixed assets written-off	(3)	-	(210)	(1,032)
Gain on disposal of fixed assets	1,441	203	4,066	46,659
Impairment of fixed assets	(21,437)	(2,114)	(21,437)	(2,114)
Impairment of goodwill	(127,000)	-	(127,000)	-
Interest income	830	1,806	3,217	7,063
Interest expense	(2,655)	(2,286)	(10,357)	(10,908)
Allowance for doubtful debts	-	-	(2,004)	(3,055)
Bad debts written off	-	-	-	(36)

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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-15 US\$'000	31-Dec-14 US\$'000	31-Dec-15 US\$'000	31-Dec-14 US\$'000
Non-current assets				
Goodwill	168,303	295,303	-	-
Fixed assets	1,278,147	1,113,689	46,861	33,798
Intangible assets	29	104	1	33
Due from joint ventures	22,871	165,541	22,871	165,541
Investment in subsidiaries	-	-	356,662	358,394
Investment in joint ventures	76,734	75,078	48,317	64,700
Receivables and other non-current assets	11,289	4,847	-	-
	<u>1,557,373</u>	<u>1,654,562</u>	<u>474,712</u>	<u>622,466</u>
Current assets				
Consumables	805	2,437	-	-
Receivables and other current assets	93,761	76,640	4,386	288
Due from subsidiaries, joint ventures and related companies	66,101	124,953	1,197,635	1,109,512
Cash and cash equivalents	13,779	12,168	2,003	1,687
	<u>174,446</u>	<u>216,198</u>	<u>1,204,024</u>	<u>1,111,487</u>
Fixed assets classified as held for sale	1,791	575	-	-
	<u>176,237</u>	<u>216,773</u>	<u>1,204,024</u>	<u>1,111,487</u>
Total assets	<u>1,733,610</u>	<u>1,871,335</u>	<u>1,678,736</u>	<u>1,733,953</u>
Non-current liabilities				
Bank borrowings	-	300,000	-	300,000
Deferred tax liabilities	138	166	-	-
	<u>138</u>	<u>300,166</u>	<u>-</u>	<u>300,000</u>
Current liabilities				
Payables and accruals	69,247	70,393	19,463	19,962
Advances received from customers	3,400	2,400	-	-
Due to subsidiaries, joint ventures and related companies	36,130	19,710	53,310	29,028
Due to a holding company	584	18	584	18
Bank borrowings	559,730	260,500	559,730	260,500
Provision for taxation	3,338	4,384	2,038	3,722
	<u>672,429</u>	<u>357,405</u>	<u>635,125</u>	<u>313,230</u>
Total liabilities	<u>672,567</u>	<u>657,571</u>	<u>635,125</u>	<u>613,230</u>
Equity				
Share capital	827,201	827,201	827,201	827,201
Treasury shares	(1,669)	-	(1,669)	-
Retained profits	235,213	386,265	218,079	293,522
Other reserves	298	298	-	-
Total equity	<u>1,061,043</u>	<u>1,213,764</u>	<u>1,043,611</u>	<u>1,120,723</u>
Total liabilities and equity	<u>1,733,610</u>	<u>1,871,335</u>	<u>1,678,736</u>	<u>1,733,953</u>

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

	As at 31-Dec-2015		As at 31-Dec-2014	
	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000	Secured US\$'000
(i) Amount payable in one year or less, or on demand	559,730	-	260,500	-
(ii) Amount repayable after one year	-	-	300,000	-

The Group has renewed and secured new banking facilities. For further details, please refer to page 11 on financing.

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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-15 US\$'000	31-Dec-14 US\$'000	31-Dec-15 US\$'000	31-Dec-14 US\$'000
Cash flows from operating activities				
(Loss)/profit before taxation	(148,833)	(7,969)	(129,131)	55,802
Adjustments for:				
Amortisation of prepayments	91	134	461	588
Amortisation of intangible assets	32	15	75	147
Depreciation of fixed assets	16,428	12,422	60,655	39,274
Fixed assets written off	3	1	210	1,032
Bad debts written off	-	-	-	36
Allowance for doubtful debts-trade	-	1,000	2,004	3,055
Impairment of fixed assets	21,437	2,114	21,437	2,114
Impairment of goodwill	127,000	-	127,000	-
Gain on disposal of fixed assets	(1,441)	(203)	(4,066)	(46,659)
Share of joint ventures' results	12,383	4,978	9,526	13,557
Interest expense	2,655	2,286	10,357	10,908
Interest income	(830)	(1,806)	(3,217)	(7,063)
Operating cash flows before working capital changes	28,925	12,972	95,311	72,791
Changes in working capital				
Decrease/(increase) in consumables	216	(1,518)	1,632	(1,172)
Decrease/(increase) in receivables and other assets	17,905	11,960	(13,163)	(5,402)
(Decrease)/increase in payables and accruals	(6,974)	(25,998)	(4,355)	3,908
Increase in due to a holding company (non-trade)	-	29	-	-
Cash generated from/(used in) operations	40,072	(2,555)	79,425	70,125
Interest paid	(2,134)	(2,588)	(9,689)	(12,114)
Interest received	938	611	2,755	2,991
Income taxes paid	(1)	(387)	(2,902)	(926)
Net cash generated from/(used in) operating activities	38,875	(4,919)	69,589	60,076
Cash flows from investing activities				
Acquisition of fixed assets	(29,176)	(86,612)	(258,193)	(190,151)
Proceeds from disposal of fixed assets	1,444	10,997	2,156	112,714
(Increase)/decrease in due from joint ventures	(11,638)	4,560	206,087	(10,650)
Increase in interest in joint ventures	-	-	-	(9,090)
Net cash used in investing activities	(39,370)	(71,055)	(49,950)	(97,177)
Cash flows from financing activities				
Dividends paid	-	-	(20,093)	-
Proceeds from issuance of shares	-	-	-	296,226
Purchase of treasury shares	(609)	-	(1,669)	-
(Repayment of)/proceeds from bank borrowings	(5,665)	74,535	(770)	(246,926)
Increase/(decrease) in due to joint ventures and related companies	6,951	3,037	3,938	(9,952)
Increase/(decrease) in due to a holding company	460	(625)	566	(631)
Net cash generated from/(used in) financing activities	1,137	76,947	(18,028)	38,717
Net increase in cash and cash equivalents	642	973	1,611	1,616
Cash and cash equivalents at beginning of period	13,137	11,195	12,168	10,552
Cash and cash equivalents at end of period	13,779	12,168	13,779	12,168

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.

The Group	Share capital US\$'000	Treasury shares US\$'000	Retained profits US\$'000	Exchange reserves US\$'000	Total US\$'000
Balance at 1 Jan 2015	827,201	-	386,265	298	1,213,764
Purchase of treasury shares	-	(1,060)	-	-	(1,060)
Dividends paid	-	-	(20,093)	-	(20,093)
Total comprehensive income for the period	-	-	18,710	-	18,710
Balance at 30 Sep 2015	827,201	(1,060)	384,882	298	1,211,321
Purchase of treasury shares	-	(609)	-	-	(609)
Total comprehensive loss for the period	-	-	(149,669)	-	(149,669)
Balance at 31 Dec 2015	827,201	(1,669)	235,213	298	1,061,043
Balance at 1 Jan 2014	530,975	-	333,022	298	864,295
Issuance of new ordinary shares	307,886	-	-	-	307,886
Share issuance expenses	(11,660)	-	-	-	(11,660)
Total comprehensive income for the period	-	-	63,195	-	63,195
Balance at 30 Sep 2014	827,201	-	396,217	298	1,223,716
Total comprehensive loss for the period	-	-	(9,952)	-	(9,952)
Balance at 31 Dec 2014	827,201	-	386,265	298	1,213,764

The Company	Share capital US\$'000	Treasury shares US\$'000	Retained profits US\$'000	Total US\$'000
Balance at 1 Jan 2015	827,201	-	293,522	1,120,723
Purchase of treasury shares	-	(1,060)	-	(1,060)
Dividends paid	-	-	(20,093)	(20,093)
Total comprehensive loss for the period	-	-	(4,211)	(4,211)
Balance at 30 Sep 2015	827,201	(1,060)	269,218	1,095,359
Purchase of treasury shares	-	(609)	-	(609)
Total comprehensive loss for the period	-	-	(51,139)	(51,139)
Balance at 31 Dec 2015	827,201	(1,669)	218,079	1,043,611
Balance at 1 Jan 2014	530,975	-	373,796	904,771
Issuance of new ordinary shares	307,886	-	-	307,886
Share issuance expenses	(11,660)	-	-	(11,660)
Total comprehensive loss for the period	-	-	(5,115)	(5,115)
Balance at 30 Sep 2014	827,201	-	368,681	1,195,882
Total comprehensive loss for the period	-	-	(75,159)	(75,159)
Balance at 31 Dec 2014	827,201	-	293,522	1,120,723

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 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.

The Company has not issued any new shares since the end of the previous period reported on.

During the quarter ended 31 December 2015, the Company purchased 2,608,700 (31 December 2014: nil) treasury shares.

Movement in the Company's treasury shares during the quarter ended 31 December 2015 were as follows:

	Number of shares
Balance as at 1 October 2015	4,685,900
Purchase of treasury shares	2,608,700
Balance as at 31 December 2015	<u>7,294,600</u>

As at 31 December 2015, the 7,294,600 (31 December 2014: nil) treasury shares held by the Company represents 0.4% (31 December 2014: nil) 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 2015 were 1,812,705,400 (31 December 2014: 1,820,000,000).

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.

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 2014.

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.

On 1 January 2015, the Group and the Company adopted all new and revised FRSs and interpretation of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. The adoption of these new/revised FRSs and INT FRSs did not result in significant changes to the Group's and the Company's accounting policy.

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-15	31-Dec-14	31-Dec-15	30-Dec-14
Net (loss)/profit attributable to equity holders of the Company (US\$'000)	(149,669)	(9,952)	(130,959)	53,243
Weighted average ordinary shares for calculation ('000)				
- Basic	1,813,832	1,820,000	1,818,095	1,715,475
- On fully diluted basis	1,813,832	1,820,000	1,818,095	1,715,475
Earnings per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	(8.25)	(0.55)	(7.20)	3.10
(ii) On fully diluted basis	(8.25)	(0.55)	(7.20)	3.10

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-15	As at 31-Dec-14	As at 31-Dec-15	As at 31-Dec-14
Net asset value (US\$'000)	1,061,043	1,213,764	1,043,611	1,120,723
Total number of ordinary shares issued ('000)	1,812,705	1,820,000	1,812,705	1,820,000
Net asset value per ordinary shares (US cents)	58.53	66.69	57.57	61.58

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 2015 ("Q4 FY15") vs 4th Quarter 2014 ("Q4 FY14")

	Revenue			Gross Profit			Gross Profit Margin	
	Q4 15	Q4 14	%	Q4 15	Q4 14	%	Q4 15	Q4 14
	US\$ '000	US\$ '000	Change	US\$ '000	US\$ '000	Change	%	%
Offshore Supply Vessels ("OSV")	33,945	34,414	-1%	4,633	2,671	73%	14%	8%
Offshore Accommodation ("OA")	26,801	6,755	297%	10,364	2,233	364%	39%	33%
Transportation & Installation ("T&I")	5,973	7,111	-16%	540	1,009	-46%	9%	14%
Harbour Services and Emergency Response ("HSER")	5,097	7,527	-32%	1,649	554	198%	32%	7%
	71,816	55,807	29%	17,186	6,467	166%	24%	12%

In Q4 FY15, the Group registered an increase in revenue of US\$16.0 million or 29% to US\$71.8 million (Q4 FY14: US\$55.8 million). The increase was due to higher contribution of US\$20.0 million from the OA segment.

OSV

OSV segment revenue decreased by US\$0.5 million or 1% to US\$33.9 million (Q4 FY14: US\$34.4 million) due to lower charter rates and utilisation of 67% (Q4 FY14: 83%) on a larger fleet. Operating costs decreased due to favourable results from cost measures and lower repair costs. Consequently, gross profit increased by US\$1.9 million or 73% to US\$4.6 million (Q4 FY14: US\$2.7 million).

OA

OA segment revenue increased by US\$20.0 million or 297% to US\$26.8 million (Q4 FY14: US\$6.8 million). While the new vessels, POSH Xanadu, a 750-pax semi-submersible accommodation vessel ("SSAV") and three new 238-pax light construction vessels ("LCV") were fully utilised, the increase was reduced by lower charter rates and utilisation of other vessels. Gross profit increased by US\$8.2 million or 364% to US\$10.4 million (Q4 FY14: US\$2.2 million).

T&I

T&I segment revenue decreased by US\$1.1 million or 16% to US\$6.0 million (Q4 FY14: US\$7.1 million) mainly due to lower charter rates and utilisation. Gross profit correspondingly decreased by US\$0.5 million or 46% to US\$0.5 million (Q4 FY15: US\$1.0 million).

HSER

HSER revenue decreased by US\$2.4 million or 32% to US\$5.1 million (Q4 FY14: US\$7.5 million) mainly due to less salvage job in Q4 FY15. Positive contributions from new vessels contributed to the higher gross profit of US\$1.7 million (Q4 FY14: US\$0.6 million).

General and administrative expenses decreased by US\$2.4 million or 29% to US\$6.1 million (Q4 FY14: US\$8.5 million) mainly due to lower administrative expenses as a result of cost reduction initiatives.

Other expenses in Q4 FY15 was US\$144.4 million as compared to other income of US\$1.8 million in Q4 FY14, mainly due to impairment of goodwill of US\$127.0 million and fixed assets of US\$21.4 million in Q4 FY15. The carrying value of goodwill and fixed assets were negatively impacted due to the depressed conditions in the offshore marine sector.

Income Statement (cont'd)

4th Quarter 2015 ("Q4 FY15") vs 4th Quarter 2014 ("Q4 FY14")

The Group's share of results from Joint Ventures ("JVs") registered a loss of US\$12.4 million in Q4 FY15 as compared to US\$5.0 million in Q4 FY14. This was mainly due to lower charter rates and utilisation in certain JVs and impairment of JV's vessels of US\$5.5 million.

The Group recorded a net loss attributable to shareholders of US\$149.7 million in Q4 FY15 as compared to US\$10.0 million in Q4 FY14. Excluding impairments, write-offs and disposals in note 1(a)(i), net loss attributable to shareholders was US\$2.7 million in Q4 FY15 and US\$8.0 million in Q4 FY14.

12 Months ended 31 December 2015 ("FY15") vs 12 Months ended 31 December 2014 ("FY14")

	Revenue			Gross Profit			Gross Profit Margin	
	FY15	FY14	%	FY15	FY14	%	FY15	FY14
	US\$ '000	US\$ '000	Change	US\$ '000	US\$ '000	Change	%	%
Offshore Supply Vessels ("OSV")	136,228	139,480	-2%	13,133	30,504	-57%	10%	22%
Offshore Accommodation ("OA")	93,169	29,330	218%	35,949	10,398	246%	39%	35%
Transportation & Installation ("T&I")	27,315	41,389	-34%	4,611	13,591	-66%	17%	33%
Harbour Services and Emergency Response ("HSER")	24,108	23,838	1%	4,333	2,711	60%	18%	11%
	<u>280,820</u>	<u>234,037</u>	<u>20%</u>	<u>58,026</u>	<u>57,204</u>	<u>1%</u>	<u>21%</u>	<u>24%</u>

In FY15, the Group registered an increase in revenue of US\$46.8 million or 20% to US\$280.8 million (FY14: US\$234.0 million). The increase was mainly due to higher contribution of US\$63.9 million from the OA segment. Gross profit increased by US\$0.8 million or 1% to US\$58.0 million (FY14: US\$57.2 million) mainly due to higher revenue from OA segment, offset by lower charter rates and utilisation for the OSV and T&I segments and higher operating/repair costs.

OSV

OSV segment revenue decreased by US\$3.3 million or 2% to US\$136.2 million (FY14: US\$139.5 million) mainly due to lower charter rates and utilisation of 69% (FY14: 84%) on a larger fleet. Consequently, gross profit decreased by US\$17.4 million or 57% to US\$13.1 million (FY14: US\$30.5 million) due to decrease in revenue and higher operating/repair costs in the earlier quarters.

OA

OA segment revenue increased by US\$63.9 million or 218% to US\$93.2 million (FY14: US\$29.3 million) mainly due to contributions from POSH Xanadu (SSAV) and three LCVs that commenced their charters in 9M FY15. Gross profit improved by US\$25.5 million or 246% to US\$35.9 million.

T&I

T&I segment revenue decreased by US\$14.1 million or 34% to US\$27.3 million (FY14: US\$41.4 million). Gross profit decreased 66% to US\$4.6 million (FY14: US\$13.6 million) mainly due to lower charter rates and utilisation in FY15.

HSER

HSER segment registered a US\$0.3 million or 1% increase in revenue to US\$24.1 million (FY14: US\$23.8 million) mainly due to positive contributions from new vessels. Gross profit correspondingly increased 60% to US\$4.3 million (FY14: US\$2.7 million).

General and administrative expenses decreased by US\$3.3 million or 10% to US\$30.0 million (FY14: US\$33.3 million) mainly due to lower administrative expenses as a result of cost reduction initiatives.

Other expenses was US\$135.6 million in FY15 as compared to other income of US\$58.0 million in FY14 mainly due to impairment of goodwill of US\$127.0 million and fixed assets of US\$21.4 million in FY15. The other income in FY14 was due to gain from vessels disposal of US\$46.7 million.

Income Statement (cont'd)

12 Months ended 31 December 2015 ("FY15") vs 12 Months ended 31 December 2014 ("FY14")

The Group's share of results from JVs registered a reduced loss of US\$9.5 million in FY15 (FY14: US\$13.6 million) mainly due to better performance from POSH Terasea. This was partially offset by the lower performance in other JVs.

The Group's net loss attributable to shareholder was US\$131.0 million in FY15 as compared to a profit of US\$53.2 million in FY14. Excluding impairments, write-offs and disposals in note 1(a)(i), net profit attributable to shareholders improved to US\$13.6 million in FY15 (FY14: US\$9.7 million).

Statement of Financial Position

The Group's net asset was US\$1,061.0 million as at 31 December 2015.

Fixed assets increased by US\$164.5 million mainly due to vessels repurchased from Mexico JVs. Due from JVs decreased by US\$199.8 million mainly due to repayment of loan by JVs arising from the vessels repurchased. Increase in receivables was in line with the higher revenue mainly from new charters in the OA segment.

The Group has a net current liability of US\$496.2 million as compared to US\$140.6 million as of 31 December 2014 mainly due to the US\$300.0 million term loan with repayment due in July 2016 being reclassified as current liability in FY15. Subsequent to the financial year end, the Group has obtained commitment from the banks to refinance the US\$300.0 million term loan with a longer tenor of 5 to 7 years. In addition, the Group has renewed and secured new banking facilities of US\$712.0 million

Statement of Cash Flows

The Group generated net operating cash flow of US\$69.6 million in FY15, as compared to US\$60.1 million in FY14 in line with the improved operating performance during the financial year.

Net cash used in investing activities in FY15 was US\$50.0 million as compared to US\$97.2 million in FY14. This was mainly due to acquisition of fixed assets partially funded by repayment of loans by JVs.

The Group's net cash flow used in financing activities was US\$18.0 million in FY15 which was mainly due to dividend payment of US\$20.1 million and purchase of treasury shares of US\$1.7 million.

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

The Group's results were in line with the profit guidance announcement released to SGX-ST on 15 December 2015.

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 trend of low crude oil price is expected to continue to exert pressure on the global offshore marine industry.

Arising from the above, the Group expects charter rates and vessels utilisation to continue to be adversely affected and this will have a negative impact on the Group's financial performance. Nonetheless, we continue to see growth opportunities in new markets, with our recent expansion in the Middle East via a joint venture in Saudi Arabia being a prime example. The Group has obtained facilities of US\$1,012.0 million part of which will be used to refinance existing loans. Our strong balance sheet will allow us to deal with uncertainties in the markets and seize opportunities that may arise.

11. Dividend

(a) Current Financial Period Reported On

Name of dividend	Final
Dividend type	Cash
Dividend rate	0.5 Singapore cents per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of dividend	Final
Dividend type	Cash
Dividend rate	1.5 Singapore cents per ordinary share
Tax rate	Tax exempt (one-tier)

(c) Date payable

To be announced at a later date

(d) Book closure date

To be announced at a later date

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

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 10 April 2015. During the year ended 31 December 2015, 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
PaxOcean Engineering Zhuhai Co., Ltd	-	10,923
DP Shipbuilding and Engineering Pte Ltd	150	4,994
Kuok (Singapore) Ltd	-	4,247*
PaxOcean Engineering Pte Ltd	-	2,066
DP Marine Pte Ltd	-	1,245
Sea Puffin Pte Ltd	-	1,760
DDW-Pax Ocean Shipyard Pte Ltd	-	174
GWC Commercial Pte Ltd (f.k.a Midpoint Properties Limited)	-	777
PSM Perkapalan Sdn Bhd	-	409
TOTAL	150	26,595

Note:

- * Included an amount of US\$2.3 million which represented actual billing in Q1 FY15 for shared services provided in FY14. An accrual for shared services expenses were recorded in FY14 and reflected in Note 26 of the financial statements for financial year ended 31 December 2014.

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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

<u>Year ended 31 December 2015</u>	OSV US\$'000	OA US\$'000	T&I US\$'000	HSER US\$'000	Total US\$'000
Revenue	136,228	93,169	27,315	24,108	280,820
Segment results	6,549	28,008	2,352	2,168	39,077
Share of joint ventures' results	(18,992)	-	7,319	2,147	(9,526)
Impairment of fixed assets	(15,315)	(2,282)	(3,840)	-	(21,437)
Impairment of goodwill	(81,348)	-	(38,946)	(6,706)	(127,000)
Interest income					3,217
Interest expense					(10,357)
Taxation					(1,828)
Unallocated other income, net					633
Unallocated general and administrative expenses					(3,738)
Loss for the year					<u>(130,959)</u>
Assets					
Segment assets	827,733	580,673	231,253	74,049	1,713,708
Unallocated assets					19,902
Total assets					<u>1,733,610</u>
Liabilities					
Segment liabilities	48,870	13,661	35,856	9,624	108,011
Unallocated liabilities					564,556
Total liabilities					<u>672,567</u>
Other information					
Depreciation	36,955	15,287	6,674	1,345	60,261
Additions to non-current assets	179,338	60,015	9,145	9,100	257,598
<u>Year ended 31 December 2014</u>	<u>OSV US\$'000</u>	<u>OA US\$'000</u>	<u>T&I US\$'000</u>	<u>HSER US\$'000</u>	<u>Total US\$'000</u>
Revenue	139,480	29,330	41,389	23,838	234,037
Segment results	35,606	2,393	35,101	2,393	75,493
Share of joint ventures' results	(15,958)	-	(1,152)	3,553	(13,557)
Impairment of fixed assets	-	-	(2,114)	-	(2,114)
Interest income					7,063
Interest expense					(10,908)
Taxation					(2,559)
Unallocated other income, net					4,020
Unallocated general and administrative expenses					(4,195)
Profit for the year					<u>53,243</u>
Assets					
Segment assets	919,698	531,070	327,380	67,951	1,846,099
Unallocated assets					25,236
Total assets					<u>1,871,335</u>
Liabilities					
Segment liabilities	34,480	6,241	10,763	10,592	62,076
Unallocated liabilities					595,495
Total liabilities					<u>657,571</u>
Other information					
Depreciation	27,209	4,405	6,761	651	39,026
Additions to non-current assets	36,085	136,743	7,010	9,404	189,242

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		
	FY15 US\$'000	FY14 US\$'000	Increase/ (decrease) %
(a) Sales reported for the first half year	128,607	111,198	16%
(b) Operating profit after tax before deducting minority interests reported for the first half year	6,131	48,547	-87%
(c) Sales reported for second half year	152,213	122,839	24%
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(137,090)	4,696	NM

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

19 February 2016