PACC OFFSHORE SERVICES HOLDINGS LTD.
Registration Number: 200603185Z

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE THIRD QUARTER AND THE NINE MONTHS ENDED 30 SEPTEMBER 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 30 September 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			9 Months ended		
	30-Sep-18 US$'000	(Restated) 30-Sep-17 US$'000	% Change	30-Sep-18 US$'000	(Restated) 30-Sep-17 US$'000	% Change
Revenue	**79,708**	52,542	52%	**233,415**	129,729	80%
Cost of sales	**(66,082)**	(57,160)	16%	**(195,618)**	(141,778)	38%
Gross profit/(loss)	**13,626**	(4,618)	NM	**37,797**	(12,049)	NM
Other operating income/(expenses)	**1,365**	(553)	NM	**2,697**	3,015	-11%
Distribution costs	**(146)**	(270)	-46%	**(743)**	(728)	2%
General and administrative expenses	**(8,552)**	(8,668)	-1%	**(25,918)**	(20,871)	24%
Finance costs	**(7,543)**	(6,349)	19%	**(21,611)**	(16,217)	33%
Share of joint ventures' result	**(793)**	16,014	NM	**(1,257)**	13,823	NM
Loss before taxation	**(2,043)**	(4,444)	-54%	**(9,035)**	(33,027)	-73%
Taxation	**(3,297)**	(1,408)	134%	**(9,388)**	(2,444)	284%
Net loss for the period	**(5,340)**	(5,852)	-9%	**(18,423)**	(35,471)	-48%
Loss attributable to:						
Equity holders of the Company	**(5,344)**	(5,832)	-8%	**(18,332)**	(35,401)	-48%
Non-controlling interests	**4**	(20)	NM	**(91)**	(70)	30%
	(5,340)	(5,852)	-9%	**(18,423)**	(35,471)	-48%

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		9 Months ended	
	30-Sep-18 US$'000	30-Sep-17 US$'000	30-Sep-18 US$'000	30-Sep-17 US$'000
Amortisation of intangible assets	**(25)**	(9)	**(69)**	(25)
Depreciation of fixed assets	**(15,349)**	(16,098)	**(45,485)**	(46,696)
Exchange gain/(loss)	**104**	(558)	**(520)**	(575)
Loss on disposal of fixed assets	**(1)**	(1,888)	**(646)**	(1,914)
Interest income	**435**	523	**1,366**	1,514
Interest expense	**(7,543)**	(6,349)	**(21,611)**	(16,217)
Allowance for doubtful debts	**(773)**	(1,761)	**(2,102)**	(1,918)

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

	Group					
	Quarter ended			9 Months ended		
	30-Sep-18 US$'000	(Restated) 30-Sep-17 US$'000	% Change	30-Sep-18 US$'000	(Restated) 30-Sep-17 US$'000	% Change
Net loss for the period	**(5,340)**	(5,852)	-9%	**(18,423)**	(35,471)	-48%
Other comprehensive loss:						
Items that may be reclassified subsequently to profit or loss						
Cash flow hedges-fair value gain/(loss)	**1,800**	357	404%	**9,448**	(2,802)	NM
Other comprehensive income/(loss) for the period	**1,800**	357	404%	**9,448**	(2,802)	NM
Total comprehensive loss for the period	**(3,540)**	(5,495)	-36%	**(8,975)**	(38,273)	-77%
Total comprehensive loss for the period attributable to:						
Equity holders of the Company	**(3,544)**	(5,475)	-35%	**(8,884)**	(38,203)	-77%
Non-controlling interests	**4**	(20)	NM	**(91)**	(70)	30%
	(3,540)	(5,495)	-36%	**(8,975)**	(38,273)	-77%

1*(b)(i). A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.*

	Group			Company	
	30-Sep-18 US$'000	**(Restated) 31-Dec-17 US$'000**	**(Restated) 01-Jan-17 US$'000**	**30-Sep-18 US$'000**	**31-Dec-17 US$'000**
Non-current assets					
Goodwill	**-**	-	57,125	**-**	-
Fixed assets	**1,062,313**	1,111,975	1,184,927	**287**	346
Intangible assets	**201**	95	12	**-**	-
Due from joint ventures	**32,298**	31,877	21,834	**29,032**	27,050
Investment in subsidiaries	**-**	-	-	**112,664**	112,493
Investment in joint ventures	**78,637**	80,557	63,080	**35,989**	35,989
Receivables and other non-current assets	**2,828**	1,616	1,982	**-**	-
Derivatives	**16,743**	7,295	5,600	**6,023**	1,261
	1,193,020	1,233,415	1,334,560	**183,995**	177,139
Current assets					
Consumables	**1,247**	3,609	1,677	**-**	-
Receivables and other current assets	**96,771**	83,241	79,693	**5,338**	5,877
Due from subsidiaries, joint ventures and related companies	**67,859**	76,398	72,013	**796,490**	806,581
Cash and cash equivalents	**17,263**	17,088	15,058	**11,404**	12,511
	183,140	180,336	168,441	**813,232**	824,969
Fixed assets classified as held for sale	**-**	-	2,547	**-**	-
	183,140	180,336	170,988	**813,232**	824,969
Total assets	**1,376,160**	1,413,751	1,505,548	**997,227**	1,002,108
Non-current liabilities					
Bank borrowings	**558,974**	584,461	439,225	**295,000**	295,000
Deferred tax liabilities	**475**	475	414	**-**	-
	559,449	584,936	439,639	**295,000**	295,000
Current liabilities					
Payables and accruals	**82,783**	110,314	73,592	**18,598**	19,254
Advances received from customers	**-**	849	198	**-**	-
Due to subsidiaries, joint ventures and related companies	**61,833**	65,695	31,806	**34,333**	37,275
Due to holding company	**82**	196	195	**86**	196
Bank borrowings	**208,516**	184,464	269,107	**170,550**	161,400
Provision for taxation	**12,469**	7,178	2,821	**2,974**	2,623
	365,683	368,696	377,719	**226,541**	220,748
Total liabilities	**925,132**	953,632	817,358	**521,541**	515,748
Equity					
Share capital	**827,201**	827,201	827,201	**827,201**	827,201
Treasury shares	**(1,447)**	(1,447)	(1,828)	**(1,447)**	(1,447)
Accumulated losses	**(391,637)**	(372,999)	(142,714)	**(356,333)**	(340,788)
Other reserves	**16,985**	7,428	5,600	**6,265**	1,394
	451,102	460,183	688,259	**475,686**	486,360
Non-controlling interest	**(74)**	(64)	(69)	**-**	-
Total equity	**451,028**	460,119	688,190	**475,686**	486,360
Total liabilities and equity	**1,376,160**	1,413,751	1,505,548	**997,227**	1,002,108

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

	As at 30-Sep-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	**180,550**	**27,966**	161,400	23,064
(ii) Amount repayable after one year	**285,000**	**273,974**	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		9 Months ended	
	30-Sep-18 US$'000	**(Restated) 30-Sep-17 US$'000**	**30-Sep-18 US$'000**	**(Restated) 30-Sep-17 US$'000**
Cash flows from operating activities				
Loss before taxation	**(2,043)**	(4,444)	**(9,035)**	(33,027)
Adjustments for:				
Amortisation of prepayments	**64**	91	**246**	273
Amortisation of intangible assets	**25**	9	**69**	25
Depreciation of fixed assets	**15,349**	16,098	**45,485**	46,696
Grant of equity-settled share options to employees	**36**	37	**109**	97
Allowance for doubtful debts-trade	**773**	1,761	**2,102**	1,918
Loss on disposal of fixed assets	**1**	1,888	**646**	1,914
Shares of joint ventures' results	**793**	(16,014)	**1,257**	(13,823)
Interest expense	**7,543**	6,349	**21,611**	16,217
Interest income	**(435)**	(523)	**(1,366)**	(1,514)
Unrealised exchange loss/(gain)	**8**	(91)	**314**	(152)
Operating cash flows before working capital changes	**22,114**	5,161	**61,438**	18,624
Changes in working capital				
Decrease/(increase) in consumables	**499**	339	**2,362**	(308)
Increase in receivables and other assets	**(3,754)**	(1,173)	**(17,211)**	(6,361)
(Decrease)/increase in due to related companies	**(508)**	1,467	**(3,195)**	3,129
Increase in payables and accruals	**1,858**	10,193	**1,051**	21,514
Cash generated from operations	**20,209**	15,987	**44,445**	36,598
Interest paid	**(7,025)**	(5,766)	**(21,523)**	(15,695)
Interest received	**455**	598	**1,181**	1,849
Income taxes paid	**110**	(37)	**(4,097)**	(352)
Net cash generated from operating activities	**13,749**	10,782	**20,006**	22,400
Cash flows from investing activities				
Acquisition of intangible assets	**-**	(39)	**(28)**	(141)
Acquisition of fixed assets	**(3,196)**	(32,439)	**(27,797)**	(76,275)
Proceeds from disposal of fixed assets	**1**	1,168	**12,961**	3,847
Decrease in due to related companies	**(1,338)**	(2,142)	**(682)**	(101)
(Increase)/decrease in due from joint ventures	**(3,601)**	8,110	**(2,503)**	7,236
Increase in interest in joint venture	**-**	(20)	**-**	(20)
Net cash used in investing activities	**(8,134)**	(25,362)	**(18,049)**	(65,454)

	Group			
	Quarter ended		9 Months ended	
	30-Sep-18 US$'000	(Restated) 30-Sep-17 US$'000	30-Sep-18 US$'000	(Restated) 30-Sep-17 US$'000
Cash flows from financing activities				
Capital injection from non-controlling interest of a subsidiary	**81**	-	**81**	-
Purchase of treasury shares	**-**	(13)	**-**	(38)
Proceeds from term loan	**6,510**	6,000	**6,510**	6,000
Repayment of term loan	**(5,970)**	(5,155)	**(17,095)**	(15,465)
(Repayment of)/proceeds from revolving facilities	**(4,300)**	14,730	**9,150**	53,253
(Decrease)/increase in due to holding company	**(115)**	65	**(114)**	(9)
Net cash (used in)/generated from financing activities	**(3,794)**	15,627	**(1,468)**	43,741
Net increase in cash and cash equivalents	**1,821**	1,047	**489**	687
Effect of exchange rate changes on cash and cash equivalents	**(8)**	91	**(314)**	152
Cash and cash equivalents at beginning of period	**15,450**	14,759	**17,088**	15,058
Cash and cash equivalents at end of period	**17,263**	15,897	**17,263**	15,897

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

	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	-	-	-	-	60	-	-	60
Purchase of treasury shares	-	(25)	-	-	-	-	-	(25)
Loss for the period (Restated)	-	-	(29,569)	-	-	-	(50)	(29,619)
Other comprehensive loss	-	-	-	(3,159)	-	-	-	(3,159)
Total comprehensive loss for the period	-	-	(29,569)	(3,159)	-	-	(50)	(32,778)
Balance as at 30 Jun 2017 (Restated)	827,201	(1,434)	(172,283)	2,441	60	-	(119)	655,866
Grant of equity-settled share options to employees	-	-	-	-	37	-	-	37
Purchase of treasury shares	-	(13)	-	-	-	-	-	(13)
Loss for the period (Restated)	-	-	(5,832)	-	-	-	(20)	(5,852)
Other comprehensive income	-	-	-	357	-	-	-	357
Total comprehensive loss for the period	-	-	(5,832)	357	-	-	(20)	(5,495)
Balance at 30 Sep 2017 (Restated)	827,201	(1,447)	(178,115)	2,798	97	-	(139)	650,395

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	**-**	**-**	**-**	**-**	**73**	**73**
Loss for the period	**-**	**-**	**(10,317)**	**-**	**-**	**(10,317)**
Other comprehensive income	**-**	**-**	**-**	**3,677**	**-**	**3,677**
Total comprehensive loss for the period	**-**	**-**	**(10,317)**	**3,677**	**-**	**(6,640)**
Balance at 30 Jun 2018	**827,201**	**(1,447)**	**(351,105)**	**4,938**	**206**	**479,793**
Grant of equity-settled share options to employees	**-**	**-**	**-**	**-**	**36**	**36**
Loss for the period	**-**	**-**	**(5,228)**	**-**	**-**	**(5,228)**
Other comprehensive income	**-**	**-**	**-**	**1,085**	**-**	**1,085**
Total comprehensive loss for the period	**-**	**-**	**(5,228)**	**1,085**	**-**	**(4,143)**
Balance at 30 Sep 2018	**827,201**	**(1,447)**	**(356,333)**	**6,023**	**242**	**475,686**
Balance at 1 Jan 2017	827,201	(1,828)	14,602	-	-	839,975
Treasury shares reissued pursuant to employee share plans	-	419	-	-	-	419
Grant of equity-settled share options to employees	-	-	-	-	60	60
Purchase of treasury shares	-	(25)	-	-	-	(25)
Loss for the period	-	-	(5,020)	-	-	(5,020)
Other comprehensive loss	-	-	-	(1,239)	-	(1,239)
Total comprehensive loss for the period	-	-	(5,020)	(1,239)	-	(6,259)
Balance at 30 Jun 2017	827,201	(1,434)	9,582	(1,239)	60	834,170
Grant of equity-settled share options to employees	-	-	-	-	37	37
Purchase of treasury shares	-	(13)	-	-	-	(13)
Loss for the period	-	-	(4,945)	-	-	(4,945)
Other comprehensive income	-	-	-	176	-	176
Total comprehensive loss for the period	-	-	(4,945)	176	-	(4,769)
Balance at 30 Sep 2017	827,201	(1,447)	4,637	(1,063)	97	829,425

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.

	Number of shares
Balance as at 1 July and 30 September 2018	6,359,600

As at 30 September 2018 & 2017, 6,359,600 treasury shares were held by the Company, representing 0.4% of the total number of issued shares (excluding treasury shares).

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

Total number of issued ordinary shares (excluding treasury shares) as at 30 September 2018 and 31 December 2017 was 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 30 September 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I). The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

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

a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)
The Group has elected for the optional exemption to reset the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, cumulative translation reserve of US$298,000 was reclassified from other reserves to accumulated losses as at 1 January 2017.

b) Adoption of SFRS(I) 9 Financial Instruments
The Group adopted SFRS(I) 9 on the required effective date without restating prior periods' information. As a result of adopting SFRS(I) 9, the Group recognised additional allowance for doubtful debts of US$306,000 which has been included in the accumulated losses at the date of initial application, 1 January 2018.

c) Adoption of SFRS(I) 15 Revenue from Contracts with Customers
The Group has adopted SFRS(I) 15 on the required effective date and applied the changes in accounting policy retrospectively to each reporting year presented, using the full retrospective approach. As a result of adopting SFRS(I) 15, the net loss for YTD Sep FY17 decreased by US$1,847,000.

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

		30-Sep-2017 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	30-Sep-2017 Restated under SFRS(I) US$'000
Revenue	5c	129,541	188	129,729
Cost of sales	5c	(141,624)	(154)	(141,778)
Share of joint ventures' results	5c	12,010	1,813	13,823
Net loss for the period		**(37,318)**	**1,847**	**(35,471)**
Loss attributable to:				
Equity holders of the Company		(37,248)	1,847	(35,401)
Non-controlling interests		(70)	-	(70)
		(37,318)	**1,847**	**(35,471)**

Group Consolidated Statement of Comprehensive Income

	30-Sep-2017 Reported under SFRS US$'000	Effect of transition to SFRS(I) US$'000	30-Sep-2017 Restated under SFRS(I) US$'000
Total comprehensive loss for the period	**(40,120)**	**1,847**	**(38,273)**
Loss attributable to:			
Equity holders of the Company	(40,050)	1,847	(38,203)
Non-controlling interests	(70)	-	(70)
	(40,120)	**1,847**	**(38,273)**

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		9 Months ended	
	30-Sep-18	(Restated) 30-Sep-17	30-Sep-18	(Restated) 30-Sep-17
Net loss attributable to equity holders of the Company (US$'000)	**(5,344)**	(5,832)	**(18,332)**	(35,401)
Weighted average ordinary shares for calculation ('000)				
- Basic	**1,813,640**	1,813,671	**1,813,640**	1,807,109
- On fully diluted basis	**1,813,640**	1,813,671	**1,813,640**	1,807,109
Loss per ordinary shares ("EPS") (US cents)				
(i) Based on weighted average number of ordinary shares issued	**(0.30)**	(0.32)	**(1.01)**	(1.96)
(ii) On fully diluted basis	**(0.30)**	(0.32)	**(1.01)**	(1.96)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 30-Sep-18	(Restated) As at 31-Dec-17	As at 30-Sep-18	As at 31-Dec-17
Net asset value (US$'000)	**451,028**	460,119	**475,686**	486,360
Total number of ordinary shares issued ('000)	**1,813,640**	1,813,640	**1,813,640**	1,813,640
Net asset value per ordinary shares (US cents)	**24.87**	25.37	**26.23**	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

3rd Quarter 2018 ("Q3 FY18") vs 3rd Quarter 2017 ("Q3 FY17")

	Revenue			Gross Profit/(loss)			Gross Margin	
	Q3 FY18 US$'000	(Restated) Q3 FY17 US$'000	% Change	Q3 FY18 US$'000	(Restated) Q3 FY17 US$'000	% Change	Q3 FY18 %	(Restated) Q3 FY17 %
Offshore Supply Vessels ("OSV")	**24,416**	21,003	16%	**(1,035)**	(342)	203%	**-4%**	-2%
Offshore Accommodation ("OA")	**46,156**	23,033	100%	**14,002**	(4,759)	NM	**30%**	-21%
Transportation & Installation ("T&I")	**3,878**	2,448	58%	**29**	(850)	NM	**1%**	-35%
Harbour Services and Emergency Response ("HSER")	**5,258**	6,058	-13%	**630**	1,333	-53%	**12%**	22%
	79,708	52,542	52%	**13,626**	(4,618)	NM	**17%**	-9%

The Group registered a 52% increase in revenue to US$79.7 million as compared to US$52.5 million in Q3 FY17. This was mainly due to higher contribution from the OA segment on improved vessel utilisation.

OSV
OSV segment revenue increased by 16% to US$24.4 million (Q3 FY17: US$21.0 million) due to improved utilisation of 75% (Q3 FY17: 72%), mainly attributable to the full contribution of 12 vessels (Q3 FY17: 6 vessels) deployed under long term charters to a Middle East National Oil Company. However, lower day rates and utilisation and higher vessel operating expenses from the remaining vessels in the fleet resulted in higher gross loss of US$1.0 million in Q3 FY18 (Q3 FY17: US$0.3 million).

OA
OA segment revenue increased by 100% to US$46.2 million (Q3 FY17: US$23.0 million) as the Group's 750 pax Semi-Submersible Accommodation Vessels ("SSAVs"), POSH Arcadia and POSH Xanadu were fully employed during Q3 FY18. In addition to the improved performance of the SSAVs, the other OA vessels also reported higher utilisation and charter rates. The segment registered gross profit of US$14.0 million compared to gross loss of US$4.8 million in Q3 FY17.

T&I
T&I segment registered 58% increase in revenue to US$3.9 million (Q3 FY17: US$2.5 million) due to higher vessel utilisation of 67% (Q3 FY17: 38%). The segment recorded gross profit of US$29,000 as compared to a loss of US$0.9 million in Q3 FY17.

Income Statement (cont'd)

3rd Quarter 2018 ("Q3 FY18") vs 3rd Quarter 2017 ("Q3 FY17") (cont'd)

HSER
HSER revenue decreased by 13% to US$5.3 million (Q3 FY17: US$6.1 million), mainly due to lower revenue from salvage and diving jobs.

General & administrative ("G&A") expenses and other income
G&A expenses decreased by US$0.1 million or 1% to US$8.6 million (Q3 FY17: US$8.7 million) mainly due to lower allowance for doubtful debts of US$0.9 million, partially offset by higher legal costs of US$0.8 million.

Finance costs increased by 19% or US$1.2 million due to higher loan balances and interest rates.

The Group's share of results from joint ventures ("JVs") registered a loss of US$0.8 million in Q3 FY18 compared to a profit of US$16.0 million in Q3 FY17. This was largely attributed to net loss from POSH Terasea in Q3 FY18 compared to profit in Q3 FY17 when several major towage and positioning projects were completed.

The Group recorded a lower net loss attributable to shareholders of US$5.3 million in Q3 FY18 compared to US$5.8 million in Q3 FY17.

9 Months ended 30 September 2018 ("9M FY18") vs 9 Months ended 30 September 2017 ("9M FY17")

	Revenue			Gross profit			Gross Margin	
		(Restated)			(Restated)			(Restated)
	9M FY18 US$'000	9M FY17 US$'000	% Change	9M FY18 US$'000	9M FY17 US$'000	% Change	9M FY18 %	9M FY17 %
Offshore Supply Vessels ("OSV")	**72,169**	56,162	29%	**(453)**	(4,937)	-91%	**-1%**	-9%
Offshore Accommodation ("OA")	**130,439**	45,928	184%	**34,960**	(11,519)	NM	**27%**	-25%
Transportation & Installation ("T&I")	**13,537**	10,783	26%	**1,296**	833	56%	**10%**	8%
Harbour Services and Emergency Response ("HSER")	**17,270**	16,856	2%	**1,994**	3,574	-44%	**12%**	21%
	233,415	129,729	80%	**37,797**	(12,049)	NM	**16%**	-9%

In 9M FY18, the Group registered revenue of US$233.4 million (9M FY17: US$129.7 million), an increase of 80% or US$103.7 million. This was mainly due to improved vessel utilisation across all business segments. As such, the Group recorded gross profit of US$37.8 million in 9M FY18 compared to gross loss of US$12.1 million in 9M FY17.

OSV
OSV segment revenue increased by 29% to US$72.2 million (9M FY17: US$56.2 million), mainly due to higher vessel utilisation of 73% (9M FY17: 59%). Accordingly, the segment recorded lower gross loss of US$0.5 million (9M FY17: US$4.9 million).

OA
OA segment revenue increased by 184% to US$130.4 million (9M FY17: US$45.9 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. Consequently, the segment registered a gross profit of US$35.0 million in 9M FY18 compared to gross loss of US$11.5 million in 9M FY17.

Income Statement (cont'd)

9 Months ended 30 September 2018 ("9M FY18") vs 9 Months ended 30 September 2017 ("9M FY17") (cont'd)

T&I
T&I segment revenue increased by 26% to US$13.5 million (9M FY17: US$10.8 million), mainly due to higher vessel utilisation of 65% (9M FY17: 39%). The segment therefore registered higher gross profit at US$1.3 million (9M FY17: US$0.8 million).

HSER
HSER segment registered a 2% increase in revenue to US$17.3 million (9M FY17: US$16.9 million), mainly due to higher revenue from heavy lift vessels and more time charter jobs. The lower gross profit of US$2.0 million in 9M FY18 (9M FY17: US$3.6 million) was mainly due to higher operating expenses in 9M FY18.

General & administrative ("G&A") expenses and other expenses/income
G&A expenses increased by 24% or US$5.0 million to US$25.9 million (9M FY17: US$20.9 million), mainly due to reversal of prior year bonus provision in 9M FY17, increased legal costs as well as higher allowance for doubtful debts in 9M FY18.

Finance costs increased by 33% or US$5.4 million to US$21.6 million (9M FY17: US$16.2 million), mainly due to higher loan balances and interest rates in 9M FY18.

The Group's share of results from joint ventures ("JVs") registered a loss of US$1.3 million in 9M FY18 compared to a profit of US$13.8 million in 9M FY17, mainly due to net loss from POSH Terasea as compared to profit in 9M FY17 when several major towage & positioning projects were completed.

The Group's net loss attributable to shareholders decreased to US$18.3 million in 9M FY18 compared to US$35.4 million in 9M FY17.

Statement of Financial Position

The Group's net asset was US$451.0 million as at 30 September 2018.

The Group has net current liabilities of US$182.5 million mainly due to bank borrowings due within one year.

Statement of Cash Flows

The Group reported a lower net cash generated from operating activities of US$20.0 million for 9M FY18 against US$22.4 million for 9M FY17. This was mainly due to higher interest expenses and income taxes and higher funding for working capital.

The Group's net cash used in investing activities was US$18.0 million in 9M FY18 compared to US$65.5 million in 9M 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 9M FY18 was US$1.5 million compared to US$43.7 million net cash generated in 9M FY17. This was mainly due to substantial lower drawdown from revolving credit facilities in 9M FY18.

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.

SSAV Posh Xanadu completed her Chevron Bigfoot campaign on 15th October 2018, achieving 100% uptime. She is now undergoing regular maintenance and modifications in preparation for her next charter in Brazil, commencing in first quarter of 2019.

Charter rates for the OA shallow water segment has firmed up over the last few months, and it is expected that this trend will continue in the foreseeable future.

On the other hand, despite more activity, charter rates and utilisation rates for OSVs remained under pressure due to persistent oversupply in this sector. Consequently, the Group expects the carrying value of its OSV fleet to be further impaired by year end, although not to the same extent as in previous years. The impairment amount has yet to be determined, but it is expected to materially impact the results of Q4 2018 and FY2018.

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 nine months ended 30 September 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	-	1,813
DP Shipbuilding & Engineering Pte Ltd	-	2,081
DDW PaxOcean Shipyard Pte Ltd	-	286
PACC Ship Managers Pte Ltd	-	356
PaxOcean Engineering Zhuhai Co., Ltd	-	920
PACC Shipping Phils Inc	-	252
TOTAL	-	5,708

14. Negative confirmation pursuant to Rule 705(5).

The Board hereby confirms that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the nine months ended 30 September 2018 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

On behalf of the Board of Directors

Kuok Khoon Ean
Chairman

Gerald Seow
Chief Executive Officer/Director

2 November 2018