



Second Quarter Financial Statement And Dividend Announcement For The Six Months Ended 30 June 2018

PART1- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1 (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (Second Quarter)			Incr/ (Decr)	Group (Year-To-Date)		
	3 months ended		%		6 months ended		Incr/ (Decr)
	30.06.2018	30.06.2017			30.06.2018	30.06.2017	
	US\$'000	US\$'000		US\$'000	US\$'000		
Revenue	23,128	67,384	(65.7)	60,880	135,976	(55.2)	
Cost of sales and servicing	(34,035)	(60,694)	(43.9)	(71,605)	(120,539)	(40.6)	
Gross (loss)/profit	(10,907)	6,690	N/M	(10,725)	15,437	N/M	
Other income, net	20,909	10,639	96.5	11,399	10,854	5.0	
Administrative expenses	(3,486)	(3,586)	(2.8)	(7,306)	(7,661)	(4.6)	
Other operating expenses	(1,978)	(6,798)	(70.9)	(23,980)	(20,552)	16.7	
Results from operating activities	4,538	6,945	(34.7)	(30,612)	(1,922)	N/M	
Finance income	1,035	1,356	(23.7)	1,829	2,800	(34.7)	
Finance costs	(7,886)	(8,695)	(9.3)	(15,849)	(16,674)	(4.9)	
Fair value adjustments arising from refinancing exercise	91,119	-	N/M	91,119	-	N/M	
Net finance gain/(loss) after fair value adjustments	84,268	(7,339)	N/M	77,099	(13,874)	N/M	
Share of results of associates and jointly controlled entities (net of tax)	(1,161)	(1,599)	(27.4)	(4,450)	2,032	N/M	
Results before income tax	87,645	(1,993)	N/M	42,037	(13,764)	N/M	
Income tax expense	(685)	(576)	18.9	(1,491)	(1,540)	(3.2)	
Results after income tax	86,960	(2,569)	N/M	40,546	(15,304)	N/M	
Results after income tax:							
Before fair value adjustments arising from refinancing exercise	(4,159)	(2,569)	61.9	(50,573)	(15,304)	N/M	
Fair value adjustments arising from refinancing exercise	91,119	-	N/M	91,119	-	N/M	
	86,960	(2,569)	N/M	40,546	(15,304)	N/M	

Results after income tax is arrived at after crediting/(charging) the following items:-

	Group (Second Quarter)			Incr/ (Decr)	Group (Year-To-Date)		
	3 months ended		%		6 months ended		Incr/ (Decr)
	30.06.2018	30.06.2017			30.06.2018	30.06.2017	
	US\$'000	US\$'000		US\$'000	US\$'000		
Other income ¹	21,944	11,995	82.9	13,228	13,654	(3.1)	
Interest on borrowings	(7,886)	(8,695)	(9.3)	(15,849)	(16,674)	(4.9)	
Depreciation of plant and equipment	(22,324)	(36,624)	(39.0)	(41,920)	(72,667)	(42.3)	
Foreign exchange gain/(loss), net	19,500	(5,789)	N/M	9,675	(19,040)	N/M	
Gain on disposal of subsidiaries and plant and equipment, net	1,492	10,575	(85.9)	1,357	10,575	(87.2)	
Fair value adjustments arising from refinancing exercise	91,119	-	N/M	91,119	-	N/M	
(Impairment loss)/Reversal of impairment loss on trade and other receivables	(250)	-	N/M	163	-	N/M	

¹ Includes interest income, foreign exchange gain, gain on disposal of subsidiaries and disposal of plant and equipment

N/M - not meaningful

See note 8 for more explanation on the income statement review

1(b)(i) 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	
	30.06.2018 US\$'000	31.12.2017 US\$'000	30.06.2018 US\$'000	31.12.2017 US\$'000
Non-current assets				
Plant and equipment	1,351,065	1,389,850	182	179
Subsidiaries	-	-	1,085,474	1,041,595
Joint ventures	95,229	98,120	63,185	66,897
Associates	78,479	80,817	67,967	69,506
Other assets	74,283	75,517	3,550	3,847
	1,599,056	1,644,304	1,220,358	1,182,024
Current assets				
Trade receivables	66,310	81,524	299	9,383
Other current assets	161,467	154,113	98,049	97,014
Assets held for sale	-	9,350	-	-
Cash and cash equivalents	51,333	46,469	12,341	20,255
	279,110	291,456	110,689	126,652
Total assets	1,878,166	1,935,760	1,331,047	1,308,676
Equity				
Share capital	857,322	648,940	857,322	648,940
Perpetual securities	16,250	116,499	16,250	116,499
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	223	(26,411)	(681)	(529)
Accumulated losses	(453,008)	(457,666)	(383,648)	(455,058)
Total equity	444,251	304,826	489,243	309,852
Non-current liabilities				
Financial liabilities	5	13	5	13
Notes payable	176,154	361,501	176,154	361,501
Other payables	25,591	26,355	80,877	78,941
	201,750	387,869	257,036	440,455
Current liabilities				
Trade payables	86,098	89,057	199	102
Other payables	64,923	100,217	330,785	331,673
Financial liabilities	1,074,715	1,002,537	250,074	177,994
Notes payable	-	44,890	-	44,890
Provision for taxation	6,429	6,364	3,710	3,710
	1,232,165	1,243,065	584,768	558,369
Total liabilities	1,433,915	1,630,934	841,804	998,824
Total equity and liabilities	1,878,166	1,935,760	1,331,047	1,308,676

See note 8 for more explanation on the statement of financial position review

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

Amount repayable in one year or less, or on demand

As at 30.06.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
1,066,067	8,648	944,596	102,831

Amount repayable after one year

As at 30.06.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	176,159	-	361,514

Details of any collateral

The Group's vessels are pledged to financial institutions as security for the term loans. Included in cash and cash equivalents an amount of US\$42,956,000 (31.12.17: US\$42,182,000) being restricted or earmarked by the banks for various facilities granted.

1(b)(iii) Statement of comprehensive income for three months ended 30 June 2018

	Group (Second Quarter)			Group (Year-To-Date)		
	3 months ended		Incr/	6 months ended		Incr/
	30.06.2018	30.06.2017	(Decr)	30.06.2018	30.06.2017	(Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Results after income tax	86,960	(2,569)	N/M	40,546	(15,304)	N/M
Other comprehensive income						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Translation differences relating to financial statements of foreign operations	(1,405)	(1,079)	30.2	904	3,381	(73.3)
Share of foreign currency translation differences of associates	-	3,559	N/M	-	-	N/M
Effective portion of changes in fair value of cash flow hedges	(407)	40	N/M	(152)	562	N/M
Other comprehensive (loss)/income for the period	(1,812)	2,520	N/M	752	3,943	(80.9)
Total comprehensive income/(loss) for the period	85,148	(49)	N/M	41,298	(11,361)	N/M
Attributable to:						
Owners of the Company	85,148	(49)	N/M	41,298	(11,361)	N/M

Note :

There are no tax effects relating to each component of other comprehensive income for the period.

N/M - not meaningful

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

	Group (Second Quarter)		Group (Year-To-Date)	
	3 months ended		6 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Results after income tax	86,960	(2,569)	40,546	(15,304)
Adjustments for:				
Income tax expense	685	576	1,491	1,540
Depreciation expense	22,324	36,624	41,920	72,667
Fair value adjustments arising from refinancing exercise	(91,119)	-	(91,119)	-
Impairment loss/(Reversal of impairment loss) on receivables	250	-	(163)	-
Gain on disposal of subsidiaries and plant and equipment	(1,492)	(10,575)	(1,357)	(10,575)
Foreign exchange (gain)/loss, net	(19,500)	5,789	(9,675)	19,040
Finance income	(1,035)	(1,356)	(1,829)	(2,800)
Finance costs	7,886	8,695	15,849	16,674
Financial guarantee income provided to joint ventures	-	-	-	(36)
Equity-settled share-based payment transactions	141	324	293	641
Share of results of associates and jointly controlled entities	1,693	1,599	4,982	(2,032)
Operating cash flow before working capital changes	6,793	39,107	938	79,815
Changes in working capital:				
Trade receivables and other assets	3,726	(10,393)	13,410	(19,391)
Trade and other payables	7,802	(30,503)	18,247	(35,393)
Cash generated from operating activities	18,321	(1,789)	32,595	25,031
Income tax paid	(474)	(564)	(1,630)	(1,374)
Net cash generated from/(used in) operating activities	17,847	(2,353)	30,965	23,657
Cash flows from investing activities				
Purchase of plant and equipment	(8,863)	(13,583)	(11,457)	(24,218)
Proceeds from disposal of assets held for sale	6,133	-	8,378	-
Advance payments for purchase of plant and equipment	-	(16,170)	-	(16,320)
Investments in joint ventures	-	-	-	(738)
Investments in associate	-	(11,447)	(882)	(14,653)
Interest received	311	887	864	1,550
Net cash used in investing activities	(2,419)	(40,313)	(3,097)	(54,379)
Cash flows from financing activities				
Proceeds from borrowings	-	14,300	93,360	35,752
Repayment of borrowings	(15,629)	(54,188)	(123,812)	(97,343)
Net proceeds from issuance of ordinary shares	15,255	-	15,255	-
Interest paid	(4,904)	(11,174)	(8,505)	(20,693)
Net cash used in financing activities	(5,278)	(51,062)	(23,702)	(82,284)
Net increase/(decrease) in cash and cash equivalents	10,150	(93,728)	4,166	(113,006)
Cash and cash equivalents at beginning of the period	42,675	186,972	46,469	204,953
Effect of exchange rate fluctuations	(1,492)	213	698	1,510
Cash and cash equivalents at end of the period	51,333	93,457	51,333	93,457

See note 8 for explanation on the statement of cash flows review

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	Perpetual securities	Redeemable exchangeable preference shares	Treasury shares	Foreign currency translation reserve	Hedging reserve	Statutory reserve	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group									
At 1 January 2017	648,940	116,499	23,464	(1,480)	(30,008)	(55)	(6)	558,030	1,315,384
Total comprehensive income for the period	-	-	-	-	3,381	562	-	(15,304)	(11,361)
Translations with owners, recognised directly in equity									
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(3,724)	(3,724)
Share-based payment transactions	-	-	-	-	-	-	-	641	641
At 30 June 2017	648,940	116,499	23,464	(1,480)	(26,627)	507	(6)	539,643	1,300,940
At 1 January 2018	648,940	116,499	23,464	(1,480)	(25,882)	951	-	(457,666)	304,826
Adoption of new/revised SFRS(I)	-	-	-	-	25,882	-	-	(37,043)	(11,161)
Total comprehensive income for the period	-	-	-	-	904	(152)	-	40,546	41,298
Translations with owners, recognised directly in equity									
Issue of shares	133,529	-	-	-	-	-	-	-	133,529
Redemption of perpetual securities	-	(25,396)	-	-	-	-	-	-	(25,396)
Issue of shares from conversion of perpetual securities	74,853	(74,853)	-	-	-	-	-	-	-
Accrued perpetual securities distributions	-	-	-	-	-	-	-	862	862
Share-based payment transactions	-	-	-	-	-	-	-	293	293
At 30 June 2018	857,322	16,250	23,464	(1,480)	904	799	-	(453,008)	444,251

	Share capital	Perpetual securities	Treasury shares	Hedging reserve	Statutory reserve	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Company							
At 1 January 2017		648,940	116,499	(1,480)	(55)	(6)	798
Total comprehensive income for the period		-	-	-	562	-	(26,214)
Translations with owners, recognised directly in equity							
Accrued perpetual securities distributions		-	-	-	-	-	(3,724)
Share-based payment transactions		-	-	-	-	-	641
At 30 June 2017		648,940	116,499	(1,480)	507	(6)	(28,499)
At 1 January 2018		648,940	116,499	(1,480)	951	-	(455,058)
Adoption of new/revised SFRS(I)		-	-	-	-	-	(687)
Total comprehensive income for the period		-	-	-	(152)	-	70,942
Translations with owners, recognised directly in equity							
Issue of shares		133,529	-	-	-	-	-
Redemption of perpetual securities		-	(25,396)	-	-	-	-
Issue of shares from conversion of perpetual securities		74,853	(74,853)	-	-	-	-
Accrued perpetual securities distributions		-	-	-	-	-	862
Share-based payment transactions		-	-	-	-	-	293
At 30 June 2018		857,322	16,250	(1,480)	799	-	(383,648)

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 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 and subsidiary holdings, if any, against the percentage of aggregate number of treasury shares and subsidiary holdings against the total number of issued 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.

During the second quarter of 2018, pursuant to the implementation of the refinancing exercise and the subscription agreement dated 5 April 2018, the Company had issued 1,259,791,449 ordinary shares and 222,031,794 ordinary shares at an issue price of S\$0.2487 per share and S\$0.2763 per share respectively. Consideration from these new shares amounting to approximately US\$284.2 million were used for settlement of outstanding notes payable and other liabilities of the Company incurred during and prior the refinancing exercise.

The Company had also issued 96,153,000 new shares at an issue price of S\$0.208 per share. The proceeds from the placement of the shares, which amounted to approximately US\$15.3 million is to be used for business expansion, repayment of certain secured borrowings and general working capital purposes.

All the above newly issued shares rank pari passu in all respects with the previously issued shares.

As at 30 June 2018, the share capital less treasury shares of the Company was 3,651,819,648 ordinary shares (3,655,003,648 issued ordinary shares less 3,184,000 treasury shares). As at 30 June 2017, the share capital less treasury shares of the Company was 2,073,843,405 ordinary shares (2,077,027,405 issued ordinary shares less 3,184,000 treasury shares).

As at 30 June 2018, the Company had S\$139.2 million of outstanding convertible bonds and perpetual securities available for conversion of 503,800,217 ordinary shares of the Company (the conversion price is reset every six months). In addition, there were 300 redeemable exchangeable preference shares in a subsidiary available for exchange to 19,787,830 ordinary shares of the Company. As at 30 June 2017, there were 300 redeemable exchangeable preference shares in a subsidiary available for exchange to 19,787,830 ordinary shares of the Company.

There were no subsidiary holdings as at 30 June 2018 and 30 June 2017.

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.

As at 30 June 2018, the issued and paid up share capital excluding treasury shares of the Company comprised 3,651,819,648 (31 December 2017: 2,073,843,405) ordinary shares.

As at 30 June 2018, subsidiary of the Company has 300 (31 December 2017: 300) redeemable exchangeable preference shares

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

The movement of treasury shares are as follows:
As at 1 January 2018 = 3,184,000 shares
Purchase of treasury shares during the period = Nil
Transfer of treasury shares during the period = Nil
As at 30 June = 3,184,000 shares

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

Not applicable.

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

The figures 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

Not applicable.

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

Except as disclosed under item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017.

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.**

Other than the adoption of SFRS(I) 1 and 9 which are effective for its financial year beginning 1 January 2018, the Group expects that the adoption of the new financial reporting framework will have no material impact to the Group's and the Company's financial statements in the year of initial application. The impact of adopting the following SFRS(I) which are effective for financial year beginning 1 January 2018, are detailed as follows:

SFRS(I) 1 – First-time adoption of Singapore Financial Reporting Standards (International)

SFRS(I) 9 – Financial Instruments

	1 January 2018	SFRS(I) 1	SFRS(I) 9	1 January 2018 (restated)
Group (US\$'000)				
Current Assets				
- Trade and other receivables	235,637	-	(7,988)	227,649
Non Current Assets				
- Other assets	75,517	-	(3,173)	72,344
Equity				
- Accumulated losses	(457,666)	(25,882)	(11,161)	(494,709)
- Foreign currency translation reserve	(25,882)	25,882	-	-
Company (US\$'000)				
Current Assets				
Other receivables	97,014	-	(687)	96,327
Equity				
- Accumulated losses	(455,058)	-	(687)	(455,745)

The assessment made by the Group is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustments.

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:-**

	Group (Second Quarter) 3 months ended		Group (Year-To-Date) 6 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
(in US\$ cents)				
(a) Based on weighted average number	2.84 cts	-0.3 cts	1.6 cts	-0.92 cts
(b) On a fully diluted basis	2.84 cts	-0.3 cts	1.6 cts	-0.92 cts

Note :

Weighted average ordinary shares
for calculation of:

- Basic earnings per share	3,093,161,652	2,073,843,405	2,586,318,110	2,073,843,405
- Diluted earnings per share*	3,093,161,652	2,073,843,405	2,586,318,110	2,073,843,405

* As the six months ended 30 June 2018 is in a loss position before fair value adjustments arising from refinancing exercise (non-operating item), share options and warrants were not included in the computation of the diluted earnings per share because these potential ordinary shares were anti-dilutive.

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	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
(in US\$ cents)				
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on	12.17 cts	14.70 cts	13.4 cts	14.94 cts

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 REVIEW

2Q18 vs 2Q17

The Group's revenue for the three months ended 30 June 2018 ("2Q18") decreased by US\$44.3 million (65.7%) to US\$23.1 million as compared to the corresponding three months ended 30 June 2017 ("2Q17"). The decrease in revenue was mainly due to:

- (i) continued delays in re-deployment of the Group's liftboats due to working capital constraints pending finalisation of the refinancing exercise on bank borrowings;
- (ii) drop in utilisation rate of jack-up rigs and not recognising revenue when the Group has assessed that certain customers are not able to meet existing charter obligations;
- (iii) lower utilisation rates of the Group's tugs and barges; and
- (iv) overall reduction in charter rates across the Group's fleet of vessels.

The cost of sales and servicing for 2Q18 decreased by US\$26.7 million (43.9%) to US\$34.0 million as compared to 2Q17, largely due to lower depreciation expenses on vessels.

As a result of the above, the Group recorded a gross loss of US\$10.9 million in 2Q18 from a gross profit of US\$6.7 million in 2Q17.

The increase in other income in 2Q18 as compared to 2Q17 was mainly due to the strengthening of the United States Dollar against the Singapore Dollar as at 30 June 2018 and this resulted in foreign exchange gain on the Group's Notes Payable.

The decrease in other operating expenses in 2Q18 as compared to 2Q17 was due to exchange loss incurred in 2Q17.

The finance gain in 2Q18 as compared to finance costs in 2Q17 was mainly due to the fair value adjustments arising from the refinancing exercise recorded in 2Q18.

The lower share of associates and jointly controlled entities' losses in 2Q18 as compared to 2Q17 was mainly due to lower operating losses from the Group's joint ventures and associates.

The Group generated profit before income tax of US\$87.6 million in 2Q18 as a result of all the above.

Charter income derived from Singapore flagged vessels are exempted from tax under Section 13A of the Income Tax Act of Singapore. Current period income tax expense of US\$0.7 million relates to the corporate tax expense and withholding tax expense incurred by vessels operating in certain overseas waters.

1H2018 vs 1H2017

The Group's revenue for the six months ended 30 June 2018 ("1H18") decreased by US\$75.1 million (55.2%) to US\$60.9 million as compared to the corresponding six months ended 30 June 2017 ("1H17"). The decrease in revenue was mainly due to:

- (i) continued delays in re-deployment of the Group's liftboats due to working capital constraints pending finalisation of the refinancing exercise on bank borrowings;
- (ii) drop in utilisation rate of jack-up rigs and not recognising revenue when the Group has assessed that certain customers are not able to meet existing charter obligations;
- (iii) lower utilisation rates of the Group's tugs and barges; and
- (iv) overall reduction in charter rates across the Group's fleet of vessels.

The cost of sales and servicing for 1H18 decreased by US\$48.9 million (40.6%) to US\$71.6 million as compared to 1H17, largely due to lower depreciation expenses on vessels.

As a result of the above, the Group recorded a gross loss of US\$10.7 million in 1H18 from a gross profit of US\$15.4 million in 1H17.

Other Income in 1H18 was attributed to the exchange gain due to strengthening of United States Dollar against Singapore Dollar, which was marginally higher than Other Income in 1H17 which was due to gain arising from disposal of subsidiaries.

The decrease in administrative expenses in 1H18 as compared to 1H17 was mainly due to continuing cost cutting measures undertaken by the Group.

The other operating expenses in 1H18 was higher compared to 1H17 was largely due to additional accrued costs on the refinancing project.

The finance gain in 1H18 as compared to finance costs in 1H17 was mainly due to the fair value adjustments arising from the refinancing exercise recorded in 1H18.

The share of losses in 1H18 as compared to share of profits in 1H17 from associates and jointly controlled entities was mainly due to operating losses from the Group's joint ventures and associates.

As a result of the above, the Group's profit before income tax for 1H18 stands at US\$42.0 million.

Charter income derived from Singapore flagged vessels are exempted from tax under Section 13A of the Income Tax Act of Singapore. Current period income tax expense of US\$1.5 million relates to the corporate tax expense and withholding tax expense incurred by vessels operating in certain overseas waters.

STATEMENT OF FINANCIAL POSITION REVIEW

Non-current Assets

The Group's Non-current Assets amounted to US\$1,599.1 million as at 30 June 2018. The decrease in Non-current Assets was mainly due to depreciation charges on Plant and Equipment during the period and share of losses of joint ventures and associates in 1H18.

Current Assets

The Group's Current Assets amounted to US\$279.1 million as at 30 June 2018. The decrease compared to as at 31 December 2017 was primary due to collections of charter hire receipts and disposal of assets held for sale, partially offsetted by increase in cash and cash equivalents and other current assets.

Total Liabilities

The Group's Total Liabilities amounted to US\$1,433.9 million as at 30 June 2018. The decrease in Total Liabilities was mainly due to the conversion of Notes Payable and accrued liabilities into share capital of the Group, pursuant to the Group's refinancing exercise.

Total Equity

The increase in Total Equity was attributable mainly due to the conversion of Notes Payable to share capital, partially offsetted by the results in 1H18.

STATEMENT OF CASH FLOWS REVIEW

Cash Flow from Operating Activities

The Group's net cash inflow from operating activities was US\$30.1 million. This was mainly due to the net cash generated by the operations of the Group.

Cash Flow from Investing Activities

The Group's net cash used in investing activities was US\$3.1 million. This was mainly due to deployment of funds towards the vessels and assets under construction, partially offsetted by the proceeds from sale of plant and equipment.

Cash Flow from Financing Activities

The Group's net cash used in financing activities was US\$23.7 million. This was mainly due to net repayment of bank borrowings, partially offsetted by the proceeds from issuance of ordinary shares.

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

Except for the fair value adjustments arising from the refinancing exercise, the results is in line with the prospect statement made in 1Q18.

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 Group will continue to focus on its Liftboat business and will dispose assets which are facing low utilization in view of overcapacity in the market. Jack up rigs, tugs and barges had been identified within the Group's assets to be disposed as the management had assessed that the charter rates of these assets will continue to be depressed in the near future.

The Liftboat division of the Group continues to receive enquiries in recent months in line with the stabilization of fossil fuel prices. The Group expects its current fleet of 11 Liftboats to be fully deployed by first half of 2019, as long as there is no major deterioration of the macro economic environment. As such, the management expects the utilization rate of Liftboats to improve.

The Group plans to work with strategic investors and partners to grow market share in this business segment in which the Group has strong competitive advantage. The Group will also explore further growth opportunities in the windfarm business in the Asia Pacific region to maximise shareholders' values.

Updates on Refinancing Exercise

On 3 July 2018, the Group had entered into loan agreements with all the secured lenders pursuant to the refinancing exercise. The Company had also issued 51,801,003 TLF Consent Shares on 2 July 2018 free of charge to the secured lenders in return for their refinancing of the existing facilities. For illustrative purposes, the proforma effects of these events after reporting date, assuming they were completed on 30 June 2018 on the relevant accounts in the balance sheet as at 30 June 2018 are as follows:

	Unaudited financial statements as at 30 June 2018	Adjustment after accounting for entry into loan agreements and issuance of TLF Consent Shares	Proforma
Number of ordinary shares	3,651,819,648	51,801,003	3,703,620,651
(US\$'000)			
Total equity	444,251	10,695	454,946
Borrowings	1,250,874	-	1,250,874
Cash and cash equivalents	51,333	-	51,333
Current assets	279,110	-	279,110
Current liabilities	1,232,165	(1,070,279)	161,886
Non-current liabilities	201,750	1,059,584	1,261,334

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. (continued)**

	Unaudited financial statements as at 30 June 2018	Proforma
(a) Net asset value per ordinary share (US\$ cents)	12.17 cts	12.28 cts
(b) Net gearing (times)	2.70	2.64
(c) Current ratio (times)	0.23	1.72

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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.

There was no interested person transaction during the period under review. The Company has not obtained a general mandate from shareholders for interested person transaction.

14. Confirmation of undertakings from Directors and Executive Officers

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

Chong Wai Ching
Company Secretary

8 August 2018

**Confirmation by the Board
Pursuant to SGX Listing Rule 705(5)**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the three months ended 30 June 2018 to be false or misleading in any material aspects.

On behalf of the Board of Directors

**Dr Wang Kai Yuen
Chairman & Non-executive Director**

**Chew Thiam Keng
Executive Director & CEO**

8 August 2018