



# Ezion Holdings Limited

(Company No.: 199904364E)

## Third Quarter Financial Statement And Dividend Announcement For The Nine Months Ended 30 September 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 (Third Quarter) 3 months ended			Incr/ (Decr) %	Group (Year-To-Date) 9 months ended			Incr/ (Decr) %
	30.09.2018	30.09.2017			30.09.2018	30.09.2017		
	US\$'000	US\$'000			US\$'000	US\$'000		
Revenue	28,092	63,710	(55.9)	88,973	199,686	(55.4)		
Cost of sales and servicing	(34,663)	(62,032)	(44.1)	(106,268)	(182,571)	(41.8)		
<b>Gross (loss)/profit</b>	<b>(6,571)</b>	<b>1,678</b>	<b>N/M</b>	<b>(17,295)</b>	<b>17,115</b>	<b>N/M</b>		
Other income, net	25	54	(53.7)	11,424	10,908	4.7		
Administrative expenses	(3,705)	(3,827)	(3.2)	(11,011)	(11,488)	(4.2)		
Other operating expenses	(1,950)	(7,542)	(74.1)	(25,930)	(28,094)	(7.7)		
<b>Results from operating activities</b>	<b>(12,201)</b>	<b>(9,637)</b>	<b>26.6</b>	<b>(42,812)</b>	<b>(11,559)</b>	<b>N/M</b>		
Finance income	1,540	900	71.1	3,369	3,700	(8.9)		
Finance costs	(7,875)	(9,239)	(14.8)	(23,724)	(25,913)	(8.4)		
Fair value adjustments arising from refinancing exercise	474	-	N/M	91,593	-	N/M		
<b>Net finance (loss)/gain after fair value adjustments</b>	<b>(5,861)</b>	<b>(8,339)</b>	<b>(29.7)</b>	<b>71,238</b>	<b>(22,213)</b>	<b>N/M</b>		
Share of results of associates and jointly controlled entities (net of tax)	(2,144)	4,759	N/M	(6,594)	6,791	N/M		
<b>Results before income tax</b>	<b>(20,206)</b>	<b>(13,217)</b>	<b>52.9</b>	<b>21,832</b>	<b>(26,981)</b>	<b>N/M</b>		
Income tax expense	(738)	(484)	52.5	(2,229)	(2,024)	10.1		
<b>Results after income tax</b>	<b>(20,944)</b>	<b>(13,701)</b>	<b>52.9</b>	<b>19,603</b>	<b>(29,005)</b>	<b>N/M</b>		
<b>Results after income tax:</b>								
Before fair value adjustments arising from refinancing exercise	(21,418)	(13,701)	56.3	(71,990)	(29,005)	N/M		
Fair value adjustments arising from refinancing exercise	474	-	N/M	91,593	-	N/M		
<b>Results after income tax is arrived at after crediting/(charging) the following items:-</b>	<b>(20,944)</b>	<b>(13,701)</b>	<b>52.9</b>	<b>19,603</b>	<b>(29,005)</b>	<b>N/M</b>		

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

	Group (Third Quarter) 3 months ended			Incr/ (Decr) %	Group (Year-To-Date) 9 months ended			Incr/ (Decr) %
	30.09.2018	30.09.2017			30.09.2018	30.09.2017		
	US\$'000	US\$'000			US\$'000	US\$'000		
Other income <sup>1</sup>	1,565	954	64.0	14,793	14,608	1.3		
Interest on borrowings	(7,875)	(9,239)	(14.8)	(23,724)	(25,913)	(8.4)		
Depreciation of plant and equipment	(23,771)	(36,406)	(34.7)	(65,691)	(109,073)	(39.8)		
Foreign exchange gain/(loss), net	25	(6,294)	N/M	9,700	(25,334)	N/M		
Gain on disposal of subsidiaries and plant and equipment, net	(294)	-	N/M	1,063	10,575	(89.9)		
Fair value adjustments arising from refinancing exercise	474	-	N/M	91,593	-	N/M		
Reversal of impairment loss on trade and other receivables	-	-	N/M	163	-	N/M		

<sup>1</sup> 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	
	30.09.2018 US\$'000	31.12.2017 US\$'000	30.09.2018 US\$'000	31.12.2017 US\$'000
<b>Non-current assets</b>				
Plant and equipment	1,329,892	1,389,850	168	179
Subsidiaries	-	-	1,095,693	1,041,595
Joint ventures	214,380	98,120	64,373	66,897
Associates	78,457	80,817	68,068	69,506
Other assets	75,928	75,517	3,400	3,847
	<b>1,698,657</b>	<b>1,644,304</b>	<b>1,231,702</b>	<b>1,182,024</b>
<b>Current assets</b>				
Trade receivables	68,516	81,524	2,155	9,383
Other current assets	153,745	154,113	97,883	97,014
Assets held for sale	-	9,350	-	-
Cash and cash equivalents	57,689	46,469	11,921	20,255
	<b>279,950</b>	<b>291,456</b>	<b>111,959</b>	<b>126,652</b>
<b>Total assets</b>	<b>1,978,607</b>	<b>1,935,760</b>	<b>1,343,661</b>	<b>1,308,676</b>
<b>Equity</b>				
Share capital	868,201	648,940	868,201	648,940
Perpetual securities	14,938	116,499	14,938	116,499
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	1,406	(26,411)	(523)	(529)
Accumulated losses	(473,808)	(457,666)	(380,191)	(455,058)
<b>Total equity</b>	<b>434,201</b>	<b>304,826</b>	<b>502,425</b>	<b>309,852</b>
<b>Non-current liabilities</b>				
Financial liabilities	1	13	1	13
Notes payable	175,225	361,501	175,225	361,501
Other payables	29,746	26,355	85,032	78,941
	<b>204,972</b>	<b>387,869</b>	<b>260,258</b>	<b>440,455</b>
<b>Current liabilities</b>				
Trade payables	68,375	89,057	122	102
Other payables	61,939	100,217	333,481	331,673
Financial liabilities	1,202,564	1,002,537	243,665	177,994
Notes payable	-	44,890	-	44,890
Provision for taxation	6,556	6,364	3,710	3,710
	<b>1,339,434</b>	<b>1,243,065</b>	<b>580,978</b>	<b>558,369</b>
<b>Total liabilities</b>	<b>1,544,406</b>	<b>1,630,934</b>	<b>841,236</b>	<b>998,824</b>
<b>Total equity and liabilities</b>	<b>1,978,607</b>	<b>1,935,760</b>	<b>1,343,661</b>	<b>1,308,676</b>

*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 30.09.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
1,193,943	8,621	944,596	102,831

**Amount repayable after one year**

As at 30.09.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	175,226	-	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\$43,037,000 (31 December 2017: 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 September 2018**

	Group (Third Quarter)			Group (Year-To-Date)		
	3 months ended		Incr/	9 months ended		Incr/
	30.09.2018	30.09.2017	(Decr)	30.09.2018	30.09.2017	(Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Results after income tax</b>	(20,944)	(13,701)	52.9	19,603	(29,005)	N/M
<b>Other comprehensive income</b>						
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>						
Translation differences relating to financial statements of foreign operations	236	1,325	(82.2)	1,140	4,706	(75.8)
Share of foreign currency translation differences of joint venture and associates	789	-	N/M	789	-	N/M
Effective portion of changes in fair value of cash flow hedges	158	(507)	N/M	6	55	(89.1)
<b>Other comprehensive income for the period</b>	<u>1,183</u>	<u>818</u>	44.6	<u>1,935</u>	<u>4,761</u>	(59.4)
<b>Total comprehensive (loss)/income for the period</b>	<u><b>(19,761)</b></u>	<u><b>(12,883)</b></u>	N/M	<u><b>21,538</b></u>	<u><b>(24,244)</b></u>	N/M
<b>Attributable to:</b>						
Owners of the Company	<u>(19,761)</u>	<u>(12,883)</u>	N/M	<u>21,538</u>	<u>(24,244)</u>	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 (Third Quarter)		Group (Year-To-Date)	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Results after income tax	(20,944)	(13,701)	19,603	(29,005)
Adjustments for:				
Income tax expense	738	484	2,229	2,024
Depreciation expense	23,771	36,406	65,691	109,073
Fair value adjustments arising from refinancing exercise	(474)	-	(91,593)	-
Reversal of impairment loss on receivables	-	-	(163)	-
Gain on disposal of subsidiaries and plant and equipment	294	-	(1,063)	(10,575)
Foreign exchange (gain)/loss, net	(25)	6,294	(9,700)	25,334
Finance income	(1,540)	(900)	(3,369)	(3,700)
Finance costs	7,875	9,239	23,724	25,913
Financial guarantee income provided to joint ventures	-	-	-	(36)
Equity-settled share-based payment transactions	145	336	438	977
Share of results of associates and jointly controlled entities	2,144	(4,759)	6,594	(6,791)
Operating cash flow before working capital changes	11,984	33,399	12,391	113,214
Changes in working capital:				
Trade receivables and other assets	935	(16,803)	14,344	(36,194)
Trade and other payables	(6,735)	3,692	12,044	(31,701)
Cash generated from operating activities	6,184	20,288	38,779	45,319
Income tax paid	(611)	(540)	(2,241)	(1,914)
<b>Net cash generated from operating activities</b>	<b>5,573</b>	<b>19,748</b>	<b>36,538</b>	<b>43,405</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(2,675)	(7,538)	(14,132)	(31,756)
Proceeds from disposal of assets held for sale	-	-	8,378	-
Advance payments for purchase of plant and equipment	-	(1,989)	-	(18,309)
Investments in joint ventures	(124,168)	(3,738)	(125,050)	(4,476)
Investments in associate	-	-	-	(14,653)
Interest received	1,275	749	2,139	2,299
<b>Net cash used in investing activities</b>	<b>(125,568)</b>	<b>(12,516)</b>	<b>(128,665)</b>	<b>(66,895)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	138,753	2,034	232,113	37,786
Repayment of borrowings	(7,605)	(49,333)	(131,417)	(146,676)
Net proceeds from issuance of ordinary shares	-	-	15,255	-
Interest paid	(5,713)	(7,106)	(14,218)	(27,799)
<b>Net cash from/(used) in financing activities</b>	<b>125,435</b>	<b>(54,405)</b>	<b>101,733</b>	<b>(136,689)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,440</b>	<b>(47,173)</b>	<b>9,606</b>	<b>(160,179)</b>
Cash and cash equivalents at beginning of the period	51,333	93,457	46,469	204,953
Effect of exchange rate fluctuations	916	933	1,614	2,443
<b>Cash and cash equivalents at end of the period</b>	<b>57,689</b>	<b>47,217</b>	<b>57,689</b>	<b>47,217</b>

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



**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 to 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.

During the third quarter of 2018, pursuant to the implementation of the refinancing exercise and the subscription agreement dated 5 April 2018, the Company had issued 55,058,329 ordinary shares at an issue price of S\$0.2763 per share. Consideration from these new shares amounting to approximately US\$11.4 million were used for settlement of outstanding notes payable and other liabilities of the Company incurred during and prior to the refinancing exercise.

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

As at 30 September 2018, the share capital less treasury shares of the Company was 3,706,877,977 ordinary shares (3,710,061,977 issued ordinary shares less 3,184,000 treasury shares). As at 30 September 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 September 2018, the Company had S\$138.3 million of outstanding convertible bonds and perpetual securities available for conversion of 500,542,888 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 September 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 September 2018 and 30 September 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 September 2018, the issued and paid up share capital excluding treasury shares of the Company comprised 3,706,877,977 (31 December 2017: 2,073,843,405) ordinary shares.

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

**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 September 2018 = 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)
<b>Group (US\$'000)</b>				
<b>Current Assets</b>				
- Trade and other receivables	235,637	-	(7,988)	227,649
<b>Non Current Assets</b>				
- Other assets	75,517	-	(3,173)	72,344
<b>Equity</b>				
- Accumulated losses	(457,666)	(25,882)	(11,161)	(494,709)
- Foreign currency translation reserve	(25,882)	25,882	-	-
<b>Company (US\$'000)</b>	1 January 2018	SFRS(I) 1	SFRS(I) 9	1 January 2018 (restated)
<b>Current Assets</b>				
Other receivables	97,014	-	(687)	96,327
<b>Equity</b>				
- 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 (Third Quarter) 3 months ended		Group (Year-To-Date) 9 months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
(in US\$ cents)				
(a) Based on weighted average number	-0.57 cts	-0.75 cts	0.77 cts	-1.67 cts
(b) On a fully diluted basis	-0.57 cts	-0.75 cts	0.77 cts	-1.67 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per share	3,704,199,512	2,073,843,000	2,640,660,190	2,073,843,000
- Diluted earnings per share*	3,704,199,512	2,073,843,000	2,640,660,190	2,073,843,000

\* As the nine months ended 30 September 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	
	30.09.2018	31.12.2017	30.09.2018	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	11.71 cts	14.70 cts	13.56 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**

#### **3Q18 vs 3Q17**

The Group's revenue for the three months ended 30 September 2018 ("3Q18") decreased by US\$35.6 million (55.9%) to US\$28.1 million as compared to the corresponding three months ended 30 September 2017 ("3Q17"). 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 3Q18 decreased by US\$27.4 million (44.1%) to US\$34.7 million as compared to 3Q17, largely due to lower depreciation expenses on vessels.

As a result of the above, the Group recorded a gross loss of US\$6.6 million in 3Q18 from a gross profit of US\$1.7 million in 3Q17.

The decrease in other operating expenses in 3Q18 as compared to 3Q17 was due to exchange loss incurred in 3Q17.

The finance gain in 3Q18 as compared to finance costs in 3Q17 was mainly due to the fair value adjustments arising from the refinancing exercise recorded in 3Q18.

The share of associates and jointly controlled entities' losses in 3Q18 as compared to share of profits in 3Q17 was mainly due to operating losses from the Group's joint ventures and associates.

The Group generated loss before income tax of US\$20.2 million in 3Q18 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.

#### **9M2018 vs 9M2017**

The Group's revenue for the nine months ended 30 September 2018 ("9M18") decreased by US\$110.7 million (55.4%) to US\$88.9 million as compared to the corresponding nine months ended 30 September 2017 ("9M17"). 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 9M18 decreased by US\$76.3 million (41.8%) to US\$106.3 million as compared to 9M17, largely due to lower depreciation expenses on vessels.

As a result of the above, the Group recorded a gross loss of US\$17.3 million in 9M18 from a gross profit of US\$17.1 million in 9M17.

Other Income in 9M18 was attributed to the exchange gain due to strengthening of United States Dollar against Singapore Dollar, which was higher than Other Income in 9M17 where it was attributed to gain arising from disposal of subsidiaries.

The decrease in administrative expenses in 9M18 as compared to 9M17 was mainly due to continuing cost cutting measures undertaken by the Group.

The other operating expenses in 9M18 was attributed to costs incurred on the refinancing exercise whereas other operating expenses in 9M17 was attributed to exchange loss on the notes payable as the Singapore Dollar strengthened against the United States Dollar during that period.

The finance gain in 9M18 as compared to finance costs in 9M17 was mainly due to the fair value adjustments arising from the refinancing exercise recorded in 9M18.

The share of losses in 9M18 as compared to share of profits in 9M17 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 9M18 stands at US\$21.8 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\$2.2 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\$1,698.7 million as at 30 September 2018. The increase in Non-current Assets was mainly due to certain joint venture bank loans taken up at the Group level and hence an increase in shareholder loans to joint ventures, offset by depreciation charges on Plant and Equipment during the period.

### **Current Assets**

The Group's Current Assets amounted to US\$280.0 million as at 30 September 2018. The decrease as compared to the Group's Current Assets as at 31 December 2017 was mainly due to collections of charter hire receipts and disposal of assets held for sale, partially offset by increase in cash and cash equivalents.

### **Total Liabilities**

The Group's Total Liabilities amounted to US\$1,544.4 million as at 30 September 2018. The decrease in Total Liabilities was mainly due to the conversion of Notes Payable and accrued liabilities into share capital of the Company, pursuant to the Group's refinancing exercise. This is offset by drawdown of additional borrowings for modification and capital expenditure on the Group's Liftboats, Jack up rigs and offshore logistic vessels and repay certain joint venture bank loans pursuant to the Group's refinancing exercise, amounting to US\$14.6 million and US\$124.2 million respectively.

### **Total Equity**

The increase in Total Equity was attributable mainly due to the conversion of Notes Payable to share capital and the results in 9M18, partially offset by the effects of adoption of SFRS(I) 9.

## **STATEMENT OF CASH FLOWS REVIEW**

### **Cash Flow from Operating Activities**

The Group's net cash inflow from operating activities was US\$36.5 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\$128.7 million. This was mainly due to increase in shareholder loans to joint ventures, and 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 from financing activities was US\$101.7 million. This was mainly due to drawdown of additional borrowings for modification and capital expenditure on the Group's Liftboats, Jack up rigs and offshore logistic vessels and repay certain joint venture bank loans pursuant to the Group's refinancing exercise, amounting to US\$14.6 million and US\$124.2 million respectively, offset by repayment of bank loans.

**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 2Q18.

**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.**

In line with the Group's continued focus in the Liftboat business, the Group has also stepped up efforts to dispose its Jack up rigs, tugs and barges. The Group has gained traction in the disposal of these assets and expect to dispose more units of these assets by the end of 2018.

In view of the increased demand from customers, the Group has also taken delivery of an additional unit of Liftboat. Barring any unforeseen circumstances, the Group now expects the majority of its current fleet of 12 Liftboats to be deployed by first half 2019, with the remaining to be deployed by the end of 2019.

The Group is in preliminary discussions with potential strategic investors and continues to work with strategic investors and partners to grow its market share in the Liftboat business as well as strengthen the Group's financial position.

### 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. Upon the execution of the security documents in relation to the loan agreements for all the secured lenders which is expected to be completed by end of 2018, the refinancing exercise would be deemed completed. For illustrative purposes, the proforma effects of these events, assuming they were completed on 30 September 2018 on the relevant accounts in the balance sheet as at 30 September 2018 are as follows:

	Unaudited financial statements as at 30 September 2018	Adjustment after accounting for completion of refinancing exercise	Proforma
(US\$'000)			
Current liabilities	1,339,434	(1,191,548)	147,886
Non-current liabilities	204,972	1,191,548	1,396,520
		Unaudited financial statements as at 30 September 2018	Proforma
Current ratio (times)		0.21	1.89

**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/recommendeded, 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 November 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 September 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 November 2018**