

MICLYN EXPRESS OFFSHORE LIMITED
(Registration number 42388)

REPORT AND FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2017

MICLYN EXPRESS OFFSHORE LIMITED

REPORT AND FINANCIAL STATEMENTS

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MICLYN EXPRESS OFFSHORE LIMITED

DIRECTORS' STATEMENT

The Board of Directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the unaudited condensed consolidated financial statements of the Group, as set out on pages 4 to 21 for the half-year period ended 31 December 2017 to be false or misleading. On the basis of the disclosures made in Note 1 to the condensed consolidated financial statements, at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE BOARD OF DIRECTORS


.....
Graham Brooke
.....

Venkatraman Sheshashayee

29 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBER OF MICLYN EXPRESS OFFSHORE LIMITED

Introduction

We have reviewed the accompanying half-year condensed consolidated financial statements of Miclyn Express Offshore Limited and its subsidiaries (the "Group"), which comprise the condensed consolidated statement of financial position of the Group as at 31 December 2017, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the half-year then ended, and selected explanatory information, as set out on pages 10 to 21.

Management is responsible for the preparation and presentation of the half-year condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this half-year condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of half-year condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year condensed consolidated financial statements does not present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and of its financial performance, change in equity and its cash flows for the half-year then ended in accordance with IAS 34.

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBER OF
MICLYN EXPRESS OFFSHORE LIMITED**

Material Uncertainty Related to Going Concern

As disclosed in Note 1 to the half-year condensed consolidated financial statements, as at 31 December 2017, the Group has bank loans of US\$313,662,000 (Note 11) and a US\$150,000,000 8.75% senior secured guaranteed bond (the "Secured Bonds") (Note 12). As at 31 December 2017, the Group has not made the payment of (i) the US\$6,562,000 interest payment due on 27 November 2017 in respect of the Secured Bonds; and (ii) the principal instalment and interest due on 27 November 2017 in respect of the bank loans.

The Group has appointed financial and legal advisors to assist in the restructuring of its debt obligations in respect of the bank loans and the Secured Bonds, with the objective of achieving a comprehensive, consensual restructuring of the Group's indebtedness (the "Debt Restructuring"). The Group's ability to repay the amounts outstanding under the bank loans and Secured Bonds as they fall due is solely dependent on the successful conclusion of the Debt Restructuring negotiations. These events indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.


Public Accountants and
Chartered Accountants

Singapore
29 March 2018

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

Condensed consolidated statement of comprehensive income

	Note	Half-year ended 31 December 2017 US\$'000	Half-year ended 31 December 2016 US\$'000
Revenue	5a	66,056	92,034
Cost of sales		(61,872)	(78,333)
Gross profit		4,184	13,701
Other losses and gains	5b	(355)	1,333
Administration expenses	2	(8,236)	(8,987)
Finance costs		(15,870)	(14,566)
Other expenses	3	(33,615)	(108)
Share of profit from joint ventures	4	921	1,915
Loss before tax	5	(52,971)	(6,712)
Income tax expense		(2,724)	(2,172)
NET LOSS FOR THE HALF-YEAR		(55,695)	(8,884)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		1,841	(4,768)
Other comprehensive gain (loss) for the half-year, net of tax		1,841	(4,768)
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR		(53,854)	(13,652)
Net loss attributable to:			
Owners of the Company		(56,271)	(9,449)
Non-controlling interests		576	565
		(55,695)	(8,884)
Total comprehensive loss attributable to:			
Owners of the Company		(54,430)	(14,217)
Non-controlling interests		576	565
		(53,854)	(13,652)

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

Condensed consolidated statement of financial position

	Note	31 December 2017 US\$'000	30 June 2017 US\$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents		9,041	11,789
Trade and other receivables	6	66,293	70,077
Inventories		5,121	5,958
Vessels held for sale	8	750	575
Total current assets		81,205	88,399
<i>Non-current assets</i>			
Loan to immediate holding company	7	98,106	127,365
Investment in joint ventures	4	79,343	78,423
Property, plant and equipment	9	451,903	499,073
Intangible assets	10	32,940	32,978
Other non-current assets		3,940	4,593
Total non-current assets		666,232	742,432
Total assets		747,437	830,831
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		76,434	70,687
Borrowings	11	310,324	26,159
Senior secured guaranteed bonds	12	148,557	-
Current tax liabilities		3,535	3,935
Total current liabilities		538,850	100,781
<i>Non-current liabilities</i>			
Other payable		811	406
Borrowings	11	-	291,798
Senior secured guaranteed bonds	12	-	147,758
Deferred tax liabilities		3,954	3,286
Total non-current liabilities		4,765	443,248
Total liabilities		543,615	544,029
Net assets		203,822	286,802
Equity			
<i>Capital and reserves</i>			
Share capital		-*	-*
Reserves		130,270	128,296
Retained earnings		69,443	154,973
Equity attributable to owners of the Company		199,713	283,269
Non-controlling interests		4,109	3,533
Total equity		203,822	286,802

* Amount is less than US\$1,000

MICLYN EXPRESS OFFSHORE LIMITED

**Financial information
for the half-year ended 31 December 2017**

Condensed consolidated statement of changes in equity

	Share capital	Other equity reserves	Translation reserve	Share- based payments reserve	Retained earnings	Attributable to owners of the Company	Non- controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 July 2016	-*	141,436	(11,774)	2,010	252,243	383,915	2,406	386,321
Loss for the period	-	-	-	-	(9,449)	(9,449)	565	(8,884)
Other comprehensive loss for the period, net of tax	-	-	(4,768)	-	-	(4,768)	-	(4,768)
Total comprehensive (loss) income for the period	-	-	(4,768)	-	(9,449)	(14,217)	565	(13,652)
Transaction with owners, recognised directly in equity								
Recognition of share-based payment	-	-	-	430	-	430	-	430
Balance at 31 December 2016	-*	141,436	(16,542)	2,440	242,794	370,128	2,971	373,099

* Amount is less than US\$1,000

MICLYN EXPRESS OFFSHORE LIMITED

**Financial information
for the half-year ended 31 December 2017**

Condensed consolidated statement of changes in equity

	Share capital US\$'000	Other equity reserves US\$'000	Translation reserve US\$'000	Share- based payments reserve US\$'000	Retained earnings US\$'000	Attributable to owners of the Company US\$'000	Non- controlling interests US\$'000	Total US\$'000
Balance at 1 July 2017	-*	141,436	(14,003)	863	154,973	283,269	3,533	286,802
Loss for the period	-	-	-	-	(56,271)	(56,271)	576	(55,695)
Other comprehensive income for the period, net of tax	-	-	1,841	-	-	1,841	-	1,841
Total comprehensive (loss) income for the period	-	-	1,841	-	(56,271)	(54,430)	576	(53,854)
Transaction with owners, recognised directly in equity								
Recognition of fair value loss on loan to immediate holding company (Note 7)	-	-	-	-	(29,259)	(29,259)	-	(29,259)
Recognition of share-based payment	-	-	-	133	-	133	-	133
Total	-	-	-	133	-	(29,126)	-	(29,126)
Balance at 31 December 2017	-*	141,436	(12,162)	996	69,443	199,713	4,109	203,822

- Amount is less than US\$1,000

MICLYN EXPRESS OFFSHORE LIMITED**Financial information
for the half-year ended 31 December 2017****Condensed consolidated statement of cash flows**

	Half-year ended 31 December 2017 US\$'000	Half-year ended 31 December 2016 US\$'000
Cash flows from operating activities		
Loss before tax	(52,971)	(6,712)
Adjustments for:		
Share of profit of joint ventures	(921)	(1,915)
Amortisation of provisions	-	(124)
Amortisation of intangible assets	38	7
Amortisation of drydocking expenditure	3,405	4,569
Impairment loss on vessels	31,768	-
Depreciation of property, plant and equipment	12,967	14,657
Allowance for doubtful debts	-	21
Loss on disposal of property, plant and equipment	431	61
Interest expense	15,870	14,530
Interest income	(37)	(62)
Expense recognised in respect of share-based payments	133	430
Unrealised currency translation loss (gain)	1,043	(1,281)
	11,726	24,181
 Movements in working capital		
Decrease (increase) in trade and other receivables	4,696	(4,545)
Decrease (increase) in inventories	830	(1,863)
(Decrease) increase in trade and other payables	(5,343)	8,271
Cash generated from operations	11,909	26,044
 Income tax (paid) refund	(366)	98
Interest paid	(5,051)	(13,727)
Net cash generated from operating activities	6,492	12,415
 Cash flows from investing activities		
Interest received	37	62
Proceeds from disposal of property, plant and equipment (Note 9)	2,400	1,849
Payments for property, plant and equipment	(3,480)	(3,258)
Net cash used in investing activities	(1,043)	(1,347)

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Financial information for the half-year ended 31 December 2017

Condensed consolidated statement of cash flows (cont'd)

	Half-year ended 31 December 2017 US\$'000	Half-year ended 31 December 2016 US\$'000
Cash flows from financing activities		
Proceeds of borrowings	5,500	7,500
Upfront expenses due to bonds and borrowings	-	(1,270)
Repayment of borrowings	(13,739)	(21,039)
Net cash used in financing activities	(8,239)	(14,809)
Net decrease in cash and cash equivalents	(2,790)	(3,741)
Cash and cash equivalents at the beginning of the half-year	11,789	13,835
Effects of exchange rate changes on the balance of cash held in foreign currencies	42	(160)
Cash and cash equivalents at the end of the half-year	9,041	9,934

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

Notes to the Condensed Consolidated Financial Statements

1. Significant accounting policies

General information

As at 31 December 2017, the Group has bank loans of US\$313,662,000 (Note 11) and a US\$150,000,000 8.75% Secured Bonds (Note 12). The bank loans comprise of:

- i) term loan of US\$12,000,000 repayable over 22 monthly instalments;
- ii) term loan of US\$233,362,000 which comprises US\$81,000,000 repayable over 12 quarterly instalments and a final instalment due in November 2020; and
- iii) revolving credit facility of US\$68,300,000 due in November 2020.

As at 31 December 2017, the Group has not made the payment of (i) the US\$6,562,000 interest due on 27 November 2017 in respect of the Secured Bonds; and (ii) the principal instalment and interest due on 27 November 2017 in respect of the bank loans. The Group has also breached certain financial covenants in respect of the Secured Bonds and bank loans as at 31 December 2017.

The primary lender has confirmed that it will, subject to certain terms, temporarily refrain from taking any enforcement action or consenting to any proposed enforcement action notwithstanding the occurrence of the defaults mentioned above.

To address the financial obligations of the Group and to ensure the adequacy of funds required to meet its obligations and working capital needs, the Group has appointed financial and legal advisors to assist in the restructuring of its debt obligations in respect of the bank loans and the Secured Bonds, with the objective of achieving a comprehensive, consensual restructuring of the Group's indebtedness ("Debt Restructuring"). The Group's ability to repay the amounts outstanding under the bank loans and Secured Bonds as they fall due is solely dependent on the outcome of the Debt Restructuring. As at the date of the half-year condensed consolidated financial statements, the Group remains actively engaged in negotiations with the lenders on the Debt Restructuring. The directors and management believe that there is reasonable likelihood that a Debt Restructuring can be successfully achieved.

The above matters represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. However, the directors and management believe that a successful conclusion of the Debt Restructuring will improve the financial position of the Group and enable it to continue operations for the foreseeable future. Hence, the directors and management believe that the going concern assumption adopted in the preparation of the accompanying half-year condensed consolidated financial statements remains appropriate.

Accordingly, the accompanying half-year condensed consolidated financial statements do not include any adjustments relating to the realisation and classification of asset and liability amounts that may be necessary if the Group is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to (i) reflect the situation that assets may need to be realised other than at their carrying amounts; (ii) provide for further liabilities that may arise; and (iii) reclassify non-current assets and non-current liabilities as current. No adjustments have been made in the accompanying half-year condensed consolidated financial statements in respect of these matters.

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

Statement of compliance

The half-year condensed consolidated financial statements is prepared in accordance with International Accounting Standard ("IAS") IAS 34 *Interim Financial Reporting*. The half-year condensed consolidated financial statements does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial statements.

Adoption of new and revised accounting standards

The accounting policies and methods of computation adopted in the preparation of the half-year condensed consolidated financial statements are consistent with those adopted and disclosed in the Group's 2017 annual financial statements for the financial year ended 30 June 2017.

The new or revised International Financial Reporting Standards ("IFRS") and Interpretations of International Financial Reporting Standards, which became mandatory as of 1 July 2017, did not result in any substantial changes to the Group's accounting policies.

Basis of preparation

The half-year condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that are measured at revaluated amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date, regardless of whether the prices is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value of measurement and/or disclosure purposes in these condensed consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

2. Administration expenses

	Half-year ended 31 December 2017	Half-year ended 31 December 2016
	US\$'000	US\$'000
Staff and related costs	5,262	5,365
Allowance for doubtful debts	-	21
Professional fees	1,378	1,393
Office rental	375	824
Depreciation & amortisation	411	319
Other administrative expenses	810	1,065
	<u>8,236</u>	<u>8,987</u>

3. Other expenses

	Half-year ended 31 December 2017	Half-year ended 31 December 2016
	US\$'000	US\$'000
Loss on disposal of property, plant and equipment	431	61
Professional fee ⁽¹⁾	1,416	-
Impairment loss on vessels (Note 8 & Note 9)	31,768	-
Others	-	47
	<u>33,615</u>	<u>108</u>

(1) During the half-year ended 31 December 2017, the Group incurred professional fees amounting to US\$1,416,000 in relation to its Debt Restructuring (Note 1).

4. Joint ventures

	31 December 2017	30 June 2017
	US\$'000	US\$'000
Investment in joint ventures	39,052	39,052
Share of post-acquisition profit, net of dividend received	40,291	39,371
	<u>79,343</u>	<u>78,423</u>

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

4. Joint ventures (cont'd)

The details of joint ventures are as follows:

Name of joint ventures and country of incorporation and operation	Principal activities	Effective equity interest held	
		31 December 2017 %	30 June 2017 %
Uniwise Holdings Limited Thailand	Investment holding	37.5	37.5
Uniwise Offshore Limited Thailand	Offshore support vessel business	50.0	50.0
Alliance Offshore Services Pte Ltd Singapore	Owner and charterer of vessels and barges	50.0	50.0
Uniwise Marine Services Holdings Limited Thailand	Investment holding	37.5	37.5
Uniwise Towage Limited Thailand	Offshore support vessel business	50.0	50.0
Uniwise Midad Marine Co LLC Saudi Arabia	Owner and charterer of vessels and barges	50.0	50.0

Summarised financial information in respect of the Group's joint ventures is set out below:

	31 December 2017 US\$'000	30 June 2017 US\$'000
Total assets	186,124	184,437
Total liabilities	(27,438)	(27,591)
Net assets	158,686	156,846
Group's share of joint ventures net assets	79,343	78,423
	31 December 2017 US\$'000	31 December 2016 US\$'000
Revenue	13,288	15,052
Profit for the period	1,842	3,831
Group's share of joint ventures' profit	921	1,915

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

5. Loss before tax

	Half-year ended 31 December 2017 US\$'000	Half-year ended 31 December 2016 US\$'000
Loss before tax for the half-year includes:		
a) Revenue from operations		
Charter revenue	55,844	57,238
Mobilisation/demobilisation income	1,569	9,010
Ship management income	1,808	2,112
Project pipes transportation	6,784	23,590
Other revenue	51	84
	<u>66,056</u>	<u>92,034</u>
b) Other gains and losses		
Amortisation of provisions ⁽¹⁾	-	124
Interest income	37	62
Sundry income	50	436
Management income	30	35
Net (loss) gain on foreign exchange	(472)	676
	<u>(355)</u>	<u>1,333</u>
c) Depreciation and amortisation		
Depreciation of property, plant and equipment	12,967	14,657
Amortisation of drydocking expenditure	3,405	4,569
	<u>16,372</u>	<u>19,226</u>
Amortisation of intangible assets	38	7
	<u>16,410</u>	<u>19,233</u>

⁽¹⁾ Provisions represent the fair value of existing fixed rate contracts with customers at date of acquisition of subsidiaries. Amortisation is provided based on the remaining contract lease period of the off-market contracts, ranging from 5 to 9.5 years.

MICLYN EXPRESS OFFSHORE LIMITED**Financial information
for the half-year ended 31 December 2017****6. Trade and other receivables**

	31 December 2017 US\$'000	30 June 2017 US\$'000
Trade receivables	53,072	57,593
Allowance for doubtful debts	(4,231)	(4,231)
	<u>48,841</u>	<u>53,362</u>
Trade balances due from:		
Related parties (Note 14)	2,314	2,187
	<u>51,155</u>	<u>55,549</u>
Non-trade balances due from:		
Related parties (Note 14)	3,899	3,464
	<u>3,899</u>	<u>3,464</u>
Advances	1,224	1,283
Deposits	1,585	1,662
Prepayments	3,716	3,464
Insurance claims	468	643
Other receivables	2,392	2,183
Tax recoverable	1,854	1,829
	<u>66,293</u>	<u>70,077</u>

7. Loan to immediate holding company

The Group entered into an agreement to provide a loan facility in the aggregate of up to US\$150 million (2017 : US\$150 million) to Manta Holdings Limited, the immediate holding company of the Company, which would expire on 12 December 2023. As at 31 December 2017, principal of US\$139,165,000 (2017 : US\$139,165,000) had been utilised by the immediate holding company. The loan is unsecured, interest-free and carried at amortised cost discounted at 6% from the expiry date.

Movements in loan to immediate holding company are as follows:

	31 December 2017 US\$'000	30 June 2017 US\$'000
Balance at beginning of period	127,365	139,165
Allowance for impairment loss	-	(11,800)
Fair value loss recognised directly in equity	(29,259)	-
Balance at end of period	<u>98,106</u>	<u>127,365</u>

8. Vessels held for sale

The Group is in discussions to sell certain vessels to external parties. Accordingly, as at 31 December 2017, these vessels were classified as current assets on the condensed consolidated statement of financial position. The Group has recognised an impairment loss of US\$4,096,000 in respect of the vessels held for sale based on the expected selling prices.

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

9. Property, plant and equipment

During the half-year ended 31 December 2017, the Group acquired US\$3,479,701 (2017 : US\$3,257,787) of new additions to property, plant and equipment. During the same period, the Group disposed property, plant and equipment with carrying amount of US\$2,831,000 (2017 : US\$1,909,677) which comprised solely of vessel and equipment.

Impairment review of vessels

As at 31 December 2017, the recoverable amounts of the vessels were determined based on the higher of value in use and fair value less costs to sell. Cash flow projections used in the value in use calculations are based on financial budgets approved by management covering periods of up to approximately 24 years, which are based on the remaining useful lives of the vessels.

Management determined the budgeted cash flows based on past performance and their expectations of market development. Cash inflows are derived based on existing charter contracts and management's estimate of the average charter rates over the recent observable shipping industry cycle, which are higher than the prevailing short-term spot charter rates at the period end with the revenue growth rate ranging from -12.6% to 11.5% (2017 : -21.5% to 27.9%) in certain years. A Weighted Average Cost of Capital ("WACC") of 10.5% (2017 : 11.3%) was used to discount the cash flows. The cost of the equity component of the WACC was derived using the capital asset pricing model.

Based on the impairment review performed by management during the current period, the Group recognized a US\$27,672,000 (2017 : US\$56,559,000) impairment loss on vessels during the half-year ended 31 December 2017 (Note 3). The impairment was required due to the continued depressed charter rates and demand for the vessels based on recent market development.

10. Intangible assets

	31 December 2017 US\$'000	30 June 2017 US\$'000
<u>Composition:</u>		
Goodwill	32,837	32,837
Licences	103	141
	<u>32,940</u>	<u>32,978</u>

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

11. Borrowings

	31 December 2017 US\$'000	30 June 2017 US\$'000
Secured - at amortised cost		
Bank loans	313,662	321,902
Less: bank loans issuing costs	(3,345)	(3,952)
	310,317	317,950
Finance lease liabilities	7	7
	310,324	317,957
Current	310,324	26,159
Non-current	-	291,798
	310,324	317,957

Terms of outstanding loans are as follows:

	Interest rate	Year of Maturity	31 December 2017 US\$'000	30 June 2017 US\$'000
Secured bank loans				
- USD syndicated revolving credit facility ⁽¹⁾	LIBOR + 3.35%	2020	68,300	72,000
- USD syndicated term loan facility ⁽²⁾	LIBOR + 3.35%	2020	230,101	231,178
- USD syndicated term loan facility ⁽³⁾	LIBOR + 2.75%	2019	11,916	14,772
			310,317	317,950

(1) Revolving credit of US\$68,300,000 is due in November 2020.

(2) Term loan principal of US\$233,362,000 which comprises US\$81,000,000 is repayable over 12 quarterly instalments and a final instalment is due in November 2020.

During the half-year ended 31 December 2017, the Group did not make the principal instalment and interest payment on its term loan which was due on 27 November 2017, and the Group has also breached certain financial covenants in respect of the Secured Bonds (Note 12) and the term loan and revolving credit facility as at the end of the reporting period. Accordingly, these amounts have been classified as current liabilities as at 31 December 2017.

The lender has confirmed that it will, subject to certain terms, temporarily refrain from taking any enforcement action or consenting to any proposed enforcement action, notwithstanding the occurrence of the defaults mentioned above.

(3) Term loan principal of US\$12,000,000 is repayable over 22 monthly instalments.

The failure to make the payments referred to above resulted in the cross default under this term loan facility and accordingly, the amount has been classified as a current liability as at 31 December 2017.

The lender has confirmed that it will not take action on the default as provided under the terms of the facility agreement, conditional upon continued compliance with all other terms and conditions of the facility agreement.

The banking facilities are secured by pledges of share capital and property, plant and equipment of certain subsidiaries.

MICLYN EXPRESS OFFSHORE LIMITED

Financial information for the half-year ended 31 December 2017

12. Senior secured guaranteed bonds

On 25 November 2015, Miclyn Express Offshore Pte. Ltd. ("MEOPL"), a subsidiary of the Company, issued Secured Bonds which will mature on 25 November 2018 for US\$150 million. The bonds bear interest at a fixed rate of 8.75% per annum and is payable semi-annually in arrears on 25 May and 25 November in each year. Payments on the bonds are to be made without deducting any withholding taxes in Singapore unless required by law. The bonds are secured by existing vessels flagged in Australia, Indonesia, Panama, Malaysia and Singapore and are subordinated to the bank loans (Note 11). As at 31 December 2017, the effective interest rate was 9.81% per annum.

The bonds are secured by pledges of share capital and property, plant and equipment of certain subsidiaries.

13. Segmental information

The Group's reportable segments under IFRS 8 are offshore support vessels, crew / utility vessels, tugs, barges, coastal survey vessels, third party vessels and project pipe transportation.

(i) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Segment revenue		Segment profit (loss)	
	Half-year ended 31 December 2017 US\$'000	Half-year ended 31 December 2016 US\$'000	Half-year ended 31 December 2017 US\$'000	Half-year ended 31 December 2016 US\$'000
Offshore support vessels	30,393	36,274	(3,028)	896
Crewboats	23,538	26,676	5,182	7,964
Barges	4,952	4,804	1,768	1,157
Project pipe transportation	6,784	23,590	518	4,292
Others	460	851	(256)	(608)
	66,127	92,195	4,184	13,701
Eliminations	(71)	(161)	-	-
Total	66,056	92,034	4,184	13,701
Other (losses) gains			(355)	1,333
Central administration costs and directors' salaries			(8,236)	(8,987)
Finance costs			(15,870)	(14,566)
Other expenses			(33,615)	(108)
Share of profit from joint ventures			921	1,915
Loss before tax			(52,971)	(6,712)
Income tax expense			(2,724)	(2,172)
Consolidated loss for the period			(55,695)	(8,884)

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13. Segmental information (cont'd)

(ii) Segment assets and liabilities

	31 December 2017 US\$'000	30 June 2017 US\$'000
Segment assets		
Offshore support vessels	275,422	310,967
Crewboats	199,491	213,913
Barges	43,839	46,286
Project pipes transportation	8,562	8,475
Others	10,113	9,449
Total segment assets	537,427	589,090
Unallocated	210,010	241,741
Consolidated assets	747,437	830,831
Segment liabilities		
Offshore support vessels	54,820	50,190
Crewboats	29,262	29,631
Barges	4,452	4,813
Project pipes transportation	4,072	3,325
Others	793	1,019
Total segment liabilities	93,399	88,978
Unallocated	450,216	455,051
Consolidated liabilities	543,615	544,029

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than "cash and cash equivalents", "other receivables and prepayments", "intangible assets", "loan to immediate holding company" and certain "property, plant and equipment" used for administrative purposes. Goodwill has been allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all liabilities are allocated to reportable segments other than "borrowings", "senior secured guaranteed bonds", "other financial liabilities" and "current and deferred taxation". Liabilities for which reportable segments are jointly liable are allocated in proportion to the cost of sales incurred.

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13. Segmental information (cont'd)

(iii) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	Half-year ended 31 December 2017	Half-year ended 31 December 2016	Half-year ended 31 December 2017	Year ended 30 June 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Offshore support vessels	9,059	11,006	1,939	3,460
Crewboats	4,626	5,085	936	1,632
Barges	1,872	2,190	394	2,562
Others	448	596	-	162
Unallocated	405	356	211	462
	<u>16,410</u>	<u>19,233</u>	<u>3,480</u>	<u>8,278</u>

(iv) Geographical information

The Group's vessels carried out work in four principal geographical areas – Asia, Australia, Middle East, and other inter-regional.

The Group's revenue from external customers and information about its segment assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	Half-year ended 31 December 2017	Half-year ended 31 December 2016	31 December 2017	30 June 2017
Asia:				
Brunei	8,140	7,788	-	-
Indonesia	13,748	24,020	3,671	3,982
Malaysia	7,519	9,221	-	-
Singapore	-	-	210,658	239,377
Thailand	4,429	7,493	-	-
Rest of Asia	929	1,185	-	-
Inter-regional ⁽¹⁾	3,214	2,141	-	-
Australia	222	7,166	-	-
Africa	2,997	2,427	-	-
Middle East:				
Saudi Arabia	9,452	11,675	-	-
U.A.E.	11,533	14,590	-	-
Rest of Middle East	3,873	4,328	-	-
	<u>66,056</u>	<u>92,034</u>	<u>214,329</u>	<u>243,359</u>
Vessels ⁽²⁾	-	-	431,436	476,983
Vessels in construction/ work in progress ⁽²⁾	-	-	3,441	1,430
Drydocking costs ⁽²⁾	-	-	8,705	11,579
Vessel plant and equipment ⁽²⁾	-	-	4,738	5,335
Others	-	-	3,583	3,746
	<u>66,056</u>	<u>92,034</u>	<u>666,232</u>	<u>742,432</u>

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13. Segmental information (cont'd)

(iv) Geographical information (cont'd)

- (1) Inter-regional revenue is earned in international waters and is therefore not allocated to a specific country or region.
- (2) The management considers that the nature of the Group's business precludes a meaningful allocation of vessels and related assets to specific geographical segments as defined under IFRS 8. These vessels, together with the related drydocking costs and vessel equipment are primarily chartered across geographic markets.

(v) Information about major customer

Included in the Group's revenue for the half-year ended 31 December 2017 are revenue from offshore support vessels and crewboats of US\$7,773,058 (2016 : US\$7,846,804) derived from a single customer.

14. Related party transactions

Some of the Group's transactions and arrangements are with related parties on terms agreed between the parties and the effect of these transactions is reflected in these financial statements on that basis. The balances are unsecured, interest-free and repayable on demand, unless otherwise stated.

During the period, the Group entered into the following transactions with related parties:

	Half-year ended 31 December 2017 US\$'000	Half-year ended 31 December 2016 US\$'000
<u>Joint-ventures of the Group</u>		
Charter hire income	1,613	624
Management fee income	268	372
Interest income	228	180
Charter hire expenses	-	(389)
Management fee expenses	(35)	(233)