



### Third Quarter Financial Statement And Dividend Announcement For The Nine Months Ended 30 September 2020

#### 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 (Third Quarter) 9 months ended		
	30.09.2020	30.09.2019			30.09.2020	30.09.2019	
	US\$'000	US\$'000			US\$'000	US\$'000	%
Revenue	5,196	24,727	(79.0)	24,130	77,133	(68.7)	
Cost of sales and servicing	(13,234)	(22,807)	(42.0)	(41,882)	(72,725)	(42.4)	
<b>Gross (loss)/profit</b>	<b>(8,038)</b>	<b>1,920</b>	<b>N/M</b>	<b>(17,752)</b>	<b>4,408</b>	<b>N/M</b>	
Other income, net	4,268	735	480.7	16,453	2,379	591.6	
Administrative expenses	(2,502)	(3,571)	(29.9)	(8,592)	(10,433)	(17.6)	
Other operating expenses	(216,085)	(59,992)	260.2	(441,226)	(392,083)	12.5	
<b>Results from operating activities</b>	<b>(222,357)</b>	<b>(60,908)</b>	<b>265.1</b>	<b>(451,117)</b>	<b>(395,729)</b>	<b>14.0</b>	
Finance income	527	2,177	(75.8)	1,522	7,018	(78.3)	
Finance costs	(3,320)	(13,613)	(75.6)	(13,583)	(39,585)	(65.7)	
Change in fair value of financial instruments	-	1,287	N/M	-	(2,296)	N/M	
<b>Net finance costs</b>	<b>(2,793)</b>	<b>(10,149)</b>	<b>(72.5)</b>	<b>(12,061)</b>	<b>(34,863)</b>	<b>(65.4)</b>	
Share of results of associates and jointly controlled entities (net of tax)	714	933	(23.5)	903	(9,924)	N/M	
<b>Results before income tax</b>	<b>(224,436)</b>	<b>(70,124)</b>	<b>220.1</b>	<b>(462,275)</b>	<b>(440,516)</b>	<b>4.9</b>	
Income tax expense	(37)	(921)	(96.0)	(342)	(7,295)	(95.3)	
<b>Results after income tax</b>	<b>(224,473)</b>	<b>(71,045)</b>	<b>216.0</b>	<b>(462,617)</b>	<b>(447,811)</b>	<b>3.3</b>	

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

	Group (Third Quarter) 3 months ended			Incr/ (Decr) %	Group (Third Quarter) 9 months ended		
	30.09.2020	30.09.2019			30.09.2020	30.09.2019	
	US\$'000	US\$'000	%		US\$'000	US\$'000	%
Other income <sup>1</sup>	4,795	2,912	64.7	17,975	9,397	91.3	
Interest on borrowings	(3,320)	(13,613)	(75.6)	(13,583)	(39,585)	(65.7)	
Depreciation of plant and equipment and right-of-use asset	(7,833)	(11,955)	(34.5)	(23,390)	(36,440)	(35.8)	
Foreign exchange (loss)/gain, net	(1,812)	878	N/M	6,818	(358)	N/M	
Gain/(Loss) on disposal of asset held for sale/plant and equipment/subsidiaries, net	6,298	550	1,045	8,861	(508)	N/M	
Loss on derecognition of an associate	-	-	-	-	(6,739)	N/M	
Loss allowances for ECLs on financial guarantees to joint ventures	(2,803)	(8,088)	(65.3)	(2,803)	(20,320)	(86.2)	
Change in fair value of financial instruments	-	1,287	N/M	-	(2,296)	N/M	
Impairment loss on plant and equipment, trade and other receivables, and investment in joint venture	(214,436)	(48,984)	337.8	(438,659)	(352,782)	24.3	

<sup>1</sup> Includes interest income

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	
	30.09.2020 US\$'000	31.12.2019 US\$'000	30.09.2020 US\$'000	31.12.2019 US\$'000
<b>Non-current assets</b>				
Plant and equipment	180,433	599,420	847	937
Subsidiaries	-	-	30,799	30,799
Loans to subsidiaries	-	-	222,070	285,647
Joint ventures	3,149	3,030	-	-
Loans to joint ventures	16,954	67,254	410	6,746
Right-of-use assets	927	1,307	927	1,307
Other assets	21,473	26,879	21,473	26,879
	<b>222,936</b>	<b>697,890</b>	<b>276,526</b>	<b>352,315</b>
<b>Current assets</b>				
Trade receivables	27,028	63,601	13,989	14,904
Other current assets	26,705	62,277	57,563	56,275
Assets held for sale	51,342	14,895	-	-
Cash and cash equivalents	63,256	43,201	32,163	9,297
	<b>168,331</b>	<b>183,974</b>	<b>103,715</b>	<b>80,476</b>
<b>Total assets</b>	<b>391,267</b>	<b>881,864</b>	<b>380,241</b>	<b>432,791</b>
<b>Equity</b>				
Share capital	958,314	934,656	958,314	934,656
Perpetual securities	14,748	14,938	14,748	14,938
Redeemable exchangeable preference shares	-	23,464	-	-
Reserves	(4,838)	806	(7,447)	(1,573)
Accumulated losses	(2,303,771)	(1,841,308)	(2,215,048)	(2,142,357)
<b>Total equity</b>	<b>(1,335,547)</b>	<b>(867,444)</b>	<b>(1,249,433)</b>	<b>(1,194,336)</b>
<b>Non-current liabilities</b>				
Lease liabilities	818	818	818	818
Other payables	8,655	23,655	-	-
	<b>9,473</b>	<b>24,473</b>	<b>818</b>	<b>818</b>
<b>Current liabilities</b>				
Trade payables	56,517	64,751	86	392
Other payables	71,799	64,524	413,256	427,764
Lease liabilities	138	519	-	519
Financial liabilities	1,402,266	1,403,892	1,040,741	1,020,006
Debt securities	174,773	177,628	174,773	177,628
Provision for taxation	11,848	13,521	-	-
	<b>1,717,341</b>	<b>1,724,835</b>	<b>1,628,856</b>	<b>1,626,309</b>
<b>Total liabilities</b>	<b>1,726,814</b>	<b>1,749,308</b>	<b>1,629,674</b>	<b>1,627,127</b>
<b>Total equity and liabilities</b>	<b>391,267</b>	<b>881,864</b>	<b>380,241</b>	<b>432,791</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 30.09.2020		As at 31.12.2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
1,373,659	203,380	1,395,144	186,376

**Amount repayable after one year**

As at 30.09.2020		As at 31.12.2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

**Details of any collateral**

The Group's vessels are pledged to financial institutions as securities for the term loans.

Included in cash and cash equivalents an amount of US\$48,388,000 (31 December 2019: US\$27,028,000) being restricted or earmarked by the banks as collaterals for various facilities granted.

**1(b)(iii) Statement of comprehensive income for three months ended 30 September 2020**

	Group (Second Quarter)			Group (Third Quarter)		
	3 months ended	Incr/		9 months ended	Incr/	
	30.09.2020	(Decr)		30.09.2020	(Decr)	
	US\$'000	%		US\$'000	%	
<b>Results after income tax</b>	(224,473)	(71,045)	216.0	(462,617)	(447,811)	3.3
<b>Other comprehensive income</b>						
<b><u>Items that will not be reclassified to profit or loss:</u></b>						
Net change in fair value of equity investments at FVOCI	(1,361)	(3,418)	(60.2)	(5,874)	(5,149)	14.1
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>						
Foreign currency translation differences						
- foreign operations	(2,089)	1,120	N/M	(2,015)	1,144	N/M
Exchange differences on monetary items forming part of net investment in foreign operations	842	(2,056)	N/M	2,245	(2,536)	N/M
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(713)	N/M
	(1,247)	(936)	33.2	230	(2,105)	N/M
<b>Other comprehensive income for the period</b>	(2,608)	(4,354)	(40.1)	(5,644)	(7,254)	(22.2)
<b>Total comprehensive income for the period</b>	<b>(227,081)</b>	<b>(75,399)</b>	201.2	<b>(468,261)</b>	<b>(455,065)</b>	2.9
<b>Attributable to:</b>						
Owners of the Company	(227,081)	(75,399)	201.2	(468,261)	(455,065)	2.9

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) 3 months ended		Group (Third Quarter) 9 months ended	
	30.09.2020 US\$'000	30.09.2019 US\$'000	30.09.2020 US\$'000	30.09.2019 US\$'000
<b>Cash flows from operating activities</b>				
Results after income tax	(224,473)	(71,045)	(462,617)	(447,811)
Adjustments for:				
Income tax expense	37	921	342	7,295
Depreciation expense	7,833	11,995	23,390	36,440
Change in fair value of financial instruments	-	(1,287)	-	2,296
(Gain)/Loss on disposal of asset held for sale/plant and equipment/subsidiaries	(6,298)	(550)	(8,861)	508
Foreign exchange loss/(gain), net	1,812	(878)	(6,818)	358
Finance income	(527)	(2,177)	(1,522)	(7,018)
Finance costs	3,320	13,613	13,583	39,585
Impairment loss on plant and equipment, trade and other receivables, and investment in joint venture	214,436	48,984	438,659	352,782
Loss on derecognition of an associate	-	-	-	6,739
Loss allowances for ECLs on financial guarantees to joint ventures	2,803	8,088	2,803	20,320
Equity-settled share-based payment transactions	52	107	154	323
Share of results of associates and jointly controlled entities	(714)	(933)	(903)	9,924
Operating cash flow before working capital changes	(1,719)	6,838	(1,790)	21,741
Changes in working capital:				
Trade receivables and other assets	3,946	(3,655)	13,433	(4,840)
Trade and other payables	2,909	618	7,938	3,232
Cash generated from operating activities	5,136	3,801	19,581	20,133
Income tax paid	(789)	(509)	(1,709)	(1,346)
<b>Net cash generated from operating activities</b>	<b>4,347</b>	<b>3,292</b>	<b>17,872</b>	<b>18,787</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(663)	(3,155)	(5,935)	(10,461)
Proceeds from disposal of asset held for sale/plant and equipment	5,148	1,994	14,975	6,022
(Advances)/repayment of loans from joint ventures	(8,752)	-	783	-
Interest received	9	-	43	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(4,258)</b>	<b>(1,161)</b>	<b>9,866</b>	<b>(4,439)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	16,736	13,292	36,736	13,292
Repayment of borrowings	(14,098)	(4,150)	(41,935)	(11,935)
Net proceeds from issuance of ordinary shares	-	-	4	-
Interest paid	(359)	(14,800)	(2,773)	(20,359)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,279</b>	<b>(5,658)</b>	<b>(7,968)</b>	<b>(19,002)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,368</b>	<b>(3,527)</b>	<b>19,770</b>	<b>(4,654)</b>
Cash and cash equivalents at beginning of the period	61,441	47,627	43,201	49,029
Effect of exchange rate fluctuations	(553)	(679)	285	(954)
<b>Cash and cash equivalents at end of the period</b>	<b>63,256</b>	<b>43,421</b>	<b>63,256</b>	<b>43,421</b>

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 preference shares	Treasury shares	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>									
<b>At 1 January 2019</b>	930,509	14,938	23,464	(1,480)	3,907	713	-	(1,226,803)	(254,752)
Total comprehensive income for the period	-	-	-	-	(1,392)	(713)	(5,149)	(447,811)	(455,065)
<b>Transactions with owners, recognised directly in equity</b>									
Issue of shares	4,147	-	-	-	-	-	-	-	4,147
Share-based payment transactions	-	-	-	-	-	-	-	323	323
<b>At 30 September 2019</b>	<b>934,656</b>	<b>14,938</b>	<b>23,464</b>	<b>(1,480)</b>	<b>2,515</b>	<b>-</b>	<b>(5,149)</b>	<b>(1,674,291)</b>	<b>(705,347)</b>
<b>At 1 January 2020</b>	934,656	14,938	23,464	(1,480)	2,379	-	(93)	(1,841,308)	(867,444)
Total comprehensive income for the period	-	-	-	-	230	-	(5,874)	(462,617)	(468,261)
<b>Transactions with owners, recognised directly in equity</b>									
Issue of shares	23,658	(190)	(23,464)	-	-	-	-	-	4
Share-based payment transactions	-	-	-	-	-	-	-	154	154
<b>At 30 September 2020</b>	<b>958,314</b>	<b>14,748</b>	<b>-</b>	<b>(1,480)</b>	<b>2,609</b>	<b>-</b>	<b>(5,967)</b>	<b>(2,303,771)</b>	<b>(1,335,547)</b>
	Share capital	Perpetual securities	Treasury shares	Hedging reserve	Fair value reserve	Accumulated losses	Total equity		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
<b>Company</b>									
<b>At 1 January 2019</b>			930,509	14,938	(1,480)	713	-	(1,735,448)	(790,768)
Total comprehensive income for the period			-	-	-	(713)	(5,149)	(220,028)	(225,890)
<b>Transactions with owners, recognised directly in equity</b>									
Issue of shares			4,147	-	-	-	-	-	4,147
Share-based payment transactions			-	-	-	-	-	323	323
<b>At 30 September 2019</b>			<b>934,656</b>	<b>14,938</b>	<b>(1,480)</b>	<b>-</b>	<b>(5,149)</b>	<b>(1,955,153)</b>	<b>(1,012,188)</b>
<b>At 1 January 2020</b>			934,656	14,938	(1,480)	-	(93)	(2,142,357)	(1,194,336)
Total comprehensive income for the period			-	-	-	-	(5,874)	(72,845)	(78,719)
<b>Transactions with owners, recognised directly in equity</b>									
Issue of shares			23,658	(190)	-	-	-	-	23,468
Share-based payment transactions			-	-	-	-	-	154	154
<b>At 30 September 2020</b>			<b>958,314</b>	<b>14,748</b>	<b>(1,480)</b>	<b>-</b>	<b>(5,967)</b>	<b>(2,215,048)</b>	<b>(1,249,433)</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the first quarter of 2020, the Company had issued 22,073,345 new shares pursuant to the terms of the redeemable exchangeable preference shares ("REPS") at the exchange price of S\$1.3591 per share to the REPS holders.

During the second quarter of 2020, the Company had issued 904,813 ordinary shares at an issue price of S\$0.2763 per share pursuant to the conversion of perpetual securities into ordinary shares of the Company.

The Company had also issued 12,039 ordinary shares at an issue price of S\$0.45 per share pursuant to the exercise of 12,039 warrants by warrant holders.

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

As at 30 September 2020, the share capital less treasury shares of the Company was 3,750,192,274 ordinary shares (3,753,376,274 issued ordinary shares less 3,184,000 treasury shares). As at 31 December 2019, the share capital less treasury shares of the Company was 3,727,202,077 ordinary shares (3,730,386,077 issued ordinary shares less 3,184,000 treasury shares).

As at 30 September 2020, the Company had S\$137.8 million of outstanding convertible bonds and perpetual securities available for conversion into 498,733,261 ordinary shares of the Company (the conversion price is reset every six months). As at 31 December 2019, the Company had S\$138.1 million of outstanding convertible bonds and perpetual securities available for conversion into 499,638,075 ordinary shares of the Company (the conversion price is reset every six months). In addition, as at 31 December 2019, 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 2020 and 30 September 2019.

- 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 2020, the issued and paid up share capital excluding treasury shares of the Company comprised 3,750,192,274 (31 December 2019: 3,727,202,077) ordinary shares.

As at 30 September 2020, a subsidiary of the Company has no (31 December 2019: 300) redeemable exchangeable preference shares outstanding as it has been fully converted during the first quarter of 2020.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The movement of treasury shares are as follows:

As at 1 January 2020 = 3,184,000 shares

Purchase of treasury shares during the period = Nil

Transfer of treasury shares during the period = Nil

As at 30 September 2020 = 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 financial period reported on.**

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 modifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed under note 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 2019.

- 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.**

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 2019, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2020 as follows:

*Amendments to References to Conceptual Framework in SFRS(I) Standards*

*Definition of a Business* (Amendments to SFRS(I) 3)

*Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)

The above new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

**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 (Third Quarter) 9 months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
(in US\$ cents)				
(a) Based on weighted average number	-5.98 cts	-1.91 cts	-12.36 cts	-12.02 cts
(b) On a fully diluted basis	-5.98 cts	-1.91 cts	-12.36 cts	-12.02 cts

Note :

Weighted average ordinary shares

for calculation of:

- Basic earnings per share	3,750,938,268	3,727,202,077	3,744,114,015	3,725,158,536
- Diluted earnings per share*	3,750,938,268	3,727,202,077	3,744,114,015	3,725,158,536

\* As the period ended 30 September 2020 is in a loss position before fair value adjustments (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 liabilities 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	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
(in US\$ cents)				
Net liabilities value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the year reported on	-35.61 cts	-23.27 cts	-33.32 cts	-32.04 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**

**3Q20 vs 3Q19**

The Group's revenue for the three months ended 30 September 2020 ("3Q20") decreased by US\$19.5 million (79.0%) to US\$5.2 million as compared to the corresponding three months ended 30 September 2019 ("3Q19"). The decrease in revenue was mainly due to:

- (i) decrease in units owned, utilisation and charter rates for the Group's jack-up rigs; and
- (ii) decrease in utilisation rates of liftboats resulting from continued delays in re-deployment of the Group's assets.

The continued delay in re-deployment is due to the following:

- (a) COVID-19 pandemic has affected over 150 countries, resulting in partial or full lockdowns in many such affected countries. This has resulted in the disruption in various international and domestic supply chains and has created a significant strain on demand across various industries including the oil and gas industry. Demand for the Group's assets was severely impacted by this and this has contributed to the decrease in utilisation and charter rates across the Group's fleet;
- (b) working capital constraints arising mainly from limited available financing options since lenders remain adverse to lending to our sector as the Group is also undergoing corporate restructuring; and
- (c) in the consultations and discussions that the Group has had with its secured lenders leading up to the period, the secured lenders have indicated their preference for the Group to refocus its business to vessel management with an asset-light structure by divesting its vessels and rigs in an orderly fashion.

The cost of sales and servicing for 3Q20 decreased by US\$9.6 million (42.0%) to US\$13.2 million as compared to 3Q19, mainly due to lower depreciation expense; and lower operating costs due to lower activities from the Group's liftboats and jack-up rigs.

As a result of the above, the Group recorded a gross loss of US\$8.0 million in 3Q20 compared with a gross profit of US\$1.9 million in 3Q19.

The increase in other income for 3Q20 was mainly due to the gain of US\$6.3 million from the disposal of plant and equipment and assets held for sale during the quarter offset by foreign exchange losses of US\$1.8 million arising from the Group's Singapore Dollar denominated borrowings and Singapore Dollar denominated debt securities as the US Dollar depreciated against the Singapore Dollar during this period.

The decrease in administrative expenses in 3Q20 as compared to 3Q19 was mainly due to lower staff costs as a result of corporate restructuring and cost-cutting measures, including salary reductions taken by management and staff.

The COVID-19 pandemic and the plunge in oil prices have however severely impacted the demand of the Group's vessels and rigs, contributing to decrease in utilisation and charter rates of the Group's vessels and rigs, which affect the contracts due for renewal post period-end. Furthermore, in the consultations and discussions that the Group has had with its secured lenders leading up to the period, the secured lenders have indicated their preference for the Group to refocus its business to vessel management with an asset-light structure by divesting its vessels in an orderly fashion. Hence, the Group has updated its impairment assessment in 3Q20 and recognised net impairment losses of US\$214.4 million in 3Q20. The breakdown of the net impairment losses are as follows:

	<b>US\$'000</b>
Plant and equipment	169,011
Trade receivables	3,317
Other current assets	30,735
Loans to joint ventures	11,373
	<u>214,436</u>

Finance income has decreased in 3Q20 mainly due to decrease in interest income from loans to joint ventures.

Finance costs have decreased in 3Q20 mainly due to absence of amortisation of the fair value recognised on the Debt Securities and term loans as the amortisation was fully accelerated in 4Q2019.

The share of profits of associates and jointly controlled entities in 3Q20 was contributed by operating profit generated by the Group's joint venture, which operates in the windfarm industry in China.

The Group generated loss before income tax of US\$224.4 million in 3Q20 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 credit of US\$37,000 relates to the corporate tax expense and withholding tax expense incurred by vessels operating in certain overseas waters.

#### **9M20 vs 9M19**

The Group's revenue for the nine months ended 30 September 2020 ("9M20") decreased by US\$53.0 million (68.7%) to US\$24.1 million as compared to the corresponding nine months ended 30 September 2019 ("9M90"). The decrease in revenue was mainly due to:

- (i) decrease in units owned, utilisation and charter rates for the Group's jack-up rigs; and
- (ii) decrease in utilisation rates of liftboats resulting from continued delays in re-deployment of the Group's assets.

The continued delay in re-deployment is due to the following:

- (a) the COVID-19 pandemic that has affected over 150 countries, resulting in partial or full lockdowns in many such affected countries. This has resulted in the disruption in various international and domestic supply chains and has created a significant strain on demand across various industries including the oil and gas industry. Demand for the Group's assets was severely impacted by this and this has contributed to the decrease in utilisation and charter rates across the Group's fleet;
- (b) working capital constraints arising mainly from limited available financing options since lenders remain adverse to lending to our sector as the Group is also undergoing corporate restructuring; and
- (c) in the consultations and discussions that the Group has had with its secured lenders leading up to the period, the secured lenders have indicated their preference for the Group to refocus its business to vessel management with an asset-light structure by divesting its vessels and rigs in an orderly fashion.

The cost of sales and servicing for 9M20 decreased by US\$30.8 million (42.4%) to US\$41.9 million as compared to 9M19, mainly due to lower depreciation expenses on plant and equipment and lower operating costs due to lower activities from the Group's jack-up rigs.

As a result of the above, the Group recorded a gross loss of US\$17.8 million in 9M20 compared with gross profit of US\$4.4 million in 9M19.

The increase in other income for 9M20 was mainly due to the foreign exchange gain arising of US\$6.8 million from the Group's Singapore Dollar denominated borrowings and Singapore Dollar denominated debt securities as the US Dollar appreciated against the Singapore Dollar during this period. In addition, the increase in other income was contributed by the gain on disposal of plant and equipment, assets held for-sale and subsidiaries of US\$8.9 million during the quarter.

The decrease in administrative expenses in 9M20 as compared to 9M19 was mainly due to lower staff costs as a result of corporate restructuring and cost-cutting measures, including salary reductions taken by management and staff.

The COVID-19 pandemic and the plunge in oil prices have however severely impacted the demand of the Group's vessels and rigs, contributing to decrease in utilisation and charter rates of the Group's vessels and rigs, which affect the contracts due for renewal post period-end. Furthermore, in the consultations and discussions that the Group has had with its secured lenders leading up to the period, the secured lenders have indicated their preference for the Group to refocus its business to vessel management with an asset-light structure by divesting its vessels in an orderly fashion. Hence, the Group has updated its impairment assessment and recognised net impairment losses of US\$438.7 million for 9M20. The breakdown of the net impairment losses are as follows:

	<b>US\$'000</b>
Plant and equipment	350,576
Trade receivables	4,182
Other current assets	44,096
Loans to joint ventures	39,805
	<u>438,659</u>

Finance income has decreased in 9M20 mainly due to decrease in interest income from loans to joint ventures.

Finance costs have decreased in 9M20 mainly due to absence of amortisation of the fair value recognised on the Debt Securities and term loans as the amortisation was fully accelerated in 4Q2019.

The share of profits of associates and jointly controlled entities in 9M20 was contributed by operating profit generated by the Group's joint venture, which operates in the windfarm industry in China.

The Group generated loss before income tax of US\$462.3 million in 9M20 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\$0.3 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\$222.9 million as at 30 September 2020. The decrease in Non-current Assets was mainly due to impairment losses made on loans to joint ventures and plant and equipment; and reclassification of plant and equipment to assets held for sale during the 3Q20 which amounted to US\$46.3 million.

##### **Current Assets**

The Group's Current Assets amounted to US\$168.3 million as at 30 September 2020. The decrease as compared to the Group's Current Assets as at 31 December 2019 was mainly due to: the impairment of other current assets of US\$44.1 million during the period; decrease in trade receivables of US\$36.6 million; offset by increase in cash and cash equivalents of US\$20.0 million and the reclassification of plant and equipment to assets held for sale during the period which amounted to US\$46.3 million.

##### **Total Liabilities**

The Group's Total Liabilities amounted to US\$1,726.8 million as at 30 September 2020. The decrease in Total Liabilities was mainly due to repayment of bank loans and other payables; and downward revaluation of Singapore Dollar denominated bank loans and Debt Securities as the US Dollar has appreciated against the Singapore Dollar during this period. This is offset by drawdown of loan of US\$22.3 million during the period.

##### **Total Equity**

The decrease in Total Equity was attributable mainly due to the loss generated for the period, offset by issuance of new ordinary shares.

##### **Going concern**

The ability of the Group to maintain as a going concern is highly dependent upon:

- (1) the successful restructuring of the Group's business and capital structure into one which is asset-light, with a focus on provision of vessel management and operating services; and
- (2) the continuing support of the Group's lenders, including its secured lenders, noteholders and perpetual securityholders, to support and vote for a potential restructuring plan which would include or involve a debt to equity conversion of the loans outstanding to the lenders after the orderly disposal of the Group's assets.

#### **STATEMENT OF CASH FLOWS REVIEW**

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

The Group's net cash inflow from operating activities was US\$17.9 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 from investing activities was US\$9.9 million. This was mainly due to proceeds from sale of asset held for sale and plant and equipment; the recovery of loans from joint ventures; offset by deployment of funds towards the vessels and assets under construction.

##### **Cash Flow from Financing Activities**

The Group's net cash used in financing activities was US\$8.0 million. This was due to the repayment of bank loans and payment of interest, offset by drawdown of loan of US\$36.7 million during the period.

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

In line with the prospect statement made in 2Q20.

**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.**

With the COVID-19 outbreak impacting many countries worldwide, many governments had imposed international travel restrictions, and national level lockdowns. This had resulted in an unprecedented decrease in local and international travel, which has greatly affected the demand for crude oil and its relevant processed products.

In response to the decrease in demand for crude oil which has also significantly affected the price of crude oil, the customers of the Group which include national oil companies and international oil majors have largely put in place aggressive cost cutting measures, and delayed several projects and maintenance programs previously planned.

This has severely affected companies in the marine and offshore oil and gas sector, especially in terms of charter rates and utilization. This is further exacerbated by the general difficulty of the entire sector to access credit from financial institutions, due to the generally cautious sentiment of such institutions towards the marine and offshore sector.

In addition, efforts to obtain new business streams have been hampered by the international travel restrictions, as end customers in this industry are mainly national oil or energy companies and international oil and energy majors, all of which are headquartered outside Singapore.

The utilization of the Group's fleet of vessels has likewise been severely impacted as reflected in the Group's 9M20 financial performance. The global slowdown in the industry will further impact the Group's future utilisation and charter rates and impede the transition of the Group into a vessel and project management company.

**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 and the reason(s) for the decision.**

No dividend has been declared/recommendeded for the current financial reporting period due to the net liabilities position of the Group and the Company.

**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**

**Tan Wee Sin**  
**Company Secretary**

**24 December 2020**

**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 2020 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**

**24 December 2020**