



# Ezion Holdings Limited

(Company No.: 199904364E)

## First Quarter Financial Statement And Dividend Announcement For The Three Months Ended 31 March 2019

### 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 (First Quarter) 3 months ended		Incr/ (Decr) %
	31.03.2019 US\$'000	31.03.2018 US\$'000	
Revenue	28,003	37,752	(25.8)
Cost of sales and servicing	(25,849)	(31,524)	(18.0)
<b>Gross profit</b>	<b>2,154</b>	<b>6,228</b>	<b>(65.4)</b>
Other income, net	1,745	36	N/M
Administrative expenses	(3,345)	(3,820)	(12.4)
Other operating expenses	(2,623)	(31,548)	(91.7)
<b>Results from operating activities</b>	<b>(2,069)</b>	<b>(29,104)</b>	<b>(92.9)</b>
Finance income	2,621	794	N/M
Finance costs	(12,611)	(7,963)	58.4
Change in fair value of financial instruments	(396)	-	N/M
<b>Net finance costs</b>	<b>(10,386)</b>	<b>(7,169)</b>	<b>44.9</b>
Share of results of associates and jointly controlled entities (net of tax)	162	(3,289)	N/M
<b>Results before income tax</b>	<b>(12,293)</b>	<b>(39,562)</b>	<b>(68.9)</b>
Income tax expense	(561)	(806)	(30.4)
<b>Results after income tax</b>	<b>(12,854)</b>	<b>(40,368)</b>	<b>(68.2)</b>

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

	Group (First Quarter) 3 months ended		Incr/ (Decr) %
	31.03.2019 US\$'000	31.03.2018 US\$'000	
Other income <sup>1</sup>	4,366	830	N/M
Interest on borrowings	(12,611)	(7,963)	58.4
Depreciation of plant and equipment	(12,385)	(13,550)	(8.6)
Foreign exchange loss, net	(482)	(9,825)	(95.1)
Gain/(Loss) on disposal asset held for sale/plant and equipment, net	638	(135)	N/M
Change in fair value of financial instruments	(396)	-	N/M
(Impairment loss)/Reversal of impairment loss on trade and other receivables	(252)	413	N/M

<sup>1</sup> Includes interest income and gain on disposal of asset held for sale/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	
	31.03.2019 US\$'000	31.12.2018 US\$'000	31.03.2019 US\$'000	31.12.2018 US\$'000
<b>Non-current assets</b>				
Plant and equipment	910,898	919,069	185	173
Subsidiaries	-	-	95,886	95,886
Loans to subsidiaries	-	-	370,186	372,891
Joint ventures	5,789	7,011	88	88
Loans to joint ventures	89,243	88,877	25,756	25,501
Associates	18,983	16,943	14,319	14,513
Loan to associates	21,287	21,287	21,287	21,093
Other assets	31,975	30,385	24,012	24,266
	<b>1,078,175</b>	<b>1,083,572</b>	<b>551,719</b>	<b>554,411</b>
<b>Current assets</b>				
Trade receivables	67,785	69,263	8,211	7,848
Other current assets	135,633	138,075	18,907	17,571
Asset held for sale	-	2,162	-	-
Cash and cash equivalents	49,808	49,029	10,627	9,237
	<b>253,226</b>	<b>258,529</b>	<b>37,745</b>	<b>34,656</b>
<b>Total assets</b>	<b>1,331,401</b>	<b>1,342,101</b>	<b>589,464</b>	<b>589,067</b>
<b>Equity</b>				
Share capital	934,656	930,509	934,656	930,509
Perpetual securities	14,938	14,938	14,938	14,938
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	2,355	3,140	(1,814)	(767)
Accumulated losses	(1,239,549)	(1,226,803)	(1,739,457)	(1,735,448)
<b>Total equity</b>	<b>(264,136)</b>	<b>(254,752)</b>	<b>(791,677)</b>	<b>(790,768)</b>
<b>Non-current liabilities</b>				
Financial liabilities	1,275,645	1,276,064	823,217	822,735
Debt securities	120,620	118,701	120,620	118,701
Other payables	25,635	29,760	80,921	85,046
	<b>1,421,900</b>	<b>1,424,525</b>	<b>1,024,758</b>	<b>1,026,482</b>
<b>Current liabilities</b>				
Trade payables	72,196	72,333	(203)	69
Other payables	78,815	77,572	343,445	340,328
Financial liabilities	12,431	12,246	9,431	9,246
Provision for taxation	10,195	10,177	3,710	3,710
	<b>173,637</b>	<b>172,328</b>	<b>356,383</b>	<b>353,353</b>
<b>Total liabilities</b>	<b>1,595,537</b>	<b>1,596,853</b>	<b>1,381,141</b>	<b>1,379,835</b>
<b>Total equity and liabilities</b>	<b>1,331,401</b>	<b>1,342,101</b>	<b>589,464</b>	<b>589,067</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 31.03.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
3,608	8,823	3,611	8,635

**Amount repayable after one year**

As at 31.03.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
1,275,645	120,620	1,276,064	118,701

**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\$32,703,000 (31 December 2018: US\$32,171,000) being restricted or earmarked by the banks for various facilities granted.

**1(b)(iii) Statement of comprehensive income for three months ended 31 March 2019**

	Group (First Quarter) 3 months ended		Incr/ (Decr)
	31.03.2019	31.03.2018	
	US\$'000	US\$'000	%
<b>Results after income tax</b>	(12,854)	(40,368)	(68.2)
<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	1,042	2,309	(54.9)
Change in fair value of equity investments at FVOCI	(840)	-	N/M
Exchange differences on monetary items forming part of net investment in foreign operations	(780)	-	N/M
Effective portion of changes in fair value of cash flow hedges	(207)	255	N/M
<b>Other comprehensive (loss)/income for the period</b>	(785)	2,564	N/M
<b>Total comprehensive loss for the period</b>	<b>(13,639)</b>	<b>(37,804)</b>	(63.9)
<b>Attributable to:</b>			
Owners of the Company	(13,639)	(37,804)	(63.9)

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.**

	<b>Group (First Quarter)</b>	
	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Results after income tax	(12,854)	(40,368)
Adjustments for:		
Income tax expense	561	806
Depreciation expense	12,385	13,550
Change in fair value of financial instruments	396	-
(Gain)/Loss on disposal of asset held for sale/plant and equipment	(638)	135
Foreign exchange loss, net	482	9,825
Finance income	(2,621)	(794)
Finance costs	12,611	7,963
Impairment loss/(Reversal of impairment loss) on trade and other receivables	252	(413)
Equity-settled share-based payment transactions	108	152
Share of results of associates and jointly controlled entities	(162)	3,289
Operating cash flow before working capital changes	10,520	(5,855)
Changes in working capital:		
Trade receivables and other assets	2,492	9,684
Trade and other payables	(4,259)	10,241
Cash generated from operating activities	8,753	14,070
Income tax paid	(543)	(952)
<b>Net cash generated from operating activities</b>	8,210	13,118
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(4,209)	(2,594)
Proceeds from disposal of asset held for sale/plant and equipment	2,800	2,245
Investments in joint ventures	-	(882)
Interest received	155	553
<b>Net cash used in investing activities</b>	(1,254)	(678)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	93,360
Repayment of borrowings	(3,153)	(108,183)
Interest paid	(3,540)	(3,601)
<b>Net cash used in financing activities</b>	(6,693)	(18,424)
<b>Net increase/(decrease) in cash and cash equivalents</b>	263	(5,984)
Cash and cash equivalents at beginning of the period	49,029	46,469
Effect of exchange rate fluctuations	516	2,190
<b>Cash and cash equivalents at end of the period</b>	49,808	42,675

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

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Treasury shares	Foreign currency translation reserve	Hedging reserve	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 2018</b>	648,940	116,499	23,464	(1,480)	3,788	951	-	(895,156)	(102,994)
Total comprehensive loss for the period	-	-	-	-	2,309	255	-	(40,368)	(37,804)
<b>Transactions with owners, recognised directly in equity</b>									
Accrued perpetual securities distributions	-	-	-	-	-	-	-	799	799
Share-based payment transactions	-	-	-	-	-	-	-	155	155
<b>At 31 March 2018</b>	<b>648,940</b>	<b>116,499</b>	<b>23,464</b>	<b>(1,480)</b>	<b>6,097</b>	<b>1,206</b>	<b>-</b>	<b>(934,570)</b>	<b>(139,844)</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	-	-	-	-	262	(207)	(840)	(12,854)	(13,639)
<b>Transactions with owners, recognised directly in equity</b>									
Issue of shares	4,147	-	-	-	-	-	-	-	4,147
Share-based payment transactions	-	-	-	-	-	-	-	108	108
<b>At 31 March 2019</b>	<b>934,656</b>	<b>14,938</b>	<b>23,464</b>	<b>(1,480)</b>	<b>4,169</b>	<b>506</b>	<b>(840)</b>	<b>(1,239,549)</b>	<b>(264,136)</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 2018</b>		648,940	116,499	(1,480)	951	-	(455,058)	309,852
Total comprehensive loss for the period		-	-	-	255	-	(34,046)	(33,791)
<b>Transactions with owners, recognised directly in equity</b>								
Accrued perpetual securities distributions		-	-	-	-	-	799	799
Share-based payment transactions		-	-	-	-	-	155	155
<b>At 31 March 2018</b>		<b>648,940</b>	<b>116,499</b>	<b>(1,480)</b>	<b>1,206</b>	<b>-</b>	<b>(488,150)</b>	<b>277,015</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		-	-	-	(207)	(840)	(4,117)	(5,164)
<b>Transactions with owners, recognised directly in equity</b>								
Issue of shares		4,147	-	-	-	-	-	4,147
Share-based payment transactions		-	-	-	-	-	108	108
<b>At 31 March 2019</b>		<b>934,656</b>	<b>14,938</b>	<b>(1,480)</b>	<b>506</b>	<b>(840)</b>	<b>(1,739,457)</b>	<b>(791,677)</b>

**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**

During the first quarter of 2019, the Company had issued 20,223,469 new shares pursuant to the exercise of a call option at the issue price of S\$0.2763 per share by a private subscriber. Considerations from these new shares amounting to approximately US\$4.1 million were used for settlement of outstanding amount due from the Company to the private subscriber.

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

As at 31 March 2019, the share capital less treasury shares of the Company was 3,728,006,259 ordinary shares (3,731,190,259 issued ordinary shares less 3,184,000 treasury shares). As at 31 December 2018, the share capital less treasury shares of the Company was 3,707,782,790 ordinary shares (3,710,966,790 issued ordinary shares less 3,184,000 treasury shares).

As at 31 March 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, there were 300 redeemable exchangeable preference shares in a subsidiary available for exchange to 19,787,830 ordinary shares of the Company. As at 31 December 2018, 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, 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 31 March 2019 and 31 December 2018.

**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 31 March, the issued and paid up share capital excluding treasury shares of the Company comprised 3,728,006,259 (31 December 2018: 3,707,782,790) ordinary shares.

As at 31 March 2019, subsidiary of the Company has 300 (31 December 2018: 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**

The movement of treasury shares are as follows:

As at 1 January 2019 = 3,184,000 shares

Purchase of treasury shares during the period = Nil

Transfer of treasury shares during the period = Nil

As at 31 March 2019 = 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**

Not applicable.

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

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 matter).**

Not applicable.

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

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 2018.

**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 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 *Leases*

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

*Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)

*Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

*Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)

*Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I)

*Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)

*Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

**SFRS(I) 16 Leases**

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases – Incentives and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of accumulated profits at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

**The Group and the Company as Lessee**

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments increment or inflation are included in the measurement of lease liabilities as at date of initial application. The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

**The Group as Lessor**

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

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**

	<b>Group (First Quarter)</b>	
	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
(in US\$ cents)		
(a) Based on weighted average number	-0.35 cts	-2.31 cts
(b) On a fully diluted basis	-0.35 cts	-2.31 cts

Note :

Weighted average ordinary shares  
for calculation of:

- Basic earnings per share	3,720,815,692	2,073,843,405
- Diluted earnings per share*	3,720,815,692	2,073,843,405

\* As the period ended 31 March 2019 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 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.**

	<b>Group</b>		<b>Company</b>	
	<b>31.03.2019</b>	<b>31.12.2018</b>	<b>31.03.2019</b>	<b>31.12.2018</b>
(in US\$ cents)				
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the year reported on	-7.12 cts	- 6.87 cts	-21.35 cts	-21.33 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**

### **1Q19 vs 1Q18**

The Group's revenue for the three months ended 31 March 2019 ("1Q19") decreased by US\$9.7 million (25.8%) to US\$28.0 million as compared to the corresponding three months ended 31 March 2018 ("1Q18"). The decrease in revenue was mainly due to:

- (i) drop in utilisation rates of liftboats as a result of continued delays in re-deployment of the Group's assets due to working capital constraints pending finalisation of the additional revolving credit facilities;
- (ii) the systemic problem such as credit crunch faced by shipyards, equipment suppliers and service providers used by the Group. The tighter credit terms imposed by these vendors coupled with the inability of the Group to drawdown the required funds from its secured lenders has severely affected the Group's ability to operate, maintain and deploy its vessels; and
- (iii) overall reduction in charter rates across the Group's fleet of vessels.

The cost of sales and servicing for 1Q19 decreased by US\$5.7 million (18.0%) to US\$25.9 million as compared to 1Q18, mainly due to lower depreciation expenses and decrease in utilisation of vessels.

As a result of the above, the Group recorded a gross profit of US\$2.2 million in 1Q19 compared with US\$6.2 million in 1Q18.

Other income in 1Q19 was mainly due to gain on disposal of a vessel and proceeds received from insurance claims.

The decrease in other operating expenses in 1Q19 was mainly due to lower foreign exchange losses incurred and the absence of restructuring costs incurred by the Group in 1Q18.

Finance income has increased in 1Q19 mainly due to increase in interest income from loans to joint ventures.

Finance costs have increased in 1Q19 mainly due to amortisation of the fair value recognised on the Debt Securities and term loans during the period, which amounted to approximately US\$3.3 million (1Q18: Nil).

The share of associates and jointly controlled entities' results have improved in 1Q19 as compared to 1Q18, mainly due to operating profit generated from completion certain projects by an associate.

The Group generated loss before income tax of US\$12.3 million in 1Q19 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\$0.6 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\$1,078.2 million as at 31 March 2019. The decrease in Non-current Assets was mainly due to depreciation charges on Plant and Equipment during the period. The decrease is mainly offset against addition of Plant and Equipment and share of profit from an associate during the period.

### **Current Assets**

The Group's Current Assets amounted to US\$253.2 million as at 31 March 2019. The decrease as compared to the Group's Current Assets as at 31 December 2018 was mainly due to collections of charter hire receipts and disposal of asset held for sale during the period.

### **Total Liabilities**

The Group's Total Liabilities amounted to US\$1,595.5 million as at 31 March 2019. The decrease in Total Liabilities was mainly due to the settlement of an outstanding amount due to a private subscriber by way of issuance of new ordinary shares in the Company following the exercise of a call option by the private subscriber. This decrease is offset by increase in Debt Securities due to amortisation of the fair value recognised on the debt securities.

### **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 Group and the Company has net liabilities of US\$264.1 million and US\$791.7 million respectively as at 31 March 2019. This was mainly due to the losses incurred by the Group during the period as described above. The Group will endeavour to engage closely with the secured lenders to complete the required documentation in order to expedite the drawdown of the additional revolving credit facilities from the secured lenders to deploy the Group's vessels back to work.

Subsequent to the previous announcements made by the Company on 31 March 2019, 12 April 2019 and 15 April 2019, in relation to the Proposed Subscription and the Proposed Grant of Options with Yinson Eden Pte. Ltd. (the "Subscriber"), an indirect wholly-owned subsidiary of Yinson Holdings Berhad ("Yinson"), the Company has been informed that the Subscriber is still in negotiations with the Designated Lenders.

Notwithstanding the net liability position of the Group, the Board believes that the Group's going concern assumption is appropriate for the following reasons:

- (1) the Group is still currently generating positive operating cash flows and has generated a net increase in cash balance of US\$0.3 million during 1Q19, and barring any unforeseen circumstances, the Group is expected to continue to generate positive cash flows for the foreseeable future;
- (2) the Group is in a net current asset position as of 31 March 2019, and is able to meet its short term obligations as and when they fall due;
- (3) the Refinancing Exercise of the Group was completed in 2018, with the earliest bullet repayment on the Group's borrowings due only in November 2023. This has provided the Group with a runway to reduce its debt to a sustainable level and achieve a sustainable capital structure; and
- (4) the Company's net current liabilities position of US\$318.6 million was mainly due to amount due to subsidiaries of US\$325.4 million as at 31 March 2019. If the amount due to subsidiaries of US\$325.4 million were excluded from the net current liabilities position of the Company, it would result in a net current asset position of US\$6.8 million.

## **STATEMENT OF CASH FLOWS REVIEW**

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

The Group's net cash inflow from operating activities was US\$8.2 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\$1.3 million. This was mainly due to deployment of funds towards the vessels and assets under construction, partially offset by the proceeds from sale of asset held for sale.

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

The Group's net cash used in financing activities was US\$6.7 million. This was mainly due to repayment of bank loans and payment of interest.

**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 4Q18.

**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.**

There has not been any significant improvement in the overall market conditions for the offshore oil and gas industries. The continued uncertainty in the oil prices that has affected the Group's clients coupled with the persistent oversupply of certain marine assets like tugs, barges, workboats and jack ups continues to present challenges to the Group. The availability of funds from the lenders remains crucial to the Group's ability to put its mainly production related asset into deployment to meet the requirements of its clients and the management is still working intimately with the secured lenders on the disbursement of the required funds. In addition, the Group has entered into agreement with Yinson to be the Group's strategic investor, subject to certain conditions to be met.

**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**

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

**15 May 2019**

**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 31 March 2019 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**

**15 May 2019**