



# Ezion Holdings Limited

(Company No.: 199904364E)

## Fourth Quarter Financial Statement And Dividend Announcement For The Year Ended 31 December 2017

### 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 (Fourth Quarter)		Incr/ (Decr) %	Group (Year-To-Date)		Incr/ (Decr) %
	3 months ended			12 months ended		
	31.12.2017	31.12.2016		31.12.2017	31.12.2016	
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	44,675	72,633	(38.5)	193,108	318,245	(39.3)
Cost of sales and servicing	(41,319)	(63,852)	(35.3)	(191,304)	(256,999)	(25.6)
<b>Gross profit</b>	<b>3,356</b>	<b>8,781</b>	<b>(61.8)</b>	<b>1,804</b>	<b>61,246</b>	<b>(97.1)</b>
Other income, net	146	21,137	(99.3)	10,575	32,254	(67.2)
Administrative expenses	(6,099)	(5,219)	16.9	(17,587)	(18,328)	(4.0)
Other operating expenses	(932,698)	(79,181)	N/M	(961,282)	(76,238)	N/M
<b>Results from operating activities</b>	<b>(935,295)</b>	<b>(54,482)</b>	N/M	<b>(966,490)</b>	<b>(1,066)</b>	N/M
Finance income	813	1,418	(42.7)	4,513	4,695	(3.9)
Finance costs	(10,633)	(7,874)	35.0	(36,546)	(32,512)	12.4
<b>Net finance costs</b>	<b>(9,820)</b>	<b>(6,456)</b>	52.1	<b>(32,033)</b>	<b>(27,817)</b>	15.2
Share of results of associates and jointly controlled entities (net of tax)	(22,978)	(4,988)	N/M	(16,187)	(2,041)	N/M
<b>Loss before income tax</b>	<b>(968,093)</b>	<b>(65,926)</b>	N/M	<b>(1,014,710)</b>	<b>(30,924)</b>	N/M
Income tax expense	(868)	(682)	27.3	(2,892)	(2,682)	7.8
<b>Loss after income tax</b>	<b>(968,961)</b>	<b>(66,608)</b>	N/M	<b>(1,017,602)</b>	<b>(33,606)</b>	N/M

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

	Group (Fourth Quarter)		Incr/ (Decr) %	Group (Year-To-Date)		Incr/ (Decr) %
	3 months ended			12 months ended		
	31.12.2017	31.12.2016		31.12.2017	31.12.2016	
	US\$'000	US\$'000		US\$'000	US\$'000	
Other income <sup>1</sup>	959	22,555	(95.8)	15,088	36,949	(59.2)
Interest on borrowings	(10,633)	(7,874)	35.0	(36,546)	(32,512)	12.4
Depreciation of plant and equipment	(32,975)	(40,053)	(17.7)	(142,048)	(150,612)	(5.7)
Foreign exchange (loss)/gain, net	(6,283)	20,101	N/M	(31,617)	8,144	N/M
Finance income	813	1,418	(42.7)	4,513	4,695	(3.9)
Gain/(loss) on disposal of subsidiaries, asset held for sale and plant and equipment	-	(6,620)	N/M	9,640	21,135	(54.4)
Writeoff/Impairment losses on plant and equipments, trade receivables and loans to joint ventures	(896,898)	(70,866)	N/M	(896,898)	(70,866)	N/M

<sup>1</sup> Includes interest income and gain on disposal of assets held for sale

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	
	31.12.2017 US\$'000	31.12.2016 US\$'000	31.12.2017 US\$'000	31.12.2016 US\$'000
<b>Non-current assets</b>				
Plant and equipment	1,389,850	2,198,446	179	406
Subsidiaries	-	-	1,041,595	1,285,514
Joint ventures	98,120	171,584	66,897	52,232
Associates	80,817	78,801	69,506	60,153
Other assets	75,517	4,941	3,847	2,241
	<b>1,644,304</b>	<b>2,453,772</b>	<b>1,182,024</b>	<b>1,400,546</b>
<b>Current assets</b>				
Trade receivables	81,524	178,899	9,383	9,599
Other current assets	154,113	164,086	97,014	68,053
Assets held for sale	9,350	-	-	-
Cash and cash equivalents	46,469	204,953	20,255	149,497
	<b>291,456</b>	<b>547,938</b>	<b>126,652</b>	<b>227,149</b>
<b>Total assets</b>	<b>1,935,760</b>	<b>3,001,710</b>	<b>1,308,676</b>	<b>1,627,695</b>
<b>Equity</b>				
Share capital	648,940	648,940	648,940	648,940
Perpetual securities	116,499	116,499	116,499	116,499
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	(26,411)	(31,549)	(529)	(1,541)
Retained earnings	(457,666)	558,030	(455,058)	798
<b>Total equity</b>	<b>304,826</b>	<b>1,315,384</b>	<b>309,852</b>	<b>764,696</b>
<b>Non-current liabilities</b>				
Financial liabilities	3,024	788,067	58,356	112,082
Notes payable	361,501	372,040	361,501	372,040
Other payables	26,355	33,961	78,941	141,817
	<b>390,880</b>	<b>1,194,068</b>	<b>498,798</b>	<b>625,939</b>
<b>Current liabilities</b>				
Trade payables	93,028	112,074	102	198
Other payables	96,246	42,846	331,673	110,240
Financial liabilities	999,526	331,055	119,651	122,912
Notes payable	44,890	-	44,890	-
Provision for taxation	6,364	6,283	3,710	3,710
	<b>1,240,054</b>	<b>492,258</b>	<b>500,026</b>	<b>237,060</b>
<b>Total liabilities</b>	<b>1,630,934</b>	<b>1,686,326</b>	<b>998,824</b>	<b>862,999</b>
<b>Total equity and liabilities</b>	<b>1,935,760</b>	<b>3,001,710</b>	<b>1,308,676</b>	<b>1,627,695</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 31.12.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
944,598	99,818	233,114	97,941

**Amount repayable after one year**

As at 31.12.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	364,525	775,407	384,700

**Details of any collateral**

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

*Included in cash and cash equivalents an amount of US\$42,182,000 (31.12.16: US\$89,530,000) being restricted/earmarked by the banks for various facilities granted.*

**1(b)(iii) Statement of comprehensive income for three months ended 31 December 2017**

	Group (Fourth Quarter) 3 months ended			Group (Year-To-Date) 12 months ended		
	31.12.2017 US\$'000	31.12.2016 US\$'000	Incr/ (Decr) %	31.12.2017 US\$'000	31.12.2016 US\$'000	Incr/ (Decr) %
Loss after tax	(968,961)	(66,608)	N/M	(1,017,602)	(33,606)	N/M
<b>Other comprehensive income</b>						
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>						
Translation differences relating to financial statements of foreign operations	(1,015)	(14)	N/M	(346)	892	N/M
Share of foreign currency translation differences of associates	-	1	N/M	-	402	N/M
Exchange differences on monetary items forming part of net investment in foreign operations	441	(3,061)	N/M	4,478	(1,969)	N/M
Effective portion of changes in fair value of cash flow hedges	951	2,630	(63.8)	1,006	1,449	(30.6)
<b>Other comprehensive income/(loss) for the period</b>	<u>377</u>	<u>(444)</u>	N/M	<u>5,138</u>	<u>774</u>	N/M
<b>Total comprehensive loss for the period</b>	<u><b>(968,584)</b></u>	<u><b>(67,052)</b></u>	N/M	<u><b>(1,012,464)</b></u>	<u><b>(32,832)</b></u>	N/M
<b>Attributable to:</b>						
Owners of the Company	<u>(968,584)</u>	<u>(67,052)</u>	N/M	<u>(1,012,464)</u>	<u>(32,832)</u>	N/M

Note :

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

*N/M - not meaningful*

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

	Group (Fourth Quarter)		Group (Year-To-Date)	
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Loss after tax	(968,961)	(66,608)	(1,017,602)	(33,606)
Adjustments for:				
Income tax expense	868	682	2,892	2,682
Depreciation expense	32,975	40,053	142,048	150,612
(Gain)/Loss on disposal of subsidiaries, assets held for sales and plant and equipment	(86)	6,620	(10,575)	(21,135)
Foreign exchange loss/(gain), net	6,283	(20,101)	31,617	(8,144)
Finance income	(813)	(1,418)	(4,513)	(4,695)
Finance costs	10,633	7,874	36,546	32,512
Financial guarantee income provided to joint ventures	-	(313)	(36)	(1,325)
Writeoff/Impairment losses on plant and equipment, trade receivable and loans to joint ventures	896,898	70,866	896,898	70,866
Equity-settled share-based payment transactions	347	423	1,325	1,968
Share of results of associates and jointly controlled entities	22,978	4,988	16,187	2,041
Operating cash flow before working capital changes	1,122	43,066	94,787	191,776
Changes in working capital:				
Trade receivables and other assets	15,098	(6,103)	(1,460)	(31,530)
Trade and other payables	5,455	(10,144)	(26,333)	(11,651)
Cash generated from operating activities	21,675	26,819	66,994	148,595
Income tax paid	(897)	(975)	(2,811)	(2,905)
<b>Net cash generated from operating activities</b>	20,778	25,844	64,183	145,690
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(5,684)	(21,854)	(37,440)	(66,715)
Proceeds from disposal of plant and equipment	603	1,829	603	1,829
Proceeds from disposal of assets held for sale	-	-	-	20,400
Advance payments for purchase of plant and equipment	(815)	(73)	(19,124)	(827)
Investments in joint ventures	36	(10,071)	(4,440)	(21,013)
Investments in associate	-	(3,276)	(14,653)	(7,607)
Interest received	616	814	2,915	2,431
<b>Net cash used in investing activities</b>	(5,244)	(32,631)	(72,139)	(71,502)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	2,076	13,900	39,862	45,666
Repayment of borrowings	(9,391)	(41,953)	(156,067)	(191,813)
Net proceeds from issuance of ordinary shares	-	(87)	-	99,843
Interest paid	(9,059)	(11,373)	(36,858)	(38,178)
<b>Net cash used in financing activities</b>	(16,374)	(39,513)	(153,063)	(84,482)
<b>Net decrease in cash and cash equivalents</b>	(840)	(46,300)	(161,019)	(10,294)
Cash and cash equivalents at beginning of the period	47,217	255,398	204,953	229,756
Effect of exchange rate fluctuations	91	(4,145)	2,535	(14,509)
<b>Cash and cash equivalents at end of the period</b>	46,469	204,953	46,469	204,953

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

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

	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Treasury shares	Foreign currency translation reserve	Hedging reserve	Statutory reserve	Retained earnings	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 2016</b>	536,368	116,499	23,464	(1,480)	(29,333)	(1,504)	(6)	597,302	1,241,310
Total comprehensive income for the period	-	-	-	-	(675)	1,449	-	(33,606)	(32,832)
<b>Translations with owners, recognised directly in equity</b>									
Issue of shares	112,572	-	-	-	-	-	-	-	112,572
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(7,634)	(7,634)
Share-based payment transactions	-	-	-	-	-	-	-	1,968	1,968
<b>At 31 December 2016</b>	<b>648,940</b>	<b>116,499</b>	<b>23,464</b>	<b>(1,480)</b>	<b>(30,008)</b>	<b>(55)</b>	<b>(6)</b>	<b>558,030</b>	<b>1,315,384</b>
<b>At 1 January 2017</b>	648,940	116,499	23,464	(1,480)	(30,008)	(55)	(6)	558,030	1,315,384
Total comprehensive income for the period	-	-	-	-	4,126	1,006	6	(1,017,602)	(1,012,464)
<b>Translations with owners, recognised directly in equity</b>									
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(7,634)	(7,634)
Share-based payment transactions	-	-	-	-	-	-	-	1,325	1,325
Transfer of associate's other reserves	-	-	-	-	-	-	-	8,215	8,215
<b>At 31 December 2017</b>	<b>648,940</b>	<b>116,499</b>	<b>23,464</b>	<b>(1,480)</b>	<b>(25,882)</b>	<b>951</b>	<b>-</b>	<b>(457,666)</b>	<b>304,826</b>
	Share capital	Perpetual securities	Treasury shares	Hedging reserve	Statutory reserve	Retained earnings	Total equity		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
<b>Company</b>									
<b>At 1 January 2016</b>			536,368	116,499	(1,480)	(1,429)	(6)	89,508	739,460
Total comprehensive income for the period			-	-	-	1,374	-	(83,044)	(81,670)
<b>Translations with owners, recognised directly in equity</b>									
Issue of shares			112,572	-	-	-	-	-	112,572
Accrued perpetual securities distributions			-	-	-	-	-	(7,634)	(7,634)
Share-based payment transactions			-	-	-	-	-	1,968	1,968
<b>At 31 December 2016</b>			<b>648,940</b>	<b>116,499</b>	<b>(1,480)</b>	<b>(55)</b>	<b>(6)</b>	<b>798</b>	<b>764,696</b>
<b>At 1 January 2017</b>			648,940	116,499	(1,480)	(55)	(6)	798	764,696
Total comprehensive income for the period			-	-	-	1,006	6	(449,547)	(448,535)
<b>Translations with owners, recognised directly in equity</b>									
Accrued perpetual securities distributions			-	-	-	-	-	(7,634)	(7,634)
Share-based payment transactions			-	-	-	-	-	1,325	1,325
<b>At 31 December 2017</b>			<b>648,940</b>	<b>116,499</b>	<b>(1,480)</b>	<b>951</b>	<b>-</b>	<b>(455,058)</b>	<b>309,852</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 immediately preceding financial year.**

As at 31 December 2017 and 31 December 2016, the share capital less treasury shares of the Company was 2,073,843,405 ordinary shares (2,077,027,405 issued ordinary shares less 3,184,000 treasury shares).

As at 31 December 2017 and 31 December 2016, 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 December 2017 and 31 December 2016.

**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 December 2017, the issued and paid up share capital excluding treasury shares of the Company comprised 2,073,843,405 (31 December 2016: 2,073,843,405) ordinary shares.

As at 31 December 2017, subsidiary of the Company has 300 (31 December 2016: 300) redeemable exchangeable preference shares outstanding.

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

The movement of treasury shares are as follows:

As at 1 January 2017 = 3,184,000 shares

Purchase of treasury shares during the period = Nil

Transfer of treasury shares during the period = Nil

As at 31 December 2017 = 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 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 audited annual financial statements have been applied.**

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

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and revised FRSs and Interpretation of FRS (INT FRS) that are effective for financial periods beginning 1 January 2017. The adoption of these new and revised FRS and INT FRSs did not have material effect on the financial performance or position of the Group.

**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 (Fourth Quarter) 3 months ended		Group (Year-To-Date) 12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
(a) Based on weighted average number of ordinary shares in issue	-46.82 cts	-3.30 cts	-49.44 cts	-2.30 cts
(b) On a fully diluted basis	-46.82 cts	-3.30 cts	-49.44 cts	-2.30 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per share	2,073,843,405	2,073,833,680	2,073,843,405	1,789,751,680
- Diluted earnings per share*	2,073,843,405	2,073,833,680	2,073,843,405	1,789,751,680

\* As the twelve months ended 31 December 2017 is in a loss position, share options and warrants were not included in the computation of the diluted earnings per share because these potential ordinary shares were anti-dilutive.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on	14.7 cts	63.43 cts	14.94 cts	36.87 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**

While the O&G sector is showing signs of recovery with oil price stabilised, the Group's performance in three months ended 31 December 2017 ("4Q17") and twelve months ended 31 December 2017 ("12M17") were weaker, compared with stronger performance in three months ended 31 December 2016 ("4Q16") and twelve months ended 31 December 2016 ("12M16"). The protracted refinancing exercise constrained working capital which, in turn, further affected the Group's business operations. The positive impact of the sectorial recovery would only be enjoyed in twelve months ended 31 December 2019 ("12M19").

Commentaries of the group's performance in 4Q17 compared to 4Q16 as well as 12M17 compared to 12M16 are listed below:-

#### **4Q17 vs 4Q16**

The Group's revenue for 4Q17 decreased by US\$28.0 million (38.5%) to US\$44.7 million as compared to 4Q16. The decrease in revenue was mainly due to:

- (i) delays in re-deployment of the Group's liftboats due to working capital constraints as a result of disruption from the refinancing exercise;
- (ii) drop in utilisation rate of jack-up rigs and not recognising revenue from customers that will not be able to meet existing charter obligations as assessed by the Group;
- (iii) further drop in utilisation rates of the Group's Offshore Support Vessels; and
- (iv) overall reduction in charter rates across the Group's fleet of vessels.

The cost of sales and servicing for 4Q17 decreased by US\$22.5 million (35.3%) to US\$41.3 million as compared to 4Q16. The decrease was largely due to reduction of depreciation arising from impairment losses of vessels in 4Q16 and lower accrued costs in 12M17.

As a result of the above, the Group's gross profit for 4Q17 decreased by US\$5.4 million (61.8%) to US\$3.4 million as compared to 4Q16.

The decrease in other income in 4Q17 as compared to 4Q16 was mainly due to the foreign exchange gain recorded in 4Q16.

The increase in other operating expenses in 4Q17 as compared to 4Q16 was mainly due to impairment losses on plant and equipment as well as provision for receivables from charterers and joint ventures amounting to US\$896.9 million. The Group carried out an impairment assessment of its entire fleet of vessels based on their intended use, taking into account the oversupply of offshore logistics vessels and jack-up rigs in the industry, lower charter rates and depressed market value of these assets.

The increase in finance costs in 4Q17 as compared to 4Q16 was mainly due to the additional interest expense arising from higher interest rates as compared to 4Q16.

Higher share of associates and jointly controlled entities' losses in 4Q17 as compared to 4Q16 was mainly due to higher impairment losses on plant and equipment and trade receivables by the Group's joint ventures and associates.

As a result, the Group incurred loss before income tax of US\$969.0 million.

Charter income derived from Singapore flagged vessels are exempted from tax under Section 13A of the Income Tax Act of Singapore. Current period income tax expense of US\$0.9 million relates to the corporate tax expense and withholding tax expense incurred by vessels operating in certain overseas waters.



## **12M2017 vs 12M2016**

The Group's revenue for 12M17 decreased by US\$125.1 million (39.3%) to US\$193.1 million as compared to 12M16. The decrease in revenue was mainly due to:

- (i) delays in re-deployment of the Group's liftboats due to working capital constraints as a result of disruption from the refinancing exercise;
- (ii) drop in utilisation rate of jack-up rigs and not recognising revenue from customers that will not be able to meet existing charter obligations as assessed by the Group;
- (iii) further drop in utilisation rates of the Group's Offshore Support Vessels; and
- (iv) overall reduction in charter rates across the Group's fleet of vessels.

The cost of sales and servicing for 12M17 decreased by US\$65.7 million (25.6%) to US\$191.3 million as compared to 12M16.

As a result of the above, the Group's gross profit for 12M17 decreased by US\$59.4 million (97.1%) to US\$1.8 million as compared to 12M16.

The decrease in other income in 12M17 as compared to 12M16 was mainly due to lower gain arising from the disposal of subsidiaries coupled with the unrealised foreign exchange gains recognised in 12M16.

The decrease in administrative expenses in 12M17 as compared to 12M16 was mainly due to further cost cutting measures undertaken by the Group.

The increase in other operating expenses in 12M17 as compared to 12M16 was mainly due to impairment losses on plant and equipment as well as provision for receivables from charterers and joint ventures amounting to US\$896.9 million. The Group carried out an impairment assessment of its entire fleet of vessels based on their intended use, taking into account the oversupply of offshore logistics vessels and jack-up rigs in the industry, lower charter rates and depressed market value of these assets.

Higher share of Associates and Jointly controlled entities' losses in 12M17 as compared to 12M16 was mainly due to higher impairment losses on plant and equipment and trade receivables by the Group's joint ventures and associates.

As a result of the above, the Group's loss before income tax for 12M17 amounted to US\$1.02 billion.

Charter income derived from Singapore-flagged vessels is exempted from tax under Section 13A of the Income Tax Act of Singapore. Current period income tax expense of US\$2.9 million in 12M17 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\$1,644.3 million as at 31 December 2017. The decrease in Non-current Assets was mainly due to impairment loss on Plant and Equipment during the period. The decrease in joint ventures was also due to the share of losses of the joint ventures.

### **Current Assets**

The Group's Current Assets amounted to US\$291.5 million as at 31 December 2017. The decrease in Current Assets was mainly due to impairment of trade receivables as well as utilisation of cash for repayment of loans, interest costs and deployment of funds towards maintenance of the Group's Service Rigs. The decrease was partially offset by increase in non-trade receivables from joint ventures.

## **Total Liabilities**

The Group's Total Liabilities amounted to US\$1,630.9 million as at 31 December 2017, which were marginally lower as compared to 31 December 2016. As at 31 December 2017, the Group was in a net current liabilities position of US\$948,598,000 and this was mainly due to the classification of the Group's term loans of US\$637,588,000 as current liabilities while the refinancing exercise was in progress. Upon completion of the refinancing exercise, substantial amount of the financial liabilities will be reclassified from current liabilities back to non-current liabilities, which will result in a net current assets position for the Group. In addition, barring unforeseen circumstances, based on internal budget and cash flow planning, the Group is confident that it would be able to meet its other short term obligations as and when they fall due.

## **Total Equity**

The decrease in Total Equity was attributable mainly due to the losses incurred in the year.

## **STATEMENT OF CASH FLOWS REVIEW**

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

The Group's net cash inflow from operating activities was US\$64.2 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\$72.1 million. This was mainly due to the deployment of funds towards the Group's operating assets.

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

The Group's net cash used in financing activities was US\$153.1 million. This was mainly due to repayment of bank borrowings and interest costs 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 3Q17, the Consent Solicitation Statement announced on 23 October 2017 as well as the profit guidance issued on 21 March 2018.

## **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.**

Following a review of the Group's operations, cash flows and business strategy in parallel with the Group's re-financing exercise, the strategic direction is to focus on its Liftboat business and pare down on assets which are facing low utilization in view of overcapacity in the market. Jack up rigs and offshore logistics vessels had been identified within the Group's assets to be disposed as the charter rates of these assets are very depressed despite high capital expenditure required to deploy them.

The Liftboat division of the Group has been receiving increasing number of enquiries in recent months in line with the stabilization of fossil fuel prices. With the completion of its refinancing exercise, the Group will have additional working capital which will be used to deploy more Liftboats. The Group expects its current fleet of 12 Liftboats to be fully deployed by end of 2018, as long as there is no major deterioration of the macro economic environment. Even though the utilization rate of Liftboats will improve and the Group does not expect charter rates to decline in view of the stabilisation of fossil fuel prices, the Group expects to enjoy material improvements in both topline and bottomline only in 12M19. This is because some of the charters are already contracted earlier at lower charter rates and not all the Liftboats will have full year contributions in 12M18.

With strengthened financial fundamentals upon the completion of re-financing, the Group will be able to focus and enhance its Liftboat capability and capacity. In addition, the Group plans to work with strategic investors and partners to grow market share in this attractive business segment in which the Group has strong competitive advantage.

**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).

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the**

During the current year, management has rationalised and made changes to its operating segments by focusing on the various segment of the fleet (i) Liftboats, (ii) Jack up Rigs and (iii) Offshore Support Logistic Services.

**Business Segments**

	Liftboats	Jack-up Rigs	Offshore Support Logistic Services	Total operations
Year ended 31 December 2017	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	95,969	76,238	20,901	193,108
Reportable segment results from operating activities	67,566	59,917	16,369	143,852
Depreciation expense	(30,578)	(94,836)	(16,634)	(142,048)
Impairment loss on plant and equipment	-	(558,004)	(139,318)	(697,322)
Writeoff/Impairment loss on trade receivables and loans to joint venture	(49,210)	(138,605)	(11,761)	(199,576)
Other income	10,575	-	-	10,575
Share of results of associates and joint ventures, net of tax	5	(1,198)	(14,994)	(16,187)
Finance income	1,425	1,924	1,164	4,513
Finance expense	(16,172)	(15,269)	(5,105)	(36,546)
Unallocated expenses				(81,971)
Profit before income tax				(1,014,710)
Income tax expense				(2,892)
Profit for the year				(1,017,602)
Reportable segment assets	781,128	612,864	292,834	1,686,826
Investment in associates and joint ventures	21,592	37,943	119,402	178,937
Unallocated assets				69,997
Total assets				1,935,760
Reportable segment liabilities	570,588	589,585	417,531	1,577,704
Unallocated liabilities				53,230
Total liabilities				1,630,934
Capital expenditure	10,472	26,442	481	37,395
Unallocated capital expenditure				45
Total capital expenditure				37,440

**Business Segments (Cont'd)**

	Liftboats	Jack-up Rigs	Offshore Support Logistic Services	Total operations
Year ended 31 December 2016	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	126,917	157,484	33,844	318,245
Reportable segment results from operating activities	77,302	112,372	22,184	211,858
Depreciation expense	(31,928)	(101,192)	(17,492)	(150,612)
Impairment loss on plant and equipment	-	(34,170)	(11,477)	(45,647)
Impairment loss on trade receivables and receivables from joint venture	(4,338)	(18,278)	(2,603)	(25,219)
Other income	32,254	-	-	32,254
Share of results of associates and joint ventures, net of tax	6	15,673	(17,720)	(2,041)
Finance income	1,469	2,285	941	4,695
Finance expense	(13,171)	(15,466)	(3,875)	(32,512)
Unallocated expenses				(23,700)
Profit before income tax				(30,924)
Income tax expense				(2,682)
Profit for the year				(33,606)
Reportable segment assets	837,919	1,350,257	398,479	2,586,655
Investment in associates and joint ventures	4,497	132,957	112,931	250,385
Unallocated assets				164,670
Total assets				3,001,710
Reportable segment liabilities	597,397	823,848	227,306	1,648,551
Unallocated liabilities				37,775
Total liabilities				1,686,326
Capital expenditure	80,752	28,275	9,416	118,443
Unallocated capital expenditure				133
Total capital expenditure				118,576

## Geographical segments

	Revenue		Non-current assets <sup>(1)</sup>		Capital expenditure	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Singapore	11,472	50,000	697,055	1,161,809	30,690	37,692
Australia	579	9,193	1,744	6,980	-	-
Asia	163,625	221,349	386,230	556,306	2,910	56,748
Europe	13,633	30,393	229,055	384,579	3,602	23,824
Other countries	3,799	7,310	75,766	88,772	238	312
	<b>193,108</b>	<b>318,245</b>	<b>1,389,850</b>	<b>2,198,446</b>	<b>37,440</b>	<b>118,576</b>

(1) Non-current assets presented consist of plant and equipment

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the Refer to item 8.

17. A breakdown of sales as follow:-

	Group		
	2017 US\$'000	2016 US\$'000	Increase/ (decrease) %
<b>First Half</b>			
(a) Revenue	100,983	165,801	(39.1)
(b) (Loss)/Profit after income tax	(29,663)	23,624	N/M
<b>Second Half</b>			
(c) Revenue	92,125	152,444	(39.6)
(d) Loss after income tax	(987,939)	(57,230)	N/M

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:-

	Latest Full Year (US\$'000)	Previous Full Year (US\$'000)
Ordinary	-	-
Preference	-	-
Total:	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a Pursuant to Rule 704(13) of the listing manual of the Singapore Exchange Securities Trading, the Company confirms that there is no person occupying a managerial position in the Company or in any of its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

## BY ORDER OF THE BOARD

Lee Tiong Hock  
Company Secretary  
28 March 2018