



SWISSCO

SWISSCO HOLDINGS LIMITED

Company Registration No: 200404711D

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding year.

Consolidated Statement of Comprehensive Income

	Note	GROUP			GROUP		
		3 months ended 30/09/2016 US\$'000	30/09/2015 US\$'000	Increase/ (Decrease) %	9 months ended 30/09/2016 US\$'000	30/09/2015 US\$'000	Increase/ (Decrease) %
Revenue		3,808	10,434	(63.5)	13,610	47,885	(71.6)
Cost of sales		(2,366)	(3,430)	(31.0)	(6,742)	(10,827)	(37.7)
Gross profit		1,442	7,004	(79.4)	6,868	37,058	(81.5)
Other income		1,678	527	N/M	2,339	796	N/M
Other gains/(losses) - net	1(a)(ii)	1,010	6,071	N/M	(4,020)	11,241	N/M
Administrative expenses		(1,971)	(2,487)	(20.7)	(5,923)	(7,678)	(22.9)
Impairment losses	1(a)(ii)	(180,955)	(871)	N/M	(181,442)	(1,848)	N/M
Stacking and mobilisation costs		(1,681)	-	N/M	(4,449)	-	N/M
Other expenses	1(a)(ii)	(6,317)	(6,896)	(8.4)	(18,897)	(19,720)	(4.2)
Results from operating activities		(186,794)	3,348	N/M	(205,524)	19,849	N/M
Finance income		904	702	28.8	2,526	2,098	20.4
Finance costs		(2,836)	(2,883)	(1.6)	(8,416)	(8,841)	(4.8)
Share of results of associates and joint ventures		(107,258)	10,700	N/M	(88,294)	34,265	N/M
(Loss)/profit before income tax		(295,984)	11,867	N/M	(299,708)	47,371	N/M
Income tax expense		16	(689)	N/M	(314)	(1,126)	(72.1)
(Loss)/profit after income tax		(295,968)	11,178	N/M	(300,022)	46,245	N/M
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation		(47)	(197)	(76.1)	131	(257)	N/M
Other comprehensive income, net of tax		(47)	(197)	(76.1)	131	(257)	N/M
Total comprehensive income attributable to equity holders of the Company		(296,015)	10,981	N/M	(299,891)	45,988	N/M

N/M: Not Meaningful

Please see note 8 for explanation on the income statement review

1(a)(ii) The total comprehensive income attributable to equity holders of the Company include the following credits/(charges):-

	GROUP			GROUP		
	3 months ended		Increase/ (Decrease) %	9 months ended		Increase/ (Decrease) %
	30/09/2016	30/09/2015		30/09/2016	30/09/2015	
	US\$'000	US\$'000		US\$'000	US\$'000	
<u>Other gains/(losses), net:</u>						
Foreign exchange gain/(loss)	1,103	6,406	(82.8)	(3,464)	8,389	N/M
(Loss)/gain on disposal of property, plant and equipment	(93)	(335)	(72.2)	(542)	2,950	N/M
Loss on disposal of available-for-sale financial assets	-	-	-	(14)	(98)	(86.1)
	<u>1,010</u>	<u>6,071</u>	N/M	<u>(4,020)</u>	<u>11,241</u>	N/M
<u>Impairment losses:</u>						
Impairment loss on rigs and vessels	(153,595)	-	N/M	(153,595)	-	N/M
Impairment loss on receivables and loans to joint venture	(27,360)	-	N/M	(27,360)	-	N/M
Impairment loss on trade receivables	-	-	-	(487)	(205)	N/M
Impairment loss on available-for-sale financial assets	-	(871)	N/M	-	(1,643)	N/M
	<u>(180,955)</u>	<u>(871)</u>	N/M	<u>(181,442)</u>	<u>(1,848)</u>	N/M
<u>Other expenses:</u>						
Depreciation of property, plant and equipment	(6,130)	(6,234)	(1.7)	(18,278)	(18,743)	(2.5)
Amortisation of intangible assets	(54)	(158)	(65.8)	(163)	(473)	(65.6)
Bad debt written off	-	-	-	(11)	-	N/M
Others	(133)	(504)	(73.6)	(445)	(504)	(11.7)
	<u>(6,317)</u>	<u>(6,896)</u>	(8.4)	<u>(18,897)</u>	<u>(19,720)</u>	(4.2)

N/M: Not Meaningful

1(b)(i) A 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 30/09/2016 US\$'000	GROUP 31/12/2015 US\$'000	COMPANY 30/09/2016 US\$'000	COMPANY 31/12/2015 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	3,976	37,555	185	11,461
Available-for-sale financial assets	-	1,315	-	-
Trade and other receivables	18,997	17,517	394	186
Amount due from subsidiaries	-	-	7,687	48,076
Inventories	52	72	-	-
Other current assets	4,167	9,704	57	68
	<u>27,192</u>	<u>66,163</u>	<u>8,323</u>	<u>59,791</u>
Non-current assets				
Subsidiaries	-	-	31,553	437,144
Associates	-	38,860	-	-
Joint ventures	41,606	102,950	39	39
Property, plant and equipment	193,643	322,878	5	7
Intangible assets	65	218	-	-
	<u>235,315</u>	<u>464,906</u>	<u>31,597</u>	<u>437,190</u>
Total assets	<u>262,507</u>	<u>531,069</u>	<u>39,920</u>	<u>496,981</u>
LIABILITIES				
Current liabilities				
Trade and other payables	23,833	19,024	2,296	1,280
Amount due to subsidiaries	-	-	504	523
Borrowings	255,716	78,211	77,428	3,623
Derivatives	-	-	4	4
Current income tax liabilities	800	1,325	-	-
	<u>280,349</u>	<u>98,560</u>	<u>80,232</u>	<u>5,430</u>
Non-current liabilities				
Other payables	5,382	-	-	-
Borrowings	-	154,628	-	71,868
Provision for losses from associates	3,782	-	-	-
Deferred tax liabilities	2,084	2,179	-	-
	<u>11,248</u>	<u>156,807</u>	<u>-</u>	<u>71,868</u>
Total liabilities	<u>291,597</u>	<u>255,367</u>	<u>80,232</u>	<u>77,298</u>
NET ASSETS	<u>(29,091)</u>	<u>275,702</u>	<u>(40,312)</u>	<u>419,683</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital*	188,859	188,518	371,563	371,222
Redeemable exchangeable preference shares**	36,750	36,750	-	-
Other reserves	607	476	259	259
Retained earnings	(255,306)	49,958	(412,134)	48,202
TOTAL EQUITY	<u>(29,091)</u>	<u>275,702</u>	<u>(40,312)</u>	<u>419,683</u>

* In accordance to the Financial Reporting Standards on accounting for a Very Substantial Acquisition ("VSA"), the share capital of the Group represents the share capital of the subsidiary, Scott and English Energy Pte Ltd ("Scott and English")

** Redeemable exchangeable preference shares issued by certain subsidiaries

Please see note 8 for explanation on the statement of financial position review

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(a) the amount repayable in one year or less, or on demand;

	Group 30/09/2016 US\$'000	Group 31/12/2015 US\$'000
Secured	167,958	63,796
Unsecured	87,758	14,415
Total	<u>255,716</u>	<u>78,211</u>

(b) the amount repayable after one year;

	Group 30/09/2016 US\$'000	Group 31/12/2015 US\$'000
Secured	-	84,924
Unsecured	-	69,704
Total	<u>-</u>	<u>154,628</u>

Details of any collateral

The Group's bank borrowings were secured by the pledge of the Group's leasehold properties, rigs and certain vessels.

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

	GROUP		GROUP	
	3 months ended		9 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	(295,984)	11,867	(299,708)	47,371
Adjustments for:				
Share of results of associates and joint ventures	107,258	(10,700)	88,294	(34,265)
Depreciation of property, plant and equipment	6,130	6,234	18,278	18,743
Amortisation of intangible assets	54	158	163	473
Finance costs	2,836	2,883	8,416	8,841
Finance income	(904)	(702)	(2,526)	(2,098)
Share option expense	-	-	-	73
Performance share expense	-	-	341	366
Loss on disposal of available-for-sale financial assets	-	-	14	98
Impairment loss on available-for-sale financial assets	-	871	-	1,643
Impairment loss on rigs and vessels	153,595	-	153,595	-
Impairment loss on receivables and loans to joint venture	27,360	-	27,360	-
Loss/(gain) on disposal of property, plant and equipment	93	335	542	(2,950)
Unrealised foreign exchange (gain)/loss	(1,041)	(4,850)	3,244	(6,569)
Operating cash flows before changes in working capital	(603)	6,096	(1,987)	31,726
Changes in working capital:				
Trade and other receivables	298	264	(2,652)	4,204
Inventories	-	(38)	20	(22)
Other current assets	(497)	(1,116)	5,537	(5,845)
Trade and other payables	(1,269)	(4,564)	(2,437)	(10,749)
Net cash flows generated from operations	(2,071)	642	(1,519)	19,314
Income tax paid	(182)	(197)	(939)	(529)
Net cash flows (used in)/generated from operating activities	(2,253)	445	(2,458)	18,785
Cash flows from investing activities				
Interest received	1	111	14	215
Loans to joint ventures	(1,280)	(870)	(10,835)	(1,640)
Loan from joint ventures	175	-	480	-
Repayment from a joint venture	-	-	-	17,500
Loan to an associate	-	22	(1,891)	-
Loan from an associate	-	-	5,003	-
Proceeds from disposal of property, plant and equipment	533	5,205	2,563	30,084
Purchase of property, plant and equipment	(36,613)	(2,202)	(40,441)	(33,862)
Purchase of intangible assets	-	-	(10)	(26)
Proceeds from sale of available-for-sale financial assets	-	-	1,336	708
Net cash flows (used in)/from investing activities	(37,184)	2,266	(43,781)	12,979
Cash flows from financing activities				
Finance costs paid	(1,152)	(2,404)	(5,978)	(7,489)
Net (increase)/decrease in restricted cash	(69)	1,335	4,026	1,335
Proceeds from bank borrowings	41,873	37,684	45,853	92,240
Repayment of bank borrowings	(6,908)	(44,427)	(26,845)	(95,542)
Dividends paid to shareholders of the Company	-	-	(500)	(9,958)
Net cash flows from/(used in) financing activities	33,744	(7,812)	16,556	(19,414)
Net (decrease)/increase in cash and cash equivalents	(5,693)	(5,101)	(29,683)	12,350
Cash and cash equivalents at beginning of the financial period	6,872	54,771	30,736	37,298
Effects of currency translation on cash and cash equivalents	4	(190)	130	(168)
Cash and cash equivalents at end of the financial period	1,183	49,480	1,183	49,480
Cash and cash equivalents at end of the financial period include the following:				
Cash and cash equivalents	3,976	49,480	3,976	49,480
Less: Restricted cash	(2,793)	-	(2,793)	-
Cash and cash equivalents at end of the financial period	1,183	49,480	1,183	49,480

Please 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 capitalization issues and distributions to shareholders, together with comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share Capital	Redeemable Exchangeable Preference shares	Other Reserves	Retained Earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 01/01/2016	188,518	36,750	476	49,958	275,702
Loss for the period	-	-	-	(300,022)	(300,022)
Currency translation differences arising from consolidation	-	-	131	-	131
Total comprehensive income for the period	-	-	131	(300,022)	(299,891)
Performance share plan - issue of new shares	341	-	-	-	341
Dividend paid for year 2015	-	-	-	(500)	(500)
Total contribution by and distribution to owners	341	-	-	(500)	(159)
As at 30/09/2016	188,859	36,750	607	(250,564)	(24,348)
As at 01/01/2015	188,152	36,750	658	28,747	254,307
Profit for the period	-	-	-	46,245	46,245
Currency translation differences arising from consolidation	-	-	(257)	-	(257)
Total comprehensive income for the period	-	-	(257)	46,245	45,988
Employee share option plan - value of employee services	-	-	73	-	73
Performance share plan - issue of new shares	366	-	-	-	366
Dividend paid for year 2014	-	-	-	(9,958)	(9,958)
Total contribution by and distribution to owners	366	-	73	(9,958)	(9,519)
As at 30/09/2015	188,518	36,750	474	65,034	290,776
Company	Share Capital	Other Reserves	Retained Earnings	Total Equity	
	US\$'000	US\$'000	US\$'000	US\$'000	
As at 01/01/2016	371,222	259	48,202	419,683	
Loss for the period	-	-	(459,836)	(459,836)	
Total comprehensive income for the period	-	-	(459,836)	(459,836)	
Performance share plan - issue of new shares	341	-	-	341	
Dividend paid for year 2015	-	-	(500)	(500)	
Total contribution by and distribution to owners	341	-	(500)	(159)	
As at 30/09/2016	371,563	259	(412,134)	(40,312)	
As at 01/01/2015	370,856	206	12,274	383,336	
Profit for the period	-	-	3,255	3,255	
Total comprehensive income for the period	-	-	3,255	3,255	
Employee share option plan – value of employee services	-	73	-	73	
Performance share plan - issue of new shares	366	-	-	366	
Dividend paid for year 2014	-	-	(9,958)	(9,958)	
Total contribution by and distribution to owners	366	73	(9,958)	(9,519)	
As at 30/09/2015	371,222	279	5,571	377,072	

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, if any, against the total number of issued shares excluding treasury shares 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.

There was no change in the Company's issued and fully paid-up share capital from 1 July 2016 to 30 September 2016.

As at 30 September 2016, there were unexercised options for 850,000 (30 September 2015: 962,000) of unissued ordinary shares.

The Company does not have any treasury shares.

1(d)(iii) 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 30/09/2016	As at 31/12/2015
Total number of issued shares (excluding treasury shares)	675,050,104	672,448,704

The Company did not have any treasury shares as at 30 September 2016 and 31 December 2015.

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

Not applicable.

2. Please state whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.

The figures have not been audited or reviewed by the Company's auditors.

3. If the figures have been audited or reviewed, please provide a statement on whether there are any qualifications or emphasis of matter.

Not applicable.

4. Please state whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been followed.

Except as disclosed under item 5 below and for certain reclassification of borrowings and estimates of assets recoverable amounts as disclosed in paragraph 8 was on the basis of the likelihood of the Company going into interim judicial management (orderly disposal of assets and businesses) instead of a forced liquidation scenario, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for the audited financial statements for the financial year ended 31 December 2015.

For details, please refer to paragraph 8:

- Impairment losses on page 9 of the announcement
- Liabilities on pages 10 to 11 of the announcement
- Going concern on page 11 of the announcement

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.

In the current financial period, the Group adopted all the applicable new and revised Singapore Financial Reporting Standards ("FRSs") and related Interpretations ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016. The adoption of these new/revised FRSs and INT FRSs is presently assessed not to have a material effect on the financial statements.

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 3 months ended		GROUP 9 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
(Loss)/earnings per share (US cents) based on:				
a) weighted average number of ordinary shares on issue	(43.84)	1.66	(44.52)	6.88
b) a fully diluted basis	(43.84)	1.54	(44.52)	6.38

Weighted average ordinary shares for calculation of:

a) weighted average number of ordinary shares on issue	675,050,104	672,448,704	673,863,334	671,986,316
b) a fully diluted basis	727,485,004	724,883,604	726,298,234	724,421,216

7. Net asset value (for the issuer and group) per ordinary share based on 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 As at 30/09/2016	GROUP As at 31/12/2015	COMPANY As at 30/09/2016	COMPANY As at 31/12/2015
Net asset value per share (US cents)	(9.05)	35.53	(5.97)	62.41

The Group and Company's net asset per ordinary share as at 30 September 2016 is calculated based on existing issued share capital of 675,050,104 ordinary shares (31 Dec 2015: 672,448,704 ordinary shares).

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.

(i) Revenue

	GROUP 3 months ended		GROUP 9 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
(US\$' million)				
Drilling	-	5.2	-	26.9
Offshore Support Vessels ("OSV")	3.8	5.2	13.6	21.0
Total Revenue	3.8	10.4	13.6	47.9

No revenue was derived from the Drilling division in year 2016 as the two wholly-owned rigs were off-charter since 2Q2015 and 4Q2015. The two (2) 50% owned rigs by the associates were also off charter since 4Q2015 and 2Q2016. Although the three (3) joint venture rigs with Ezion are still on charter, but charter collections have not been received since September 2015.

Revenue from the OSV segment decreased by US\$1.4 million from US\$5.2 million in 3Q2015 to US\$3.8 million in 3Q2016, and decreased by US\$7.4 million from US\$21.0 million in 9M2015 to US\$13.6 million in 9M2016. The decrease was mainly due to lower utilisation and lower charter day rates in 2016 as a result of the prolonged downturn in the oil and gas industry.

(ii) **Gross profit margin** was 37.9% for 3Q2016 (3Q2015: 67.1%) and 50.5% for 9M2016 (9M2015: 77.4%). The decrease in the gross profit margins was mainly due to the off-charter of the drilling rigs and lower charter day rates for the OSVs.

(iii) **Other (losses)/gains, net** comprised mainly losses or gains arising from disposal of vessels and foreign exchange differences.

Net loss on disposal of vessels amounted to US\$0.1 million in 3Q2016 (3Q2015: US\$0.3 million) and US\$0.5 million in 9M2016 (9M2015: net gain on disposal of vessels of US\$3.0 million).

Net foreign exchange gain amounted to US\$1.1 million in 3Q2016 (3Q2015: US\$6.4 million), while net foreign exchange loss amounted to US\$3.5 million in 9M2016 (9M2015: net foreign exchange gain of US\$8.4 million). The net foreign exchange loss for 9M2016 arose mainly from Singapore Dollar financial liabilities due to the weakening of the United States dollar against the Singapore dollar.

(iv) **Administrative expenses** comprised mainly staff costs and other general administrative expenses. The decrease of US\$1.8 million from US\$7.7 million in 9M2015 to US\$5.9 million in 9M2016 was mainly attributable to lower professional fees, staff salaries and related costs. The decrease was due to the implementation of cost cutting measures during the period.

(v) **Impairment losses** comprised mainly the following:

a. impairment loss on rigs of US\$86.5 million and on vessels of US\$67.1 million totalling US\$153.6 million in 3Q2016 and 9M2016 (3Q2015 and 9M2015: Nil); and

b. impairment loss on receivables and loan to a joint venture of US\$27.4 million in 3Q2016 and 9M2016 (3Q2015 and 9M2015: Nil) due to reasons as stated under Share of results of joint ventures point (ix)(b) below.

Given the current state of the Group's discussions with its bank lenders, note holders and holders of the Redeemable Exchangeable Preference Shares ("REPS") (as explained under the Going concern paragraph below), the Group decided to adopt a prudent approach to mark its assets to recoverable value by undertaking significant impairments on its fleet of vessels and rigs as these assets have lost much of their value in the current depressed economic situation.

The Group assessed and quantified the impairments of its rigs and vessels based on its best estimates of the indicative resale price of the assets with reference to available information of recent transactions of similar assets. The Group has also made provisions for loans and receivables based on its assessment of their eventual recoverability.

The impairments were assessed based on best estimates available under the current circumstances, and the actual recoverable values of the assets may differ from these estimates. The Group will reassess the impairments should the market condition deviate from the current situation.

(vi) **Stacking and mobilisation costs** for Drilling division amounted to US\$1.7 million for 3Q2016 (3Q2015: Nil) and US\$4.4 million for 9M2016 (9M2015: Nil).

(vii) **Other expenses** decreased from US\$6.9 million in 3Q2015 to US\$6.3 million in 3Q2016, and from US\$19.7 million for 9M2015 to US\$18.9 million for 9M2016, mainly due to depreciation expense on property, plant and equipment of US\$6.1 million in 3Q2016 (3Q2015: US\$6.2 million) and US\$18.3 million for 9M2016 (9M2015: US\$18.7 million).

(viii) **Finance costs** relate mainly to interest on bank borrowings, bonds and shareholders' loans as well as corporate guarantee fees payable to a joint venture partner for the provision of corporate guarantee to the banks.

(ix) **Share of results of associates and joint ventures** deteriorated from a profit of US\$10.7 million in 3Q2015 to a loss of US\$107.3 million in 3Q2016 and from a profit of US\$34.3 million in 9M2015 to a loss of US\$88.3 million in 9M2016 mainly due to share of impairment loss on the rigs.

The decrease in share of results was mainly due to the following:

a. Share of results of associates

Share of results of associates decreased from share of profits of US\$3.8 million for 3Q2015 and US\$13.4 million for 9M2015 to share of losses of US\$48.4 million for 3Q2016 and US\$44.5 million for 9M2016 respectively, mainly due to share of impairment loss on the rigs and rigs were off charter.

b. Share of results of joint venture with Ezion Investments Pte Ltd (“Ezion”)

- (1) The Group had taken a prudent approach not to account for its share of the results of US\$4.7 million on its joint venture of the three (3) rigs for reason as mentioned under point (ii) below.
- (2) Impairment loss on the three (3) rigs and trade receivables of US\$59.7 million in 3Q2016 and 9M2016 (3Q2015 and 9M2015: Nil).

On 26 October 2016, our joint venture’s three (3) 100% owned subsidiaries (“JVCos”) have individually received letters of offer (the “Offers”) from Ezion, the other 50% shareholder of the joint venture, to acquire the business related to their rigs which includes inter alia, (i) the rigs (ii) all titles, rights, claims (including any accounts receivables) and (iii) obligations arising out of the bareboat charter contracts (collectively “Target Assets and Businesses”).

The proposed aggregate consideration for the Target Assets and Businesses of JVCos are as follows:

1. The outstanding bank loans owed by the JVCos to the bank;
2. Any amount advanced or to be advanced by Ezion to the joint venture for the purposes of repaying the bank loans; and
3. SGD9 million cash consideration (Group’s share: SGD4.5 million).

The Group has accepted the Offers, subject to written contracts, negotiation and execution by both parties.

Based on the above, the Group has adopted a prudent approach during the period to provide for impairment loss on the rigs and trade receivables in the joint venture amounting to US\$59.7 million and on receivables and loan to the joint venture of US\$27.4 million as stated under Note 8(v)(b) Impairment losses.

c. Share of results of joint ventures with Hadi International Marine Services Pte Ltd

Share of impairment loss on vessel of US\$1.0 million in a joint venture in 3Q2016 and 9M2016 (3Q2015 and 9M2015: Nil).

d. Share of results of joint ventures of Service Assets division

Share of results for the Service Assets division had remained consistent quarter on quarter and year on year.

Consolidated Statement of Financial Position

Current assets

The Group’s current assets as at 30 September 2016 amounted to US\$27.2 million, a decrease of US\$39.0 million as compared to US\$66.2 million as at 31 December 2015. The decrease was mainly due to lower cash and cash equivalents, other current assets and disposal of the available-for-sale financial assets.

Non-current assets

The Group’s non-current assets as at 30 September 2016 amounted to US\$240.1 million as compared to US\$464.9 million as at 31 December 2015, a decrease of US\$224.8 million.

In view of the protracted downturn of the oil and gas industry, the Group impaired its fleet of vessels and rigs to mark its assets to recoverable value. The Group has made significant impairments of US\$153.6 million on the carrying amounts of its assets during the quarter.

Liabilities

The Group's total liabilities increased by US\$36.2 million to US\$291.6 million as at 30 September 2016, due mainly to the increase in trade and other payables and bank borrowings.

The Group has reclassified US\$184.9 million of borrowings from non-current liabilities to current liabilities due to breaches in financial covenants. In our previous announcements dated 4 October 2016, 12 October 2016, 18 October 2016, 18 October 2016, 21 October 2016, 25 October 2016 and 9 November 2016 ("collectively, the "Previous Announcements"), the board has announced that the Group was actively engaging in ongoing discussions with all of its bank lenders, noteholders and holders of the REPS in its subsidiaries. The Group has requested for an informal standstill of its repayment obligations under the bank lenders' respective facilities and has also presented a restructuring plan to the lenders. The Group is unable to get an agreement on the terms of the restructuring plan from its major lenders.

Accordingly the Group's net current liability position deteriorated from US\$32.4 million as at 31 December 2015 to US\$253.1 million as at 30 September 2016.

Equity

As a result of the impairment losses recognised for the rigs, vessels, loans and receivables as explained above, the Group's equity decreased significantly from US\$275.7 million as at 31 December 2015 to a negative equity of US\$24.3 million as at 30 September 2016.

Statement of Cash Flows

Net cash outflow from operating activities amounted to US\$2.3 million in 3Q2016 and US\$2.5 million in 9M2016.

Net cash outflow from investing activities amounted to US\$37.2 million in 3Q2016. This was mainly due to loans to joint ventures of US\$1.3 million and purchase of property, plant and equipment of US\$36.6 million, offset by the loans from joint ventures of US\$0.2 million and proceeds from disposal of property, plant and equipment of US\$0.5 million.

Net cash outflow from investing activities amounted to US\$43.8 million in 9M2016. This was mainly due to loans to an associate and joint ventures of US\$12.7 million and purchase of property, plant and equipment of US\$40.4 million, offset by the loans from an associate and joint ventures of US\$5.5 million, proceeds from disposal of property, plant and equipment of US\$2.6 million and sale of available-for-sale financial assets of US\$1.3 million.

Net cash inflow from financing activities amounted to US\$33.7 million in 3Q2016. This was attributable mainly to proceeds from bank borrowings of US\$41.9 million, offset by the repayment of bank borrowings of US\$6.9 million and interest and corporate guarantee fee payment of US\$1.2 million.

Net cash inflow from financing activities amounted to US\$16.6 million in 9M2016. This was attributable mainly to proceeds from bank borrowings of US\$45.9 million and decrease in restricted cash of US\$4.0 million, offset by the repayment of bank borrowings of US\$26.8 million, interest payment of US\$6.0 million and dividend paid to shareholders of approximately US\$0.5 million for year 2015.

Going concern

The Group has reached an impasse with its major lenders. A significant gap persists between the Group's aim of sustaining its business in the long term and the position of these lenders. As such, the Group is unable to get an agreement on the terms of the restructuring plan.

In the circumstances, the Group has decided to file for an interim judicial management order (whereby further write downs may have to be provided for assets and additional liabilities may be incurred) over the Company with a view to achieving one or more of the statutory objects of judicial management under section 227B of the Companies Act. The statutory objects of judicial management are to achieve either one or more of the following, namely, (a) the survival of the Company in part or whole as a going concern, (b) a scheme of arrangement with its creditors; or (c) a more advantageous realisation of assets than in a winding-up. The Group is currently seeking legal advice with respect to the preparation and filing of the necessary court documentation, which is expected to take place by the end of this week or early next week. The appropriate announcement will be made when the filing of the court papers is done.

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

The Group has not disclosed any forecast or prospect statements to its shareholders previously.

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.

The Group expects the market conditions in the Oil and Gas (“O&G”) industry to remain weak in the next twelve months and there is no visibility as to when the O&G market conditions will improve.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

None.

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.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii). There was no interested person transaction disclosable under Rule 920(1)(a)(ii) for the period ended 30 September 2016.

14. Negative confirmation pursuant to Rule 705(5).

We, Tan Fuh Gih and Tang Kheng Guan Kelvin, being directors of Swissco Holdings Limited (the “Company”), do hereby confirm for and on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the third quarter and nine months ended 30 September 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

Undertakings under Rule 720(1) Appendix 7.7 have been obtained from all directors and executive officers.

BY ORDER OF THE BOARD

Tan Fuh Gih
Senior Executive Director

14 November 2016