

TELFORD OFFSHORE HOLDINGS LIMITED

FINANCIAL ACCOUNTS

from 1 January 2019 to 31 March 2019

TELFORD OFFSHORE HOLDINGS LIMITED

Consolidated statement of comprehensive income

| | | For the period from 1 January 2019 to 31 March 2019 | For the period from 1 February 2018 to 31 March 2018 Restated |
|--|------|---|--|
| | Note | Unaudited USD'000s | Unaudited USD'000s |
| Revenue | 11 | 9,342 | 23,130 |
| Cost of sales | 12 | (14,330) | (15,561) |
| Gross Profit | | (4,988) | 7,569 |
| General and administrative expenses | 13 | (3,915) | (2,329) |
| Operating profit for the period | | (8,903) | 5,240 |
| Gain on bargain purchase | | - | 117,400 |
| Finance income | 14 | 48 | 58 |
| Finance cost | 14 | (8,981) | (4,788) |
| Profit before income taxes | | (17,836) | 117,910 |
| Income taxes | 10 | (278) | (328) |
| Profit for the period | | (18,114) | 117,582 |
| Other comprehensive income for the period | | | |
| Total comprehensive income for the period | | (18,114) | 117,582 |

TELFORD OFFSHORE HOLDINGS LIMITED

Consolidated statement of change in equity

| | Share capital | Retained earnings | Other reserve | Total |
|--|------------------|----------------------|------------------|----------------|
| | USD'000s | USD'000s | USD'000s | USD'000s |
| At 1 January 2019 | 10 | 118,893 | - | 118,903 |
| Less: 1,538,489 ordinary shares cancelled | (2) | - | - | (2) |
| Reserve from leased assets as per IFRS 16 | - | - | 104 | 104 |
| Total comprehensive income for the period 1 January 2019 to 31 March 2019 | - | (18,114) | - | (18,114) |
| At 31 March 2019 | 8 | 100,779 | 104 | 100,892 |

TELFORD OFFSHORE HOLDINGS LIMITED

Consolidated statement of financial position

| | | 31- Mar-19 | 31- Dec-18 |
|---|------|-----------------------|---------------------|
| | Note | USD'000s Unaudited | USD'000s Audited |
| <u>ASSETS</u> | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1 | 339,434 | 343,043 |
| Current assets | | | |
| Inventories | 2 | 18,338 | 18,536 |
| Trade receivables | 3 | 9,186 | 8,679 |
| Other receivables | 4 | 6,919 | 8,312 |
| Cash and cash equivalents | 5 | 16,625 | 13,628 |
| | | 51,068 | 49,155 |
| Total assets | | 390,502 | 392,198 |
| <u>EQUITY AND LIABILITIES</u> | | | |
| EQUITY | | | |
| Share capital | 7 | 8 | 10 |
| Retained earning | | 118,893 | - |
| Other reserve | | 104 | - |
| Current Year Profit & Loss | | (18,114) | 118,893 |
| | | 100,892 | 118,903 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long term liabilities | 9 | 593 | 296 |
| Borrowings | 8 | 199,695 | 195,779 |
| | | 200,288 | 196,075 |
| Current liabilities | | | |
| Borrowings | 8 | 72,393 | 60,886 |
| Trade and other payables | 6 | 15,251 | 14,880 |
| Current tax payable | 10 | 1,678 | 1,454 |
| | | 89,322 | 77,220 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 390,502 | 392,198 |

TELFORD OFFSHORE HOLDINGS LIMITED

Consolidated Statement of Cash Flows

| | Note | 01-Jan-19 31-Mar-19 USD'000s Unaudited | 01-Feb-18 31-Mar-18 USD'000s Restated Unaudited |
|--|------|---|---|
| Cash flows from operating activities | | | |
| Profit before taxation | | (17,836) | 117,910 |
| Adjustments | | | |
| <i>To reconcile profit before taxation to net cash provided by operating activities:</i> | | | |
| <i>Gain on bargain purchase</i> | | - | (117,400) |
| Depreciation charge for the period | 1 | 6,537 | 4,177 |
| Foreign exchange movement on tax balance | 10 | 9 | 132 |
| Finance costs | 14 | 8,981 | 4,788 |
| Finance income | 14 | (48) | (58) |
| Operating cash flow before working capital change | | (2,357) | 9,549 |
| Decrease / (increase) in inventory | 2 | 198 | 420 |
| Decrease / (increase) in trade receivables | 3 | (507) | 1,505 |
| Decrease / (increase) in other receivables | 4 | 1,391 | (2,914) |
| Increase / (decrease) in trade and other payables | 6 | 309 | (12,688) |
| Cash generated from/(used in) operations | | (965) | (4,128) |
| Taxation paid | 10 | (63) | (16) |
| Finance income received | 14 | 48 | 58 |
| Finance cost paid | 14 | (3,519) | (824) |
| Net Cash generated from/(used in) operating activities | | (4,499) | (4,910) |
| Cash flow from investing activity | | | |
| Payment for Property, Plant and equipment | 1 | (2,504) | - |
| Net cash used in investing activity | | (2,504) | - |
| Cash flow from financing activity | | | |
| Cash received from borrowings | | 10,000 | 25,621 |
| Cash from business combination | | - | 5,626 |
| Net cash generated from financing activity | | 10,000 | 31,247 |
| Net increase(decrease) in cash and cash equivalents | | 2,997 | 26,337 |
| Cash and cash equivalent at 1 January 2019/1 February 2018 | | 13,628 | - |
| Cash and cash equivalent 31 March 2019/31 March 2018 | | 16,625 | 26,337 |

TELFORD OFFSHORE HOLDINGS LIMITED

Notes to consolidated financial statements for the period 1 January 2019 to 31 March 2019

1. Property, Plant & Equipment

| | Fleet | Assets under construction | Other fixed assets | Land & Building | Total |
|--------------------------------------|----------------|---------------------------|--------------------|-----------------|----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| COST | | | | | |
| At 1 January 2019 | 365,394 | 491 | 157 | 467 | 366,509 |
| Addition | - | 2,504 | - | 424 | 2,928 |
| Disposal | - | - | - | - | - |
| Transfers(out)/in | - | - | - | - | - |
| Cost at 31 March 2019 | 365,394 | 2,995 | 157 | 891 | 369,437 |
| Accumulated Depreciation | | | | | |
| At 1 January 2019 | 23,405 | - | 61 | - | 23,466 |
| Charge for the year | 6,456 | - | 14 | 67 | 6,537 |
| Impairment | - | - | - | - | - |
| Disposal | - | - | - | - | - |
| Depreciation at 31 March 2019 | 29,861 | - | 75 | 67 | 30,003 |
| Net book value 31 March 2019 | 335,533 | 2,995 | 82 | 824 | 339,434 |

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Notes to consolidated financial statements for the period 1 January 2019 to 31 March 2019

| | | |
|--|------------------|------------------|
| 2. Inventories | 31-Mar-19 | 31-Dec-18 |
| | USD'000s | USD'000s |
| Bunkers | 1,039 | 915 |
| Spare parts and consumables | 23,903 | 17,621 |
| Provision for impairment in inventory | (6,604) | - |
| | 18,338 | 18,536 |
| 3. Trade receivables | 31-Mar-19 | 31-Dec-18 |
| | USD'000s | USD'000s |
| Trade debtors | 14,299 | 13,793 |
| Less provision for impairment of receivables | (5,114) | (5,114) |
| | 9,186 | 8,679 |
| 4. Other receivables | 31-Mar-19 | 31-Dec-18 |
| | USD'000s | USD'000s |
| Amount Due from Liquidator | - | 6,000 |
| Prepayments | 3,782 | 882 |
| Advances to suppliers | 290 | 631 |
| Other receivables | 2,847 | 799 |
| | 6,919 | 8,312 |
| 5. Cash and cash equivalents | 31-Mar-19 | 31-Dec-18 |
| | USD'000s | USD'000s |
| Cash in hand | 8 | 17 |
| Cash at bank | 15,612 | 12,611 |
| Cash and cash equivalents | 15,619 | 12,628 |
| Restricted cash | 1,006 | 1,000 |
| | 16,625 | 13,628 |
| 6. Trade and other payables | 31-Mar-19 | 31-Dec-18 |
| | USD'000s | USD'000s |
| Trade payables | 5,699 | 3,812 |
| Other payables | 2,901 | 7,951 |
| Accrual | 6,652 | 3,117 |
| | 15,251 | 14,880 |

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Notes to consolidated financial statements for the period 1 January 2019 to 31 March 2019

7. Share Capital

| | 31-Mar-19 USD | 31-Dec-18 USD |
|---|------------------|------------------|
| Authorised | | |
| 13,000,000 ordinary shares of U.S.\$0.001 each | <u>13,000</u> | <u>13,000</u> |
| Allotted and issued | | |
| 10,000,000 ordinary shares of U.S.\$0.001 each | 10,000 | 10,000 |
| Less: 1,538,489 ordinary shares of U.S.\$0.001 each cancelled on 28 February 2019 | <u>(1,538)</u> | |
| | <u>8,462</u> | <u>10,000</u> |
| Issued and unpaid | | |
| 10,000,000 ordinary shares of U.S.\$0.001 each | 10,000 | 10,000 |
| Less: 1,538,489 ordinary shares of U.S.\$0.001 each cancelled on 28 February 2019 | <u>(1,538)</u> | |
| | <u>8,462</u> | <u>10,000</u> |

8. Borrowings

| | 31-Mar-19 USD'000s | 31-Dec-18 USD'000s |
|---------------------------------|-----------------------|-----------------------|
| Non-current | | |
| Senior secured callable Bond B | 199,695 | 195,779 |
| Senior secured callable Bond A1 | - | - |
| Less : Issue discount | - | - |
| Senior secured callable Bond A2 | - | - |
| Less : Issue discount | - | - |
| | <u>199,695</u> | <u>195,779</u> |
| Current | | |
| Senior secured callable Bond A1 | 40,702 | 40,100 |
| Less : Issue discount | (892) | (1,190) |
| Senior secured callable Bond A2 | 22,989 | 22,649 |
| Less : Issue discount | (505) | (673) |
| Senior secured callable Bond A3 | 10,098 | - |
| | <u>72,393</u> | <u>60,886</u> |
| | <u>272,087</u> | <u>256,665</u> |

9. Long term liabilities

| | 31-Mar-19 USD'000s | 31-Dec-18 USD'000s |
|--|-----------------------|-----------------------|
| Provision for employees' end of service benefits | 347 | 296 |
| Lease liability | <u>247</u> | <u>-</u> |
| | <u>593</u> | <u>296</u> |

10. Taxation

| | 31-Mar-19 USD'000s | 31-Dec-18 USD'000s |
|----------------------------|-----------------------|-----------------------|
| Opening | <u>1,454</u> | <u>0</u> |
| Provided during the period | 278 | 1,451 |
| Payment during the period | (62) | (357) |
| Other movement | <u>9</u> | <u>360</u> |
| | <u>1,678</u> | <u>1,454</u> |

TELFORD OFFSHORE HOLDINGS LIMITED

Notes to consolidated financial statements for the period 1 January 2019 to 31 March 2019

| | 1 Feb 2018 to | |
|--|---------------|---------------|
| 11. Revenue | 31-Mar-19 | 31-Mar-18 |
| | USD'000s | USD'000s |
| Lease revenues | 9,198 | 14,465 |
| Mobilisation and demobilisation | 211 | - |
| Construction projects and EPIC contracts | - | 1,029 |
| Reimbursables costs, project and other revenue | (67) | 7,635 |
| Total revenue | 9,342 | 23,130 |

| | 1 Feb 2018 to | |
|---|---------------|---------------|
| 12. Cost of sales | 31-Mar-19 | 31-Mar-18 |
| | USD'000s | USD'000s |
| Direct Labour | 3,428 | 5,433 |
| Subcontractor cost | 828 | 3,751 |
| Vessel Running Expenses | 1,168 | 985 |
| Repair & Maintenance | 743 | 352 |
| Provision for impairment of trade receivables | - | - |
| Other operating Expenses | 1,707 | 908 |
| Depreciation on fleet | 6,456 | 4,132 |
| | 14,330 | 15,561 |

| | 1 Feb 2018 to | |
|---|---------------|--------------|
| 13. General and administrative expenses | 31-Mar-19 | 31-Mar-18 |
| | USD'000s | USD'000s |
| Staff cost | 2,304 | 1,796 |
| Rent charges | 108 | 91 |
| Repair & Maintenance facility | 92 | 4 |
| Telecommunication expense | 54 | 56 |
| other facility expenses | 86 | 16 |
| Employee travel and related exp | 284 | 316 |
| supplies expenses | - | 7 |
| Transportation expenses | 9 | 3 |
| Marketing Expenses | 41 | 91 |
| Legal & professional | 609 | 196 |
| Foreign exchange loss | 78 | (477) |
| Depreciation | 81 | 45 |
| Provision for impairment of trade receivables | - | - |
| Others | 169 | 185 |
| | 3,915 | 2,329 |

| | 1 Feb 2018 to | |
|-------------------------|---------------|--------------|
| 14. Finance cost net | 31-Mar-19 | 31-Mar-18 |
| | USD'000s | USD'000s |
| Finance cost for bonds | 8938 | 4775 |
| Lease charges | 19 | - |
| Bank charges | 24 | 14 |
| Total finance cost | 8,981 | 4,788 |
| Bank interest received | (48) | (58) |
| Net finance cost | 8,933 | 4,730 |