**EZRA HOLDINGS LIMITED**

**Financial Statement And Dividend Announcement**
**For the third quarter ended 31 May 2016**

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

**1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

(Amounts expressed in United States dollars)

**CONSOLIDATED INCOME STATEMENT**

| | Group 3 months ended | | | Group 9 months ended | | |
|---|---|---|---|---|---|---|
| | 31 May 2016 US$'000 | 31 May 2015 US$'000 (Re-presented) | Incr/ (decr) % | 31 May 2016 US$'000 | 31 May 2015 US$'000 (Re-presented) | Incr/ (decr) % |
| **Continuing operations** | | | | | | |
| Revenue | 125,734 | 139,309 | (10) | 389,154 | 396,446 | (2) |
| Cost of sales | (126,286) | (116,085) | 9 | (374,170) | (322,185) | 16 |
| Gross (loss)/profit | (552) | 23,224 | n/m | 14,984 | 74,261 | (80) |
| Other (expenses)/income, net | (188,508) | (2,744) | n/m | (313,516) | 74,814 | n/m |
| Administrative expenses | (46,730) | (18,129) | 158 | (161,026) | (44,749) | n/m |
| **(Loss)/profit from continuing operations** | (235,790) | 2,351 | n/m | (459,558) | 104,326 | n/m |
| Financial income | 983 | 1,283 | (23) | 3,434 | 3,762 | (9) |
| Financial expenses | (11,845) | (10,915) | 9 | (33,181) | (32,250) | 3 |
| Share of profit/(loss) of associated companies | 725 | 4,456 | (84) | (28,575) | 8,704 | n/m |
| Share of profit of joint venture companies | 8,236 | 4,047 | 104 | 14,400 | 9,881 | 46 |
| **(Loss)/profit before tax from continuing operations** | (237,691) | 1,222 | n/m | (503,480) | 94,423 | n/m |
| Tax | (1,491) | (1,177) | 27 | (5,553) | (5,166) | 7 |
| **(Loss)/profit after tax from continuing operations** | (239,182) | 45 | n/m | (509,033) | 89,257 | n/m |
| **Discontinued operations** | | | | | | |
| (Loss)/profit from discontinued operations, net of tax | (7,814) | 347 | n/m | (74,327) | (23,600) | n/m |
| **(Loss)/profit after tax** | (246,996) | 392 | n/m | (583,360) | 65,657 | n/m |

## CONSOLIDATED INCOME STATEMENT (CONT'D)

| | Group 3 months ended | | | Group 9 months ended | | |
|---|---|---|---|---|---|---|
| | **31 May 2016 US$'000** | **31 May 2015 US$'000 (Re-presented)** | **Incr/ (decr) %** | **31 May 2016 US$'000** | **31 May 2015 US$'000 (Re-presented)** | **Incr/ (decr) %** |
| **Attributable to:** | | | | | | |
| **Owners of the parent** | | | | | | |
| (Loss)/profit from continuing operations, net of tax | (235,056) | (3,357) | n/m | (473,818) | 75,142 | n/m |
| (Loss)/profit from discontinued operations, net of tax | (7,814) | 347 | n/m | (74,327) | (23,600) | n/m |
| **(Loss)/profit attributable to the owners of the Company** | (242,870) | (3,010) | n/m | (548,145) | 51,542 | n/m |
| **Non-controlling interests** | | | | | | |
| (Loss)/profit from continuing operations, net of tax | (4,126) | 3,402 | n/m | (35,215) | 14,115 | n/m |
| Loss from discontinued operations, net of tax | - | - | n/m | - | - | n/m |
| **(Loss)/profit attributable to non-controlling interests** | (4,126) | 3,402 | n/m | (35,215) | 14,115 | n/m |

nm – not meaningful

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Group 3 months ended | | | Group 9 months ended | | |
|---|---|---|---|---|---|---|
| | 31 May 2016 US$'000 | 31 May 2015 US$'000 (Re-presented) | Incr/ (decr) % | 31 May 2016 US$'000 | 31 May 2015 US$'000 (Re-presented) | Incr/ (decr) % |
| **(Loss)/profit after tax** | (246,996) | 392 | n/m | (583,360) | 65,657 | n/m |
| Other comprehensive income: | | | | | | |
| Exchange differences on translating foreign operations | (1,201) | (780) | 54 | (3,987) | (5,867) | (32) |
| Remeasurement loss on defined benefits obligations | - | - | n/m | (164) | - | n/m |
| Reclassification of fair value reserves on step-up of associated company included in profit or loss | - | - | n/m | - | (1,715) | (100) |
| Reclassification of hedging reserves on step-up of associated company included in profit or loss | - | - | n/m | - | 199 | (100) |
| Fair value changes on cash flow hedges | 643 | 1,591 | (60) | 780 | (9,278) | n/m |
| Reclassification of hedging reserves on settlement of hedge instrument included in profit or loss | (24) | - | n/m | 13,772 | - | n/m |
| Reclassification of translation reserves on disposal of subsidiaries included in profit or loss | 1,125 | - | n/m | 1,125 | - | n/m |
| Share of other comprehensive income of associated companies and joint ventures companies | 127 | 3,169 | (96) | 5,216 | (1,894) | n/m |
| **Other comprehensive income for the financial period, net of tax** | 670 | 3,980 | (83) | 16,742 | (18,555) | n/m |
| **TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD** | (246,326) | 4,372 | n/m | (566,618) | 47,102 | n/m |
| **Total comprehensive income attributable to:** | | | | | | |
| Owners of the parent | (242,407) | 1,073 | n/m | (531,610) | 33,920 | n/m |
| Non-controlling interests | (3,919) | 3,299 | n/m | (35,008) | 13,182 | n/m |
| | (246,326) | 4,372 | n/m | (566,618) | 47,102 | n/m |
| **Attributable to owners of the Company:** | | | | | | |
| Total comprehensive income from continuing operations, net of tax | (234,454) | 854 | n/m | (457,309) | 57,371 | n/m |
| Total comprehensive income from discontinued operations, net of tax | (7,953) | 219 | n/m | (74,301) | (23,451) | n/m |
| **Total comprehensive income for the financial period attributable to owners of the** | (242,407) | 1,073 | n/m | (531,610) | 33,920 | n/m |

nm – not meaningful

**Profit before tax from continuing operations was stated after (charging)/crediting:-**

| | Group 3 months ended | | | Group 9 months ended | | |
|---|---|---|---|---|---|---|
| | 31 May 2016 | 31 May 2015 | Incr/ (decr) | 31 May 2016 | 31 May 2015 | Incr/ (decr) |
| | US$'000 | US$'000 | % | US$'000 | US$'000 | % |
| Amortisation of other intangible assets | (57) | (19) | 200 | (249) | (59) | n/m |
| Depreciation of fixed assets | (17,266) | (17,298) | (0) | (53,057) | (50,270) | 6 |
| (Loss)/gain on disposal of fixed assets | (1,765) | 155 | n/m | (19,853) | 1,223 | n/m |
| Impairment loss on fixed assets | - | - | n/m | (60,494) | (10,000) | n/m |
| Fixed assets written off | (5) | (25) | (80) | (5) | (26) | (81) |
| Impairment loss on investments in joint venture companies | - | - | n/m | (38,293) | - | n/m |
| Gross dividend income from AFS investments | - | - | n/m | - | 1,200 | (100) |
| Reclassification of hedging reserves on settlement of hedge instrument included in profit or loss | 24 | (9,687) | n/m | (13,772) | (9,687) | 42 |
| Fair value changes in respect of derivative instruments, net | (173) | (25) | n/m | (452) | - | n/m |
| Loss on dilution of interest in an associated company | (274) | - | n/m | (453) | - | n/m |
| Loss on disposal of disposal group classified as held for sale | (181,259) | - | n/m | (181,259) | - | n/m |
| Foreign exchange (loss)/gain, net | (6,600) | 5,164 | n/m | (1,082) | 21,972 | n/m |
| Bad debts (written off)/recovered, net | (739) | (78) | n/m | (19,680) | 224 | n/m |
| Allowance for doubtful debts, net | (25,000) | (644) | n/m | (76,259) | (421) | n/m |
| Gain on bargain purchase on acquisition of subsidiaries * | - | - | n/m | - | 106,333 | (100) |
| Realised loss on share of hedging reserves on step-up of associated companies to subsidiaries | - | - | n/m | - | (199) | (100) |
| Realised gain on share of fair value reserves on step-up of associated companies to subsidiaries | - | - | n/m | - | 1,715 | (100) |
| Loss on step up of associated and joint venture companies to subsidiaries | - | - | n/m | - | (42,304) | (100) |
| Impairment loss on goodwill | - | - | n/m | - | (311) | (100) |

nm – not meaningful

* Included in the comparative period is provisional goodwill amounting to USD106.3 million relating to the acquistion of EMAS Offshore Limited, Strategic Marine (S) Pte. Ltd. and Strategic Marine (V) Company Limited. The provisional goodwill was subsequently finalized in 4Q FY2015 at USD118.0 million.

## 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

(Amounts expressed in United States dollars)

| | Group | | Company | |
|---|---|---|---|---|
| | 31 May 2016 US$'000 | 31 August 2015 US$'000 | 31 May 2016 US$'000 | 31 August 2015 US$'000 |
| **Non-current assets** | | | | |
| Fixed assets | 997,759 | 1,012,908 | 490 | 870 |
| Goodwill | 17,558 | 17,848 | - | - |
| Other intangible assets | 9,469 | 9,634 | - | - |
| Investments in subsidiaries | - | - | 778,478 | 224,040 |
| Investments in associated companies | 105,965 | 212,818 | - | - |
| Investments in joint venture companies | 293,293 | 191,265 | 4,899 | 6,987 |
| Available for sale ("AFS") investments | 3,112 | 3,112 | 3,075 | 3,075 |
| Long term receivable from subsidiaries | - | - | 180,178 | 139,021 |
| Trade receivable | - | 30,258 | - | - |
| Other receivables | 59,577 | 37,591 | - | - |
| Finance lease receivable | 1,305 | - | - | - |
| Deferred tax assets | 429 | 700 | - | - |
| **Current assets** | | | | |
| Assets held for sale | 197,875 | 102,548 | 83,000 | 351,805 |
| Assets included in disposal group classified as held for sale | - | 1,590,852 | - | - |
| Inventories and work-in-progress | 73,295 | 78,017 | - | - |
| Trade receivables | 262,820 | 253,813 | - | - |
| Other receivables | 47,943 | 96,277 | 1,894 | 4,050 |
| Finance lease receivable | 486 | - | - | - |
| Other current assets | 49,348 | 44,484 | 274 | 503 |
| Balances due from | | | | |
| - subsidiaries | - | - | 186,603 | 653,741 |
| - associated companies | 22,329 | 76,957 | 6,338 | 7,183 |
| - joint venture companies | 68,432 | 221 | - | - |
| Derivative financial instruments | 52 | 177 | - | - |
| Cash and cash equivalents | 43,576 | 377,601 | 5,724 | 292,267 |
| Cash pledged | 65,880 | 40,234 | 5,310 | - |
| | 832,036 | 2,661,181 | 289,143 | 1,309,549 |
| **Current liabilities** | | | | |
| Liabilities included in disposal group classified as held for sale | - | 979,896 | - | - |
| Trade payables | 70,335 | 53,777 | - | - |
| Other payables | 137,296 | 174,393 | 11,270 | 20,482 |
| Bills payable to banks | 328,631 | 255,797 | 117,219 | 41,957 |
| Deferred income | 4,808 | 868 | - | - |
| Progress billings in excess of work-in-progress | 32,974 | 56,642 | - | - |
| Balances due to | | | | |
| - subsidiaries | - | - | 45,118 | 55,996 |
| - associated companies | 14,306 | 7,410 | - | - |
| - joint venture companies | 347 | 2,500 | - | 2,500 |
| Derivative financial instruments | 3,402 | 38,291 | - | 34,752 |
| Lease obligations | 2,017 | 2,522 | - | - |
| Bank term loans | 193,588 | 153,609 | 12,125 | 12,000 |
| Perpetual securities | - | 106,232 | - | 106,232 |
| Notes payable | - | 226,489 | - | 226,489 |
| Provision for tax | 10,550 | 15,224 | - | 2,192 |
| | 798,254 | 2,073,650 | 185,732 | 502,600 |
| **Net current assets** | **33,782** | **587,531** | **103,411** | **806,949** |

### 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

(Amounts expressed in United States dollars)

| | Group | | Company | |
|---|---|---|---|---|
| | **31 May 2016 US$'000** | **31 August 2015 US$'000** | **31 May 2016 US$'000** | **31 August 2015 US$'000** |
| **Non-current liabilities** | | | | |
| Deferred income | (33,132) | (10,193) | - | - |
| Lease obligations | (54,853) | (11,886) | - | - |
| Bank term loans | (523,290) | (607,810) | (71,554) | (154,000) |
| Notes payable | (108,523) | (105,806) | (108,523) | (105,806) |
| Deferred tax liabilities | (4,654) | (2,659) | - | - |
| **NET ASSETS** | 797,797 | 1,365,311 | 890,454 | 921,136 |
| | | | | |
| **EQUITY** | | | | |
| Share capital | 634,736 | 634,736 | 634,736 | 634,736 |
| Accumulated profits | 9,425 | 557,734 | 255,646 | 300,298 |
| Capital reserve | (47,716) | (48,019) | 7,448 | 7,448 |
| Hedging reserve | (2,782) | (17,238) | - | (13,970) |
| Translation reserve | (13,886) | (15,826) | - | - |
| Treasury shares | (7,376) | (7,376) | (7,376) | (7,376) |
| | 572,401 | 1,104,011 | 890,454 | 921,136 |
| Non-controlling interests | 225,396 | 261,300 | - | - |
| **TOTAL EQUITY** | 797,797 | 1,365,311 | 890,454 | 921,136 |
| | - | - | - | - |

### 1(b)(ii) Aggregate amount of group's borrowings and debt securities

| | 31 May 2016 | | 31 August 2015 | |
|---|---|---|---|---|
| | **Secured US$'000** | **Unsecured US$'000** | **Secured US$'000** | **Unsecured US$'000** |
| Amount repayable in one year or less, or on demand | 257,860 | 266,376 | 238,406 | 506,243 |
| Amount repayable after one year | 503,871 | 182,795 | 419,545 | 305,957 |

**Details of any collaterals**

The above term loans and bills payable are secured by way of legal mortgages on the vessels, leasehold properties, equipments, investment in an associated company and cash deposits of the Group.

Certain motor vehicles and vessels are under finance lease arrangements.

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

(Amounts expressed in United States dollars)

| | Group 3 months ended | | Group 9 months ended | |
|---|---|---|---|---|
| | 31 May 2016 US$'000 | 31 May 2015 US$'000 | 31 May 2016 US$'000 | 31 May 2015 US$'000 |
| **Cash flows from operating activities** | | | | |
| (Loss)/profit before tax from continuing operations | (237,691) | 1,222 | (503,480) | 94,423 |
| (Loss)/profit before tax from discontinued operations | (5,641) | 384 | (69,488) | (17,461) |
| (Loss)/profit before tax | (243,332) | 1,606 | (572,968) | 76,962 |
| Adjustments: | | | | |
| Depreciation of fixed assets | 22,030 | 25,635 | 86,611 | 69,038 |
| Impairment loss on fixed assets | - | - | 60,494 | 10,000 |
| Fixed assets written off | 5 | 25 | 817 | 185 |
| Amortisation of other intangible assets | 118 | 211 | 696 | 634 |
| Loss/(gain) on disposal of fixed assets | 1,766 | (155) | 19,861 | (1,223) |
| Share of loss/(profit) of associated companies | 8,009 | (4,607) | 37,346 | (8,855) |
| Share of profit of joint venture companies | (8,236) | (4,047) | (14,400) | (9,881) |
| Loss on dilution of interest in an associated company | 274 | - | 453 | - |
| Loss on disposal of disposal group classified as held for sale | 181,259 | - | 181,259 | - |
| Impairment loss on investments in joint venture companies | - | - | 38,293 | - |
| Realised (gain)/loss reclassified from hedging reserves on settlement of hedge instrument included in profit or loss | (24) | 9,687 | 13,772 | 9,687 |
| Fair value changes in respect of derivative financial instruments, net | 173 | 25 | 452 | - |
| Unrealised exchange loss/(gain) | 10,934 | (5,933) | 13,196 | (19,546) |
| Interest expense | 13,746 | 12,088 | 45,218 | 35,708 |
| Interest income | (984) | (1,296) | (3,443) | (3,790) |
| Gross dividend income from AFS investments | - | - | - | (1,200) |
| Bad debts written off/(recovered), net | 739 | 78 | 19,384 | (132) |
| Allowance for doubtful debts, net | 26,666 | 3,021 | 77,925 | 2,798 |
| Realised loss on share of hedging reserves on step up of associated companies to subsidiaries | - | - | - | 199 |
| Realised gain on share of fair value reserves on step-up of associated companies to subsidiaries | - | - | - | (1,715) |
| Gain on bargain purchase on acquisition of subsidiaries | - | - | - | (106,333) |
| Loss on step up of associate and joint venture companies to subsidiaries | - | - | - | 42,304 |
| Impairment loss on goodwill | - | - | - | 311 |
| Operating profit before working capital changes | 13,143 | 36,338 | 4,966 | 95,151 |
| *Decrease/(increase) in:* | | | | |
| Inventories and work-in-progress | 8,038 | (5,529) | 5,359 | (17,965) |
| Trade receivables | (45,180) | 61,462 | 30,867 | 195,364 |
| Other receivables and other current assets | (38,146) | 12,001 | (6,710) | (97,197) |
| Due from associated companies, net | (1,741) | 9,704 | 15,080 | 12,956 |
| Due from joint venture companies, net | (7,640) | - | (8,402) | 5,784 |
| *Increase/(decrease) in:* | | | | |
| Trade payables | 62,187 | (50,154) | (12,652) | (38,793) |
| Other payables | (7,484) | 56,703 | (34,230) | (41,652) |
| Progress billings in excess of work-in-progress | (10,519) | (25,581) | (17,671) | 42,782 |
| Cash (used in)/generated from operations | (27,342) | 94,944 | (23,393) | 156,430 |
| Interest paid | (15,591) | (15,359) | (53,260) | (35,907) |
| Interest received | 903 | 954 | 2,062 | 3,015 |
| Tax paid | (2,879) | (3,182) | (12,299) | (19,033) |
| Net cash (used in)/generated from operating activities | (44,909) | 77,357 | (86,890) | 104,505 |

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

(Amounts expressed in United States dollars)

| | Group | | Group | |
|---|---|---|---|---|
| | 3 months ended | | 9 months ended | |
| | 31 May 2016 US$'000 | 31 May 2015 US$'000 | 31 May 2016 US$'000 | 31 May 2015 US$'000 |
| **Cash flows from investing activities** | | | | |
| Purchase of fixed assets | (58,089) | (102,540) | (143,822) | (235,872) |
| Purchase of intangible asset | (6) | (549) | (82) | (549) |
| Return of capital from a joint venture company | - | - | 789 | - |
| Increase in cash pledged | (11,058) | (4,375) | (25,646) | (4,836) |
| Proceeds from disposal of fixed assets | 45,013 | 7 | 63,170 | 4,422 |
| Interest paid and capitalised as fixed assets and assets held for sale | - | (3,582) | (177) | (8,500) |
| Proceeds from disposal of assets held for sale | - | - | - | 15,300 |
| Proceeds from disposal of disposal group classified as held for sale, net of cash disposed | 144,492 | - | 144,492 | - |
| Dividend received (net) from AFS investment | - | - | - | 1,200 |
| Dividend received (net) from a joint venture company | 728 | - | 728 | - |
| Dividend received (net) from an associated company | - | 30 | - | 8,859 |
| Repayment of shareholders' loan from an associated company | - | - | 40,170 | - |
| Repayment of shareholders' loan from a joint venture company | - | - | 450 | - |
| Acquisition of subsidiaries, net of cash paid | - | - | - | 25,206 |
| Net cash used in from investing activities | 121,080 | (111,009) | 80,072 | (194,770) |
| **Cash flows from financing activities** | | | | |
| Proceeds from bills payable, net | 15,222 | 2,565 | 67,294 | 27,443 |
| Repayment of lease obligations, net | (1,541) | (698) | (7,519) | (2,113) |
| Proceeds from bank term loans | 73,557 | 167,149 | 229,189 | 370,032 |
| Repayment of bank term loans | (163,922) | (98,738) | (298,345) | (336,349) |
| Repayment of perpetual securities | - | - | (106,232) | - |
| Repayment of notes payable | (67,553) | - | (226,900) | - |
| Receipts from/(payment for) derivative financial instruments, net | 1,593 | (9,711) | (33,132) | (9,686) |
| Acquisition of non-controlling interests | - | - | - | (718) |
| Proceeds from issuance of new ordinary shares by subsidiaries, net of transaction costs | - | - | - | 59,899 |
| Payment for perpetual securities distribution | - | (4,777) | - | (10,072) |
| Payment of dividend by subsidiary company to non-controlling interest | - | - | (896) | (969) |
| Net cash (used in)/generated from financing activities | (142,644) | 55,790 | (376,541) | 97,467 |
| Net (decrease)/increase in cash and cash equivalents | (66,473) | 22,138 | (383,359) | 7,202 |
| Effects of exchange on cash and cash equivalents | 2,251 | (422) | 1,115 | (1,859) |
| **Cash and cash equivalents at beginning of financial period** | 107,798 | 157,992 | 425,820 | 174,365 |
| **Cash and cash equivalents at end of financial period** | 43,576 | 179,708 | 43,576 | 179,708 |

**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**

(Amounts expressed in United States dollars)

| **Group** | **Attributable to owners of the parent** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Share capital US$'000** | **Perpetual securities US$'000** | **Accumulated profits US$'000** | **Capital reserve US$'000** | **Fair value adjustment reserve US$'000** | **Hedging reserve US$'000** | **Translation reserve US$'000** | **Treasury shares US$'000** | **Total equity attributable to owners of the parent US$'000** | **Non-controlling interests US$'000** | **Total equity US$'000** |
| **Balance at 1 September 2014** | 490,085 | 123,047 | 523,716 | (3,242) | 4,951 | 243 | (1,622) | (7,376) | 1,129,802 | 55,967 | 1,185,769 |
| Total comprehensive income for the financial period | - | - | 51,542 | 885 | (4,951) | (8,953) | (4,603) | - | 33,920 | 13,182 | 47,102 |
| Accrued perpetual securities distribution | - | 7,459 | (7,459) | - | - | - | - | - | - | - | - |
| Payment of perpetual securities distribution | - | (10,072) | - | - | - | - | - | - | (10,072) | - | (10,072) |
| Payment of dividend by subsidiary company to non-controlling interest | - | - | - | - | - | - | - | - | - | (969) | (969) |
| **Total contributions by and distribution to owners** | - | (2,613) | (7,459) | - | - | - | - | - | (10,072) | (969) | (11,041) |
| Dilution of equity interest in subsidiaries to non-controlling interest without change in control | - | - | - | (53,155) | - | - | - | - | (53,155) | 184,402 | 131,247 |
| Acquisition of non-controlling interest in subsidiaries | - | - | - | 350 | - | - | - | - | 350 | (1,068) | (718) |
| **Total changes in ownership interests in subsidiaries** | - | - | - | (52,805) | - | - | - | - | (52,805) | 183,334 | 130,529 |
| **Total transactions with owners in their capacity as owners** | - | (2,613) | (7,459) | (52,805) | - | - | - | - | (62,877) | 182,365 | 119,488 |
| **Balance at 31 May 2015** | 490,085 | 120,434 | 567,799 | (55,162) | - | (8,710) | (6,225) | (7,376) | 1,100,845 | 251,514 | 1,352,359 |
| **Balance at 1 September 2015** | 634,736 | - | 557,734 | (48,019) | - | (17,238) | (15,826) | (7,376) | 1,104,011 | 261,300 | 1,365,311 |
| Total comprehensive income for the financial period | - | - | (548,309) | 303 | - | 14,456 | 1,940 | - | (531,610) | (35,008) | (566,618) |
| Payment of dividend by subsidiary company to non-controlling interest | - | - | - | - | - | - | - | - | - | (896) | (896) |
| **Total contributions by and distribution to owners** | - | - | - | - | - | - | - | - | - | (896) | (896) |
| **Balance at 31 May 2016** | 634,736 | - | 9,425 | (47,716) | - | (2,782) | (13,886) | (7,376) | 572,401 | 225,396 | 797,797 |

**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**

(Amounts expressed in United States dollars)

| **Company** | **Attributable to equity owners of the parent** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital US$'000** | **Perpetual securities US$'000** | **Accumulated profits US$'000** | **Capital reserve US$'000** | **Hedging reserve US$'000** | **Total reserves US$'000** | **Treasury shares US$'000** | **Total equity US$'000** |
| **Balance at 1 September 2014** | 490,085 | 123,047 | 190,976 | (2,353) | 615 | 189,238 | (7,376) | 794,994 |
| Total comprehensive income for the financial period | - | - | 149,252 | - | (9,394) | 139,858 | - | 139,858 |
| Accrued perpetual securities distribution | - | 7,459 | (7,459) | - | - | (7,459) | - | - |
| Payment of perpetual securities distribution | - | (10,072) | - | - | - | - | - | (10,072) |
| Total transactions with owners in their capacity as owners | - | (2,613) | (7,459) | - | - | (7,459) | - | (10,072) |
| **Balance at 31 May 2015** | 490,085 | 120,434 | 332,769 | (2,353) | (8,779) | 321,637 | (7,376) | 924,780 |
| **Balance at 1 September 2015** | 634,736 | - | 300,298 | 7,448 | (13,970) | 293,776 | (7,376) | 921,136 |
| Total comprehensive income for the financial period | - | - | (44,652) | - | 13,970 | (30,682) | - | (30,682) |
| **Balance at 31 May 2016** | 634,736 | - | 255,646 | 7,448 | - | 263,094 | (7,376) | 890,454 |

**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 of the issuer, 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**

As at 31 May 2016, the Company's total issued shares is 2,942,400,977 (31 May 2015: 1,016,874,741) with 3,439,880 (31 May 2015: 3,439,880) shares being held as treasury shares.

**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 May 2016, the Company's total issued shares excluding treasury shares is 2,938,961,097 (31 August 2015: 2,938,961,097).

**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**

As at 31 May 2016, the Company has 3,439,880 shares being held as treasury shares. There is no change in the treasury shares during the financial period.

**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 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**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the third quarter ended 31 May 2016 as the most recently audited financial statements for the financial year ended 31 August 2015 ("FY15").

**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 annual periods beginning on or after 1 September 2015. The adoption of these new/revised FRS and INT FRSs do not have material effect on the financial performance or position of the Group.

**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**

**<u>Discontinued operations and re-presentation of prior periods' financials</u>**

On 27 August 2015, the Group entered into a binding memorandum of understanding with Chiyoda Corporation in relation to a proposed joint venture between the Group and Chiyoda Corporation in respect of the subsea services business. Subsequently, the Group entered into a binding sale and subscription agreement with Chiyoda Corporation for the proposed joint venture on 29 September 2015.

As a result, certain subsidiaries and associated companies related to the Subsea Services Division have been classified as discontinued operations in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. As required by FRS 105,

- all line items of the income statement of the discontinued operations in the current period are condensed into a single amount and presented as "Loss from discontinued operations, net of tax" on the consolidated income statement; and

- comparative periods' consolidated income statement and earnings per share in relation to the discontinued operations are re-presented.

The statement of cashflows is prepared on the basis of aggregating the effects of both continuing and discontinued operations.

On 31 March 2016, the proposed joint venture was completed and the Group has disposed 50% of the Group's interest in those subsidiaries and associated companies (the "New JV entities") which have been classified as discontinued operations. Subsequently, the Group will account for the remaining interest in the New JV entities as investment in a joint venture company.

**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: -**

| | **9 months ended** | |
|---|---|---|
| | **31 May 2016** | **31 May 2015 (Restated and re-presented)** |
| Net (loss)/profit attributable to owners of the parent (US$'000) | (548,145) | 51,542 |
| Adjusted: Loss from discontinued operation, net of tax, attributable to the owners of the Company | 74,327 | 23,600 |
| (Loss)/profit from continuing operations, net of tax, attributable to the owners of the Company used in the computation of basic earnings per share from continuing operations | (473,818) | 75,142 |
| Weighted average ordinary shares for calculation of ('000): | | |
| - Basic earnings per share | 2,938,961 | 1,676,695[@] |
| - Diluted earnings per share | 2,938,961 | 1,676,695[@] |
| **<u>Earnings per ordinary share ("EPS") (US cents) from:</u>** | | |
| **Continuing operations attributable to owners of the Company** | | |
| (a) Based on the weighted average number of ordinary shares on issue | (16.12) | 4.48 |
| (b) On a fully diluted basis (detailing any adjustments made to the earnings) | (16.12) | 4.48 |

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: -**

**EARNINGS PER ORDINARY SHARE ("EPS") (CONT'D)**

| | 9 months ended | |
|---|---|---|
| | **31 May 2016** | **31 May 2015 (Restated and re-presented)** |
| **Earnings per ordinary share ("EPS") (US cents) from (cont'd):** | | |
| **Discontinued operation attributable to owners of the Company** | | |
| (a) Based on the weighted average number of ordinary shares on issue | (2.53) | (1.41) |
| (b) On a fully diluted basis (detailing any adjustments made to the earnings) | (2.53) | (1.41) |
| **Total profit attributable to owners of the Company** | | |
| (a) Based on the weighted average number of ordinary shares on issue | (18.65) | 3.07 |
| (b) On a fully diluted basis (detailing any adjustments made to the earnings) | (18.65) | 3.07 |

On 6 July 2015, a subsidiary of the Group, Triyards Holdings Limited ("Triyards"), issued warrants for the purchase of 29,500,000 ordinary shares in Triyards. For the period from 1 September 2015 to 31 May 2016, there is no dilutive impact on the earnings from the warrants issued by Triyards.

@ Following the events that took place in the financial year ended 31 August 2015, the weighted average number of ordinary shares for the quarter ended 31 May 2015 has been restated in accordance with FRS 33 *Earnings Per Share*:

- Bonus issue on 23 December 2014 - the weighted average ordinary shares have been restated based on the assumption that the bonus issue of one (1) Bonus Share for every 25 existing ordinary shares of the Company have been issued and allocated before the beginning of 1 September 2014.

- Rights issue on 28 July 2015 – adjustments have been made to the prior year's weighted average ordinary shares on a pro-rata basis based on an adjustment factor calculated based on the market price and theoretical ex-rights price of an ordinary share.

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** | | **Company** | |
|---|---|---|---|---|
| | **As at 31 May 2016** | **As at 31 August 2015** | **As at 31 May 2016** | **As at 31 August 2015** |
| Net asset value per ordinary share (US cents) | 27.15 | 46.46 | 30.30 | 31.34 |

**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**

The review of the performance of the Group is based on the financials prepared in accordance with the requirements of FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*.

The Group's business segments are catagorised into the following:

- **Subsea Services Division**: Predominantly made up of EMAS AMC Group, which was part of the discontinued operations, and Energy Services Division
    - **EMAS AMC Group** which is a now joint venture group of companies of the Group, EMAS CHIYODA Subsea, is a global EPCIC service provider of comprehensive subsea-to-surface solutions throughout the lifecycle of oil and gas projects.
    - **Energy Services Division**: Energy Services Division provides well intervention and drilling services both onshore and offshore, offering fully integrated solutions that combine its marine assets with state-of-the-art intervention equipment and services.
- **Offshore Support and Production Services Division**: Predominantly EMAS Offshore Limited which
    - Manages and operates a young, versatile fleet of advanced offshore support vessels, offering an extensive range of maritime services that cater to the client's needs throughout a field's life cycle; and
    - Owns and operates cutting-edge FPSO (floating production, storage and offloading) facilities, offering services that support the post-exploration needs of offshore fields, such as FPSO conversion management.
- **Marine Services Division**: Predominantly Triyards Holdings Limited which provides fabrication of SEUs (self-elevating, mobile offshore units). TRIYARDS provides its integrated engineering, ship construction and fabrication services out of yard facilities located in Singapore, Vietnam and the US.

## REVIEW OF PERFORMANCE:

### Revenue

<u>9 months ended 31 May 2016 ("9M16")</u>

The Group's revenue decreased by US$7.3 million (2%) for the nine months ended 31 May 2016 ("9M16") when compared to the corresponding period for the nine months ended 31 May 2015 ("9M15"). The decrease was due to a decrease in revenue of US$79.3 million from Offshore Support and Production Services Division and a decrease of US$13.5 million from Energy Services Division. The increase was partially offset by an increase in revenue of US$85.5 million from Marine Services Division.

The decrease in revenue for 9M16 when compared to 9M15 from Offshore Support and Production Services Division was mainly due to general weakness in the offshore industry. The shallow water platform support vessels ("PSV") and anchor handling, towing and supply vessels ("AHTS") segment continues to remain weak. The softening of demand in the offshore accommodation vessels ("OAV") segment also contributed to the decrease.

The decrease in revenue for 9M16 when compared to 9M15 from Energy Services Division was mainly due to lower level of service requests from customers and lower project activity.

The increase in revenue in 9M16 when compared to 9M15 from Marine Services Division was mainly due to higher contribution from Triyards Group as there were more units of self-elevating units ("SEU") and vessels under construction in 9M16 as compared to 9M15 and higher contribution from engineering design work.

## REVIEW OF PERFORMANCE (CONT'D):

**Revenue (cont'd)**

3 months ended 31 May 2016 ("3Q16")

The Group's revenue decreased by US$13.6 million (10%) for the three months ended 31 May 2016 ("3Q16") when compared to the corresponding period for the three months ended 31 May 2015 ("3Q15"). The decrease was due to a decrease in revenue of US$19.5 million from Offshore Support and Production Services Division and a decrease of US$3.8 million from Energy Services Division. The decrease was partially offset by an increase in revenue of US$9.7 million from Marine Services Division.

The decrease in revenue for 3Q16 when compared to 3Q15 from Offshore Support and Production Services Division was mainly due to general weakness in the offshore industry. The shallow water PSV and AHTS segment continues to remain weak. The softening of demand in the OAV segment also contributed to the decrease.

The decrease in revenue for 3Q16 when compared to 3Q15 from Energy Services Division was mainly due to lower level of service requests from customers and lower project activity.

The increase in revenue in 3Q16 when compared to 3Q15 from Marine Services Division was mainly due to higher contribution from Triyards Group as there were more units of self-elevating units ("SEU") and vessels under construction in 3Q16 as compared to 3Q15.

**Gross (loss)/profit**

9 months ended 31 May 2016 ("9M16")

Gross profit decreased from US$74.3 million in 9M15 to US$15.0 million in 9M16 and gross profit margin decreased from 19% in 9M15 to 4% in 9M16. The decrease in both gross profit and gross profit margin is mainly due to weakness in the Offshore Support and Production Services Division in 9M16 when compared to 9M15 which resulted in a gross loss from this Division in 9M16.

3 months ended 31 May 2016 ("3Q16")

Gross profit deteriorated from US$23.2 million in 3Q15 to gross loss of US$0.6 million in 3Q16. The deterioration is mainly due to weakness in the Offshore Support and Production Services Division in 3Q16 when compared to 3Q15 which resulted in a gross loss from this Division in 3Q16.

**Other (expenses)/income, net**

9 months ended 31 May 2016 ("9M16")

The deterioration in other (expenses)/income, net from income to expenses was mainly due to:-

(i) Loss on disposal of fixed assets of US$19.9 million in 9M16 as compared to gain of US$1.2 million in 9M15;
(ii) Impairment loss on fixed assets of US$60.5 million in 9M16 as compared to US$10.0 million in 9M15;
(iii) Impairment loss on investments in joint venture companies of US$38.3 million in 9M16;
(iv) Net realised loss on derivative instruments of US$14.2 million in 9M16 as compared to US$9.7 million in 9M15;
(v) Loss on disposal of disposal group classified as held for sale of US$181.3 million which did not occur in 9M15;
(vi) Deterioration of foreign exchange gain from US$22.0 million in 9M15 to loss of US$1.1 million in 9M16; and
(vii) Absence of non-recurring gain on bargain purchase from the acquisition of subsidiaries of US$106.3 million in 9M15.

The carrying value of certain fixed assets and joint venture companies were negatively impacted due to the depressed conditions and reduced activity in the offshore support sector.

The above was partially offset by absence of non-recurring loss on step up of associated and joint venture companies to subsidiaries of US$42.3 million in 9M15.

## REVIEW OF PERFORMANCE (CONT'D):

**Other (expenses)/income, net (cont'd)**

3 months ended 31 May 2016 ("3Q16")

The deterioration in other expenses, net was mainly due to:-

(i) Deterioration of foreign exchange gain from US$5.2 million in 3Q15 to loss of US$6.6 million;
(ii) Loss on disposal of fixed assets of US$1.8 million compared to gain of US$0.2 million in 3Q15; and
(iii) Loss on disposal of disposal group classified as held for sale of US$181.3 million which did not occur in 3Q15.

The increase was partially offset by the decrease in net realised loss on derivative instruments from US$9.7 million in 9M15 to US$0.1 million in 3Q16.

**Administrative expenses**

9 months ended 31 May 2016 ("9M16")

The increase in administrative expenses for 9M16 when compared to 9M15 was mainly due to allowance for doubtful debts and bad debts written off of US$95.9 million made in 9M16 compared to an allowance for doubtful debts and bad debts of US$0.2 million in 9M15 and expenses incurred in recent restructuring and consent solicitation exercises which did not occur in 9M15.

The increase in allowance for doubtful debts is mainly due to allowance for long outstanding receivables in view of the depressed conditions in the offshore sector.

3 months ended 31 May 2016 ("3Q16")

The increase in administrative expenses for 3Q16 when compared to 3Q15 was mainly due to allowance for doubtful debts of US$25.0 million and expenses incurred in recent restructuring and consent solicitation exercises which did not occur in 3Q15.

**Depreciation of fixed assets**

9 months ended 31 May 2016 ("9M16")

The increase in depreciation of fixed assets for 9M16 when compared to 9M15 was mainly due to consolidation of nine months of depreciation in 9M16 as compared to eight months in 9M15 from EOL Group and the additional depreciation charge from newly acquired fixed assets which were put into operation.

**Share of (loss)/profit of associated companies**

9 months ended 31 May 2016 ("9M16")

The deterioration in share of (loss)/profit of associated companies for 9M16 when compared to 9M15 respectively was mainly due to the Group's share of losses (including impairment on fixed assets) from an associated company, Perisai Petroleum Teknologi Bhd and absence of share of profits from an associated company which equity accounting have ceased in 3Q16 as the investment have been fully reclassified to assets held for sale.

3 months ended 31 May 2016 ("3Q16")

The deterioration in share of (loss)/profit of associated companies was mainly due to deterioration in the contribution from an associated company, Perisai Petroleum Teknologi Bhd, from profit in 3Q15 to a loss in 3Q16 and absence of share of profits from an associated company which equity accounting have ceased in 3Q16 as the investment have been fully reclassified to assets held for sale.

## REVIEW OF PERFORMANCE (CONT'D):

**Share of profit of joint venture companies**

3 months ended 31 May 2016 ("3Q16")
9 months ended 31 May 2016 ("9M16")

The increase in share of profit of joint venture companies in 9M16 and 3Q16 was mainly due to the contribution of share of profit by the newly formed joint venture company, EMAS CHIYODA Subsea Limited.

**(Loss)/profit before tax from continuing operations**

9 months ended 31 May 2016 ("9M16")

(Loss)/profit before tax from continuing operations deteriorated from a profit of US$94.4 million in 9M15 to loss of US$503.5 million in 9M16. The deterioration was mainly due to lower gross profit, deterioration of other income, net to other expenses, net (see "Other (expenses)/income, net" above), higher administrative expenses and deterioration of share of profit of associated companies to loss.

The deterioration was partially offset by an increase in share of profit of joint venture companies.

3 months ended 31 May 2016 ("3Q16")

(Loss)/profit before tax from continuing operations deteriorated from a profit of US$1.2 million in 3Q15 to loss of US$237.7 million in 3Q16. The deterioration was mainly due to deterioration of gross profit to gross loss, deterioration of other income, net to other expenses, net (see "Other (expenses)/income, net" above), higher administrative expenses and lower share of profit of associated companies.

The deterioration was partially offset by an increase in share of profit of joint venture companies.

**Tax**

There is no significant fluctuation in tax expense in 9M16 and 3Q16 when compared to 9M15 and 3Q15 respectively.

Charter income derived from Singapore and certain foreign flagged vessels which operate in international waters continue to remain tax exempt under Section 13 of the Singapore Income Tax Act and Maritime Sector Incentive - Approved International Shipping Enterprise Scheme.

## REVIEW OF PERFORMANCE (CONT'D):

**(Loss)/profit from discontinued operations, net of tax**

Subsequent to the re-presentation of the consolidated income statement, the contribution from Subsea Services Division from certain subsea entities has being reclassified to "(Loss)/profit from discontinued operations, net of tax". Summarised items of the income statement relating to the discontinued operations are presented as below:

| | 9 months ended | | Increase / |
|---|---|---|---|
| | 31 May 2016* | 31 May 2015 | (Decrease) |
| | US$'000 | US$'000 | % |
| Revenue | 362,274 | 617,258 | (41) |
| Loss from operations | (48,688) | (14,182) | n/m |
| Loss from discontinued operations, net of tax | (74,327) | (23,600) | n/m |

| | Quarter ended | | Increase / |
|---|---|---|---|
| | 31 May 2016* | 31 May 2015 | (Decrease) |
| | US$'000 | US$'000 | % |
| Revenue | 73,380 | 251,422 | (71) |
| Profit from operations | 4,993 | 1,393 | n/m |
| (Loss)/profit from discontinued operations, net of tax | (7,814) | 347 | n/m |

* Summarised items of the income statement relating to the discontinued operations for the 9 months ended 31 May 2016 comprises of the financial performance for the period from September 2015 to March 2016 and financial performance of only March 2016 for the quarter ended 31 May 2016.

On 31 March 2016, the proposed joint venture was completed and the Group has disposed 50% of the Group's interest in those subsidiaries and associated companies (the "New JV entities") which have been classified as discontinued operations. Subsequently, the Group will account for the remaining interest in the New JV entities as investment in a joint venture company.

<u>9 months ended 31 May 2016 ("9M16")</u>

The increase in loss from discontinued operations, net of tax in 9M16 when compared to 9M15 is mainly due to:-

(i) Lower utilisation of subsea construction assets, costs associated with the return of a vessel to her owner and lower than expected margins in existing projects resulting in lower margin;
(ii) Deterioration of foreign exchange from gain in 9M15 to loss in 9M16;
(iii) Higher share of losses from an associated company due to loss suffered on a project; and
(iv) Higher interest expenses as the interest expense relating to *Lewek Constellation*, is being expensed off instead of capitalised, upon her completion in the fourth quarter of financial year ended 31 August 2015.

This is partially offset by lower administrative expenses for the period from September 2015 to March 2016 when compared to the corresponding period as the Division continues to exercise continuous cost savings measures.

<u>3 months ended 31 May 2016 ("3Q16")</u>

The deterioration from profit to loss from discontinued operations, net of tax in 3Q16 when compared to 3Q15 is mainly due to:-

(i) Deterioration of foreign exchange from gain in 3Q15 to loss in 3Q16;
(ii) Higher share of losses from an associated company due to loss suffered on a project; and
(iii) Higher interest expenses as the interest expense relating to *Lewek Constellation*, is being expensed off instead of capitalised, upon her completion in the fourth quarter of financial year ended 31 August 2015.

## REVIEW OF STATEMENT OF FINANCIAL POSITION AND CASH FLOWS:

**Non-current assets**

The increase in non-current assets was mainly due to increase in investment in joint venture companies as a result of the completion of the proposed joint venture as highlighted in Note 5 above and increase in non-current other receivables following the sellers' credit resulting from the sale and leaseback of another four vessels.

Subsequent to the completion of the proposed joint venture as highlighted in Note 5 above, the Group's retained interest of 50% in the disposal group is reclassified from assets and liabilities included in disposal group classified as held for sale from both current assets and current liabilities, to investment in joint venture companies re-measured at its fair value upon reclassification.

The increase is partially offset by:-

(i) Decrease in fixed assets due to impairment and depreciation which was partially offset by additions;
(ii) Decrease in investment in associated companies from the share of losses for the 9 months ended 31 May 2016 and reclassification of the investment in an associated company to asset held for sale;
(iii) Impairment in the investment in another joint venture company; and
(iv) Decrease in long-term trade receivables due to impairment.

**Current assets**

The decrease in current assets was mainly due to:-

(i) Decrease in assets included in disposal group classified as held for sale as a result of the completion of the proposed joint venture as highlighted in Note 5 and as further explained in the increase in the investment in joint venture companies above;
(ii) Decrease in other receivables due to impairment and settlement of the amounts due from the sale of vessels; and
(iii) Decrease in cash and cash equivalents and cash pledged mainly due to repayment of perpetual securities and S$225 million Notes in September 2015.

The decrease is partially offset by an increase in assets held for sale due to the reclassification of the investments in an associated company and a joint venture company to assets held for sale and an increase in trade receivables from build up of unbilled receivables from the Marine Services Division due to timing difference between contracted milestone billing and the recognition of unbilled receivables for construction projects under the percentage of completion method.

**Current liabilities**

The decrease in current liabilities was mainly due to:-

(i) Decrease in liabilities included in disposal group classified as a result of the completion of the proposed joint venture as highlighted in Note 5 and as further explained in the increase in the investment in joint venture companies above;
(ii) Decrease in other payables due to de-recognition in connection with the restructuring of sale and leaseback transaction;
(iii) Decrease in progress billings in excess in work-in-progress due to lower advanced billings;
(iv) Decrease in derivative financial instruments due to settlement of derivative instruments on maturity; and
(v) Decrease in perpetual securities and notes payable as a result of repayment in September 2015 and March 2016.

The decrease in current liabilities was partially offset by increase in bills payable and bank term loans mainly for working capital use and increase in deferred income. Please see non-current liabilities below for further explanation on the increase in deferred income.

## REVIEW OF STATEMENT OF FINANCIAL POSITION AND CASH FLOWS (CONT'D):

**Non-current liabilities**

The decrease in non-current liabilities was mainly due to decrease in bank term loans mainly due to repayment.

The decrease is partially offset by:-

(i) Increase in lease obligations as a result of addition of two leased-in vessels which were accounted for as finance lease; and
(ii) Increase in deferred income is mainly due to the two leased vessels above as the excess of sales proceeds over the carrying amounts of the vessels was deferred and would be amortised over the lease term.

**Equity**

The decrease in total equity was mainly due to decrease in accumulated profits and non-controlling interests which was largely caused by the losses for the nine months ended 31 May 2016. The decrease was partially offset by decrease in the deficit of the hedging reserve due to the losses on derivative instruments designated as hedged instruments being adjusted to profit and loss on maturity.

**Cash flows**

9 months ended 31 May 2016 ("9M16")

Net cash from operating activities changed from an inflow of US$104.5 million in 9M15 to an outflow of US$86.9 million. The deterioration was mainly due to:-

(i) Decrease in operating profit before working capital changes from US$95.2 million in 9M15 to US$5.0 million as a result of the deterioration in the Group's profit and loss; and
(ii) Negative working capital changes in 9M16 which was mainly due to lower collection from trade receivables due to the cessation of contribution from the discontinued operations with effect from April 2016.

The Group is closely monitoring its operating activities and appropriate measures will be taken to mitigate operational risk.

Net cash outflow from investing activities turnaround from an outflow of US$194.8 million in 9M15 to an inflow of US$80.1 million in 9M16 and was mainly due to:-

(iii) Decrease in amount spent on capital expenditure as the construction of *Lewek Constellation* has been completed;
(iv) Increase in proceeds from disposal of fixed assets from sale of higher value assets;
(v) Decrease in interest paid and capitalised as fixed assets as the construction of *Lewek Constellation* has been completed;
(vi) Proceeds from the disposal of the disposal group classified as held for sale; and
(vii) Repayment of shareholders' loan by an associated company to the Group.

The inflow was partially offset by the absence of proceeds from disposal of assets held for sale, dividend received from an associated company and net cash inflow from acquisition of subsidiaries in 9M15 and increase in cash pledged for new bank facilities in 9M16.

Net cash from financing activities changed from an inflow of US$97.5 million in 9M15 to an outflow of US$376.5 million in 9M16 and was mainly due to:-

(i) Repayment of the perpetual securities and S$225 million notes in September 2015 and S$95 million notes in March 2016;
(ii) Settlement of matured derivative instruments used for hedging of the note payables;
(iii) Net repayment of bank borrowings in 9M16 compared to net inflow from bank borrowings in 9M15 due to repayment with the proceeds from the disposal of the disposal group classified as held for sale; and
(iv) Absence of non-recurring proceeds from issuance of new ordinary shares by subsidiaries.

The net outflow from financing activities was partially offset by non-recurring payment for perpetual securities distribution.

## REVIEW OF STATEMENT OF FINANCIAL POSITION AND CASH FLOWS (CONT'D):

**Cash flows (cont'd)**

9 months ended 31 May 2016 ("9M16")

Net cash from financing activities changed from an inflow of US$97.5 million in 9M15 to an outflow of US$376.5 million in 9M16 and was mainly due to:-

(v) Repayment of the perpetual securities and S$225 million notes in September 2015 and S$95 million notes in March 2016;
(vi) Settlement of matured derivative instruments used for hedging of the note payables;
(vii) Net repayment of bank borrowings in 9M16 compared to net inflow from bank borrowings in 9M15 due to repayment with the proceeds from the disposal of the disposal group classified as held for sale; and
(viii) Absence of non-recurring proceeds from issuance of new ordinary shares by subsidiaries.

The net outflow from financing activities was partially offset by non-recurring payment for perpetual securities distribution.

3 months ended 31 May 2016 ("3Q16")

Net cash from operating activities changed from an inflow of US$77.4 million in 3Q15 to an outflow of US$44.9 million. The deterioration was mainly due to:-

(i) Decrease in operating profit before working capital changes from US$36.3 million in 3Q15 to US$13.1 million as a result of the deterioration in the Group's profit and loss; and
(ii) Negative working capital changes in 3Q16 due to an increase in trade receivables and more repayment to creditors.

The Group is closely monitoring its operating activities and appropriate measures will be taken to mitigate operational risk.

Net cash flow from investing activities turnaround from an outflow of US$111.0 million in 3Q15 to an inflow of US$121.1 million in 3Q16 and was mainly due to:-

(i) Decrease in amount spent on capital expenditure as the construction of *Lewek Constellation* has been completed;
(ii) Increase in proceeds from disposal of fixed assets from sale of higher value assets; and
(iii) Proceeds from the disposal of the disposal group classified as held for sale.

The inflow was partially offset by the increase in cash pledged for new bank facilities in 3Q16.

Net cash from financing activities changed from an inflow of US$55.8 million in 3Q15 to an outflow of US$142.6 million in 3Q16 and was mainly due to:-

(i) Repayment of the S$95 million notes in March 2016; and
(ii) Net repayment of bank borrowings in 3Q16 compared to net inflow from bank borrowings in 3Q15 due to repayment with the proceeds from the disposal of the disposal group classified as held for sale.

The net outflow from financing activities was partially offset by non-recurring payment for perpetual securities distribution.

**Financial ratios**

The Group's net debt to equity ratio (defined as ratio of total external indebtedness (net of cash and cash equivalents and cash pledged in relation to term loans) owing to bank and financial institutions to total equity) increased to 1.41 times as at the end of 3Q16 as compared to 0.77 times at end of FY15.

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

Not applicable.

**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**

On 31 March 2016, Chiyoda Corporation completed its investment in the Group's Subsea Services business, EMAS AMC, to form EMAS CHIYODA Subsea – a 50:50 Joint Venture. In the midst of prevailing business conditions, the successful completion of the Joint Venture signals commitment from both the Group and Chiyoda Corporation to participate in the long-term prospects of the subsea services business. In addition, a wholly owned subsidiary of the Company recently signed an agreement to add Nippon Yusen Kabushiki Kaisha ("NYK") as a strategic partner, thus strengthening the Joint Venture.

Due to the continued challenging environment in the industry, the Offshore Support and Production Services Division is experiencing lower charter rates and vessel utilisation. This trend is expected have an impact on the division's financial performance. The division is in discussions with various parties on its financial obligations, which includes securing additional working capital facilities. This is expected to be finalised by the end of the current financial year.

The Marine Services Division has diversified its products and services beyond O&G related assets to add new product lines. The division believes that there will be continued demand for its offerings, notwithstanding the competitive and challenging environment.

While the financial performance for the next 12 months is expected to remain challenging, the Group will continue to focus on optimising operations and debt structure and balance sheet deleveraging.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? No

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable -** Not applicable.

**(d) Books closure date -** Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared or recommended for the current financial period reported on.

**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 has not obtained a general mandate from shareholders for Interested Party Transactions ("IPTs").

**14. Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

**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 May 2016 to be false or misleading.

**On behalf of the Board of Directors**

**Lee Kian Soo**
**Chairman**

**Lee Chye Tek Lionel**
**Group CEO and Managing Director**

**14 July 2016**