



TRIYARDS HOLDINGS LIMITED (CO. REG. NO.: 201210555Z)

Financial Statements And Dividend Announcement
For the First Quarter ended 30 November 2015

PART I - INFORMATION REQUIRED FOR 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		
	30 November	30 November	Incr/
	2015	2014	(decr)
	US\$'000	US\$'000	%
Revenue	78,125	56,699	38
Cost of sales	(63,529)	(43,688)	45
Gross profit	14,596	13,011	12
Other income, net	65	330	(80)
Negative goodwill	-	3,881	(100)
Administrative expenses	(6,649)	(6,676)	(0)
Profit from operations	8,012	10,546	(24)
Financial income	116	7	nm
Financial expenses	(1,116)	(1,354)	(18)
Profit before tax	7,012	9,199	(24)
Tax	(855)	(975)	(12)
Profit after tax	6,157	8,224	(25)
Attributable to:			
Owners of the Company	6,157	8,224	(25)
	6,157	8,224	(25)

nm – not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 months ended		
	30 November	30 November	Incr/
	2015	2014	(decr)
	US\$'000	US\$'000	%
Profit after tax	6,157	8,224	(25)
<i>Other comprehensive income:</i>			
Exchange differences on translating foreign operations	(5)	(180)	(97)
Fair value changes on cash flow hedges	250	-	nm
Other comprehensive income for the financial period, net of tax	245	(180)	nm
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	6,402	8,044	(20)
Total comprehensive income attributable to:			
Owners of the Company	6,402	8,044	(20)
	6,402	8,044	(20)

Profit before tax was stated after (charging)/crediting:-

	Group		
	3 months ended		
	30 November	30 November	Incr/
	2015	2014	(decr)
	US\$'000	US\$'000	%
Depreciation of fixed assets	(2,896)	(2,761)	5
Gain on disposal of fixed assets	-	1	nm
Amortisation of intangible assets	(155)	-	nm
Interest income	116	7	nm
Exchange (loss)/gain, net	(28)	158	nm
Negative goodwill on acquisition of subsidiaries*	-	3,881	nm

* Included in the comparative period was provisional negative goodwill amounting to US\$3.9 million arose from acquisition of subsidiaries. The provisional negative goodwill was subsequently finalised in 4Q FY2015 at US\$3.6 million.

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

(Amounts expressed in United States dollars)

	Group		Company	
	30 November 2015 US\$'000	31 August 2015 US\$'000	30 November 2015 US\$'000	31 August 2015 US\$'000
Non-current assets				
Fixed assets	139,002	138,319	-	-
Intangible assets	8,291	8,370	-	-
Investments in subsidiaries	-	-	182,468	182,468
Available-for-sale ("AFS") investments	37	37	-	-
Deferred tax assets	831	699	-	-
Current assets				
Inventories and work-in-progress	51,848	51,703	-	-
Trade receivables	142,681	148,435	-	-
Other receivables	6,290	7,942	8	7
Other current assets	27,206	20,664	228	236
Derivative financial instruments	124	177	-	-
Balances due from				
- subsidiaries	-	-	43,416	44,670
- ultimate holding company	1,105	1,363	38	38
- related companies	9,890	9,001	420	420
- affiliated companies	32	-	-	-
Cash and cash equivalents	32,419	40,523	142	78
Cash pledged	18,102	2,938	-	-
	289,697	282,746	44,252	45,449
Current liabilities				
Trade payables	24,562	31,450	-	-
Other payables	74,180	75,669	677	593
Balances due to				
- subsidiaries	-	-	3,222	4,109
- ultimate holding company	26	734	-	-
- related companies	3,047	2,968	-	-
- affiliated companies	721	893	-	-
Derivative financial instruments	338	126	-	-
Bills payable to banks	50,665	39,316	-	-
Lease obligations	354	351	-	-
Bank term loans	46,936	49,111	-	-
Provision for tax	4,169	3,340	-	-
	204,998	203,958	3,899	4,702
Net current assets	84,699	78,788	40,353	40,747
Non-current liabilities				
Lease obligations	(1,032)	(1,121)	-	-
Bank term loans	(14,353)	(14,221)	-	-
Deferred tax liabilities	(2,660)	(2,458)	-	-
NET ASSETS	214,815	208,413	222,821	223,215
EQUITY				
Share capital	209,544	209,544	209,544	209,544
Accumulated profits	185,623	179,466	13,277	13,671
Merger reserve	(179,347)	(179,347)	-	-
Translation reserve	(1,129)	(1,124)	-	-
Hedging reserve	124	(126)	-	-
TOTAL EQUITY	214,815	208,413	222,821	223,215

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

	30 November 2015		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	51,928	46,027	54,387	34,391
Amount repayable after one year	14,520	865	14,191	1,151

Details of any collaterals

The group's borrowings are primarily secured by way of legal mortgages on the property, plant and machinery and assignment over the benefits arising from shipbuilding contract including the work in progress, first ranking security over the earnings account vessel under construction and cash deposits of the Group.

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 30 November 2015 US\$'000	3 months ended 30 November 2014 US\$'000
Cash flows from operating activities		
Profit before tax	7,012	9,199
Adjustments:		
Depreciation of fixed assets	2,896	2,761
Gain on disposal of fixed assets	-	(1)
Amortisation of intangible assets	155	-
Fair value changes in respect of derivative instruments, net	-	-
Unrealised exchange loss/(gain)	117	(290)
Interest expense	1,116	1,354
Interest income	(116)	(7)
Negative goodwill on acquisition of subsidiaries	-	(3,881)
Operating profit before working capital changes	11,180	9,135
(Increase)/decrease in:		
Inventories and work-in-progress	(168)	(10,010)
Trade receivables	5,754	20,794
Other receivables and other current assets	(4,890)	(9,783)
Due from ultimate holding company	258	1
Due from related companies	(889)	1,584
Due from affiliated companies	(32)	(1,875)
Increase/(decrease) in:		
Trade payables	(6,565)	(18,489)
Other payables	(1,565)	18,350
Due to ultimate holding company	(708)	(25)
Due to related companies	79	3,962
Due to affiliated companies	(172)	-
Cash generated from operations	2,282	13,644
Interest paid	(1,116)	(1,354)
Interest income received	116	7
Tax refunded/(paid)	111	(1,775)
Net cash generated from operating activities	1,393	10,522
Cash flows from investing activities		
Purchase of fixed assets	(3,562)	(4,463)
Additions to intangible assets	(76)	-
Proceeds from disposal of fixed assets	-	2
Increase in cash pledged	(15,165)	-
Acquisition of subsidiaries, net of cash paid	-	(15,656)
Net cash used in investing activities	(18,803)	(20,117)
Cash flows from financing activities		
Proceeds from lease financing	-	1,931
Repayment of lease obligations	(87)	(93)
Proceeds from issuance of placement shares, net of transaction costs	-	15,742
Proceeds from bank term loans and bills payable to banks	49,569	54,344
Repayment of bank term loans and bills payable to banks	(40,193)	(50,347)
Net cash generated from financing activities	9,289	21,577
Net (decrease)/increase in cash and cash equivalents	(8,121)	11,982
Effects of exchange on cash and cash equivalents	17	(72)
Cash and cash equivalents at beginning of financial period	40,523	22,779
Cash and cash equivalents at end of financial period	32,419	34,689

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 Company					Total equity attributable to owners of the Company US\$'000
	Share capital US\$'000	Accumulated profits US\$'000	Merger reserve US\$'000	Translation reserve US\$'000	Hedging reserve US\$'000	
Group						
Balance at 1 September 2014	193,802	154,792	(179,347)	-	-	169,247
Total comprehensive income for the financial period	-	8,224	-	(180)	-	8,044
Issuance of shares by way of placement	16,243	-	-	-	-	16,243
Share issuance expense	(501)	-	-	-	-	(501)
Total transactions with owners in their capacity as owners	15,742	-	-	-	-	15,742
Balance at 30 November 2014	209,544	163,016	(179,347)	(180)	-	193,033
Balance at 1 September 2015	209,544	179,466	(179,347)	(1,124)	(126)	208,413
Total comprehensive income for the financial period	-	6,157	-	(5)	250	6,402
Balance at 30 November 2015	209,544	185,623	(179,347)	(1,129)	124	214,815
Company	Attributable to owners of the Company					
	Share capital US\$'000	Accumulated profits US\$'000	Total Equity US\$'000			
Balance at 1 September 2014	193,802	4,557	198,359			
Total comprehensive income for the financial period	-	(21)	(21)			
Issuance of shares by way of placement	16,243	-	16,243			
Share issuance expense	(501)	-	(501)			
Total transactions with owners in their capacity as owners	15,742	-	15,742			
Balance at 30 November 2014	209,544	4,536	214,080			
Balance at 1 September 2015	209,544	13,671	223,215			
Total comprehensive income for the financial period	-	(394)	(394)			
Balance at 30 November 2015	209,544	13,277	222,821			

- 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**

Issuance of 29,500,000 warrants to Ezion Holdings Limited

Each Warrant carrying the right to subscribe for one new ordinary share at US\$0.5626 per share. The Warrants are exercisable commencing on 6 July 2015 and shall expire on 6 July 2018.

As at date of this announcement, no warrant has been exercised.

As at 30 November 2015, the Company's total issued shares is 324,508,913 (30 November 2014: 324,508,913). The Company does not hold any 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**

The Company's total issued shares is 324,508,913 as at 30 November 2015 (31 August 2015: 324,508,913).

- 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**

Not applicable.

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

The figures have not been audited or reviewed by the 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 first quarter ended 30 November 2015 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 did not have material effect on the financial performance or position of the Group.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: -

	3 months ended 30 November 2015	3 months ended 30 November 2014
Net profit attributable to owners of the Company (US\$'000)	6,157	8,224
Weighted average number of ordinary shares on issue for calculation of ('000):		
- Basic earnings per share	324,509	315,432 (*)
- Diluted earnings per share	324,509 (^)	315,432 (*)

Earnings per ordinary share ("EPS") (US cents) of the Group:

(a) Based on the weighted average number of ordinary shares on issue	1.90	2.61
(b) On a fully diluted basis	1.90	2.61

(*) The weighted average number of ordinary shares for the period ended 30 November 2014 includes the 29,500,000 new ordinary shares issued pursuant to a private placement on 29 September 2014.

(^) For the period from 6 July 2015 to 30 November 2015, there is no dilutive impact on the earnings from the Warrants issued to Ezion Holdings Limited.

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 30 November 2015	As at 31 August 2015	As at 30 November 2015	As at 31 August 2015
Net asset value per ordinary share (US cents)	66.20	64.22	68.66	68.79

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**

REVIEW OF PERFORMANCE:

Revenue

Group's revenue increased by US\$21.4 million (38%) for the three months ended 30 November 2015 ("1Q16") when compared to the corresponding period for the three months ended 30 November 2014 ("1Q15").

The increase was mainly due to:

- (i) Four units of self-elevating units ("SEUs") and two units of multi-purpose support vessels ("MPSVs"), contracts of which were awarded in FY15, had made significant contributions during the financial period; and
- (ii) Certain industrial and offshore fabrication projects.

The increases were partially offset by absence of contribution from two units of SEU – one BH450 and one BH335, which were delivered during FY15 and lower contribution from two units of BH335 which were at near completion stage as at end of 1Q16. Contributions from all these four units of SEU, collectively, were material during 1Q15.

Gross profit

The increase in gross profit in 1Q16 from its comparative period was mainly due to increase in revenue as explained above. This was partially offset by lower gross profit margins resulting from different mix of projects.

Other income, net

Other income decreased from US\$0.3 million in 1Q15 to US\$0.07 million in 1Q16, mainly due to exchange differences.

For 1Q15, there was a provisional non-recurring negative goodwill amounting to US\$3.9 million which arose from the acquisition of Strategic Marine Group as announced in October 2014.

Administrative expenses

No material change in 1Q16 from its comparative period.

Financial expenses

Financial expenses decreased from US\$1.4 million in 1Q15 to US\$1.1 million in 1Q16, mainly due to lower amount of outstanding loan as compared to corresponding period of FY15.

Profit before tax

Profit before tax for 1Q16 decreased by US\$2.2 million (24%) compared to 1Q15. However, if the non-recurring item of the negative goodwill is excluded, profit before tax would have increased by US\$1.7 million (32%) compared to 1Q15.

Tax

The decrease in tax expense in 1Q16 was in line with the decrease in profit before tax.

REVIEW OF STATEMENT OF FINANCIAL POSITION AND CASH FLOWS:

Non-current assets

The increase in non-current assets was mainly due to the purchase of operating equipment and upgrade of facilities at two of the yards in Vietnam.

Current assets

The increase in current assets was mainly due to:-

- (i) Increase in other current assets, mainly as a result of downpayments made to certain equipment suppliers; and
- (ii) Net increase in cash pledged, cash and cash equivalents.

The above increases were partially offset by receipts from trade debtors and value added tax and import tax claimed during the financial period.

Current liabilities

The increase in current liabilities was mainly due to tax provision made as a result of the profit generated in 1Q16 and higher bills payable to banks. The increase was partially offset by payments made to supplier and loan repayment.

Non-current liabilities

The net increase in non-current liabilities was mainly due to increase in deferred tax liabilities resulting from excess of capital allowances over depreciation.

Equity

The increase in shareholders' equity was mainly due to net profit generated during the financial period.

Cash flows

The Group recorded net cash inflow from operating activities of US\$1.4 million in 1Q16, mainly due to receipts from customers. These were partially offset by payments to suppliers.

Net cash used in investing activities was US\$18.8 million in 1Q16, spent mainly for the purchase of operating equipment and upgrade of the facilities at two of the yards in Vietnam and increase in cash pledged.

Net cash generated from financing activities was US\$9.3 million in 1Q16, as a result of net loan drawdown.

Financial ratios

The Group's net debt to equity ratio (defined as ratio of total external indebtedness (net of cash and cash equivalents) owing to bank and financial institutions to shareholders' equity) increased from 0.31 to 0.38 times, in 1Q16 compared to FY15. Approximately 92% of the Group borrowings as at 30 November 2015 relates to working capital financing.

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

Weakened oil prices since the beginning of 2015 had led to reduction or postponement of oil & gas (“O&G”) capital expenditure especially for exploration activities. However the primary business of TRIYARDS focuses on full value chain – fabricating assets which are involved in construction, production and decommissioning, to inspection and maintenance of offshore infrastructure servicing the existing offshore fields. Adapting to the market situation, the Group has made its conscientious effort, over the past 12 months, to diversify its clientele base as well as to expand its product offering beyond O&G related assets, such as chemical tanker, scientific research vessel and windfarm crew transfer vessel. Therefore the Group believes that there will be continued demand for its offering, notwithstanding competitive and challenging environment which the Group anticipates in next 12 months.

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/recommendeded, 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.

Aggregate value of interested person transactions, pursuant to the IPT mandate renewed on 16 December 2015, is as follows.

Name of interested person	Aggregate value of all interested person transactions during first quarter of FY2016 (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual during first quarter of FY2016 (excluding transactions less than US\$100,000)
	US\$'000	US\$'000
<u>Revenue (Recognised)</u>		
Emas Offshore Services Pte Ltd	127	–
London Marine Consultants Limited	–	2,219
<u>Purchase of Goods and Services</u>		
Ezra Holdings Ltd	–	351
EMAS IT Solutions Pte Ltd	–	148

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

**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 statements for the first quarter ended 30 November 2015 to be false or misleading.

On behalf of the Board of Directors



**Lee Kian Soo
Chairman (Non-Executive)**

8 January 2016



**Lim Kuan Meng
Independent Director**