



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

**Financial Statements And Dividend Announcement
For the Third Quarter ended 31 May 2014**

**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			Group 9 months ended		
	31 May 2014	31 May 2013	Incr/ (decr)	31 May 2014	31 May 2013	Incr/ (decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	55,289	65,730	(16)	219,851	198,392	11
Cost of sales	(42,810)	(53,097)	(19)	(181,164)	(163,118)	11
Gross profit	12,479	12,633	(1)	38,687	35,274	10
Other income, net	87	315	(72)	252	657	(62)
Administrative expenses	(4,251)	(4,572)	(7)	(10,944)	(10,765)	2
Profit from operations	8,315	8,376	(1)	27,995	25,166	11
Financial income	1	16	(94)	5	22	(77)
Financial expenses	(1,169)	(395)	196	(3,225)	(1,773)	82
Profit before tax	7,147	7,997	(11)	24,775	23,415	6
Tax	(857)	(452)	90	(3,407)	(2,286)	49
Profit after tax	6,290	7,545	(17)	21,368	21,129	1
Attributable to:						
Owners of the Company	6,290	7,545	(17)	21,368	21,129	1
	6,290	7,545	(17)	21,368	21,129	1

The Company's admission to and listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") was sponsored by Oversea-Chinese Banking Corporation Limited (the "Issue Manager"). The Issue Manager assume no responsibility for the contents of this announcement.

nm – not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	3 months ended			9 months ended		
	31 May 2014	31 May 2013	Incr/ (decr)	31 May 2014	31 May 2013	Incr/ (decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit after tax	6,290	7,545	(17)	21,368	21,129	1
Other comprehensive income	-	-		-	-	
Other comprehensive income for the financial period, net of tax	-	-		-	-	
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	6,290	7,545	(17)	21,368	21,129	1
Total comprehensive income attributable to:						
Owners of the Company	6,290	7,545	(17)	21,368	21,129	1
	6,290	7,545	(17)	21,368	21,129	1

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

	Group			Group		
	3 months ended		Incr/ (decr) %	9 months ended		Incr/ (decr) %
	31 May	31 May		31 May	31 May	
	2014	2013		2014	2013	
	US\$'000	US\$'000		US\$'000	US\$'000	
Depreciation of fixed assets	(1,999)	(1,539)	30	(5,746)	(4,446)	29
Gain on disposal of fixed assets	14	-	nm	27	-	nm
Fixed assets written off	(4)	(44)	(91)	(5)	(44)	(89)
Interest income	1	16	(94)	5	22	(77)
Exchange (loss)/gain, net	(26)	175	(115)	(257)	68	(478)

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	
	31 May 2014 US\$'000	31 August 2013 US\$'000	31 May 2014 US\$'000	31 August 2013 US\$'000
Non-current assets				
Fixed assets	102,778	102,189	-	-
Intangible assets	7,200	7,200	-	-
Investments in subsidiaries	-	-	182,468	181,968
Deferred tax assets	278	442	-	-
Current assets				
Inventories and work-in-progress	41,063	37,179	-	-
Trade receivables	172,915	108,190	-	-
Other receivables	2,801	2,958	5	7
Other current assets	4,406	3,282	405	95
Balances due from				
- subsidiaries	-	-	29,714	28,446
- ultimate holding company	64	-	64	-
- related companies	29,427	42,974	413	35
- affiliated companies	3,547	48	42	-
Cash and cash equivalents	7,394	15,460	171	97
	261,617	210,091	30,814	28,680
Current liabilities				
Trade payables	18,544	21,167	-	-
Other payables	45,646	26,380	392	393
Balances due to				
- subsidiaries	-	-	17,713	10,085
- ultimate holding company	2,898	2,546	-	-
- related companies	22,112	26,951	-	-
Bills payable to banks	17,530	24,848	-	-
Bank term loans	93,163	66,781	-	-
Lease obligations	22	-	-	-
Provision for tax	3,704	3,972	-	-
	203,619	172,645	18,105	10,478
Net current assets	57,998	37,446	12,709	18,202
Non-current liabilities				
Lease obligations	(97)	-	-	-
Bank term loans	(4,000)	-	-	-
Deferred tax liabilities	(207)	(67)	-	-
NET ASSETS	163,950	147,210	195,177	200,170
EQUITY				
Share capital	193,802	193,802	193,802	193,802
Accumulated profits	149,495	132,755	1,375	6,368
Merger reserve	(179,347)	(179,347)	-	-
TOTAL EQUITY	163,950	147,210	195,177	200,170

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

	31 May 2014		31 August 2013	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	88,185	22,530	62,781	28,848
Amount repayable after one year	4,097	-	-	-

Details of any collaterals

The group's borrowings are primarily secured by way of legal mortgage 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.

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 31 May 2014 US\$'000	3 months ended 31 May 2013 US\$'000	9 months ended 31 May 2014 US\$'000	9 months ended 31 May 2013 US\$'000
Cash flows from operating activities				
Profit before tax	7,147	7,997	24,775	23,415
Adjustments:				
Depreciation of fixed assets	1,999	1,539	5,746	4,446
Gain on disposal of fixed assets	(14)	-	(27)	-
Fixed assets written off	4	44	5	44
Unrealised exchange (gain)/loss	(166)	(92)	(106)	(119)
Interest expense	1,169	395	3,225	1,773
Interest income	(1)	(16)	(5)	(22)
Operating profit before working capital changes	10,138	9,867	33,613	29,537
(Increase)/decrease in:				
Inventories and work-in-progress	3,744	4,702	(3,523)	5,331
Trade receivables	(13,666)	4,819	(64,725)	60,033
Other receivables and other current assets	(223)	(9,121)	(967)	(15,103)
Due from ultimate holding company	-	149	(64)	-
Due from related companies	(9,228)	(19,266)	13,547	(69,714)
Due from affiliated companies	(19)	1,528	(3,499)	(779)
Increase/(decrease) in:				
Trade payables	(2,242)	9,496	(2,457)	10,937
Other payables	6,075	(42,408)	19,266	31,577
Due to ultimate holding company	189	281	352	1,700
Due to related companies	(972)	4,244	(4,839)	(11,766)
Cash (used in)/generated from operations	(6,204)	(35,709)	(13,296)	41,753
Interest paid	(1,169)	(395)	(3,225)	(1,773)
Interest income received	1	16	5	22
Tax paid	(1,919)	(2,604)	(3,371)	(4,132)
Net cash (used in)/generated from operating activities	(9,291)	(38,692)	(19,887)	35,870
Cash flows from investing activities				
Purchase of fixed assets	(2,335)	(4,662)	(6,709)	(16,304)
Proceeds from disposal of fixed assets	17	-	35	-
Net cash used in investing activities	(2,318)	(4,662)	(6,674)	(16,304)
Cash flows from financing activities				
Proceeds from lease obligations, net	119	-	119	-
Proceeds from bank term loans and bills payable to banks	32,059	31,147	138,475	78,832
Repayment of bank term loans and bills payable to banks	(30,068)	(43,919)	(115,530)	(94,952)
Dividends paid on ordinary shares	-	-	(4,628)	-
Net cash generated from/(used in) financing activities	2,110	(12,772)	18,436	(16,120)
Net (decrease)/increase in cash and cash equivalents	(9,499)	(56,126)	(8,125)	3,446
Effects of exchange on cash and cash equivalents	20	66	59	62
Cash and cash equivalents at beginning of financial period	16,873	66,892	15,460	7,324
Cash and cash equivalents at end of financial period	7,394	10,832	7,394	10,832

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	Capital reserve US\$'000	Merger reserve US\$'000	
Group					
Balance at 1 September 2012	3	101,323	3,672	-	104,998
Total comprehensive income for the financial period	-	21,129	-	-	21,129
Adjustment arising from Restructuring Exercise	(3)	-	(3,672)	(179,347)	(183,022)
Issuance of new ordinary shares	193,802	-	-	-	193,802
Total transactions with owners in their capacity as owners	193,799	-	(3,672)	(179,347)	10,780
Balance at 31 May 2013	193,802	122,452	-	(179,347)	136,907
Balance at 1 September 2013	193,802	132,755	-	(179,347)	147,210
Total comprehensive income for the financial period	-	21,368	-	-	21,368
Dividends on ordinary shares	-	(4,628)	-	-	(4,628)
Balance at 31 May 2014	193,802	149,495	-	(179,347)	163,950

Company	Attributable to owners of the Company		
	Share capital US\$'000	Accumulated (losses)/profit US\$'000	Total Equity US\$'000
Balance at 1 September 2012	-*	(1,460)	(1,460)
Total comprehensive income for the financial period	-	(893)	(893)
Issuance of new ordinary shares	193,802	-	193,802
Balance at 31 May 2013	193,802	(2,353)	191,449
Balance at 1 September 2013	193,802	6,368	200,170
Total comprehensive income for the financial period	-	(365)	(365)
Dividends on ordinary shares	-	(4,628)	(4,628)
Balance at 31 May 2014	193,802	1,375	195,177

*Denote less than US\$1,000

- 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**

As at 31 May 2014, the Company's total issued shares is 295,008,913 (31 May 2013: 295,008,913). 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 excluding treasury shares is 295,008,913 as at 31 May 2014 (31 August 2013: 295,008,913).

- 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 third quarter ended 31 May 2014 as the most recently audited financial statements for the financial year ended 31 August 2013 ("FY13").

- 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 2013. 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: -

	9 months ended 31 May 2014	9 months ended 31 May 2013
Net profit attributable to owners of the Company (US\$'000)	21,368	21,129
Weighted average number of ordinary shares on issue for calculation of ('000):		
- Basic earnings per share	295,009	259,384
- Diluted earnings per share	295,009	259,384
Earnings per ordinary share ("EPS") (US cents) of the Group:		
(a) Based on the weighted average number of ordinary shares on issue	7.24	8.15
(b) On a fully diluted basis	7.24	8.15

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 2014	As at 31 August 2013	As at 31 May 2014	As at 31 August 2013
Net asset value per ordinary share (US cents)	55.57	49.90	66.16	67.85

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

9 months ended 31 May 2014 ("9M14")

Group's revenue grew by US\$21.5 million (11%) for 9M14 when compared to the corresponding period for the nine months ended 31 May 2013 ("9M13").

The increase was mainly attributable to higher revenue recognised from the subsea construction vessel, *Lewek Constellation* and self-elevating units ("SEUs") during the first half of FY14. These increases were partially offset by higher revenue from three offshore support vessels ("OSVs") during the corresponding period in FY13.

3 months ended 31 May 2014 ("3Q14")

Group's revenue decreased by US\$10.4 million (16%) for 3Q14 when compared to the corresponding period for the three months ended 31 May 2013 ("3Q13").

When compared to 3Q13, the decline in revenue was a result of lower revenue recognised for one of the SEUs from BH450 series, of which sea trials were conducted at the end of 3Q14. Typically, revenue recognition tapers off when a vessel reaches the stage of sea trial.

This decrease was partially offset by higher revenue recognised from one of the SEUs from BH335 series, which has well progressed into advanced stage of construction in 3Q14.

Gross profit

9 months ended 31 May 2014 ("9M14")

The Group's gross profit increased from US\$35.3 million in 9M13 to US\$38.7 million in 9M14, mainly due to higher revenue recognised during the financial period.

3 months ended 31 May 2014 ("3Q14")

The Group's gross profit decreased from US\$12.6 million in 3Q13 to US\$12.5 million in 3Q14, mainly due to lower revenue recognised during the financial period.

Other income, net

Compared to 9M13 and 3Q13, other income for 9M14 and 3Q14 marginally decreased by US\$0.4 million and US\$0.2 million respectively. The decreases were mainly due to higher foreign exchange loss incurred.

Administrative expenses

No material changes in 9M14 and 3Q14 from its comparative periods.

Financial expenses

Compared to 9M13 and 3Q13, financial expenses for 9M14 and 3Q14 increased by US\$1.5 million and US\$0.8 million respectively. The increases were due to higher loan drawdowns to finance the working capital of the various projects.

REVIEW OF PERFORMANCE (CONT'D):

Profit before tax

9 months ended 31 May 2014 ("9M14")

Profit before tax for 9M14 increased by US\$1.4 million (6%) compared to 9M13, mainly due to the increase in gross profit. This was partially offset by the increase in financial expenses as explained above.

3 months ended 31 May 2014 ("3Q14")

Profit before tax for 3Q14 decreased by US\$0.9 million (11%) compared to 3Q13, mainly due to the decrease in gross profit, accompanied by the higher financial expenses as explained above.

Tax

The tax expenses of the Group for 9M14 and 3Q14 were US\$1.1 million and US\$0.4 million higher than the corresponding periods of FY13. The one-off tax credits had resulted in lower tax expenses in 9M13.

REVIEW OF STATEMENT OF FINANCIAL POSITION AND CASH FLOWS:

Non-current assets

No material changes in non-current assets as at 31 May 2014, compared to 31 August 2013.

Current assets

The increase in current assets during the financial period was mainly due to:-

- (i) Increase in inventories and work-in-progress resulting from higher stockholding of inventory items mainly for one of the SEUs which has progressed into advanced stage of construction during 3Q14;
- (ii) Increase in trade receivables mainly due to unbilled amount of revenue recognised based on percentage of completion, on one of the SEU projects which was at the final stage of completion as at end of 3Q14; and
- (iii) Increase in other current assets, mainly as a result of advance payments made to certain equipment suppliers.

The above increases were partially offset by:-

- (i) Net decrease in amount due from related and affiliated companies mainly due to payments received; and
- (ii) Decrease in cash and cash equivalents, as a result of net cash used for operations and investments in capital expenditures during the financial period.

Current liabilities

The increase in current liabilities was mainly due to:-

- (i) Increase in other payables resulting from increase in advance billings to customers as well as accruals for costs of certain equipment delivered during the financial period; and
- (ii) Increase in bank term loans arising from higher borrowings for working capital.

The above increases were partially offset by payments made to trade creditors and related companies, as well as repayments of bills payable during the financial period.

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

Non-current liabilities

The increase in non-current liabilities was mainly due to reclassification from current liabilities to non-current liabilities for one of the bank term loans.

Equity

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

Cash flows

The Group recorded net cash outflow in operating activities of US\$19.9 million in 9M14, mainly due to:

- (i) Net increase in trade receivables;
- (ii) Net increase in other current assets, mainly due to advance payments made to suppliers; and
- (iii) Net decrease in trade payables.

The above were partially offset by:

- (i) Increase in other payables, mainly as a result of increase in advance billings to customers and increase in costs accrued for various shipbuilding projects; and
- (ii) Net decrease in amount due from related and affiliated companies as a result of payments received.

The Group recorded net cash outflow in operating activities of US\$9.3 million in 3Q14, mainly due to:

- (i) Net increase in trade receivables;
- (ii) Net increase in amount due from related companies; and
- (iii) Net decrease in trade payables.

The above were partially offset by increase in other payables, mainly as a result of increase in advanced billings to customers and net decrease in inventories.

Net cash used in investing activities was US\$6.7 million and US\$2.3 million in 9M14 and 3Q14 respectively, spent mainly for the purchase of operating equipment and upgrade of the facilities at one of the yards in Vietnam.

Net cash generated from financing activities was US\$18.4 million and US\$2.1 million in 9M14 and 3Q14 respectively, as a result of net loan drawdowns to finance the working capital for the projects.

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 0.52 to 0.66 times, in 9M14 compared to FY13. Approximately 90% of the Group borrowings as at 31 May 2014 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

With the rise of new players in Asia, especially from China, entering into the space TRIYARDS is in, the Group expects the next 12 months to be more competitive and challenging. Demand for liftboats in Asia is expected to remain buoyant, especially with increasing acceptance of their use. The demand for medium to large sized offshore support vessels should also stay healthy. The Group is thus cautiously optimistic that it can lock in a greater share of this segment, barring any unforeseen circumstances which may arise to destabilise the current financial market and global economy.

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/recommendedd, 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 2013, is as follows.

Name of interested person	Aggregate value of all interested person transactions during nine months of FY2014 (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 nine months of FY2014 (excluding transactions less than US\$100,000)
	US\$'000	US\$'000
<u>Revenue (Recognised)</u>		
Lewek Constellation Pte Ltd	—	114,191
Emas Offshore Services Pte Ltd	—	516
PV Keez Pte Ltd	—	430
London Marine Consultants Limited	—	2,916
<u>Purchase of Goods and Services</u>		
Ezra Holdings Ltd	—	603
Emas Offshore Pte Ltd	—	378
Ezra Marine Services Pte Ltd	—	90,325
EMAS IT Solutions Pte Ltd	—	372

**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 third quarter ended 31 May 2014 to be false or misleading.

On behalf of the Board of Directors



**Lee Chye Tek Lionel
Chairman (Non-Executive)**

10 July 2014



**Andrew Mak Yeuw Wan
Chief Operating Officer**