

EZRA HOLDINGS LIMITED

**Financial Statement And Dividend Announcement
For the three months ended 30 November 2015**

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		Incr/ (decr) %
	30 November 2015 US\$'000	30 November 2014 US\$'000 (Re- presented)	
<u>Continuing operations</u>			
Revenue	152,267	128,113	19
Cost of sales	(136,533)	(99,882)	37
Gross profit	15,734	28,231	(44)
Other (expenses)/income, net	(9,502)	66,209	n/m
Administrative expenses	(16,657)	(9,523)	75
(Loss)/profit from continuing operations	(10,425)	84,917	n/m
Financial income	1,367	1,224	12
Financial expenses	(11,038)	(10,178)	8
Share of profit of associated companies	2,762	1,327	108
Share of profit of joint venture companies	3,377	2,765	22
(Loss)/profit before tax from continuing operations	(13,957)	80,055	n/m
Tax	(3,082)	(2,420)	27
(Loss)/profit after tax from continuing operations	(17,039)	77,635	n/m
<u>Discontinued operations</u>			
Loss from discontinued operations, net of tax	(36,700)	(17,076)	115
(Loss)/profit after tax	(53,739)	60,559	n/m

CONSOLIDATED INCOME STATEMENT (CONT'D)

	Group		
	3 months ended		
	30 November	30 November	Incr/
	2015	2014	(decr)
	US\$'000	US\$'000	%
		(Re-	
		presented)	
<u>Attributable to:</u>			
Owners of the parent			
(Loss)/profit from continuing operations, net of tax	(18,648)	71,490	n/m
Loss from discontinued operations, net of tax	(36,700)	(17,076)	115
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(Loss)/profit attributable to the owners of the Company	(55,348)	54,414	n/m
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Non-controlling interests			
Profit from continuing operations, net of tax	1,609	6,145	(74)
Loss from discontinued operations, net of tax	-	-	n/m
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Profit attributable to non-controlling interests	1,609	6,145	(74)
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nm – not meaningful			

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 months ended		
	30 November 2015	30 November 2014	Incr/ (decr)
	US\$'000	US\$'000 (Re- presented)	%
(Loss)/profit after tax	(53,739)	60,559	n/m
<u>Other comprehensive income:</u>			
Exchange differences on translating foreign operations	(1,239)	(3,225)	(62)
Remeasurement loss on defined benefits obligations	(95)	-	n/m
Reclassification of fair value reserves on step-up of associated company included in profit or loss	-	(1,715)	(100)
Reclassification of hedging reserves on step-up of associated company included in profit or loss	-	199	(100)
Fair value changes on cash flow hedges	567	(4,318)	n/m
Reclassification of hedging reserves on settlement of hedge instrument included in profit or loss	13,862	-	n/m
Share of other comprehensive income of associated companies and joint ventures companies	9,741	(4,248)	n/m
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Other comprehensive income for the financial period, net of tax	22,836	(13,307)	n/m
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TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	(30,903)	47,252	n/m
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Total comprehensive income attributable to:			
Owners of the parent	(32,457)	41,036	n/m
Non-controlling interests	1,554	6,216	(75)
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	(30,903)	47,252	n/m
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<u>Attributable to owners of the Company:</u>			
Total comprehensive income from continuing operations, net of tax	4,457	58,779	(92)
Total comprehensive income from discontinued operations, net of tax	(36,914)	(17,743)	108
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Total comprehensive income for the period attributable to owners of the Company	(32,457)	41,036	n/m
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nm – not meaningful

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

	Group		
	3 months ended		
	30 November 2015	30 November 2014	Incr/ (decr)
	US\$'000	US\$'000	%
Amortisation of other intangible assets	(174)	(19)	n/m
Depreciation of fixed assets	(17,401)	(15,831)	10
(Loss)/gain on disposal of fixed assets	(9)	1	n/m
Impairment loss on fixed assets	-	(10,000)	(100)
Realised (loss)/gain on derivative instruments, net	-	-	n/m
Gross dividend income from AFS investments	-	-	n/m
Realised loss reclassified from hedging reserves on settlement of hedge instrument included in profit or loss	(13,862)	-	n/m
Fair value changes in respect of derivative instruments, net	(114)	29	n/m
Foreign exchange gain, net	4,259	8,374	(49)
Bad debts (written off)/recovered, net	(78)	343	n/m
Allowance for of doubtful debts, net	(2,700)	228	n/m
Gain on bargain purchase on acquisition of subsidiaries *	-	106,333	(100)
Realised loss on share of hedging reserves on step-up of associated companies to subsidiaries	-	(199)	(100)
Realised gain on share of fair value reserves on step-up of associated companies to subsidiaries	-	1,715	(100)
Loss on step up of associated and joint venture companies to subsidiaries	-	(42,304)	(100)

nm – not meaningful

* Included in the comparative period is provisional goodwill amounting to USD106.3 million relating to the acquisition 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	
	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	1,002,282	1,012,908	739	870
Goodwill	17,747	17,848	-	-
Other intangible assets	9,535	9,634	-	-
Investments in subsidiaries	-	-	224,040	224,040
Investments in associated companies	225,109	212,818	-	-
Investments in joint venture companies	193,854	191,265	6,987	6,987
Available for sale ("AFS") investments	3,112	3,112	3,075	3,075
Long term receivable from subsidiaries	-	-	139,077	139,021
Trade receivable	30,418	30,258	-	-
Other receivable	37,765	37,591	-	-
Deferred tax assets	831	700	-	-
Current assets				
Assets held for sale	102,548	102,548	351,805	351,805
Assets included in disposal group classified as held for sale	1,526,111	1,590,852	-	-
Inventories and work-in-progress	78,152	78,017	-	-
Trade receivables	239,390	253,813	-	-
Other receivables	95,025	96,277	2,038	4,050
Other current assets	47,761	44,484	488	503
Balances due from				
- subsidiaries	-	-	652,254	653,741
- associated companies	53,414	76,957	5,744	7,183
- joint venture companies	17,400	221	505	-
Derivative financial instruments	123	177	-	-
Cash and cash equivalents	82,729	377,601	5,935	292,267
Cash pledged	55,399	40,234	-	-
	2,298,052	2,661,181	1,018,769	1,309,549
Current liabilities				
Liabilities included in disposal group classified as held for sale	963,910	979,896	-	-
Trade payables	48,857	53,777	-	-
Other payables	172,721	174,393	10,367	20,482
Bills payable to banks	290,342	255,797	62,353	41,957
Deferred income	868	868	-	-
Progress billings in excess of work-in-progress	39,407	56,642	-	-
Balances due to				
- subsidiaries	-	-	62,337	55,996
- associated companies	9,311	7,410	-	-
- joint venture companies	2,591	2,500	2,591	2,500
Derivative financial instruments	3,725	38,291	-	34,752
Lease obligations	2,274	2,522	-	-
Bank term loans	149,077	153,609	11,006	12,000
Perpetual securities	-	106,232	-	106,232
Notes payable	67,257	226,489	67,257	226,489
Provision for tax	15,160	15,224	2,192	2,192
	1,765,500	2,073,650	218,103	502,600
Net current assets	532,552	587,531	800,666	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	
	30 November 2015 US\$'000	31 August 2015 US\$'000	30 November 2015 US\$'000	31 August 2015 US\$'000
Non-current liabilities				
Deferred income	(9,976)	(10,193)	-	-
Lease obligations	(11,451)	(11,886)	-	-
Bank term loans	(588,554)	(607,810)	(154,000)	(154,000)
Notes payable	(105,890)	(105,806)	(105,890)	(105,806)
Deferred tax liabilities	(2,926)	(2,659)	-	-
NET ASSETS	1,334,408	1,365,311	914,694	921,136
EQUITY				
Share capital	634,736	634,736	634,736	634,736
Accumulated profits	502,291	557,734	279,886	300,298
Capital reserve	(47,944)	(48,019)	7,448	7,448
Hedging reserve	(2,916)	(17,238)	-	(13,970)
Translation reserve	(7,237)	(15,826)	-	-
Treasury shares	(7,376)	(7,376)	(7,376)	(7,376)
	1,071,554	1,104,011	914,694	921,136
Non-controlling interests	262,854	261,300	-	-
TOTAL EQUITY	1,334,408	1,365,311	914,694	921,136

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	233,859	275,091	238,406	506,243
Amount repayable after one year	445,140	260,755	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 property, equipments and cash deposits of the Group.

Certain motor vehicles and vessel 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	
	30 November 2015 US\$'000	30 November 2014 US\$'000
Cash flows from operating activities		
(Loss)/profit before tax from continuing operations	(13,957)	80,055
Loss before tax from discontinued operations	(34,467)	(12,491)
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(Loss)/profit before tax	(48,424)	67,564
Adjustments:		
Depreciation of fixed assets	31,838	20,996
Impairment loss on fixed assets	-	10,000
Fixed assets written off	-	157
Amortisation of other intangible assets	366	211
Loss/(gain) on disposal of fixed assets	37	(1)
Share of profit of associated companies	(2,816)	(1,327)
Share of profit of joint venture companies	(3,377)	(2,765)
Realised loss reclassified from hedging reserves on settlement of hedge instrument included in profit or loss	13,862	-
Fair value changes in respect of derivative financial instruments, net	114	(29)
Unrealised exchange loss/(gain)	1,083	(6,169)
Interest expense	15,526	11,316
Interest income	(1,374)	(1,230)
Bad debts written off/(recovered), net	78	(343)
Allowance for doubtful debts, net	2,700	(228)
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
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Operating profit before working capital changes	9,613	32,607
<i>Decrease/(increase) in:</i>		
Inventories and work-in-progress	852	(43,425)
Trade receivables	61,977	107,999
Other receivables and other current assets	3,307	(38,761)
Due from associated companies, net	4,930	(3,328)
Due from joint venture companies, net	272	1,573
<i>(Decrease)/increase in:</i>		
Trade payables	(53,376)	(48,631)
Other payables	36,420	(41,058)
Progress billings in excess of work-in-progress	(21,777)	24,196
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Cash generated from/(used in) operations	42,218	(8,828)
Interest paid	(24,870)	(14,375)
Interest received	228	1,236
Tax paid	(5,067)	(8,922)
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Net cash generated from/(used in) operating activities	12,509	(30,889)

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	30 November 2014 US\$'000
Cash flows from investing activities		
Purchase of fixed assets	(9,661)	(47,261)
Purchase of intangible asset	(76)	-
Return of capital from a joint venture company	789	-
Increase in cash pledged	(15,165)	-
Proceeds from disposal of fixed assets	3	2
Interest paid and capitalised as fixed assets and assets held for sale	(177)	(2,376)
Proceeds from disposal of assets held for sale	-	7,000
Dividend received (net) from an associated company	-	8,829
Acquisition of subsidiaries, net of cash paid	-	25,206
	(24,287)	(8,600)
Cash flows from financing activities		
Proceeds from bills payable, net	61,723	33,651
Repayment of lease obligations, net	(3,730)	(944)
Proceeds from bank term loans	24,692	83,172
Repayment of bank term loans	(63,142)	(97,077)
Repayment of perpetual securities	(106,232)	-
Repayment of notes payable	(159,347)	-
(Payment for)/receipts from derivative financial instruments, net	(34,757)	29
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	-	(5,295)
	(280,793)	72,717
Net cash (used in)/generated from financing activities		
Net (decrease)/increase in cash and cash equivalents	(292,571)	33,228
Effects of exchange on cash and cash equivalents	(346)	(1,128)
Cash and cash equivalents at beginning of financial period	425,820	174,365
Cash and cash equivalents at end of financial period	132,903	206,465
<u>Cash and cash equivalents included in the consolidated cash flows statement comprise the following amounts:</u>		
- From continuing operations	82,729	
- From discontinued operations	50,174	
	132,903	

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	-	-	54,414	(127)	(4,951)	(3,960)	(4,340)	-	41,036	6,216	47,252
Accrued perpetual securities distribution	-	2,577	(2,577)	-	-	-	-	-	-	-	-
Payment of perpetual securities distribution	-	(5,295)	-	-	-	-	-	-	(5,295)	-	(5,295)
Total contributions by and distribution to owners	-	(2,718)	(2,577)	-	-	-	-	-	(5,295)	-	(5,295)
Dilution of equity interest in subsidiaries to non-controlling interest without change in control	-	-	-	(53,156)	-	-	-	-	(53,156)	184,402	131,246
Acquisition of non-controlling interest in subsidiaries	-	-	-	350	-	-	-	-	350	(1,068)	(718)
Total changes in ownership interests in subsidiaries	-	-	-	(52,806)	-	-	-	-	(52,806)	183,334	130,528
Total transactions with owners in their capacity as owners	-	(2,718)	(2,577)	(52,806)	-	-	-	-	(58,101)	183,334	125,233
Balance at 30 November 2014	490,085	120,329	575,553	(56,175)	-	(3,717)	(5,962)	(7,376)	1,112,737	245,517	1,358,254
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	-	-	(55,443)	75	-	14,322	8,589	-	(32,457)	1,554	(30,903)
Balance at 30 November 2015	634,736	-	502,291	(47,944)	-	(2,916)	(7,237)	(7,376)	1,071,554	262,854	1,334,408

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	-	-	168,016	-	(4,374)	163,642	-	163,642
Accrued perpetual securities distribution	-	2,577	(2,577)	-	-	(2,577)	-	-
Payment of perpetual securities distribution	-	(5,295)	-	-	-	-	-	(5,295)
Total transactions with owners in their capacity as owners	-	(2,718)	(2,577)	-	-	(2,577)	-	(5,295)
Balance at 30 November 2014	490,085	120,329	356,415	(2,353)	(3,759)	350,303	(7,376)	953,341
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	-	-	(20,412)	-	13,970	(6,442)	-	(6,442)
Balance at 30 November 2015	634,736	-	279,886	7,448	-	287,334	(7,376)	914,694

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 30 November 2015, the Company's total issued shares is 2,942,400,977 (30 November 2014: 977,896,088) with 3,439,880 (30 November 2014: 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

The Company's total issued shares excluding treasury shares is 2,938,961,097 as at 30 November 2015 (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 30 November 2015, 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 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 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**

Discontinued operations and re-presentation of prior periods' financials

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.

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	30 November 2014 (Restated and re-presented)
Net (loss)/profit attributable to owners of the parent (US\$'000)	(55,348)	54,414
Adjusted: Loss from discontinued operation, net of tax, attributable to the owners of the Company	36,700	17,076
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	<u>(18,648)</u>	<u>71,490</u>
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 [®]

Earnings per ordinary share ("EPS") (US cents) from:

Continuing operations attributable to owners of the Company

(a) Based on the weighted average number of ordinary shares on issue	(0.63)	4.26
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	<u>(0.63)</u>	<u>4.26</u>

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)

	3 months ended	
	30 November 2015	30 November 2014 (Restated and re-presented)
<u>Earnings per ordinary share (“EPS”) (US cents) from (cont’d):</u>		
Discontinued operation attributable to owners of the Company		
(a) Based on the weighted average number of ordinary shares on issue	(1.25)	(1.02)
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(1.25)	(1.02)
Total profit attributable to owners of the Company		
(a) Based on the weighted average number of ordinary shares on issue	(1.88)	3.24
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(1.88)	3.24

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 30 November 2015, 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 30 November 2014 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 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 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)	45.40	46.46	31.12	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 categorised into the following:

- **Subsea Services Division:** Predominantly made up of EMAS AMC Group, which is part of the discontinued operations, and Energy Services Division
 - **EMAS AMC Group** is a global EPCIC service provider of comprehensive subsea-to-surface solutions for the offshore oil and gas industry, especially in the SURF and Subsea Tie-Back sector. Core business services include subsea installation of umbilicals/power cables, pipelines as well as platforms, FPSO and floater installations.
 - **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 and its subsidiaries ("Tiryards Group") 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

3 months ended 30 November 2015 ("1Q16")

The Group's revenue increased by US\$24.2 million (19%) 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 due to an increase in revenue of US\$45.4 million from Marine Services Division. The increase was partially offset by a decrease in revenue of US\$19.3 million from Offshore Support and Production Services Division and a slight decrease of US\$1.9 million from Energy Services Division.

The increase in revenue in 1Q16 when compared to 1Q15 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 1Q16 as compared to 1Q15 and higher contribution from engineering design work.

The decrease in revenue for 1Q16 when compared to 1Q15 from Offshore Support and Production Services Division was mainly due to general weakness in the offshore industry in addition to seasonal fluctuation as a result of monsoon in Asia. The shallow water platform support vessels ("PSV") segment continues to remain weak.

REVIEW OF PERFORMANCE (CONT'D):

Gross profit

3 months ended 30 November 2015 ("1Q16")

Gross profit decreased from US\$28.2 million in 1Q15 to US\$15.7 million in 1Q16 and gross profit margin decreased from 22% in 1Q15 to 10% in 1Q16. The decrease is mainly due to weakness in the Offshore Support and Production Services Division in 1Q16 when compared to 1Q15 which resulted in a gross loss from this Division in 1Q16.

Other (expenses)/income, net

3 months ended 30 November 2015 ("1Q16")

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

- (i) Net realised loss on derivative instruments of US\$13.9 million in 1Q16;
- (ii) Lower foreign exchange gain from US\$8.4 million in 1Q15 to US\$4.3 million in 1Q16; and
- (iii) Absence of non-recurring gain on bargain purchase from the acquisition of subsidiaries of US\$106.3 million in 1Q15.

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 1Q15 and absence of impairment loss on fixed assets of US\$10.0 million in 1Q15.

Administrative expenses

3 months ended 30 November 2015 ("1Q16")

The increase in administrative expenses for 1Q16 when compared to 1Q15 was mainly due to:-

- (i) Consolidation of three months of administrative expenses in 1Q16 as compared to two months in 1Q15 from EOL Group;
- (ii) Allowance for doubtful debts of US\$2.7 million made in 1Q16 compared to a write-back of allowance of US\$0.2 million in 1Q15; and
- (iii) Expenses incurred in recent restructuring exercises which did not occur in 1Q15.

Depreciation of fixed assets

3 months ended 30 November 2015 ("1Q16")

The increase in depreciation of fixed assets for 1Q16 when compared to 1Q15 was mainly due to consolidation of three months of depreciation in 1Q16 as compared to two months in 1Q15 from EOL Group and the additional depreciation charge from newly acquired fixed assets which were put into operation.

Share of profit of associated companies

3 months ended 30 November 2015 ("1Q16")

The increase in share of profit of associated companies for 1Q16 when compared to 1Q15 was mainly due to the absence of a non-recurring share of loss from an associated company in 1Q15.

REVIEW OF PERFORMANCE (CONT'D):

Share of profit of joint venture companies

3 months ended 30 November 2015 ("1Q16")

The increase in share of profit of joint venture companies for 1Q16 when compared to 1Q15 was mainly due to the Group equity accounting for 3 months of results in 1Q16 from the acquired joint venture companies when EOL Group was consolidated as subsidiaries from October 2014 as compared to 2 months of equity accounting of results in 1Q15.

(Loss)/profit before tax from continuing operations

3 months ended 30 November 2015 ("1Q16")

(Loss)/profit before tax from continuing operations deteriorated from a profit of US\$80.1 million in 1Q15 to loss of US\$14.0 million in 1Q16. The deterioration was mainly due to lower gross profit and higher other expenses (see "Other (expenses)/income, net" above) and administrative expenses.

Tax

There is no significant fluctuation in tax expense in 1Q16 when compared to 1Q15.

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.

Loss 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 from discontinued operations, net of tax". Summarised items of the income statement relating to the discontinued operations are presented as below:

	Quarter ended		Increase /
	30 November	30 November	(Decrease)
	2015	2014	
	US\$'000	US\$'000	%
Revenue	180,508	192,907	(6)
Loss from operations	(30,041)	(11,359)	n/m
Loss from discontinued operations, net of tax	<u>(36,700)</u>	<u>(17,076)</u>	115

3 months ended 30 November 2015 ("1Q16")

The increase in loss from discontinued operations, net of tax in 1Q16 when compared to 1Q15 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; and
- (ii) 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 in 1Q16 as compared to 1Q15 as the Division continues to exercise continuous cost savings measures.

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 associated companies and joint venture companies from the share of profits and reserves for the 3 months ended 30 November 2015.

The increase is partially offset by depreciation on fixed assets.

Current assets

The decrease in current assets was mainly due to:-

- (i) Decrease in assets included in disposal group classified as held for sale mainly due to a decrease in the trade and other receivables belonging to the disposal group classified as held for sale due to more receipts from customers compared to billings made;
- (ii) Decrease in trade receivables due to more receipts from customers over billings made; and
- (iii) Decrease in balances due from associated and joint venture companies due to collections;
- (iv) Decrease in cash and cash equivalents mainly due to repayment of perpetual securities and S\$225 million Notes in September 2015.

Current liabilities

The decrease in current liabilities was mainly due to:-

- (i) Decrease in liabilities included in disposal group classified as held for sale mainly due to repayment of creditors;
- (ii) Decrease in progress billings in excess of work-in-progress as a result of lower advanced billings made by Marine Services Division;
- (iii) Decrease in derivative financial instruments due to settlement of derivative instruments on maturity; and
- (iv) Decrease in perpetual securities and notes payable as a result of repayment.

The decrease in current liabilities was partially offset by increase in bills payable for working capital use.

Non-current liabilities

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

Equity

The decrease in total equity was mainly due to decrease in accumulated profits due to losses for the 3 months ended 30 November 2015.

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 and decrease in the deficit of translation reserve.

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

Cash flows

3 months ended 30 November 2015 ("1Q16")

Net cash from operating activities turn-around from an outflow of US\$30.9 million in 1Q15 to an inflow of US\$12.5 million as a result of greater working capital discipline across the Group and its subsidiaries with a focus on shortening cash flow cycles to increase cash flow.

The net cash inflow from operating activities was partially offset by net outflow due from repayment of creditors.

Net cash outflow from investing activities increased from US\$8.6 million in 1Q15 to US\$24.3 million in 1Q16 and was mainly due to absence of proceeds from disposal of assets held for sale, dividend received from an associated company and net cash inflow from acquisition of subsidiaries and increase in cash pledged for new bank facilities.

The net cash outflow from investing activities was partially offset by decrease in amount spent on capital expenditure as the construction of *Lewek Constellation* has been completed.

Net cash from financing activities changed from an inflow of US\$72.7 million in 1Q15 to an outflow of US\$280.8 million in 1Q16 and was mainly due to:-

- (i) Repayment of the perpetual securities and S\$225 million notes in September 2015,
- (ii) Settlement of matured derivative instruments used for hedging of the note payables; and
- (iii) 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 and marginal increase in debts from bank borrowings and lease obligations.

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) has increased slightly to 0.82 times as at the end of 1Q16 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

The global Oil and Gas Industry continues to experience significant challenges in light of the current oil price environment. Consequently, this has led to reduced oil and gas spending and uncertainty in new contract awards across the offshore services segment. As a result, the Group is likely to face strong headwinds and is expected to have a negative impact on the financial performance of the Group.

The Offshore Support and Production Services Division is likely to experience lower charter rates and decreased vessel utilization which will have a significant impact on the division's financial performance.

As the Marine Services Division diversifies its products and services across oilfield fabrication value chain, from construction, production, decommissioning, to inspection and maintenance of offshore infrastructure servicing offshore fields, the division believes that there will be continued demand for its offerings, notwithstanding the competitive and challenging environment.

Amidst the extremely difficult operating environment, the Group remains focused on project execution and active balance sheet management. The Group expects its financial performance for the remainder of FY2016 to remain challenging.

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").

**Confirmation by the Board
Pursuant to SGX Listing Rule 705(5)**

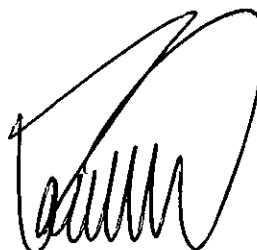
On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the three months ended 30 November 2015 to be false or misleading.

On behalf of the Board of Directors



**Lee Kian Soo
Director**

14 January 2016



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