



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

**Financial Statements And Dividend Announcement  
For the Financial Year ended 31 August 2017**

**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.**

**CONSOLIDATED INCOME STATEMENT**

	Group 12 months ended		
	31 August 2017 US\$'000	31 August 2016 US\$'000	Incr/ (decr) %
Revenue	116,208	324,892	(64)
Cost of sales	(176,334)	(269,499)	(35)
Gross (loss)/profit	(60,126)	55,393	nm
Other income/(expenses), net	654	(233)	nm
Administrative expenses	(26,811)	(29,097)	(8)
<b>(Loss)/profit from operations</b>	<b>(86,283)</b>	<b>26,063</b>	<b>nm</b>
Provisions and impairment of assets	(68,158)	(1,740)	>100
Financial income	137	221	(38)
Financial expenses	(8,675)	(4,932)	76
<b>(Loss)/profit before tax</b>	<b>(162,979)</b>	<b>19,612</b>	<b>nm</b>
Tax credit/(expense)	514	(1,819)	nm
<b>(Loss)/profit after tax attributable to owners of the Company</b>	<b>(162,465)</b>	<b>17,793</b>	<b>nm</b>

nm – not meaningful

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Incr/ (decr) %
	12 months ended		
	31 August 2017 US\$'000	31 August 2016 US\$'000	
<b>(Loss)/profit after tax</b>	(162,465)	17,793	nm
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations	(228)	425	nm
Fair value changes on cash flow hedges	(150)	(759)	(80)
<b>Other comprehensive income for the financial year, net of tax</b>	(378)	(334)	13
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	(162,843)	17,459	nm

**(Loss)/profit before tax was stated after (charging)/crediting:-**

	Group		Incr/ (decr) %
	12 months ended		
	31 August 2017 US\$'000	31 August 2016 US\$'000	
Depreciation of fixed assets	(11,516)	(11,395)	1
Loss on disposal of fixed assets	(41)	(670)	(94)
Fixed assets written off	(10)	(36)	(72)
Amortisation of intangible assets	(680)	(326)	>100
Interest income	137	221	(38)
Fair value changes in respect of derivative instruments, net	277	(478)	nm
Exchange (loss)/gain, net	(367)	232	nm
Allowance for impairment of intangible assets	(7,771)	(1,740)	>100
Allowance for impairment of assets held for sale	(7,772)	(268)	>100
Allowance for doubtful receivables	(34,315)	-	nm
Provision for inventory obsolescence	(18,300)	-	nm
Inventories written off	-	(105)	>100

nm – not meaningful

**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**

	Group		Company	
	31 August 2017 US\$'000	31 August 2016 US\$'000	31 August 2017 US\$'000	31 August 2016 US\$'000
<b>Non-current assets</b>				
Fixed assets	120,571	137,640	-	-
Intangible assets	2,176	9,312	-	-
Investments in subsidiaries	-	-	32,568	182,568
Available-for-sale ("AFS") investments	36	37	-	-
Finance lease receivable	-	1,470	-	-
Deferred tax assets	1,403	1,231	-	-
<b>Current assets</b>				
Assets held for sale	2,400	4,550	-	-
Inventories and work-in-progress	75,866	64,529	-	-
Trade receivables	103,970	170,310	-	-
Other receivables	11,135	7,607	-	-
Other current assets	6,347	27,483	253	244
Finance lease receivable	1,470	550	-	-
Balances due from				
- subsidiaries	-	-	33,477	43,917
- related companies	329	15,596	27	52
Cash and cash equivalents	32,585	37,922	16	56
	<u>234,102</u>	<u>328,547</u>	<u>33,773</u>	<u>44,269</u>
<b>Current liabilities</b>				
Trade payables	75,532	44,066	-	-
Other payables	42,372	51,270	554	568
Balances due to				
- subsidiaries	-	-	7	100
- ultimate holding company	630	294	1	-
- related companies	3,495	1,280	-	-
- affiliated companies	-	209	-	-
Derivative financial instruments	1,054	1,187	-	-
Bills payable to banks	66,557	70,492	-	-
Lease obligations	46	44	-	-
Bank term loans	102,761	67,472	-	-
Provision for tax	2,486	3,698	-	-
	<u>294,933</u>	<u>240,012</u>	<u>562</u>	<u>668</u>
Net current (liabilities)/assets	(60,831)	88,535	33,211	43,601
<b>Non-current liabilities</b>				
Lease obligations	(77)	(123)	-	-
Bank term loans	(365)	(11,927)	-	-
Deferred tax liabilities	(2,176)	(2,595)	-	-
<b>NET ASSETS</b>	<u>60,737</u>	<u>223,580</u>	<u>65,779</u>	<u>226,169</u>
<b>EQUITY</b>				
Share capital	209,544	209,544	209,544	209,544
Accumulated profits/(loss)	32,502	194,967	(143,765)	16,625
Merger reserve	(179,347)	(179,347)	-	-
Translation reserve	(927)	(699)	-	-
Hedging reserve	(1,035)	(885)	-	-
<b>TOTAL EQUITY</b>	<u>60,737</u>	<u>223,580</u>	<u>65,779</u>	<u>226,169</u>

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

	31 August 2017		31 August 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	128,047	41,317	85,864	52,144
Amount repayable after one year	442	-	10,163	1,887

**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, charge over earnings account, assignment of insurances 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**

	<b>Group</b>	
	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31 August 2017</b>	<b>31 August 2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/profit before tax	(162,979)	19,612
Adjustments:		
Depreciation of fixed assets	11,516	11,395
Loss on disposal of fixed assets	41	670
Fixed assets written off	10	36
Amortisation of intangible assets	680	326
Fair value changes in respect of derivative instruments, net	(277)	478
Unrealised exchange gain	(916)	(629)
Interest expense	8,675	4,932
Interest income	(137)	(221)
Allowance for impairment of intangible assets	7,771	-
Allowance for impairment of assets held for sale	7,772	2,008
Allowance for doubtful receivables	34,315	-
Provision for inventory obsolescence	18,300	-
Inventories written off	-	105
Operating (loss)/profit before working capital changes	<u>(75,229)</u>	<u>38,712</u>
(Increase)/decrease in:		
Inventories and work-in-progress	(29,157)	(12,989)
Trade receivables	54,632	(21,876)
Other receivables and other current assets	1,880	(6,484)
Finance lease receivable	600	(2,010)
Due from ultimate holding company	-	1,363
Due from related companies	8,389	(6,595)
Increase/(decrease) in:		
Trade payables	31,915	13,611
Other payables	(8,776)	(24,614)
Due to ultimate holding company	336	(440)
Due to related companies	2,215	(1,688)
Due to affiliated companies	(209)	(684)
<b>Cash used in operations</b>	<u>(13,404)</u>	<u>(23,694)</u>
Interest paid	(8,675)	(4,932)
Interest income received	87	211
Tax refunded/(paid)	(957)	(1,694)
<b>Net cash used in operating activities</b>	<u>(22,949)</u>	<u>(30,109)</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(5,721)	(20,932)
Additions to intangible assets	(1,309)	(1,227)
Proceeds from disposal of fixed assets	358	3,458
Proceeds from disposal of assets held for sale	4,550	-
<b>Net cash used in investing activities</b>	<u>(2,122)</u>	<u>(18,701)</u>
<b>Cash flows from financing activities</b>		
Repayment of lease obligations	(43)	(1,405)
Proceeds from bank term loans and bills payable to banks	185,173	253,873
Repayment of bank term loans and bills payable to banks	(165,374)	(207,095)
(Increase)/decrease in cash pledged	(2,994)	(19,361)
Dividends paid on ordinary shares	-	(2,292)
<b>Net cash from financing activities</b>	<u>16,762</u>	<u>23,720</u>
Net decrease in cash and cash equivalents	(8,309)	(25,090)
Effects of exchange on cash and cash equivalents	(22)	191
Cash and cash equivalents at beginning of financial year	15,624	40,523
<b>Cash and cash equivalents at end of financial year</b>	<u>7,293</u>	<u>15,624</u>
<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	32,585	37,922
Less: Cash pledged	(25,292)	(22,298)
	<u>7,293</u>	<u>15,624</u>

**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**

Group	Attributable to owners of the Company					
	Share capital	Accumulated profits	Merger reserve	Translation reserve	Hedging reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>						
<b>Balance at 1 September 2015</b>	209,544	179,466	(179,347)	(1,124)	(126)	208,413
Total comprehensive income for the financial year	-	17,793	-	425	(759)	17,459
Dividends on ordinary shares representing total transactions with owners in their capacity as owners	-	(2,292)	-	-	-	(2,292)
<b>Balance at 31 August 2016</b>	209,544	194,967	(179,347)	(699)	(885)	223,580
<b>Balance at 1 September 2016</b>	209,544	194,967	(179,347)	(699)	(885)	223,580
Total comprehensive income for the financial year	-	(162,465)	-	(228)	(150)	(162,843)
<b>Balance at 31 August 2017</b>	209,544	32,502	(179,347)	(927)	(1,035)	60,737

Company	Attributable to owners of the Company		
	Share capital	Accumulated profits/(loss)	Total
	US\$'000	US\$'000	US\$'000
<b>Balance at 1 September 2015</b>	209,544	13,671	223,215
Total comprehensive income for the financial year	-	5,246	5,246
Dividends on ordinary shares representing total transactions with owners in their capacity as owners	-	(2,292)	(2,292)
<b>Balance at 31 August 2016</b>	209,544	16,625	226,169
<b>Balance at 1 September 2016</b>	209,544	16,625	226,169
Total comprehensive income for the financial year	-	(160,390)	(160,390)
<b>Balance at 31 August 2017</b>	209,544	(143,765)	65,779

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 31 August 2017 and 2016, the Company's total number of issued shares is 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 number of issued shares is 324,508,913 as at 31 August 2017 and 2016.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 financial year ended 31 August 2017 as the most recently audited financial statements for the financial year ended 31 August 2016.

**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 2016. 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: -**

	<b>12 months ended 31 August 2017</b>	<b>12 months ended 31 August 2016</b>
Net (loss)/profit attributable to owners of the Company (US\$'000)	(162,465)	17,793
Weighted average number of ordinary shares on issue for calculation of ('000):		
- Basic earnings per share	324,509	324,509
- Diluted earnings per share (^)	324,509	324,509
(Loss)/earnings per ordinary share (US cents) of the Group:		
(a) Based on the weighted average number of ordinary shares on issue	(50.06)	5.48
(b) On a fully diluted basis	(50.06)	5.48

(^)^ There is no dilutive impact on the earnings from the Warrants issued to Ezion Holdings Limited as the average market price is lower than the exercise price of the warrants.

**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**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 August 2017</b>	<b>As at 31 August 2016</b>	<b>As at 31 August 2017</b>	<b>As at 31 August 2016</b>
Net asset value per ordinary share (US cents)	18.72	68.90	20.27	69.70

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 decreased by US\$208.7 million (64%) for the financial year ended 31 August 2017 ("FY17"), when compared to the corresponding period for the financial year ended 31 August 2016 ("FY16").

The decrease was mainly due to:

- (i) Lower contributions from six units of self-elevating unit ("SEU") which were either delivered to the clients or essentially completed by the end of FY17;
- (ii) Negative adjustment of revenue in order to factor in the cost overrun of certain projects incurred during the financial year, some of which has resulted in provision of foreseeable losses;
- (iii) Certain projects which are in contract cancellation period and therefore the Group has made certain provision for liquidated damages;
- (iv) Reversal of revenue recognised from two of its shipbuilding contracts of an aggregate contract value of US\$51 million, which the Group received notice of contract cancellation from its customer subsequent to FY17 as the Group was unable to deliver the projects by contractual delivery dates, mainly as a result of absence of required funding to complete the vessels; and
- (v) Lower contribution from Strategic Marine Group for the construction of aluminum vessel projects.

Currently the Group is in discussion/negotiation with the respective customers and financiers of the existing projects with an aim to minimise the liquidated damages and deliver the vessel successfully to the clients.

##### **Gross (loss)/profit**

Gross loss for FY17 was US\$60.1 million as compared with gross profit of US\$55.4 million registered in FY16. Gross loss in FY17 was attributable to the factors explained above which is mainly as a result of extremely competitive market environment and tight liquidity in offshore and marine industry, particularly in Singapore.

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

Other income for FY17 was US\$0.7 million as compared with other expenses of US\$0.2 million in FY16. The income in FY17 was mainly related to sales of scrap, reversal of expired provisional warranty and fair value gain on derivative instruments.

##### **Administrative expenses**

No material change in FY17 from its comparative period.



## REVIEW OF PERFORMANCE (CONT'D):

### Provisions and impairment of assets

The breakdown of the provision and impairments of assets amounting to US\$68.2 million in FY17 is tabled as below:

<b>Account</b>	<b>Description</b>	<b>FY17 US\$ Million</b>
Intangible assets	Allowance for impairment of intangible assets	7.8
Assets held for sale	Allowance for impairment of assets held for sale	7.8
Trade and other receivables	Allowance for doubtful receivables	11.9
Other current assets	Allowance for doubtful receivables	15.5
Balances due from related companies	Allowance for doubtful receivables	6.9
Inventories and work-in-progress	Provision for inventory obsolescence	18.3
<b>Total</b>		<b>68.2</b>

As explained in the announcement dated 28 July 2017, due to the prolonged depressed state of oil & gas industry as well as the extremely competitive market environment, the carrying value of certain assets was negatively impacted. As a result, after due consideration, the Group has made provisions and allowances for impairment of the above assets.

### Financial expenses

Financial expenses for FY17 increased by US\$3.7 million (76%) as compared to FY16. The increase was mainly as a result of higher amount of borrowings as well as due to increase in cost of borrowing.

### (Loss)/profit before tax

Loss before tax for FY17 was US\$163.0 million, compared to profit before tax for FY16 of US\$19.6 million. The loss before tax for FY17 was mainly due to gross loss and allowance for impairment of assets and higher interest expenses as mentioned above.

### Tax

Tax credit for FY17 was US\$0.5 million compared to tax expense for FY16 of US\$1.8 million. The tax credit for FY17 was in line with the loss before tax incurred during the financial year.

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

### Non-current assets

The decrease in non-current assets was mainly due to:

- (i) Depreciation charged during the financial year;
- (ii) Reclassification of Houston properties from fixed assets to assets held for sale. The properties were sold in September 2017 as part of the plan to improve the Group's cashflow position; and
- (iii) Allowance for impairment of certain intangible assets as mentioned above.

In view of the Group's performance for FY17 and its financial position as at 31 August 2017, the Company has provided impairment loss on investment in subsidiaries amounting to approximately US\$150 million.

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

### **Current assets**

The decrease in current assets was mainly due:

- (i) Completion of the transaction for assets held for sale during the financial period;
- (ii) Allowance for impairment of assets as explained above;
- (iii) Decrease in amount due from related companies, mainly due to payment received and allowance for doubtful receivables as explained above; and
- (iv) Decrease in cash and cash equivalents (including cash pledged to financial institutions).

The decreases were partially offset by:

- (i) Increase in inventories and work-in-progress resulting from reclassification of cost incurred for the construction of two units of chemical tanker for which the shipbuilding contracts were cancelled by the buyer; and
- (ii) Higher amount of value added tax claimable for purchase of materials and equipment in Vietnam.

The Group is currently in discussion/negotiation with the respective customers and financiers with an aim to deliver the projects successfully. Concurrently, the Group has been in active and continuous engagement with various parties to recapitalise its balance sheet and improve the liquidity of the Group. The outcome of such discussions/negotiations is yet to be ascertained. The Group will make continuous assessment of the situation and necessary provision will be made, should there be a material change in value of its assets.

### **Current liabilities**

The increase in current liabilities was mainly due to:

- (i) Increase in trade payables as a result of purchase of materials and equipment for the existing projects;
- (ii) Increase in amount due to ultimate holding company and related companies in relation to services rendered to the Group; and
- (iii) Increase in bank term loans to fund working capital for the on-going shipbuilding and fabrication projects.

The above increases were partially offset by:

- (i) Decrease in other payables mainly due to lower accrual for project related expenses. The decrease was negated by provision for refund guarantee claim of US\$10.2 million on account of two shipbuilding contracts entered into by the Group in 2015, which the Group received notice of contract cancellation subsequent to FY17 as mentioned above. The total value of the two shipbuilding contracts amounts to US\$51 million;
- (ii) Decrease in bills payable to banks resulting from repayment made; and
- (iii) Lower provision for tax.

Following by the net loss incurred during the financial year, certain financial covenants of certain loan agreements were breached by the end of FY17. The Group has engaged with the relevant banks for further action as it would be required by the banks. All the related bank borrowings have been classified under current liabilities.

### **Non-current liabilities**

The decrease in non-current liabilities was mainly due to reclassification from non-current liabilities to current liabilities for bank term loans during the financial year.

### **Equity**

The decrease in shareholders' equity was mainly due to net loss incurred during the financial year.

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

### **Cash flows**

The Group recorded net cash used in operating activities of US\$23.0 million in FY17, mainly due to net increase in inventories and work-in-progress reflecting higher stockholding for the on-going shipbuilding and fabrication projects.

The above was partially offset by:

- (i) Net decrease in trade receivables and amount due from related companies, mainly due to payment received; and
- (ii) Net increase in trade payables as a result of purchase of materials and equipment for the on-going projects.

Net cash used in investing activities was US\$2.1 million in FY17, mainly due to purchase of certain operating equipment and upgrade of the facilities at two of the yards in Vietnam and purchase of intangible assets. This was partially offset by proceeds from disposal of assets held for sale.

Net cash from financing activities was US\$16.8 million in FY17, as a result of net loan drawdown for working capital which was partially offset by increase in cash pledged.

### **Financial ratios**

The Group's net debt to equity ratio (defined as ratio of total external indebtedness (net of cash and cash equivalents including cash pledged) owing to bank and financial institutions to shareholders' equity) increased from 0.50 to 2.26 times, in FY17 compared to FY16. Approximately 98% of the Group borrowings as at 31 August 2017 relates to working capital financing.

### **Going concern**

As at 31 August 2017, the Group was in net current liabilities position of US\$60.8 million and incurred net loss after tax of US\$162.5 million for the financial year ended 31 August 2017. As at the date of announcement, the Group has defaulted certain bank facilities and currently in discussion with the respective lenders for a mutually acceptable settlement.

For the Group and Company to continue as going concern, the management continues to actively pursue the following course of actions:

- (i) Engaging with various parties to recapitalise its balance sheet and improve the liquidity of the Group, which may include, *inter alia*, potential fund raising via new loans and issue of new securities;
- (ii) Negotiating with its existing lenders in order to secure new banking facilities and re-financing package; and
- (iii) Streamlining the operation with the aim to achieve positive operating cash flows.

**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**

FY2017 was a difficult year for the Group in terms of its ability to secure the necessary financing for its projects, notably after the related/affiliated entities of Ezra Holdings Limited have filed Chapter 11 of the United States Bankruptcy Code in early 2017. Compounded by the effect of extremely tight liquidity in the market and competitive market environment in offshore and marine industry, the Group suffered cost overrun and liquidated damages as a result of significant slow-down in progress of the existing projects. As at the date of this announcement, the Group has received notice of cancellation from its client in relation to two of its shipbuilding contracts.

As announced on 6 September 2017 and 27 October 2017, to preserve value for its stakeholders, the Group is in active and continuous engagement with various parties to recapitalise its balance sheet and improve the liquidity of the Group, which may include, *inter alia*, potential fund raising via new loans and issue of new securities. Meantime, the Group is in discussions with its existing lenders and customers to obtain requisite financing as such that the projects can be delivered to the client. As at the date of this announcement, no definitive agreements in relation to any of these discussion/negotiations have been entered into by the Group, and there can be no assurance or reasonable certainty that any discussions or prospects will be successfully concluded.

While the Group will continue its focus on strengthening its balance sheet, improving the liquidity, streamlining its operation with the aim to achieve positive operating cashflow, it is foreseen that next 12 months will remain extremely challenging for the Group.

**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 21 December 2016, is as follows.

Name of interested person	Aggregate value of all interested person transactions during FY2017 (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 FY2017(excluding transactions less than US\$100,000)
	US\$'000	US\$'000
<b><u>Revenue (Recognised)</u></b>		
Emas Offshore Services Pte Ltd	340	2,098
Emas-AMC Pte Ltd	212	77
<b><u>Purchase of Goods and Services</u></b>		
Ezra Holdings Limited	–	540
EMAS IT Solutions Pte Ltd	–	831
Ezra Marine Services Pte Ltd	2,085	95
Emas Offshore Pte Ltd	–	310
<b><u>Borrowing Cost</u></b>		
A related party of a controlling shareholder of Ezra Holdings Limited	877	–

14. **Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**

Not applicable.

15. **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.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year**

**Business segments**

<b>Financial year ended 31 August 2017</b>	<b>Engineering and Fabrication Services US\$’000</b>	<b>Group US\$’000</b>
<b>Revenue</b>		
Sales to external customers	116,208	116,208
<b>Loss from operations</b>		
Provisions and impairment of assets	(86,283)	(86,283)
Financial income		(68,158)
Financial expenses		137
Tax credit		(8,675)
Net loss for the financial year		514
		<u>(162,465)</u>
<b>Assets</b>		
Segment assets	357,992	357,992
Unallocated assets		296
Total assets		<u>358,288</u>
<b>Liabilities</b>		
Segment liabilities	296,994	296,994
Unallocated liabilities		557
Total liabilities		<u>297,551</u>
<b>Other information</b>		
Capital expenditure	5,721	5,721
Unallocated capital expenditure		–
Total capital expenditure		<u>5,721</u>
Depreciation and amortisation	12,196	12,196
Unallocated depreciation and amortisation		–
Total depreciation and amortisation		<u>12,196</u>

**Business segments (cont'd)**

<b>Financial year ended 31 August 2016</b>	<b>Engineering and Fabrication Services US\$'000</b>	<b>Group US\$'000</b>
<b>Revenue</b>		
Sales to external customers	324,892	324,892
<b>Profit from operations</b>	26,063	26,063
Allowance for impairment of fixed assets		(1,740)
Financial income		221
Financial expenses		(4,932)
Tax		(1,819)
Net profit for the financial year		<u>17,793</u>
<b>Assets</b>		
Segment assets	477,885	477,885
Unallocated assets		352
Total assets		<u>478,237</u>
<b>Liabilities</b>		
Segment liabilities	254,089	254,089
Unallocated liabilities		568
Total liabilities		<u>254,657</u>
<b>Other information</b>		
Capital expenditure	20,932	20,932
Unallocated capital expenditure		–
Total capital expenditure		<u>20,932</u>
Depreciation and amortisation	11,721	11,721
Unallocated depreciation and amortisation		–
Total depreciation and amortisation		<u>11,721</u>

**Geographical segments**

<b>Revenue <sup>(1)</sup></b>	<b>Group</b>	
	<b>31 August 2017 US\$'000</b>	<b>31 August 2016 US\$'000</b>
Asia	67,931	107,389
Europe	36,948	153,960
Other countries <sup>(2)</sup>	11,329	63,543
	<u>116,208</u>	<u>324,892</u>

(1) Revenue is based on the location of customers.

(2) Other countries include Americas, Australia, Egypt, Marshall Islands, and New Zealand, out of which contribution from Marshall Islands was US\$6,122,000 and US\$44,933,000 in FY17 and FY16 respectively.

### **Geographical segments (cont'd)**

Non-current assets (comprising fixed assets, intangible assets and finance lease receivable) are based on the location of the companies that own those assets.

#### **Non-Current Assets**

	<b>Group</b>	
	<b>31 August 2017</b>	<b>31 August 2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Vietnam	100,901	106,155
America	1,490	12,041
Singapore	20,356	30,226
	<u>122,747</u>	<u>148,422</u>

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

The decreases in revenue and earnings contribution across all business and geographical segments were mainly due to extremely competitive market environment and inability for the Group to secure necessary financing to execute its projects which has led to severe cost overrun and cancellation of contracts by the clients.

**18. A breakdown of sales**

	<b>Group</b>		<b>Increase / (Decrease) %</b>
	<b>31 August 2017</b>	<b>31 August 2016</b>	
	<b>US\$'000</b>	<b>US\$'000</b>	
Sales reported for first half year	161,843	148,610	9
Operating (loss)/profit after tax for first half year	(4,183)	11,439	nm
Sales reported for second half year	(45,635)	176,282	nm
Operating (loss)/profit after tax for second half year	(158,282)	6,354	nm

**19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend

	<b>Latest Full Year</b>	<b>Previous Full Year</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Ordinary	—	—
Preference	—	—
	<u>—</u>	<u>—</u>

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual, there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.