EZRA HOLDINGS LIMITED

Financial Statement And Dividend Announcement
For the second quarter ended 28 February 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 3 months ended			Group 6 months ended		
	28 February 2015 US$'000	28 February 2014 US$'000	Incr/ (decr) %	28 February 2015 US$'000	28 February 2014 US$'000	Incr/ (decr) %
Revenue	301,953	300,431	1	622,973	640,256	(3)
Cost of sales	(260,750)	(252,798)	3	(542,635)	(542,027)	0
Gross profit	41,203	47,633	(13)	80,338	98,229	(18)
Other income, net	11,792	2,392	n/m	79,341	3,401	n/m
Administrative expenses	(40,153)	(35,217)	14	(73,279)	(69,393)	6
Profit from operations	12,842	14,808	(13)	86,400	32,237	168
Financial income	1,264	881	43	2,494	1,650	51
Financial expenses	(12,304)	(10,385)	18	(23,620)	(20,550)	15
Share of profit of associated companies	7,118	23,100	(69)	10,921	26,489	(59)
Share of (loss)/profit of joint venture companies	(1,128)	587	n/m	(839)	1,275	n/m
Profit before tax	7,792	28,991	(73)	75,356	41,101	83
Tax	(3,086)	(6,856)	(55)	(10,091)	(10,219)	(1)
Profit after tax	4,706	22,135	(79)	65,265	30,882	111
Attributable to:						
Owners of the parent	138	19,587	(99)	54,552	25,936	110
Non-controlling interests	4,568	2,548	79	10,713	4,946	117
	4,706	22,135	(79)	65,265	30,882	111

nm – not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group 3 months ended			Group 6 months ended		
	28 February 2015 US$'000	**28 February 2014 US$'000**	**Incr/ (decr) %**	**28 February 2015 US$'000**	**28 February 2014 US$'000**	**Incr/ (decr) %**
Profit after tax	4,706	22,135	(79)	65,265	30,882	111
Other comprehensive income:						
Exchange differences on translating foreign operations	(1,862)	541	n/m	(5,087)	1,522	n/m
Reclassification of fair value reserves on step-up of associated company included in profit or loss	-	-	n/m	(1,715)	-	n/m
Reclassification of hedging reserves on step-up of associated company included in profit or loss	-	-	n/m	199	-	n/m
Fair value changes on cash flow hedges	(6,551)	(1,410)	n/m	(10,869)	998	n/m
Share of other comprehensive income of associated companies and joint ventures companies	(815)	8,019	n/m	(5,063)	8,847	n/m
Other comprehensive income for the financial period, net of tax	(9,228)	7,150	n/m	(22,535)	11,367	n/m
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	(4,522)	29,285	n/m	42,730	42,249	1
Total comprehensive income attributable to:						
Owners of the parent	(8,189)	26,737	n/m	32,847	37,303	(12)
Non-controlling interests	3,667	2,548	44	9,883	4,946	100
	(4,522)	29,285	n/m	42,730	42,249	1

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

	Group 3 months ended			Group 6 months ended		
	28 February 2015	28 February 2014	Incr/ (decr)	28 February 2015	28 February 2014	Incr/ (decr)
	US$'000	US$'000	%	US$'000	US$'000	%
Amortisation of other intangible assets	(212)	(212)	-	(423)	(420)	1
Depreciation of fixed assets	(22,407)	(16,558)	35	(43,403)	(33,504)	30
Gain on disposal of fixed assets	1,067	21	n/m	1,068	21	n/m
Impairment loss on fixed assets	-	-	n/m	(10,000)	-	n/m
Fixed assets written off	(3)	(496)	(99)	(160)	(497)	(68)
Realised (loss)/gain on derivative instruments, net	(4)	12	n/m	25	(234)	n/m
Gross dividend income from AFS investments	1,200	-	n/m	1,200	-	n/m
Gross dividend income from fair value through profit and loss ("FVTPL") investments	-	119	(100)	-	148	(100)
Fair value changes in respect of FVTPL investments, net	-	184	(100)	-	506	(100)
Gain on dilution of interest in an associated company	-	-	n/m	-	2,387	(100)
Foreign exchange gain/(loss), net	8,719	(222)	n/m	18,083	(2,962)	n/m
Bad debts (written off)/recovered, net	(133)	491	n/m	210	491	(57)
(Allowance for)/writeback of doubtful debts, net	(5)	102	n/m	223	-	n/m
Gain on bargain purchase on acquisition of subsidiaries [1]	-	-	n/m	106,333	-	n/m
Realised loss on share of hedging reserves on step-up of associated companies to subsidiaries	-	-	n/m	(199)	-	n/m
Realised gain on share of fair value reserves on step-up of associated companies to subsidiaries	-	-	n/m	1,715	-	n/m
Loss on step up of associated and joint venture companies to subsidiaries	-	-	n/m	(42,304)	-	n/m
Impairment loss on goodwill	(311)	-	n/m	(311)	-	n/m

[1] The gain on bargain purchase on acquisition of subsidiaries is provisional and subject to change after the purchase price allocation exercise is completed in accordance to FRS 103 *Business Combination.*

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	
	28 February 2015 US$'000	31 August 2014 US$'000	28 February 2015 US$'000	31 August 2014 US$'000
Non-current assets				
Fixed assets	1,834,028	1,593,955	1,157	1,468
Goodwill	230,686	231,370	-	-
Other intangible assets	10,155	10,509	-	-
Investments in subsidiaries	-	-	446,313	306,965
Investments in associated companies	378,087	187,765	-	29,743
Investments in joint venture companies	11,389	25,738	6,987	18,987
Available for sale ("AFS") investments	3,113	3,075	3,075	3,075
Long term receivable from a subsidiary	-	-	176,678	13,817
Long term receivable from an associated company	-	48,080	-	37,800
Funding scheme pension	240	48	-	-
Other receivable	28,127	-	-	-
Trade receivable	49,936	49,621	-	-
Deferred tax assets	2,477	2,496	-	-
Current assets				
Assets held for sale	141,727	120,298	101,785	101,785
Inventories and work-in-progress	115,420	91,364	-	-
Trade receivables	447,830	546,406	-	-
Other receivables	45,203	36,517	3,971	1,969
Other current assets	182,034	69,042	494	536
Balances due from				
- subsidiaries	-	-	707,111	792,050
- associated companies	88,649	145,110	5,914	13,234
- joint venture companies	6,006	22,090	-	6
Derivative financial instruments	-	615	-	615
Cash and cash equivalents	157,992	174,365	53,158	94,827
Cash pledged	34,989	4,528	-	-
	1,219,850	1,210,335	872,433	1,005,022
Current liabilities				
Trade payables	184,947	154,001	-	-
Other payables	253,789	270,282	16,593	33,278
Bills payable to banks	323,336	228,585	56,138	56,601
Deferred income	868	1,540	-	-
Progress billings in excess of work-in-progress	130,129	61,766	-	-
Balances due to				
- subsidiaries	-	-	44,278	40,278
- associated companies	4,707	60,789	-	-
- joint venture companies	2,500	2,500	2,500	2,500
Derivative financial instruments	41,397	3,847	36,984	3,398
Lease obligations	1,167	1,054	-	30
Bank term loans	243,040	281,122	51,505	92,192
Provision for tax	15,082	17,734	1,176	2,125
	1,200,962	1,083,220	209,174	230,402
Net current assets	**18,888**	**127,115**	**663,259**	**774,620**

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	
	28 February 2015 US$'000	31 August 2014 US$'000	28 February 2015 US$'000	31 August 2014 US$'000
Non-current liabilities				
Other payables	(26,142)	(26,076)	(6,142)	(6,076)
Pension liability	(1,423)	(1,297)	-	-
Deferred income	(10,628)	(24,442)	-	-
Lease obligations	(1,746)	(811)	-	-
Bank term loans	(828,846)	(665,940)	(7,500)	(11,000)
Notes payable	(343,865)	(374,405)	(343,865)	(374,405)
Deferred tax liabilities	(1,712)	(1,032)	-	-
NET ASSETS	1,352,764	1,185,769	939,962	794,994
EQUITY				
Share capital	490,085	490,085	490,085	490,085
Perpetual securities	122,765	123,047	122,765	123,047
Accumulated profits	573,255	523,716	347,082	190,976
Capital reserve	(55,254)	(3,242)	(2,353)	(2,353)
Fair value adjustment reserve	-	4,951	-	-
Hedging reserve	(10,251)	243	(10,241)	615
Translation reserve	(8,675)	(1,622)	-	-
Treasury shares	(7,376)	(7,376)	(7,376)	(7,376)
	1,104,549	1,129,802	939,962	794,994
Non-controlling interests	248,215	55,967	-	-
TOTAL EQUITY	1,352,764	1,185,769	939,962	794,994
	-	-	-	-

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

	28 February 2015		31 August 2014	
	Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
Amount repayable in one year or less, or on demand	264,050	303,493	302,316	208,445
Amount repayable after one year	821,303	353,154	653,155	388,001

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 are under finance lease arrangements.

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

(Amounts expressed in United States dollars)

	Group 3 months ended		Group 6 months ended	
	28 February 2015 US$'000	28 February 2014 US$'000	28 February 2015 US$'000	28 February 2014 US$'000
Cash flows from operating activities				
Profit before tax	7,792	28,991	75,356	41,101
Adjustments:				
Depreciation of fixed assets	22,407	16,558	43,403	33,504
Impairment loss on fixed assets	-	-	10,000	-
Fixed assets written off	3	496	160	497
Amortisation of other intangible assets	212	212	423	420
Gain on disposal of fixed assets	(1,067)	(21)	(1,068)	(21)
Share of profit of associated companies	(7,118)	(23,100)	(10,921)	(26,489)
Share of loss/(profit) of joint venture companies	1,128	(587)	839	(1,275)
Gain on dilution of interest in an associated company	-	-	-	(2,387)
Realised loss/(gain) on derivative financial instruments, net	4	(12)	(25)	234
Fair value changes in respect of FVTPL investments, net	-	(184)	-	(506)
Unrealised exchange gain	(7,444)	(2,470)	(13,613)	(2,029)
Interest expense	12,304	10,385	23,620	20,550
Interest income	(1,264)	(881)	(2,494)	(1,650)
Gross dividend income from AFS investments	(1,200)	-	(1,200)	-
Gross dividend income from FVTPL investments	-	(119)	-	(148)
Bad debts written off/(recovered), net	133	(491)	(210)	(491)
Allowance for/(write-back of) doubtful debts, net	5	(102)	(223)	-
Realised loss on share of hedging reserves on step up of associated companies to subsidiaries	-	-	199	-
Realised gain on share of fair value reserves on step-up of associated companies to subsidiaries	-	-	(1,715)	-
Gain on bargain purchase on acquisition of subsidiaries	-	-	(106,333)	-
Loss on step up of associate and joint venture companies to subsidiaries	-	-	42,304	-
Impairment loss on goodwill	311	-	311	-
Operating profit before working capital changes	26,206	28,675	58,813	61,310
(Increase)/decrease in:				
Inventories and work-in-progress	30,989	(11,747)	(12,436)	(17,203)
Trade receivables	25,903	15,518	133,902	(17,742)
Other receivables and other current assets	(70,437)	(41,740)	(109,198)	(40,447)
Due from associated companies, net	6,580	10,370	3,252	(2,033)
Due from joint venture companies, net	4,211	(3,629)	5,784	(13,079)
(Decrease)/increase in:				
Trade payables	59,992	(14,730)	11,361	(40,947)
Other payables	(57,297)	14,334	(98,355)	60,970
Progress billings in excess of work-in-progress	44,167	33,210	68,363	84,979
Cash generated from operations	70,314	30,261	61,486	75,808
Interest paid	(6,173)	(12,743)	(20,548)	(24,897)
Interest income received	825	716	2,061	1,430
Tax paid	(6,929)	(7,343)	(15,851)	(10,111)
Net cash generated from operating activities	58,037	10,891	27,148	42,230

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

(Amounts expressed in United States dollars)

	Group 3 months ended		Group 6 months ended	
	28 February 2015 US$'000	28 February 2014 US$'000	28 February 2015 US$'000	28 February 2014 US$'000
Cash flows from investing activities				
Purchase of fixed assets	(86,071)	(81,470)	(133,332)	(169,154)
Proceeds from disposal of fixed assets	4,413	18	4,415	18
Proceeds from disposal of assets held for sale	8,300	-	15,300	-
Dividend received (net) from FVTPL investments	-	119	-	148
Dividend received (net) from an associated company	-	-	8,829	-
Dividend received (net) from joint venture companies	-	605	-	605
Dividend received (net) from other investment	1,200	-	1,200	-
Increase in cash pledged	(461)	(1,771)	(461)	(2,626)
Acquisition of subsidiaries, net of cash paid	-	-	25,206	-
Interest paid and capitalised as fixed assets and assets held for sale	(2,542)	(2,818)	(4,918)	(3,993)
Net cash used in from investing activities	(75,161)	(85,317)	(83,761)	(175,002)
Cash flows from financing activities				
(Repayment of)/proceeds from bills payable, net	(8,773)	51,082	24,878	48,487
Repayment of lease obligations, net	(471)	(256)	(1,415)	(537)
Proceeds from bank term loans	119,711	150,244	202,883	221,294
Repayment of bank term loans	(140,534)	(33,975)	(237,611)	(54,154)
(Payment for)/receipt of derivative financial instruments, net	(4)	-	25	-
Redemption of convertible bonds	-	(50,000)	-	(50,000)
Acquisition of non-controlling interests	-	-	(718)	-
Proceeds from issuance of new ordinary shares by subsidiaries, net of transaction costs	-	-	59,899	-
Proceeds from issuance of fixed rate notes , net of transaction costs	-	-	-	19,609
Payment for perpetual securities distribution	-	-	(5,295)	(5,190)
Payment of dividend on ordinary shares	-	(3,814)	-	(3,814)
Payment of dividend by subsidiary company to non controlling interest	(969)	(1,541)	(969)	(1,541)
Net cash (used in)/generated from financing activities	(31,040)	111,740	41,677	174,154
Net (decrease)/increase in cash and cash equivalents	(48,164)	37,314	(14,936)	41,382
Effects of exchange on cash and cash equivalents	(309)	(235)	(1,437)	152
Cash and cash equivalents at beginning of financial period	206,465	177,533	174,365	173,078
Cash and cash equivalents at end of financial period	157,992	214,612	157,992	214,612

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 2013	490,085	122,940	492,695	(3,210)	3,491	(2,790)	(4,674)	(7,376)	1,091,161	48,755	1,139,916
Total comprehensive income for the financial period	-	-	25,936	143	7,850	932	2,442	-	37,303	4,946	42,249
Accrued perpetual securities distribution	-	5,162	(5,162)	-	-	-	-	-	-	-	-
Payment of perpetual securities distribution	-	(5,190)	-	-	-	-	-	-	(5,190)	-	(5,190)
Payment of dividend on ordinary shares	-	-	(3,814)	-	-	-	-	-	(3,814)	-	(3,814)
Payment of dividend by subsidiary company to non-controlling interest	-	-	-	-	-	-	-	-	-	(1,541)	(1,541)
Total transactions with owners in their capacity as owners	-	(28)	(8,976)	-	-	-	-	-	(9,004)	(1,541)	(10,545)
Balance at 28 February 2014	490,085	122,912	509,655	(3,067)	11,341	(1,858)	(2,232)	(7,376)	1,119,460	52,160	1,171,620

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	-	-	54,552	793	(4,951)	(10,494)	(7,053)	-	32,847	9,883	42,730
Accrued perpetual securities distribution	-	5,013	(5,013)	-	-	-	-	-	-	-	-
Payment of perpetual securities distribution	-	(5,295)	-	-	-	-	-	-	(5,295)	-	(5,295)
Payment of dividend by subsidiary company to non-controlling interest	-	-	-	-	-	-	-	-	-	(969)	(969)
Total transactions with owners in their capacity as owners	-	(282)	(5,013)	-	-	-	-	-	(5,295)	(969)	(6,264)
Dilution of equity interest in subsidiaries to non-controlling interest without change in control	-	-	-	(53,155)	-	-	-	-	(53,155)	184,402	131,247
Acquisition of non-controlling interest in subsidiaries	-	-	-	350	-	-	-	-	350	(1,068)	(718)
Total changes in ownership interests in subsidiaries	-	-	-	(52,805)	-	-	-	-	(52,805)	183,334	130,529
Balance at 28 February 2015	490,085	122,765	573,255	(55,254)	-	(10,251)	(8,675)	(7,376)	1,104,549	248,215	1,352,764

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 2013	490,085	122,940	205,073	(2,353)	(2,554)	200,166	(7,376)	805,815
Total comprehensive income for the financial period	-	-	(13,015)	-	999	(12,016)	-	(12,016)
Accrued perpetual securities distribution	-	5,162	(5,162)	-	-	(5,162)	-	-
Payment of perpetual securities distribution	-	(5,190)	-	-	-	-	-	(5,190)
Payment of dividend on ordinary shares	-	-	(3,814)	-	-	(3,814)	-	(3,814)
Total transactions with owners in their capacity as owners	-	(28)	(8,976)	-	-	(8,976)	-	(9,004)
Balance at 28 February 2014	490,085	122,912	183,082	(2,353)	(1,555)	179,174	(7,376)	784,795
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	-	-	161,119	-	(10,856)	150,263	-	150,263
Accrued perpetual securities distribution	-	5,013	(5,013)	-	-	(5,013)	-	-
Payment of perpetual securities distribution	-	(5,295)	-	-	-	-	-	(5,295)
Total transactions with owners in their capacity as owners	-	(282)	(5,013)	-	-	(5,013)	-	(5,295)
Balance at 28 February 2015	490,085	122,765	347,082	(2,353)	(10,241)	334,488	(7,376)	939,962

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 28 February 2015, the Company's total issued shares is 1,016,874,741 (28 February 2014: 977,896,088) with 3,439,880 (28 February 2014: 3,439,880) shares being held as treasury shares.

Issuance of new ordinary shares

On 24 October 2014, the Company announced a proposed bonus issue of new ordinary shares in the capital of the Company (the "Shares") on the basis of one (1) new Share ("Bonus Share") for every 25 existing Shares held by shareholders of the Company. The Company had on 23 December 2014, allotted and issued 38,978,653 Bonus Shares. As at 23 December 2014, the Company's total issued shares is 1,016,874,741 with 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 1,013,434,861 as at 28 February 2015 (31 August 2014: 974,456,208).

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 28 February 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 second quarter ended 28 February 2015 as the most recently audited financial statements for the financial year ended 31 August 2014 ("FY14").

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 2014. The adoption of these new/revised FRS and INT FRSs do 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: -

	6 months ended 28 February 2015	6 months ended 28 February 2014 (Restated)
Net profit attributable to owners of the parent (US$'000)	54,552	25,936
Weighted average ordinary shares for calculation of ('000):		
- Basic earnings per share	1,013,435	1,013,435[@]
- Diluted earnings per share	1,013,435	1,013,435[@]
Earnings per ordinary share ("EPS") (US cents) of the Group:		
(a) Based on the weighted average number of ordinary shares on issue	5.38	2.56
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	5.38	2.56

For "Diluted earnings per share", the weighted average number of ordinary shares for the 6 months ended 28 February 2014 includes the number of additional shares to be issued upon conversion of the convertible bonds. Adjustment is made to net profit attributable to the owners of the parent for the effect of the convertible bonds. The diluted EPS is the same as the basic EPS, as the effect of the convertible bonds is anti-dilutive.

The convertible bonds were redeemed on 28 February 2014. Hence, there is no dilutive effect on the 6 months ended 28 February 2015.

@ Following the bonus issue on 23 December 2014, the weighted average ordinary shares for the financial period ended 28 February 2014 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 2013.

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 28 February 2015	As at 31 August 2014 (Restated)	As at 28 February 2015	As at 31 August 2014 (Restated)
Net asset value per ordinary share (US cents)	133.48	117.00[#]	92.75	78.45[#]

Following the bonus issue on 23 December 2014, the total number of issued ordinary shares for the financial period ended 31 August 2014 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 2013.

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 Group's business segments are catagorised into the following:

- **Subsea Services Division**: Predominantly EMAS AMC Group which 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.

- **Offshore Support and Production Services Division**: Predominantly EMAS Offshore Limited which
  - Manages and operates a young, versatile fleet of advanced offshore support vessels, offering an extensive range of maritime services that cater to the client's needs throughout a field's life cycle; and
  - Owns and operates cutting-edge FPSO (floating production, storage and offloading) facilities, offering services that support the post-exploration needs of offshore fields, such as FPSO conversion management.

- **Marine Services Division**: Predominantly Triyards Holdings Limited which provides fabrication of SEUs (self-elevating, mobile offshore units). TRIYARDS provides its integrated engineering, ship construction and fabrication services out of yard facilities located in Singapore, the U.S. and Vietnam.

REVIEW OF PERFORMANCE:

Revenue

6 months ended 28 February 2015 ("1H15")
3 months ended 28 February 2015 ("2Q15")

The Group's revenue decreased by US$17.3 million (3%) for the six months ended 28 February 2015 ("1H15") when compared to the corresponding period for the six months ended 28 February 2014 ("1H14"). The decrease was due to a decrease in revenue of US$26.8 million from Subsea Services Division and US$24.2 million from Offshore Support and Production Services Division. The decrease was partially offset by an increase of US$33.7 million from Marine Services Division.

The Group's revenue increased by US$1.5 million (0.5%) for the three months ended 28 February 2015 ("2Q15") when compared to the corresponding period for the three months ended 28 February 2014 ("2Q14"). The increase was due to an increase in revenue of US$11.6 million from Marine Services Division. The increase was partially offset by a decrease in revenue of US$4.7 million from Subsea Services Division and US$5.4 million from Offshore Support and Production Services Division.

The decrease in revenue in 1H15 when compared to 1H14 from Subsea Services Division was mainly due to:-

(i) Lower revenue contribution from the vessel, *Lewek Express*, which was in planned 5-year mandatory dry dock for the entire 1Q15 as compared to 1Q14 where the vessel was in operation;

(ii) Lower than expected revenue contribution from the vessel, *Lewek Champion*, which has been out of operation from early October 2014 to November 2014 for urgent maintenance and repair work as a result of an unexpected gangway malfunction in the midst of project execution;

(iii) Lesser variation orders billed in 1H15 as compared to 1H14 as a result of a lower number of project closeouts experienced in the current period; and

(iv) Projects under execution were in earlier phases of execution resulting in lower percentage of completion recognition compared to the previous corresponding period.

The decrease in revenue in 2Q15 when compared to 2Q14 from Subsea Services Division was mainly due to projects under execution were in earlier phases of execution resulting in lower percentage of completion recognition compared to the previous corresponding period.

REVIEW OF PERFORMANCE (CONT'D):

Revenue (cont'd)

The decrease in revenue for 1H15 and 2Q15 when compared to 1H14 and 2Q14 respectively from Offshore Support and Production Services Division was mainly due to weakness in both the shallow water anchor handling, towing and supply ("AHTS") and shallow water platform support vessels ("PSV") segments and the absence of revenue contribution from one (1) leased-in vessel which was returned to the owner in the second half of FY14.

The increase in revenue in 1H15 when compared to 1H14 from Marine Services Division was mainly due to:-

(i) New source of revenue contribution in 1H15 from the newly acquired subsidiaries of Triyards Holdings Limited, namely, Strategic Marine (S) Pte. Ltd. and Strategic Marine (V) Company Limited (collectively "Strategic Marine Entities"); and
(ii) Higher level of fabrication activities from the existing operations with higher level of activities from the construction of self elevating units in 1H15 as compared to 1H14.

The increase in revenue in 2Q15 from Marine Services Division was mainly due to new source of revenue contribution in 2Q15 from the newly acquired Strategic Marine Entities.

Gross profit

<u>6 months ended 28 February 2015 ("1H15")</u>
<u>3 months ended 28 February 2015 ("2Q15")</u>

Gross profit decreased from US$98.2 million in 1H14 to US$80.3 million in 1H15 and gross profit margin decreased from 15% in 1H14 to 13% in 1H15.

Gross profit decreased from US$47.6 million in 2Q14 to US$41.2 million in 2Q15 and gross profit margin decreased from 16% in 2Q14 to 14% in 2Q15.

The decline in gross profit and margin in 1H15 when compared to 1H14 from Subsea Services Division was mainly due to:-

(i) Lower profit contribution from the *Lewek Express* as a result of her planned 5-year mandatory dry docking in 1Q15;
(ii) Lower profit contribution and negative utilization impact from *the Lewek Champion* as a result of her unexpected gangway malfunction;
(iii) Unexpected repair and maintenance cost as a result of the unplanned repair work required for the *Lewek Champion*; and
(iv) Lower amount of variation orders billed as a result of lower project close outs.

The decline in gross profit contribution in 2Q15 when compared to 2Q14 from Subsea Services Division was mainly due to current projects being in early execution phases as compared to the previous corresponding period while profitability remains stable.

Weakness in both the shallow water AHTS and shallow water PSV segments have negatively impacted gross profit and margin of Offshore Support and Production Services Division in both 1H15 and 2Q15 when compared to 1H14 and 2Q14 respectively.

The Marine Services Division contributed similar levels of gross profit in both 1H15 and 2Q15 when compared to 1H14 and 2Q14 respectively. However, the gross profit margin have declined in both 1H15 and 2Q15 when compared to 1H14 and 2Q14 respectively and were mainly due to:-

(i) The change in product mix resulting from the newly acquired Strategic Marine Entities which carries a lower gross profit margin; and
(ii) Additional costs incurred for existing fabrication projects.

REVIEW OF PERFORMANCE (CONT'D):

Other income, net

6 months ended 28 February 2015 ("1H15")

The increase in other income, net was mainly due to recognition of one-off gain on bargain purchase from the acquisition of subsidiaries of US$106.3 million and turn-around of the foreign exchange loss in 1H14 of US$3.0 million to foreign exchange gain in 1H15 of US$18.1 million.

The increase was partially offset by the one-off loss on step up of associated and joint venture companies to subsidiaries of US$42.3 million and one-off impairment of fixed assets of US$10.0 million in 1H15.

3 months ended 28 February 2015 ("2Q15")

The increase in other income, net was mainly due to turn-around of the foreign exchange loss in 2Q14 of US$0.2 million to foreign exchange gain in 2Q15 of US$8.7 million.

Administrative expenses

6 months ended 28 February 2015 ("1H15")
3 months ended 28 February 2015 ("2Q15")

The increase in administrative expenses in both 1H15 and 2Q15 when compared to 1H14 and 2Q14 respectively was mainly due to addition from the newly acquired Strategic Marine Entities and EMAS Offshore Limited ("EOL") and its subsidiaries (collectively "EOL Group").

Depreciation of fixed assets

6 months ended 28 February 2015 ("1H15")
3 months ended 28 February 2015 ("2Q15")

The increase in depreciation of fixed assets for 1H15 and 2Q15 when compared to 1H14 and 2Q14 was mainly due to addition from the newly acquired Strategic Marine Entities and EOL Group and the additional depreciation charge from newly acquired fixed assets which were put into operation.

Financial expenses

6 months ended 28 February 2015 ("1H15")
3 months ended 28 February 2015 ("2Q15")

The increase in financial expenses for 1H15 and 2Q15 when compared to 1H14 and 2Q14 was mainly due to the addition from the newly acquired Strategic Marine Entities and EOL Group.

Share of profit of associated companies

6 months ended 28 February 2015 ("1H15")
3 months ended 28 February 2015 ("2Q15")

The decrease in share of profit of associated companies for 1H15 and 2Q15 when compared to 1H14 and 2Q14 was mainly due to absence of contribution by EOL Group which was consolidated as subsidiaries of the Group from October 2014.

REVIEW OF PERFORMANCE (CONT'D):

Share of (loss)/profit of joint venture companies

6 months ended 28 February 2015 ("1H15")
3 months ended 28 February 2015 ("2Q15")

The decrease in share of (loss)/profit of joint venture companies for 1H15 and 2Q15 when compared to 1H14 and 2Q14 was mainly due to the absence of contribution by Lewek Antares Shipping Pte Ltd ("Lewek Antares") which was consolidated as a subsidiary upon the consolidation of EOL Group from October 2014.

In addition, the Group has also shared a non-recurring impairment loss on fixed assets of a joint venture amounting to US$0.8 million.

Profit before tax

6 months ended 28 February 2015 ("1H15")

Profit before tax increased by 83% to US$75.4 million in 1H15 when compared to 1H14.

The increase was mainly due to higher other operating income which was offset by lower gross profit and share of profit from associated and joint venture companies.

3 months ended 28 February 2015 ("2Q15")

Profit before tax decreased by 73% to US$7.8 million in 2Q15 when compared to 2Q14.

The decrease was mainly due to lower gross profit and lower share of profit from associated and joint venture companies. The decrease was partially offset by an increase in other income.

Tax

Tax expense in 1H15 and 1H14 amounted to US$10.1 million and US$10.2 million respectively and tax expense in 2Q15 and 2Q14 amounted to US$3.1 million and US$6.9 million respectively.

The decrease in tax expense in 2Q15 when compared to 2Q14 is mainly due to the decrease in one-off withholding tax expense incurred in the prior period on subsea projects carried out in foreign tax jurisdiction. In addition, there was higher amount of corporate tax expense in 2Q14 as a result of additional assessment by the tax authority.

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

REVIEW OF STATEMENT OF FINANCIAL POSITION AND CASH FLOWS:

Non-current assets

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

(i) Increase in fixed assets from the capitalisation of shipbuilding costs, equipment costs of vessels and construction of the new yard and office facilities;
(ii) The addition of fixed assets of newly acquired subsidiaries, EOL Group and Strategic Marine Entities also contributed to the increase;
(iii) Increase in investment in associated companies from the addition of an associated company, PV Keez Pte Ltd, arising from the acquisition of EOL. The increase was partially offset by the reclassification of the investment in EOL as an associated company to investment in subsidiary upon the consolidation of EOL Group; and
(iv) Increase in other receivables was mainly due to the addition arising from the consolidation of EOL Group.

REVIEW OF STATEMENT OF FINANCIAL POSITION AND CASH FLOWS:

Non-current assets (cont'd)

The increase in non-current assets is partially offset by:-

(i) Depreciation and impairment loss on fixed assets;
(ii) Reclassification of a vessel to assets held for sale;
(iii) Decrease in investments in joint venture companies as the investment in Lewek Antares was reclassified as investment in subsidiary upon the consolidation of EOL Group; and
(iv) Decrease in long term receivable from an associated company as the receivable was reclassified as long term receivable due from subsidiary and hence eliminated on consolidation of EOL Group.

Current assets

The increase in current assets was mainly due to:-

(i) Increase in assets held for sale due to reclassification of a vessel from fixed assets;
(ii) Increase in inventories and work-in-progress resulting from the build up of fabrication and subsea activities and from the addition arising from the acquisition of Strategic Marine Entities;
(iii) Increase in other current asset from the capitalisation of mobilisation cost incurred for upcoming subsea activities and advance payment to equipment suppliers; and
(iv) Increase in cash and bank balances was mainly due to the proceeds raised from the issuance of new shares of EOL and the addition arising from the consolidation of EOL Group.

The increase in current assets is partially offset by:-

(i) Decrease in trade receivables as a result of collections and lower billing from lower activities in 1H15;
(ii) Decrease in balances due from associated companies as the balances due from EOL Group was reclassified as balances due from subsidiaries and eliminated upon the consolidation of EOL Group; and
(iii) Decrease in balances due from joint venture companies as the balance due from Lewek Antares was reclassified as balances due from subsidiaries and eliminated upon the consolidation of EOL Group.

Current liabilities

The increase in current liabilities was mainly due to:-

(i) Increase in bills payable to bank was mainly due to the addition arising from the consolidation of EOL Group and increase in project financing arising from Marine Services Division;
(ii) Increase in progress billing in excess of work-in-progress was mainly due to the addition arising from acquisition of Strategic Marine Entities and more milestone billings made to customers;
(iii) Increase in derivative financial liabilities as a result of strengthening of United States Dollar ("USD") against Singapore Dollar ("SGD") which resulted in an increase in the unrealised losses from the currency swaps held by the Group.

The increase in current liabilities was partially offset by:-

(i) Decrease in balances due to associated companies as the balances due to EOL Group was reclassified as balances due to subsidiaries and eliminated upon consolidation of EOL Group; and
(ii) Decrease in bank term loans due to repayment short-term financing and revolving credit facilities.

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

Non-current liabilities

The increase in non-current liabilities was due to an increase in bank term loans as a result of the addition arising from the consolidation of EOL Group and draw-down of pre-delivery financing facilities and construction loan for acquisition of vessels and new yard facilities respectively.

The increase was partially offset by:-

(i) Decrease in deferred income which was realised upon the consolidation of EOL Group; and
(ii) Decrease in notes payable due to strengthening of USD against SGD which resulted in favourable revaluation gain on the SGD denominated notes payable.

Equity

The increase in shareholders' equity was mainly due to profit for the financial period and an increase in non-controlling interests. The increase in non-controlling interests was mainly due to the dilution of the Group's equity interests in the Offshore Support Services companies, as part of the Business Combination Agreement, and from the acquisition of EOL Group.

The increase was partially offset by:-

(i) Increase in the deficit in the capital reserves due to the loss on dilution of the Group's equity interests in the Offshore Support Services companies without a loss of control; and
(ii) Turn-around of the surplus in hedging reserve to a deficit mainly due to strengthening of USD against SGD which resulted in an increase in the unrealised losses from the currency swaps.

Cash flows

<u>6 months ended 28 February 2015 ("1H15")</u>

Net cash inflow from operating activities decreased from US$42.2 million in 1H14 to US$27.1 million in 1H15 and was mainly due to net outflow to trade and other payables in 1H15 as compared to net inflow in 1H14. The higher build-up of other receivables and other current assets arising from mobilisation costs for upcoming subsea activities and advance payment to equipment suppliers also contributed to the outflow.

The lower net cash inflow from operating activities was partially offset by higher net inflow from trade receivables and associated and joint venture companies and higher progress billings in excess of work-in-progress in 1H15 as compared to 1H14.

Net cash outflow from investing activities decreased from US$175.0 million in 1H14 to US$83.8 million in 1H15 and was mainly due to:-

(i) Lower amount of fixed assets purchased as a result of a slowdown in the Group's fleet expansion programme;
(ii) Higher proceeds from disposal of fixed assets and assets held for sale as compared to 1H14;
(iii) Dividends from an associated company and other investment which did not occurred in 1H14; and
(iv) Cash inflows from the acquisition of subsidiaries which did not occurred in 1H14;

Net cash inflow from financing activities decreased from US$174.2 million in 1H14 to US$41.7 million in 1H15 as a result of net repayment of debts in 1H15 as compared to net borrowing in 1H14. In addition, there were proceeds of US$59.9 million generated from the issuance of new ordinary shares by subsidiaries in 1H15 which did not occurred in 1H14.

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

Cash flows (cont'd)

3 months ended 28 February 2015 ("2Q15")

Net cash inflow from operating activities increased from US$10.9 million in 2Q14 to US$58.0 million in 2Q15 and was mainly due to:-

(i) Utilisation of inventories and work-in-progress in 2Q15 as compared to a build-up of inventories and work-in-progress in 2Q14;
(ii) Higher collection from trade receivables; and
(iii) Higher progress billings in excess of work-in-progress.

The higher net cash inflow from operating activities was partially offset higher build-up of other current assets arising from mobilisation costs for upcoming subsea activities and advance payment to equipment suppliers.

Net cash outflow from investing activities decreased from US$85.3 million in 2Q14 to US$75.2 million in 2Q15 and was mainly due to higher proceeds amount from disposal of fixed assets and assets held for sale and dividend from other investment which did not occurred in 2Q14.

Net cash from financing activities turn-around from an inflow of US$111.7 million in 2Q14 to an outflow of US$31.0 million in 2Q15 as a result of net repayment of debts in 2Q15 as compared to net borrowing in 2Q14.

Proceeds utilisation

Proceeds utilization of Share Placement exercise

On 16 March 2012, the Company issued and allotted 110,000,000 new ordinary shares in the capital of the Company ("the Placement Shares") pursuant to a private placement at an issue price of S$1.10 for each Placement Share to raise gross proceeds of S$121 million.

The net proceeds from the Share Placement exercise has been fully utilised by the Company for repayment of existing debt and general working capital purposes. Details of utilisation have been announced.

Proceeds utilisation of S$150 million Perpetual Securities

On 18 September 2012, the Company issued a S$150 million Fixed Rate Subordinated Perpetual Securities (the "Securities"). The Securities were issued under the US$500 million Multicurrency Debt Issuance Programme established by the Company on 28 August 2012. The net proceeds from the issuance of the Securities (after deducting issuance expenses) will be used by the Company to refinance existing borrowings of the Company and its subsidiaries, and for general working capital purposes.

The net proceeds from the Securities has been fully utilised for repayment of existing debt, purchase of equipment on board vessels and general working capital purposes. Details of utilisation have been announced.

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) owing to bank and financial institutions to total equity) has decreased slightly to 1.15 times as at the end of 1H15 as compared to 1.16 times at end of FY14.

Interest cover is 6.0 times in 1H15 compared to 4.7 times in 1H14.

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 ongoing headwinds in the oil price environment have resulted in oil companies significantly reducing exploration budgets and moderating development capital expenditures. Any prolonged and continued decline in the oil price could lead to a slow-down in new project awards. Nevertheless, the Group maintains a backlog of US$2.3 billion* and our tendering activities remain robust.

The Group continues to focus on executing its current backlog profitably and rationalising its non-core assets with the ultimate aim of deleveraging and strengthening its balance sheet.

While the current environment is challenging and will cause volatility in our results, we are cautiously optimistic that the long-term fundamentals of the oil and gas industry will remain encouraging.

** The Group's backlog is inclusive of a backlog of US$491 million from the two FPSOs, Lewek EMAS and Perisai Kamelia that EMAS Offshore Limited has stakes in.*

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 second quarter ended 28 February 2015 to be false or misleading.

On behalf of the Board of Directors

Lee Chye Tek Lionel
Group Managing Director

Adarash Kumar A/L Chranji Lal Amarnath
Executive Director

8 April 2015