



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

**Financial Statements And Dividend Announcement
For the First Quarter ended 30 November 2014**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR
AND FULL YEAR ANNOUNCEMENTS**

1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income of the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(Amounts expressed in United States dollars)

CONSOLIDATED INCOME STATEMENT

	Group		
	3 months ended		
	30 November	30 November	Incr/
	2014	2013	(decr)
	US\$'000	US\$'000	%
Revenue	56,699	90,087	(37)
Cost of sales	(43,688)	(77,334)	(44)
Gross profit	13,011	12,753	2
Other income, net	4,211	62	nm
Administrative expenses	(6,676)	(3,658)	83
Profit from operations	10,546	9,157	15
Financial income	7	1	nm
Financial expenses	(1,354)	(920)	47
Profit before tax	9,199	8,238	12
Tax	(975)	(930)	5
Profit after tax	8,224	7,308	13
Attributable to:			
Owners of the Company	8,224	7,308	13
	8,224	7,308	13

nm – not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 months ended		
	30 November 2014 US\$'000	30 November 2013 US\$'000	Incr/ (decr) %
Profit after tax	8,224	7,308	13
Other comprehensive income:			
Exchange differences on translating foreign operations	(180)	-	nm
Other comprehensive income for the financial period, net of tax	(180)	-	
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	8,044	7,308	10
Total comprehensive income attributable to:			
Owners of the Company	8,044	7,308	10
	8,044	7,308	10

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

	Group		
	3 months ended		
	30 November	30 November	Incr/
	2014	2013	(decr)
	US\$'000	US\$'000	%
Depreciation of fixed assets	(2,761)	(1,797)	54
Gain on disposal of fixed assets	1	-	nm
Fixed assets written off	-	(1)	(100)
Interest income	7	1	nm
Exchange gain/(loss), net	158	(258)	(161)
Negative goodwill on acquisition of subsidiaries*	3,881	-	nm

* Negative goodwill on acquisition of subsidiaries is provisional as the Group is still finalising the purchase price allocation exercise.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

(Amounts expressed in United States dollars)

	Group		Company	
	30	31	30	31
	November	August	November	August
	2014	2014	2014	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Fixed assets	136,384	107,220	-	-
Intangible assets	7,633	7,633	-	-
Investments in subsidiaries	-	-	182,468	182,468
AFS investments	38	-	-	-
Deferred tax assets	516	201	-	-
Current assets				
Inventories and work-in-progress	41,879	30,979	-	-
Trade receivables	164,188	156,860	-	-
Other receivables	8,841	4,193	78	50
Other current assets	13,748	4,866	234	488
Balances due from				
- subsidiaries	-	-	48,760	33,599
- ultimate holding company	36	37	36	37
- related companies	21,621	23,205	424	382
- affiliated companies	5,431	3,556	-	42
Cash and cash equivalents	34,689	22,779	246	198
	<u>290,433</u>	<u>246,475</u>	<u>49,778</u>	<u>34,796</u>
Current liabilities				
Trade payables	22,177	27,102	-	-
Other payables	68,018	37,872	639	838
Balances due to				
- subsidiaries	-	-	17,527	18,067
- ultimate holding company	1,700	1,725	-	-
- related companies	15,406	11,444	-	-
Bills payable to banks	31,383	20,411	-	-
Lease obligations	368	23	-	-
Bank term loans	85,604	83,380	-	-
Provision for tax	5,355	4,396	-	-
	<u>230,011</u>	<u>186,353</u>	<u>18,166</u>	<u>18,905</u>
Net current assets	60,422	60,122	31,612	15,891
Non-current liabilities				
Lease obligations	(1,495)	(91)	-	-
Bank term loans	(9,266)	(5,597)	-	-
Deferred tax liabilities	(1,199)	(241)	-	-
NET ASSETS	<u>193,033</u>	<u>169,247</u>	<u>214,080</u>	<u>198,359</u>
EQUITY				
Share capital	209,544	193,802	209,544	193,802
Accumulated profits	163,016	154,792	4,536	4,557
Merger reserve	(179,347)	(179,347)	-	-
Translation reserve	(180)	-	-	-
TOTAL EQUITY	<u>193,033</u>	<u>169,247</u>	<u>214,080</u>	<u>198,359</u>

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

	30 November 2014		31 August 2014	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less, or on demand	89,734	27,621	77,107	26,707
Amount repayable after one year	8,590	2,171	3,091	2,597

Details of any collaterals

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

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

(Amounts expressed in United States dollars)

	Group	
	3 months ended 30 November 2014 US\$'000	3 months ended 30 November 2013 US\$'000
Cash flows from operating activities		
Profit before tax	9,199	8,238
Adjustments:		
Depreciation of fixed assets	2,761	1,797
Gain on disposal of fixed assets	(1)	-
Fixed assets written off	-	1
Unrealised exchange gain	(290)	139
Interest expense	1,354	920
Interest income	(7)	(1)
Negative goodwill on acquisition of subsidiaries	(3,881)	-
Operating profit before working capital changes	9,135	11,094
(Increase)/decrease in:		
Inventories and work-in-progress	(10,010)	(14,086)
Trade receivables	20,794	(4,099)
Other receivables and other current assets	(9,783)	588
Due from ultimate holding company	1	(64)
Due from related companies	1,584	(10,634)
Due from affiliated companies	(1,875)	(222)
Increase/(decrease) in:		
Trade payables	(18,489)	(3,393)
Other payables	18,350	14,815
Due to ultimate holding company	(25)	(24)
Due to related companies	3,962	1,665
Cash generated from/(used in) operations	13,644	(4,360)
Interest paid	(1,354)	(920)
Interest income received	7	1
Tax paid	(1,775)	(319)
Net cash generated from/(used in) operating activities	10,522	(5,598)
Cash flows from investing activities		
Purchase of fixed assets	(4,463)	(1,285)
Proceeds from disposal of fixed assets	2	-
Acquisition of subsidiaries, net of cash paid	(15,656)	-
Net cash used in investing activities	(20,117)	(1,285)
Cash flows from financing activities		
Proceeds from lease obligations, net	1,838	-
Proceeds from issuance of placement shares, net of transaction costs	15,742	-
Proceeds from bank term loans and bills payable to banks	54,344	53,958
Repayment of bank term loans and bills payable to banks	(50,347)	(43,250)
Net cash generated from financing activities	21,577	10,708
Net increase in cash and cash equivalents	11,982	3,825
Effects of exchange on cash and cash equivalents	(72)	28
Cash and cash equivalents at beginning of financial period	22,779	15,460
Cash and cash equivalents at end of financial period	34,689	19,313

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

(Amounts expressed in United States dollars)

Group	Attributable to owners of the Company				
	Share capital	Accumulated profits	Merger reserve	Translation reserve	Total equity attributable to owners of the Company
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group					
Balance at 1 September 2013	193,802	132,755	(179,347)	-	147,210
Total comprehensive income for the financial period	-	7,308	-	-	7,308
Balance at 30 November 2013	193,802	140,063	(179,347)	-	154,518
Balance at 1 September 2014	193,802	154,792	(179,347)	-	169,247
Total comprehensive income for the financial period	-	8,224	-	(180)	8,044
Issuance of shares by way of placement	16,243	-	-	-	16,243
Share issuance expense	(501)	-	-	-	(501)
Total transactions with owners in their capacity as owners	15,742	-	-	-	15,742
Balance at 30 November 2014	209,544	163,016	(179,347)	(180)	193,033

Company	Attributable to owners of the Company		
	Share capital	Accumulated profits	Total Equity
	US\$'000	US\$'000	US\$'000
Balance at 1 September 2013	193,802	6,368	200,170
Total comprehensive income for the financial period	-	198	198
Balance at 30 November 2013	193,802	6,566	200,368
Balance at 1 September 2014	193,802	4,557	198,359
Total comprehensive income for the financial period	-	(21)	(21)
Issuance of shares by way of placement	16,243	-	16,243
Share issuance expense	(501)	-	(501)
Total transactions with owners in their capacity as owners	15,742	-	15,742
Balance at 30 November 2014	209,544	4,536	214,080

*Denote less than US\$1,000

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Share Placement Exercise

On 29 September 2014, the Company issued and allotted 29,500,000 new ordinary shares in the capital of the Company (“the Placement Shares”) pursuant to a private placement at an issue price of S\$0.70 for each Placement Share to raise gross proceeds of S\$20.65 million.

To date, approximately 90% of the proceeds had been used to acquire subsidiaries and the balance had been utilised for general working capital purposes. Details of utilisation have been announced.

As at 30 November 2014, the Company’s total issued shares is 324,508,913 (30 November 2013: 295,008,913). The Company does not hold any treasury shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

The Company’s total issued shares excluding treasury shares is 324,508,913 as at 30 November 2014 (31 August 2014: 295,008,913).

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

Not applicable.

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

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the first quarter ended 30 November 2014 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 did not have material effect on the financial performance or position of the Group.

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

	3 months ended 30 November 2014	3 months ended 30 November 2013
Net profit attributable to owners of the parent (US\$'000)	8,224	7,308
Weighted average number of ordinary shares on issue for calculation of ('000):		
- Basic earnings per share	315,432	295,009
- Diluted earnings per share	315,432	295,009
Earnings per ordinary share ("EPS") (US cents) of the Group:		
(a) Based on the weighted average number of ordinary shares on issue	2.61	2.48
(b) On a fully diluted basis	2.61	2.48

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 2014	As at 31 August 2014	As at 30 November 2014	As at 31 August 2014
Net asset value per ordinary share (US cents)	59.48	57.37	65.97	67.24

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**

Acquisition Exercise Completed in October 2014

Pursuant to the acquisition exercise completed in October 2014, whereby the Group had acquired 100% of the issued share capital of Strategic Marine (S) Pte. Ltd. and the charter capital of Strategic Marine (V) Company Limited (collectively, the "SM Group"), the assets and liabilities of both target companies were consolidated in the Group's statement of financial position as at 30 November 2014. This represents one of the reasons for respective increases in assets and liabilities of the Group as at 30 November 2014, as compared to 31 August 2014. The post-acquisition results were consolidated in the Group's income statement for the period of three months ended 30 November 2014.

REVIEW OF PERFORMANCE:

Revenue

Group's revenue decreased by US\$33.4 million (37%) for the three months ended 30 November 2014 ("1Q15") when compared to the corresponding period for the three months ended 30 November 2013 ("1Q14").

Revenue recognised in 1Q14 was higher due to contributions from the subsea construction vessel, *Lewek Constellation* and 3 units of self-elevating units ("SEUs") – two from BH450 series and one from BH335 series – all of which were either fully completed or at final completion stage as at 30 November 2014, resulting in lower corresponding revenue recognised in 1Q15.

This decrease was partially offset by:

- (i) Revenue recognised from 3 SEUs – two from BH335 series and one from BH300 L4 series - which were at advanced stage of construction as at 30 November 2014;
- (ii) Revenue recognised from an offshore fabrication project; and
- (iii) Revenue from the acquisition of SM Group.

Gross profit

In spite of lower revenue, Group's gross profit marginally increased from US\$12.8 million in 1Q14 to US\$13.0 million in 1Q15. The improved margins were mainly due to higher margin from an offshore fabrication project and different mix of projects at their respective completion stages.

Other income, net

Other income increased from US\$0.06 million in 1Q14 to US\$4.2 million in 1Q15, mainly due to provisional negative goodwill of US\$3.9 million recognised on acquisition of the SM Group and increase in sales of scrap.

Administrative expenses

Administrative expenses increased from US\$3.7 million in 1Q14 to US\$6.7 million in 1Q15, mainly due to additions from the SM Group.

Financial expenses

Financial expenses increased from US\$0.9 million in 1Q14 to US\$1.4 million in 1Q15, mainly due to higher loan drawdowns to finance the working capital of the various projects.

Profit before tax

Profit before tax increased by US\$1.0 million (12%) for 1Q15 as compared to 1Q14, mainly due to increase in gross profit and other income.

This was partially offset by the increase in administrative and financial expenses as explained above.

Tax

No material change in 1Q15 from its comparative period.

REVIEW OF STATEMENT OF FINANCIAL POSITION AND CASH FLOWS:

Non-current assets

The increase in non-current assets was mainly due to the acquisition of SM Group.

Current assets

The increase in current assets was mainly due to:-

- (i) Increase in inventories and work-in-progress reflecting higher stockholding of inventory items to support some SEU projects which had reached advanced stage of construction at end of 1Q15;
- (ii) Increase in other receivables arising from higher amount of value added tax and import tax claimable for purchase of materials and equipment in Vietnam;
- (iii) Increase in other current assets, mainly as a result of advance payments made to certain equipment suppliers; and
- (iv) Increase in cash and cash equivalents from net cash generated from operations and financing.

Current liabilities

The increase in current liabilities was mainly due to:-

- (i) Increase in other payables resulting from increase in advance billings to customers as well as accruals for costs of certain equipment delivered during the financial period;
- (ii) Increase in amount due to related companies resulting from purchases of goods and services; and
- (iii) Increase in bills payable to banks and bank loans arising from higher borrowings for working capital.

The above increases were partially offset by payments made to suppliers during the financial period.

Non-current liabilities

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

Equity

The increase in shareholders' equity was due to profit generated during the financial period and proceeds from share placement.

Cash flows

The Group recorded net cash inflow in operating activities of US\$10.5 million in 1Q15, mainly due to receipts from customers. These were partially offset by increase in inventories and work-in-progress.

Net cash used in investing activities was US\$20.1 million in 1Q15, spent mainly to acquire the SM Group, purchase of operating equipment and upgrade of the facilities at one of the yards in Vietnam.

Net cash generated from financing activities was US\$21.6 million in 1Q15, as a result of net loan drawdowns to finance the working capital for the projects and net proceeds from issuance of placement shares.

Financial ratios

The Group's net debt to equity ratio (defined as ratio of total external indebtedness (net of cash and cash equivalents) owing to bank and financial institutions to shareholders' equity) decreased from 0.51 to 0.48 times, in 1Q15 compared to FY14. Approximately 91% of the Group borrowings as at 30 November 2014 relates to working capital financing.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Weakened oil prices recently could potentially lead to reduction or delay of oil & gas capital expenditure especially for exploration activities. However the primary business of TRIYARDS focuses on full value chain – fabricating assets which are involved in construction, production and decommissioning, to inspection and maintenance of offshore infrastructure servicing the existing offshore fields. Therefore the Group believes that there will be continued demand for its offering, notwithstanding competitive and challenging environment which the Group anticipates in next 12 months.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. **If no dividend has been declared/recommendedd, a statement to that effect**

No dividend has been declared or recommended for the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for IPTS, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Aggregate value of interested person transactions, pursuant to the IPT mandate renewed on 31 December 2014, is as follows.

Name of interested person	Aggregate value of all interested person transactions during first quarter of FY2015 (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual during first quarter of FY2015 (excluding transactions less than US\$100,000)
	US\$'000	US\$'000
<u>Revenue (Recognised)</u>		
Lewek Constellation Pte Ltd	—	5,076
Ezra Marine Services Pte Ltd	—	703
<u>Purchase of Goods and Services</u>		
Ezra Holdings Ltd	—	754
Emas Offshore Services Pte Ltd	—	105
EMAS IT Solutions Pte Ltd	—	137
Lewek Victory Shipping Pte Ltd	3,976	—

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 30 November 2014 to be false or misleading.

On behalf of the Board of Directors



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

8 January 2015



**Chan Eng Yew
Chief Executive Officer**