



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

Half-Year Financial Statement And Dividend Announcement
For the six months ended 28 February 2014

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

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

(Amounts expressed in United States dollars)

CONSOLIDATED INCOME STATEMENT

	Group			Group		
	3 months ended			6 months ended		
	28	28		28	28	
	February	February	Incr/	February	February	Incr/
	2014	2013	(decr)	2014	2013	(decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	74,475	79,356	(6)	164,562	132,662	24
Cost of sales	(61,020)	(67,654)	(10)	(138,354)	(110,021)	26
Gross profit	13,455	11,702	15	26,208	22,641	16
Other income, net	103	295	(65)	165	342	(52)
Administrative expenses	(3,035)	(3,237)	(6)	(6,693)	(6,193)	8
Profit from operations	10,523	8,760	20	19,680	16,790	17
Financial income	3	3	-	4	6	(33)
Financial expenses	(1,136)	(632)	80	(2,056)	(1,378)	49
Profit before tax	9,390	8,131	15	17,628	15,418	14
Tax	(1,620)	(1,014)	60	(2,550)	(1,834)	39
Profit after tax	7,770	7,117	9	15,078	13,584	11
Attributable to:						
Owners of the Company	7,770	7,117	9	15,078	13,584	11
	7,770	7,117	9	15,078	13,584	11

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

nm – not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	3 months ended		Incr/ (decr) %	6 months ended		Incr/ (decr) %
	28	28		28	28	
	February 2014 US\$'000	February 2013 US\$'000		February 2014 US\$'000	February 2013 US\$'000	
Profit after tax	7,770	7,117	9	15,078	13,584	11
Other comprehensive income	-	-		-	-	
Other comprehensive income for the financial period, net of tax	-	-		-	-	
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>7,770</u>	<u>7,117</u>	9	<u>15,078</u>	<u>13,584</u>	11
Total comprehensive income attributable to:						
Owners of the Company	<u>7,770</u>	<u>7,117</u>	9	<u>15,078</u>	<u>13,584</u>	11
	<u>7,770</u>	<u>7,117</u>	9	<u>15,078</u>	<u>13,584</u>	11

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

	Group			Group		
	3 months ended		Incr/ (decr) %	6 months ended		Incr/ (decr) %
	28	28		28	28	
	February 2014 US\$'000	February 2013 US\$'000		February 2014 US\$'000	February 2013 US\$'000	
Depreciation of fixed assets	(1,950)	(1,408)	38	(3,747)	(2,907)	29
Gain on disposal of fixed assets	13	-	nm	13	-	nm
Fixed assets written off	-	-	nm	(1)	-	nm
Interest income	3	3	-	4	6	(33)
Exchange gain/(loss), net	27	20	35	(231)	(107)	116

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	
	28 February 2014 US\$'000	31 August 2013 US\$'000	28 February 2014 US\$'000	31 August 2013 US\$'000
Non-current assets				
Fixed assets	102,287	102,189	-	-
Intangible assets	7,200	7,200	-	-
Investments in subsidiaries	-	-	181,968	181,968
Deferred tax assets	258	442	-	-
Current assets				
Inventories and work-in-progress	44,969	37,179	-	-
Trade receivables	159,249	108,190	-	-
Other receivables	4,059	2,958	20	7
Other current assets	2,925	3,282	370	95
Balances due from				
- subsidiaries	-	-	28,480	28,446
- ultimate holding company	64	-	64	-
- related companies	20,199	42,974	371	35
- affiliated companies	3,528	48	-	-
Cash and cash equivalents	16,873	15,460	395	97
	<u>251,866</u>	<u>210,091</u>	<u>29,700</u>	<u>28,680</u>
Current liabilities				
Trade payables	20,948	21,167	-	-
Other payables	39,571	26,380	527	393
Balances due to				
- subsidiaries	-	-	3,708	10,085
- ultimate holding company	2,709	2,546	-	-
- related companies	23,084	26,951	-	-
Bills payable to banks	12,954	24,848	-	-
Bank term loans	99,732	66,781	12,000	-
Provision for tax	4,789	3,972	-	-
	<u>203,787</u>	<u>172,645</u>	<u>16,235</u>	<u>10,478</u>
Net current assets	48,079	37,446	13,465	18,202
Non-current liabilities				
Deferred tax liabilities	(164)	(67)	-	-
NET ASSETS	<u>157,660</u>	<u>147,210</u>	<u>195,433</u>	<u>200,170</u>
EQUITY				
Share capital	193,802	193,802	193,802	193,802
Accumulated profits	143,205	132,755	1,631	6,368
Merger reserve	(179,347)	(179,347)	-	-
TOTAL EQUITY	<u>157,660</u>	<u>147,210</u>	<u>195,433</u>	<u>200,170</u>

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

	28 February 2014		31 August 2013	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	84,232	28,454	62,781	28,848
Amount repayable after one year	-	-	-	-

Details of any collaterals

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

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

(Amounts expressed in United States dollars)

	Group		Group	
	3 months ended 28 February 2014 US\$'000	3 months ended 28 February 2013 US\$'000	6 months ended 28 February 2014 US\$'000	6 months ended 28 February 2013 US\$'000
Cash flows from operating activities				
Profit before tax	9,390	8,131	17,628	15,418
Adjustments:				
Depreciation of fixed assets	1,950	1,408	3,747	2,907
Gain on disposal of fixed assets	(13)	-	(13)	-
Fixed assets written off	-	-	1	-
Unrealised exchange (gain)/loss	(79)	(63)	60	(27)
Interest expense	1,136	705	2,056	1,378
Interest income	(3)	(3)	(4)	(6)
Operating profit before working capital changes	12,381	10,178	23,475	19,670
(Increase)/decrease in:				
Inventories and work-in-progress	6,819	5,890	(7,267)	629
Trade receivables	(46,960)	54,509	(51,059)	55,214
Other receivables and other current assets	(1,332)	8,769	(744)	(5,982)
Due from ultimate holding company	-	(149)	(64)	(149)
Due from related companies	33,409	24,377	22,775	(50,448)
Due from affiliated companies	(3,258)	(1,031)	(3,480)	(2,307)
Increase/(decrease) in:				
Trade payables	3,178	(1,765)	(215)	1,441
Other payables	(1,624)	(27,319)	13,191	73,985
Due to ultimate holding company	187	1,242	163	1,419
Due to related companies	(5,532)	(571)	(3,867)	(16,010)
Cash (used in)/generated from operations	(2,732)	74,130	(7,092)	77,462
Interest paid	(1,136)	(705)	(2,056)	(1,378)
Interest income received	3	3	4	6
Tax paid	(1,133)	(988)	(1,452)	(1,528)
Net cash (used in)/generated from operating activities	(4,998)	72,440	(10,596)	74,562
Cash flows from investing activities				
Purchase of fixed assets	(3,089)	(6,386)	(4,374)	(11,642)
Proceeds from disposal of fixed assets	18	-	18	-
Net cash used in investing activities	(3,071)	(6,386)	(4,356)	(11,642)
Cash flows from financing activities				
Proceeds from bank term loans and bills payable to banks	52,458	21,484	106,416	47,685
Repayment of bank term loans and bills payable to banks	(42,212)	(28,257)	(85,462)	(51,033)
Dividends paid on ordinary shares	(4,628)	-	(4,628)	-
Net cash generated from/(used in) financing activities	5,618	(6,773)	16,326	(3,348)
Net (decrease)/increase in cash and cash equivalents	(2,451)	59,281	1,374	59,572
Effects of exchange on cash and cash equivalents	11	(11)	39	(4)
Cash and cash equivalents at beginning of financial period	19,313	7,622	15,460	7,324
Cash and cash equivalents at end of financial period	16,873	66,892	16,873	66,892

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

(Amounts expressed in United States dollars)

Group	Attributable to owners of the Company				Total equity attributable to owners of the Company US\$'000
	Share capital US\$'000	Accumulated profits US\$'000	Capital reserve US\$'000	Merger reserve US\$'000	
Group					
Balance at 1 September 2012	3	101,323	3,672	-	104,998
Total comprehensive income for the financial period	-	13,584	-	-	13,584
Adjustment arising from Restructuring Exercise	(3)	-	(3,672)	(179,347)	(183,022)
Issuance of new ordinary shares	193,802	-	-	-	193,802
Total transactions with owners in their capacity as owners	193,799	-	(3,672)	(179,347)	10,780
Balance at 28 February 2013	193,802	114,907	-	(179,347)	129,362
Balance at 1 September 2013	193,802	132,755	-	(179,347)	147,210
Total comprehensive income for the financial period	-	15,078	-	-	15,078
Dividends on ordinary shares	-	(4,628)	-	-	(4,628)
Balance at 28 February 2014	193,802	143,205	-	(179,347)	157,660

Company	Attributable to owners of the Company		
	Share capital US\$'000	Accumulated (losses)/profit US\$'000	Total Equity US\$'000
Balance at 1 September 2012	-*	(1,460)	(1,460)
Total comprehensive income for the financial period	-	(1,054)	(1,054)
Issuance of new ordinary shares	193,802	-	193,802
Balance at 28 February 2013	193,802	(2,514)	191,288
Balance at 1 September 2013	193,802	6,368	200,170
Total comprehensive income for the financial period	-	(109)	(109)
Dividends on ordinary shares	-	(4,628)	(4,628)
Balance at 28 February 2014	193,802	1,631	195,433

*Denote less than US\$1,000

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

As at 28 February 2014, the Company's total issued shares is 295,008,913 (28 February 2013: 295,008,913). The Company does not hold any treasury shares.

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

The Company's total issued shares excluding treasury shares is 295,008,913 as at 28 February 2014 (31 August 2013: 295,008,913).

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the six months ended 28 February 2014 as the most recently audited financial statements for the financial year ended 31 August 2013 ("FY13").

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted the new and revised FRSs and Interpretation of FRS (INT FRS) that are effective for annual periods beginning on or after 1 September 2013. The adoption of these new/revised FRS and INT FRSs did not have material effect on the financial performance or position of the Group.

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

	6 months ended 28 February 2014	6 months ended 28 February 2013
Net profit attributable to owners of the Company (US\$'000)	15,078	13,584
Weighted average number of ordinary shares on issue for calculation of ('000):		
- Basic earnings per share	295,009	241,276
- Diluted earnings per share	295,009	241,276
Earnings per ordinary share ("EPS") (US cents) of the Group:		
(a) Based on the weighted average number of ordinary shares on issue	5.11	5.63
(b) On a fully diluted basis	5.11	5.63

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 2014	As at 31 August 2013	As at 28 February 2014	As at 31 August 2013
Net asset value per ordinary share (US cents)	53.44	49.90	66.25	67.85

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

REVIEW OF PERFORMANCE:

Revenue

6 months ended 28 February 2014 ("1H14")

Group's revenue grew by US\$31.9 million (24%) for 1H14 when compared to the corresponding period for the six months ended 28 February 2013 ("1H13").

The increase was mainly attributable to higher contributions from the subsea construction vessel, *Lewek Constellation* and three self-elevating units ("*SEUs*"), one unit of which was at its final stage of completion as at 28 February 2014. These increases were partially offset by higher revenue generated in 1H13 from one anchor handling tug supply vessel ("*AHTS*") and two platform support vessels ("*PSVs*"), which were delivered during the 1H13.

3 months ended 28 February 2014 ("2Q14")

No material changes in revenue in 2Q13 from its comparative period.

During 2Q14, the construction of one SEU series BH335 commenced and correspondingly the revenue was progressively recognised.

Gross profit

6 months ended 28 February 2014 ("1H14")

The Group's gross profit increased from US\$22.6 million in 1H13 to US\$26.2 million in 1H14, mainly due to higher revenue during the financial period.

Gross profit margin decreased from 17% in 1H13 to 16% in 1H14, due to different mix of ship building projects at their respective completion stages.

3 months ended 28 February 2014 ("2Q14")

The Group's gross profit increased from US\$11.7 million in 2Q13 to US\$13.5 million in 2Q14, mainly due to improved gross profit margin during the financial period.

Gross profit margin increased from 15% in 2Q13 to 18% in 2Q14, mainly due to contributions from ship repair projects and completion of one unit of turret during 2Q14.

Other income, net

Other income for 1H14 and 2Q14 marginally decreased by US\$0.2 million compared to 1H13 and 2Q13, mainly due to higher foreign exchange loss incurred.

REVIEW OF PERFORMANCE (CONT'D):

Administrative expenses

No material changes in 1H14 and 2Q14 from its comparative periods.

Financial expenses

Financial expenses for 1H14 and 2Q14 increased by US\$0.7 million (49%) and US\$0.5 million (80%) respectively, compared to 1H13 and 2Q13. The increases were due to higher drawdowns of bank loans to finance the working capital of the various projects.

Profit before tax

Profit before tax for 1H14 and 2Q14 increased by US\$2.2 million (14%) and US\$1.3 million (15%) respectively, compared to 1H13 and 2Q13, mainly due to the increase in gross profit.

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

Tax

The increase in tax expense in 1H14 and 2Q14 was in line with the increase in profit before tax.

REVIEW OF STATEMENT OF FINANCIAL POSITION AND CASH FLOWS:

Non-current assets

No material changes in non-current assets as at 28 February 2014, compared to 31 August 2013.

The movements during the financial period were mainly due to investments in new operating equipment and upgrade of the facilities at one of the yards in Vietnam, amounting to US\$4.4 million and depreciation charges of US\$3.7 million.

Current assets

The increase in current assets was mainly due to:-

- (i) Increase in inventories and work-in-progress resulting from higher stockholding of inventory items, principally to support new shipbuilding projects which commenced construction during 2Q14;
- (ii) Increase in trade receivables derived mainly from progressive recognition of revenue from the ongoing shipbuilding projects during the financial period;
- (iii) Increase in other receivables, mainly as a result of higher amount of value added tax claimable for purchase of materials and equipment in Vietnam; and
- (iv) Higher cash and cash equivalents, as a result of payments received from related companies and increase in borrowings to finance working capital during the financial period.

The above increases were partially offset by:-

- (i) Decrease in other current assets, arising from decrease in advance payments made to suppliers; and
- (ii) Net decrease in amount due from related and affiliated companies, mainly due to payments received.

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

Current liabilities

The increase in current liabilities was mainly due to:-

- (i) Increase in other payables resulting from increase in advance billings of ongoing projects as well as new projects which was secured in 1H14;
- (ii) Increase in bank term loans arising from higher borrowings for working capital; and
- (iii) Higher provision for tax resulting from higher profits.

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

Equity

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

Cash flows

Net cash used in operating activities was US\$10.6 million and US\$5.0 million in 1H14 and 2Q14 respectively compared to net cash generated from operating activities of US\$74.6 million and US\$72.4 million in 1H13 and 2Q13 respectively. The decreases were mainly due to timing difference of the receipts from progress billings vis-à-vis progress revenue recognised during the financial period based on the percentage of completion.

Net cash used in investing activities was US\$4.4 million and US\$3.1 million in 1H14 and 2Q14 respectively, spent mainly for the purchase of operating equipment and upgrade of the facilities at one of the yards in Vietnam.

Net cash generated from financing activities was US\$16.3 million and US\$5.6 million in 1H14 and 2Q14 respectively compared to net cash used in financing activities of US\$3.3 million and US\$6.8 million in 1H13 and 2Q13 respectively. The increases were mainly attributable to net drawdowns of bank loans to finance the working capital for the ongoing projects.

Financial ratios

The Group's net debt to equity ratio (defined as ratio of total external indebtedness (net of cash and cash equivalents) owing to bank and financial institutions to shareholders' equity) increased from 0.5 to 0.6 times, in 1H14 compared to FY13. Approximately 89% of the Group borrowings as at 28 February 2014 relates to working capital financing.

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

Not applicable.

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

With the rise of new players in Asia, especially from China, entering into the space TRIYARDS is in, the Group expects the next 12 months to be more competitive and challenging. However, the demand for medium to large sized offshore support vessels and self-elevating units is expected to remain healthy and the Group continues to enjoy a robust level of enquiry for its products and services on offer, including ship repair, the TDU-400 and TSU 475 units. The Group is thus cautiously optimistic about its prospects in the offshore Oil and Gas industry, barring any unforeseen circumstances which may arise to destabilise the current financial market and global economy.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/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.

Aggregate value of interested person transactions, pursuant to the IPT mandate renewed on 16 December 2013, is as follows.

Name of interested person	Aggregate value of all interested person transactions during first half of FY2014 (excluding transactions less than US\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual during first half of FY2014 (excluding transactions less than US\$100,000)
	US\$'000	US\$'000
<u>Revenue (Recognised)</u>		
Lewek Constellation Pte Ltd	—	100,115
Emas Offshore Services Pte Ltd	—	386
PV Keez Pte Ltd	—	416
London Marine Consultants Limited	—	2,916
<u>Purchase of Goods and Services</u>		
Ezra Holdings Ltd	—	394
Ezra Marine Services Pte Ltd	—	88,994
EMAS IT Solutions Pte Ltd	—	254

**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 financial period of six months ended 28 February 2014 to be false or misleading.

On behalf of the Board of Directors



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

10 April 2014



**Andrew Mak Yeuw Wah
Chief Operating Officer**