



# Ezion Holdings Limited

(Company No.: 199904364E)

## Second Quarter Financial Statement And Dividend Announcement For The Six Months Ended 30 June 2016

### PART1- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1 (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (Second Quarter)			Incr/ (Decr)	Group (Year-To-Date)		
	3 months ended		%		6 months ended		%
	30.06.2016	30.06.2015			30.06.2016	30.06.2015	
	US\$'000	US\$'000		US\$'000	US\$'000		
Revenue	83,711	90,054	(7.0)	165,801	180,173	(8.0)	
Cost of sales and servicing	(65,920)	(58,658)	12.4	(127,336)	(107,270)	18.7	
<b>Gross profit</b>	<b>17,791</b>	<b>31,396</b>	<b>(43.3)</b>	<b>38,465</b>	<b>72,903</b>	<b>(47.2)</b>	
Other income, net	15,321	962	N/M	29,176	3,079	N/M	
Administrative expenses	(4,461)	(4,803)	(7.1)	(8,383)	(9,318)	(10.0)	
Other operating expenses	(2,435)	(1,652)	47.4	(18,087)	(2,981)	N/M	
<b>Results from operating activities</b>	<b>26,216</b>	<b>25,903</b>	<b>1.2</b>	<b>41,171</b>	<b>63,683</b>	<b>(35.4)</b>	
Finance income	949	1,149	(17.4)	2,035	2,268	(10.3)	
Finance costs	(7,492)	(6,964)	7.6	(16,187)	(12,729)	27.2	
<b>Net finance costs</b>	<b>(6,543)</b>	<b>(5,815)</b>	<b>12.5</b>	<b>(14,152)</b>	<b>(10,461)</b>	<b>35.3</b>	
Share of results of associates and jointly controlled entities (net of tax)	1,121	9,251	(87.9)	9,338	17,412	(46.4)	
<b>Profit before income tax</b>	<b>20,794</b>	<b>29,339</b>	<b>(29.1)</b>	<b>36,357</b>	<b>70,634</b>	<b>(48.5)</b>	
Income tax expense	(950)	(381)	N/M	(1,025)	(666)	53.9	
<b>Profit after income tax</b>	<b>19,844</b>	<b>28,958</b>	<b>(31.5)</b>	<b>35,332</b>	<b>69,968</b>	<b>(49.5)</b>	

Profit after tax is arrived at after crediting/(charging) the following items:-

	Group (Second Quarter)			Incr/ (Decr)	Group (Year-To-Date)		
	3 months ended		%		6 months ended		%
	30.06.2016	30.06.2015			30.06.2016	30.06.2015	
	US\$'000	US\$'000		US\$'000	US\$'000		
Other income <sup>1</sup>	16,270	2,111	N/M	31,211	5,347	N/M	
Interest on borrowings	(7,492)	(6,964)	7.6	(16,187)	(12,729)	27.2	
Depreciation of plant and equipment	(36,868)	(33,242)	10.9	(72,464)	(63,105)	14.8	
Foreign exchange (loss)/gain, net	(836)	(218)	N/M	(15,444)	476	N/M	
Gain on disposal of assets held for sale	14,609	-	N/M	27,755	-	N/M	

<sup>1</sup> Includes interest income and gain on disposal of assets held for sale

N/M - not meaningful

See note 8 for more explanation on the income statement review

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current assets</b>				
Plant and equipment	2,307,489	2,284,117	455	567
Subsidiaries	-	-	1,326,658	1,227,226
Joint ventures	149,462	131,354	51,920	51,759
Associates	83,002	72,621	66,868	53,982
Other assets	2,815	11,566	115	121
	<b>2,542,768</b>	<b>2,499,658</b>	<b>1,446,016</b>	<b>1,333,655</b>
<b>Current assets</b>				
Trade receivables	216,590	193,247	9,329	8,077
Other current assets	141,428	80,188	58,605	48,861
Assets held for sale	-	105,553	-	-
Cash and cash equivalents	181,109	229,756	111,245	188,382
	<b>539,127</b>	<b>608,744</b>	<b>179,179</b>	<b>245,320</b>
<b>Total assets</b>	<b>3,081,895</b>	<b>3,108,402</b>	<b>1,625,195</b>	<b>1,578,975</b>
<b>Equity</b>				
Share capital	549,097	536,368	549,097	536,368
Perpetual securities	116,499	116,499	116,499	116,499
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	(31,282)	(32,323)	(4,144)	(2,915)
Retained earnings	629,837	597,302	91,318	89,508
<b>Total equity</b>	<b>1,287,615</b>	<b>1,241,310</b>	<b>752,770</b>	<b>739,460</b>
<b>Non-current liabilities</b>				
Financial liabilities	818,854	851,101	126,885	137,312
Notes payable	397,986	378,691	397,986	378,691
Other payables	40,432	35,954	133,338	90,185
Deferred tax liabilities	-	449	-	-
	<b>1,257,272</b>	<b>1,266,195</b>	<b>658,209</b>	<b>606,188</b>
<b>Current liabilities</b>				
Trade payables	122,905	126,165	169	40
Other payables	35,926	50,091	71,082	93,896
Liabilities due to assets held for sale	-	42,658	-	-
Financial liabilities	371,702	375,254	139,255	135,689
Provision for taxation	6,475	6,729	3,710	3,702
	<b>537,008</b>	<b>600,897</b>	<b>214,216</b>	<b>233,327</b>
<b>Total liabilities</b>	<b>1,794,280</b>	<b>1,867,092</b>	<b>872,425</b>	<b>839,515</b>
<b>Total equity and liabilities</b>	<b>3,081,895</b>	<b>3,108,402</b>	<b>1,625,195</b>	<b>1,578,975</b>

*See note 8 for more explanation on the statement of financial position review*

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

**Amount repayable in one year or less, or on demand**

As at 30.06.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
260,611	111,091	309,821	108,091

**Amount repayable after one year**

As at 30.06.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
806,195	410,645	849,832	379,960

**Details of any collateral**

The Group's vessels are pledged to financial institutions as security for the term loans.

**1(b)(iii) Statement of comprehensive income for three months ended 30 June 2016**

	Group (Second Quarter)			Group (Year-To-Date)		
	3 months ended 30.06.2016 US\$'000	30.06.2015 US\$'000	Incr/ (Decr) %	6 months ended 31.03.2016 US\$'000	31.03.2015 US\$'000	Incr/ (Decr) %
Profit after tax	19,844	28,958	(31.5)	35,332	69,968	(49.5)
<b>Other comprehensive income</b>						
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>						
Translation differences relating to financial statements of foreign operations	(2,291)	(3,584)	N/M	475	(4,497)	N/M
Share of foreign currency translation differences of associates	1,364	(53)	N/M	401	508	(21.1)
Exchange differences on monetary items forming part of net investment in foreign operations	(256)	(629)	(59.3)	1,346	(4,338)	N/M
Effective portion of changes in fair value of cash flow hedges	(21)	429	N/M	(1,181)	(845)	39.8
<b>Other comprehensive income for the period</b>	<b>(1,204)</b>	<b>(3,837)</b>	<b>(68.6)</b>	<b>1,041</b>	<b>(9,172)</b>	<b>N/M</b>
<b>Total comprehensive income for the period</b>	<b>18,640</b>	<b>25,121</b>	<b>(25.8)</b>	<b>36,373</b>	<b>60,796</b>	<b>(40.2)</b>
<b>Attributable to:</b>						
Owners of the Company	18,640	25,121	(25.8)	36,373	60,796	(40.2)

Note :

There are no tax effects relating to each component of other comprehensive income for the period.

***N/M - not meaningful***

1(c) **Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group (Second Quarter)</b>		<b>Group (Year-To-Date)</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>				
Profit after tax	19,844	28,958	35,332	69,968
Income tax expense	950	381	1,025	666
Depreciation expense	36,868	33,242	72,464	63,105
Gain on disposal of assets held for sale	(14,609)	-	(27,755)	-
Finance income	(949)	(1,149)	(2,035)	(2,268)
Finance costs	7,492	6,964	16,187	12,729
Financial guarantee income provided to joint ventures	(454)	(385)	(733)	(1,232)
Equity-settled share-based payment transactions	561	623	1,018	1,114
Share of results of associates and jointly controlled entities	(1,121)	(9,251)	(9,338)	(17,412)
Operating cash flow before working capital changes	48,582	59,383	86,165	126,670
Changes in working capital:				
Trade receivables and other assets	(16,679)	4,766	(22,244)	10,959
Trade and other payables	(3,575)	11,942	(4,576)	13,370
Cash generated from operating activities	28,328	76,091	59,345	150,999
Income tax paid	(915)	(1,043)	(1,056)	(1,791)
<b>Net cash from operating activities</b>	<b>27,413</b>	<b>75,048</b>	<b>58,289</b>	<b>149,208</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(13,493)	(114,329)	(34,654)	(164,546)
Proceeds from disposal of assets held for sale	20,400	-	20,400	-
Advance payments for purchase of plant and equipment	(243)	(56,858)	(635)	(120,240)
Investments in joint ventures	(865)	279	(4,364)	(79)
Interest received	404	714	928	1,385
<b>Net cash from/(used) in investing activities</b>	<b>6,203</b>	<b>(170,194)</b>	<b>(18,325)</b>	<b>(283,480)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	-	162,274	31,766	246,438
Repayment of borrowings	(49,640)	(65,694)	(109,927)	(113,499)
Net proceeds from issuance of ordinary shares	-	565	-	630
Dividend paid	-	(1,193)	-	(1,193)
Interest paid	(9,055)	(10,198)	(17,357)	(19,522)
<b>Net cash (used in)/from financing activities</b>	<b>(58,695)</b>	<b>85,754</b>	<b>(95,518)</b>	<b>112,854</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(25,079)</b>	<b>(9,392)</b>	<b>(55,554)</b>	<b>(21,418)</b>
Cash and cash equivalents at beginning of the period	206,340	344,983	229,756	371,510
Effect of exchange rate fluctuations	(152)	4,354	6,907	(10,147)
<b>Cash and cash equivalents at end of the period</b>	<b>181,109</b>	<b>339,945</b>	<b>181,109</b>	<b>339,945</b>

See note 8 for explanation on the statement of cash flows review

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.

	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Treasury shares	Foreign currency translation reserve	Hedging reserve	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>											
<b>At 1 January 2015</b>	535,654	211,874	23,464	(102)	(20,218)	(1,098)	(6)	563,059	1,312,627	(6)	1,312,621
Total comprehensive income for the period	-	-	-	-	(8,327)	(845)	-	69,968	60,796	-	60,796
<b>Translations with owners, recognised directly in equity</b>											
Dividends	-	-	-	-	-	-	-	(1,193)	(1,193)	-	(1,193)
Issue of shares	630	-	-	-	-	-	-	-	630	-	630
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(7,353)	(7,353)	-	(7,353)
Share-based payment transactions	-	-	-	-	-	-	-	1,114	1,114	-	1,114
<b>Changes in ownership interests in subsidiaries</b>											
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	(12)	(12)	6	(6)
<b>At 30 June 2015</b>	<b>536,284</b>	<b>211,874</b>	<b>23,464</b>	<b>(102)</b>	<b>(28,545)</b>	<b>(1,943)</b>	<b>(6)</b>	<b>625,583</b>	<b>1,366,609</b>	<b>-</b>	<b>1,366,609</b>
<b>At 1 January 2016</b>	536,368	116,499	23,464	(1,480)	(29,333)	(1,504)	(6)	597,302	1,241,310	-	1,241,310
Total comprehensive income for the period	-	-	-	-	2,222	(1,181)	-	35,332	36,373	-	36,373
<b>Translations with owners, recognised directly in equity</b>											
Issue of shares	12,729	-	-	-	-	-	-	-	12,729	-	12,729
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(3,815)	(3,815)	-	(3,815)
Share-based payment transactions	-	-	-	-	-	-	-	1,018	1,018	-	1,018
<b>At 30 June 2016</b>	<b>549,097</b>	<b>116,499</b>	<b>23,464</b>	<b>(1,480)</b>	<b>(27,111)</b>	<b>(2,685)</b>	<b>(6)</b>	<b>629,837</b>	<b>1,287,615</b>	<b>-</b>	<b>1,287,615</b>
					Share capital	Perpetual securities	Treasury shares	Hedging reserve	Statutory reserve	Retained earnings	Total equity
					US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>											
<b>At 1 January 2015</b>					535,654	211,874	(102)	(872)	(6)	140,734	887,282
Total comprehensive income for the period					-	-	-	(895)	-	11,599	10,704
<b>Translations with owners, recognised directly in equity</b>											
Dividends					-	-	-	-	-	(1,193)	(1,193)
Issue of shares					630	-	-	-	-	-	630
Accrued perpetual securities distributions					-	-	-	-	-	(7,353)	(7,353)
Share-based payment transactions					-	-	-	-	-	1,114	1,114
<b>At 30 June 2015</b>					<b>536,284</b>	<b>211,874</b>	<b>(102)</b>	<b>(1,767)</b>	<b>(6)</b>	<b>144,901</b>	<b>891,184</b>
<b>At 1 January 2016</b>					536,368	116,499	(1,480)	(1,429)	(6)	89,508	739,460
Total comprehensive income for the period					-	-	-	(1,229)	-	4,607	3,378
<b>Translations with owners, recognised directly in equity</b>											
Issue of shares					12,729	-	-	-	-	-	12,729
Accrued perpetual securities distributions					-	-	-	-	-	(3,815)	(3,815)
Share-based payment transactions					-	-	-	-	-	1,018	1,018
<b>At 30 June 2016</b>					<b>549,097</b>	<b>116,499</b>	<b>(1,480)</b>	<b>(2,658)</b>	<b>(6)</b>	<b>91,318</b>	<b>752,770</b>

- 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.**

During first quarter of 2016, the Company issued 17,497,813 new ordinary shares at an issue price of S\$1.0287 per share. The newly issued shares rank pari passu in all respects with the previously issued shares. The net proceeds from the placement of the shares which amounted to approximately US\$12.8 million was used to acquire the aggregate of 321,429 shares in the issued share capital of Rotating Offshore Solutions Pte Ltd, which represented 30% of the enlarged issued and paid-up share capital of Rotating Offshore Solutions Pte Ltd.

As at 30 June 2016, the share capital less treasury shares of the Company was 1,595,254,740 ordinary shares (1,598,438,740 issued ordinary shares less 3,184,000 treasury shares). As at 30 June 2015, the share capital less treasury shares of the Company was 1,580,023,647 ordinary shares (1,580,707,647 issued ordinary shares less 684,000 treasury shares).

As at 30 June 2016 and 30 June 2015, there were 300 redeemable exchangeable preference shares in a subsidiary available for exchange to 19,787,830 ordinary shares of the Company.

- 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.**

As at 30 June 2016, the issued and paid up share capital excluding treasury shares of the Company comprised 1,595,254,740 (31 December 2015: 1,577,756,927) ordinary shares.

As at 30 June 2016, subsidiary of the Company has 300 (31 December 2015: 300) redeemable exchangeable preference shares outstanding.

- 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.**

The movement of treasury shares are as follows:

As at 1 January 2016 = 3,184,000 shares

Purchase of treasury shares during the period = Nil

Transfer of treasury shares during the period = Nil

As at 30 June 2016 = 3,184,000 shares

- 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 Company's 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.**

Except as disclosed under item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2015.

**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 financial periods beginning 1 January 2016. The adoption of these new and 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:-**

	Group (Second Quarter) 3 months ended		Group (Year-To-Date) 6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
(a) Based on weighted average number	1.12 cts	1.60 cts	1.98 cts	3.97 cts
(b) On a fully diluted basis	1.11 cts	1.57 cts	1.95 cts	3.90 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per share	1,595,255,000	1,578,724,000	1,594,582,000	1,578,620,000
- Diluted earnings per share	1,618,700,000	1,607,618,000	1,618,027,000	1,607,514,000

**7. Net asset value (for the issuer and group) per ordinary share based on the 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	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on	80.72 cts	78.68 cts	47.19 cts	46.87 cts

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.**

### **INCOME STATEMENT REVIEW**

#### **2Q16 vs 2Q15**

The Group's revenue for the three months ended 30 June 2016 ("2Q16") decreased by US\$6.3 million (7.0%) to US\$83.7 million as compared to the corresponding three months ended 30 June 2015 ("2Q15"). The decrease in revenue was mainly due to a few multi-purpose self-propelled jack-up rigs and Jack-up Rigs (collectively called "Service Rigs") that underwent modifications and routine class surveys.

The cost of sales and servicing for 2Q16 increased by US\$7.3 million (12.4%) to US\$65.9 million as compared to 2Q15. The increase was due to the deployment of additional Service Rigs.

As a result of the above, the Group's gross profit for 2Q16 decreased by US\$13.6 million (43.3%) to US\$17.8 million as compared to 2Q15.

The increase in other income in 2Q16 as compared to 2Q15 was mainly due to gain arising from the completion of the sale of an asset held for sale.

The increase in other operating expenses in 2Q16 as compared to 2Q15 was mainly due to the strengthening of the Singapore Dollar against the United States Dollar as at 30 June 2016 and this resulted in unrealised foreign exchange losses on the Group's Notes Payable.

The decrease in finance income in 2Q16 as compared to 2Q15 was mainly due to lower interest income from loans to Joint Ventures.

The lower share of associates and jointly controlled entities' results in 2Q16 as compared to 2Q15 was mainly due to share of loss from an associated company of the Group which recognised impairment losses and lower contributions from the Group's Joint Ventures.

Profit before income tax decreased by US\$8.5 million (29.1%) to US\$20.8 million as a result of all the above.

Charter income derived from Singapore flagged vessels are exempted from tax under Section 13A of the Income Tax Act of Singapore. Current period income tax expense of US\$1.0 million relates to the corporate tax expense and withholding tax expense incurred by vessels operating in certain overseas waters.

#### **1H16 vs 1H15**

The Group's revenue for the six months ended 30 June 2016 ("1H16") decreased by US\$14.4 million (8.0%) to US\$165.8 million as compared to the corresponding six months ended 30 June 2015 ("1H15"). The decrease in revenue was mainly due to the absence of contribution from the projects in Queensland, Australia that did not go into additional trains as originally planned and a few Service Rigs that underwent modifications and routine class surveys.

The cost of sales and servicing for 1H16 increased by US\$20.1 million (18.7%) to US\$127.3 million as compared to 1H15. The increase was due to the deployment of additional Service Rigs.

As a result of the above, the Group's gross profit for 1H16 decreased by US\$34.4 million (47.2%) to US\$38.5 million as compared to 1H15.

The increase in other income in 1H16 as compared to 1H15 was mainly due to gain arising from the completion of the sale of assets held for sale.

The decrease in administrative expenses in 1H16 was mainly due to reduction in the variable component of staff costs as compared to 1H15.



The increase in other operating expenses in 1H16 as compared to 1H15 was mainly due to the strengthening of the Singapore Dollar against the United States Dollar as at 30 June 2016 and this resulted in unrealised foreign exchange losses on the Group's Notes Payable.

The decrease in finance income in 1H16 as compared to 1H15 was mainly due to lower interest income from loans to Joint Ventures.

The increase in finance costs in 1H16 as compared to 1H15 was due mainly to additional interest expense for the funding of newly delivered Service Rigs.

The lower share of associates and jointly controlled entities' results in 1H16 as compared to 1H15 was mainly due to share of loss from an associated company of the Group which recognised impairment losses and lower contributions from the Group's Joint Ventures.

As a result of the above, the profit before income tax for 1H16 stands at US\$36.4 million.

Charter income derived from Singapore flagged vessels are exempted from tax under Section 13A of the Income Tax Act of Singapore. Current period income tax expense of US\$1.0 million relates to the corporate tax expense and withholding tax expense incurred by vessels operating in certain overseas waters.

## **STATEMENT OF FINANCIAL POSITION REVIEW**

### **Non-current Assets**

The Group's Non-current Assets amounted to US\$2,542.8 million as at 30 June 2016. The slight increase in Non-current Assets was mainly due to the refurbishment and modifications of the Group's Service Rigs. The increase in Joint Ventures was attributable to the share of results of joint ventures, net of tax during the six months ended 30 June 2016. The increase in Associates was due to the Group's investment in Rotating Offshore Solutions Pte Ltd, which amounted to US\$12.8 million in January 2016.

### **Current Assets**

The Group's Current Assets amounted to US\$539.1 million as at 30 June 2016. The decrease was mainly due to the completion of the sale of assets held for sale, offset against the increase of Other Current Assets which include advance payments and deposits made for the construction of Service Rigs.

### **Total Liabilities**

The Group's Total Liabilities amounted to US\$1,794.3 million as at 30 June 2016. The decrease in Total Liabilities was due mainly to repayment of loans due to banks and the completion of the sale of assets held for sale. Included in Other Payables were the advance payments and performance deposits received.

### **Total Equity**

The increase in Total Equity was attributable mainly to the profit derived in the period.

## **STATEMENT OF CASH FLOWS REVIEW**

### **Cash Flow from Operating Activities**

The Group's net cash inflow from operating activities was US\$58.3 million. This was mainly due to the net cash generated by the operations of the Group.

### **Cash Flow from Investing Activities**

The Group's net cash used in investing activities was US\$18.3 million. This was mainly due to the deployment of funds towards the refurbishment and modifications of the Group's Service Rigs, offset by the proceeds from the disposal of assets held for sale.

### **Cash Flow from Financing Activities**

The Group's net cash used in financing activities was US\$95.5 million. This was mainly due to the repayment of bank borrowings during the period. This is partially offset by increase in bank borrowings to finance the Group's Service Rigs.

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

In line with the prospect statement made in 1Q16.

**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 industrial environment remains very challenging in view of the low fossil fuel prices and the cut back in expenses from Oil majors. The Group expects strong headwinds to continue into the second half of the year.

On 5 August 2016, the Company has completed the rights issue of 478,576,422 new ordinary shares ("Rights Issue") at an issue price of S\$0.29 per share and the gross proceeds raised from the Rights Issue was approximately S\$138.8 million, this will place the Group in a better position to focus on supporting the clients that are relooking at some of the extraction and production activities.

The management is also working hard to complete the repairs and modifications of several of its Service Rigs to ensure they could return to work before the end of the year.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

Not applicable

**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.**

There was no interested person transaction during the period under review. The Company has not obtained a general mandate from shareholders for interested person transaction.

**14. Confirmation of undertakings from Directors and Executive Officers**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

**BY ORDER OF THE BOARD**

**Lee Tiong Hock**  
**Company Secretary**

**11 August 2016**

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the three months ended 30 June 2016 to be false or misleading in any material aspects.

**On behalf of the Board of Directors**

**Chew Thiam Keng  
Executive Director & CEO**

**Dr Wang Kai Yuen  
Chairman & Non-executive Director**

**11 August 2016**