



# Ezion Holdings Limited

(Company No.: 199904364E)

## Third Quarter Financial Statement And Dividend Announcement For The Nine Months Ended 30 September 2015

### 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 (Third Quarter)		Incr/ (Decr)	Group (Year-To-Date)		Incr/ (Decr)
	3 months ended	3 months ended		9 months ended	9 months ended	
	30.09.2015	30.09.2014		30.09.2015	30.09.2014	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	86,219	94,870	(9.1)	266,392	281,939	(5.5)
Cost of sales and servicing	(61,257)	(46,475)	31.8	(168,527)	(138,879)	21.3
<b>Gross profit</b>	<b>24,962</b>	<b>48,395</b>	<b>(48.4)</b>	<b>97,865</b>	<b>143,060</b>	<b>(31.6)</b>
Other income, net	8,482	5,913	43.4	11,561	9,246	25.0
Administrative expenses	(4,185)	(4,573)	(8.5)	(13,503)	(12,973)	4.1
Other operating expenses	(1,615)	(1,288)	25.4	(4,596)	(5,856)	(21.5)
<b>Results from operating activities</b>	<b>27,644</b>	<b>48,447</b>	<b>(42.9)</b>	<b>91,327</b>	<b>133,477</b>	<b>(31.6)</b>
Finance income	1,125	1,648	(31.7)	3,393	4,820	(29.6)
Finance costs	(7,024)	(5,367)	30.9	(19,753)	(15,917)	24.1
<b>Net finance costs</b>	<b>(5,899)</b>	<b>(3,719)</b>	<b>58.6</b>	<b>(16,360)</b>	<b>(11,097)</b>	<b>47.4</b>
Share of results of associates and jointly controlled entities (net of tax)	9,031	5,707	58.2	26,443	19,880	33.0
<b>Profit before income tax</b>	<b>30,776</b>	<b>50,435</b>	<b>(39.0)</b>	<b>101,410</b>	<b>142,260</b>	<b>(28.7)</b>
Income tax expense	(441)	(983)	(55.1)	(1,107)	(2,212)	(50.0)
<b>Profit after income tax</b>	<b>30,335</b>	<b>49,452</b>	<b>(38.7)</b>	<b>100,303</b>	<b>140,048</b>	<b>(28.4)</b>
Non-controlling interests	-	(222)	N/M	-	(94)	N/M
<b>Profit for the period</b>	<b>30,335</b>	<b>49,230</b>	<b>(38.4)</b>	<b>100,303</b>	<b>139,954</b>	<b>(28.3)</b>

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

	Group (Third Quarter)		Incr/ (Decr)	Group (Year-To-Date)		Incr/ (Decr)
	3 months ended	3 months ended		9 months ended	9 months ended	
	30.09.2015	30.09.2014		30.09.2015	30.09.2014	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Other income including interest income, net	9,607	7,561	27.1	14,954	14,066	6.3
Interest on borrowings	(7,024)	(5,367)	30.9	(19,753)	(15,917)	24.1
Depreciation of plant and equipment	(36,461)	(26,188)	39.2	(99,566)	(73,391)	35.7
Reversal of impairment losses on trade receivables	-	7	N/M	-	21	N/M
Foreign exchange gain, net	7,495	2,403	N/M	7,971	219	N/M
Adjustment for underprovision of tax respect of prior year	-	-	N/M	-	(25)	N/M

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.

	Group		Company	
	30.09.2015 US\$'000	31.12.2014 US\$'000	30.09.2015 US\$'000	31.12.2014 US\$'000
<b>Non-current assets</b>				
Plant and equipment	2,351,121	2,135,580	605	747
Subsidiaries	-	-	1,250,239	1,043,354
Joint ventures	125,628	104,109	51,732	51,518
Associates	71,200	68,805	75,233	74,232
Other assets	12,322	13,832	123	132
	<b>2,560,271</b>	<b>2,322,326</b>	<b>1,377,932</b>	<b>1,169,983</b>
<b>Current assets</b>				
Trade receivables	202,264	159,580	3,212	4,053
Other current assets	75,362	127,555	43,698	31,651
Asset held for sale	75,385	-	-	-
Cash and cash equivalents	245,481	371,510	181,455	316,992
	<b>598,492</b>	<b>658,645</b>	<b>228,365</b>	<b>352,696</b>
<b>Total assets</b>	<b>3,158,763</b>	<b>2,980,971</b>	<b>1,606,297</b>	<b>1,522,679</b>
<b>Equity</b>				
Share capital	536,368	535,654	536,368	535,654
Perpetual securities	116,499	211,874	116,499	211,874
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	(36,486)	(21,424)	(4,248)	(980)
Retained earnings	662,196	563,059	166,455	140,734
<b>Equity attributable to owners of the Company</b>	<b>1,302,041</b>	<b>1,312,627</b>	<b>815,074</b>	<b>887,282</b>
Non-controlling interests	-	(6)	-	-
<b>Total equity</b>	<b>1,302,041</b>	<b>1,312,621</b>	<b>815,074</b>	<b>887,282</b>
<b>Non-current liabilities</b>				
Financial liabilities	857,027	892,220	105,975	103,918
Notes payable	375,449	315,532	375,449	315,532
Other payables	38,618	33,453	81,968	21,598
Deferred tax liabilities	406	-	-	-
	<b>1,271,500</b>	<b>1,241,205</b>	<b>563,392</b>	<b>441,048</b>
<b>Current liabilities</b>				
Trade payables	99,645	69,886	40	40
Other payables	61,181	61,732	93,933	120,540
Liabilities due to asset held for sale	45,411	-	-	-
Financial liabilities	372,571	288,292	130,395	70,057
Provision for taxation	6,414	7,235	3,463	3,712
	<b>585,222</b>	<b>427,145</b>	<b>227,831</b>	<b>194,349</b>
<b>Total liabilities</b>	<b>1,856,722</b>	<b>1,668,350</b>	<b>791,223</b>	<b>635,397</b>
<b>Total equity and liabilities</b>	<b>3,158,763</b>	<b>2,980,971</b>	<b>1,606,297</b>	<b>1,522,679</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 30.09.2015		As at 31.12.2014	
Secured*	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
316,891	101,091	248,542	39,750

**Amount repayable after one year**

As at 30.09.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
857,027	375,449	892,220	315,532

\* Included in the secured amount repayable in one year or less, or on demand are Liabilities Due To Asset Held For Sale secured with the Asset Held For Sale to be settled upon completion of the sale.

**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 September 2015**

	Group (Third Quarter)			Group (Year-To-Date)		
	3 months ended	3 months ended	Incr/	9 months ended	9 months ended	Incr/
	30.09.2015	30.09.2014	(Decr)	30.09.2015	30.09.2014	(Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit after tax	30,335	49,452	(38.7)	100,303	140,048	(28.4)
<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	(3,417)	781	N/M	(7,914)	257	N/M
Share of foreign currency translation differences of associates	2,151	-	N/M	2,659	-	N/M
Exchange differences on monetary items forming part of net investment in foreign operations	(2,281)	(5,465)	(58.3)	(6,619)	(1,419)	N/M
Effective portion of changes in fair value of cash flow hedges	(965)	205	N/M	(1,810)	(967)	87.2
<b>Other comprehensive income for the period</b>	<b>(4,512)</b>	<b>(4,479)</b>	<b>0.7</b>	<b>(13,684)</b>	<b>(2,129)</b>	<b>N/M</b>
<b>Total comprehensive income for the period</b>	<b>25,823</b>	<b>44,973</b>	<b>(42.6)</b>	<b>86,619</b>	<b>137,919</b>	<b>(37.2)</b>
<b>Attributable to:</b>						
Owners of the Company	25,823	44,751	(42.3)	86,619	137,868	(37.2)
Non-controlling interests	-	222	(100.0)	-	51	(100.0)
	<b>25,823</b>	<b>44,973</b>	<b>(42.6)</b>	<b>86,619</b>	<b>137,919</b>	<b>(37.2)</b>

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 (Third Quarter)</b>		<b>Group (Year-To-Date)</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2015</b>	<b>30.09.2014</b>	<b>30.09.2015</b>	<b>30.09.2014</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	30,335	49,452	100,303	140,048
Adjustments for:				
Income tax expense	441	983	1,107	2,212
Depreciation expense	36,461	26,188	99,566	73,391
Net gain on disposal of subsidiaries, joint venture, assets held for sales and plant and equipment	-	(825)	-	(825)
Finance income	(1,125)	(1,648)	(3,393)	(4,820)
Finance costs	7,024	5,367	19,753	15,917
Financial guarantee income provided to joint ventures	(464)	(3,357)	(1,696)	(4,925)
Reversal of impairment loss on trade receivables	-	(7)	-	(21)
Equity-settled share-based payment transactions	502	537	1,616	1,572
Share of results of associates and jointly controlled entities	(9,031)	(5,707)	(26,443)	(19,880)
Operating cash flow before working capital changes	64,143	70,983	190,813	202,669
Changes in working capital:				
Trade receivables and other assets	(57,088)	5,784	(46,129)	(37,097)
Trade and other payables	20,708	(4,284)	34,078	(25,713)
Cash generated from operating activities	27,763	72,483	178,762	139,859
Income tax paid	(1,213)	(592)	(3,004)	(1,338)
<b>Net cash from operating activities</b>	<b>26,550</b>	<b>71,891</b>	<b>175,758</b>	<b>138,521</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(53,605)	(169,222)	(218,151)	(344,079)
Proceeds from disposal of plant and equipment	-	7,000	-	7,000
Acquisition of subsidiary, net of cash acquired	-	16,495	-	(26,443)
Advance payments for purchase of plant and equipment	(1,185)	(27,342)	(121,425)	(49,920)
Investments in joint ventures	(237)	5,448	(316)	21,531
Investments in associate	(4,489)	3	(4,489)	(4,417)
Investment in available-for-sale investment	-	-	-	(11,267)
Interest received	5,022	847	6,407	2,527
<b>Net cash used in investing activities</b>	<b>(54,494)</b>	<b>(166,771)</b>	<b>(337,974)</b>	<b>(405,068)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	23,383	135,800	269,821	289,971
Repayment of borrowings	(58,926)	(46,579)	(172,425)	(113,682)
Proceeds from issuance of notes, net of transaction costs	87,413	-	87,413	198,147
Net proceeds from issuance of ordinary shares	84	(20)	714	157,494
Redemption of perpetual securities	(86,312)	-	(86,312)	-
Repayment of notes	-	(1,355)	-	(79,694)
Repurchase of own shares	(1,378)	-	(1,378)	-
Dividend paid	-	-	(1,193)	(959)
Interest paid	(9,676)	(2,815)	(29,198)	(15,271)
<b>Net cash (used in)/from financing activities</b>	<b>(45,412)</b>	<b>85,031</b>	<b>67,442</b>	<b>436,006</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(73,356)</b>	<b>(9,849)</b>	<b>(94,774)</b>	<b>169,459</b>
Cash and cash equivalents at beginning of the period	339,945	352,528	371,510	165,978
Effect of exchange rate fluctuations	(21,108)	(9,743)	(31,255)	(2,501)
<b>Cash and cash equivalents at end of the period</b>	<b>245,481</b>	<b>332,936</b>	<b>245,481</b>	<b>332,936</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 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 2014</b>	345,537	97,678	23,464	(102)	(12,495)	(670)	(6)	346,936	800,342	(94)	800,248
Total comprehensive income for the period	-	-	-	-	(1,162)	(967)	-	139,997	137,868	51	137,919
<b>Translations with owners, recognised directly in equity</b>											
Dividends	-	-	-	-	-	-	-	(959)	(959)	-	(959)
Issue of shares	190,064	-	-	-	-	-	-	-	190,064	-	190,064
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(5,796)	(5,796)	-	(5,796)
Share-based payment transactions	-	-	-	-	-	-	-	1,572	1,572	-	1,572
<b>At 30 September 2014</b>	<b>535,601</b>	<b>97,678</b>	<b>23,464</b>	<b>(102)</b>	<b>(13,657)</b>	<b>(1,637)</b>	<b>(6)</b>	<b>481,750</b>	<b>1,123,091</b>	<b>(43)</b>	<b>1,123,048</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	-	-	-	-	(11,874)	(1,810)	-	100,303	86,619	-	86,619
<b>Translations with owners, recognised directly in equity</b>											
Dividends	-	-	-	-	-	-	-	(1,193)	(1,193)	-	(1,193)
Issue of shares	714	-	-	-	-	-	-	-	714	-	714
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(10,640)	(10,640)	-	(10,640)
Redemption of perpetual securities	-	(95,375)	-	-	-	-	-	9,063	(86,312)	-	(86,312)
Repurchase of own shares	-	-	-	(1,378)	-	-	-	-	(1,378)	-	(1,378)
Share-based payment transactions	-	-	-	-	-	-	-	1,616	1,616	-	1,616
<b>Changes in ownership interests in subsidiaries</b>											
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(12)	(12)	6	(6)
<b>At 30 September 2015</b>	<b>536,368</b>	<b>116,499</b>	<b>23,464</b>	<b>(1,480)</b>	<b>(32,092)</b>	<b>(2,908)</b>	<b>(6)</b>	<b>662,196</b>	<b>1,302,041</b>	<b>-</b>	<b>1,302,041</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 2014</b>					345,537	97,678	(102)	-	(6)	94,521	537,628
Total comprehensive income for the period					-	-	-	(1,191)	-	18,213	17,022
<b>Translations with owners, recognised directly in equity</b>											
Dividends					-	-	-	-	-	(959)	(959)
Issue of shares					190,064	-	-	-	-	-	190,064
Accrued perpetual securities distributions					-	-	-	-	-	(5,796)	(5,796)
Share-based payment transactions					-	-	-	-	-	1,572	1,572
<b>At 30 September 2014</b>					<b>535,601</b>	<b>97,678</b>	<b>(102)</b>	<b>(1,191)</b>	<b>(6)</b>	<b>107,551</b>	<b>739,531</b>
<b>At 1 January 2015</b>					535,654	211,874	(102)	(872)	(6)	140,734	887,282
Total comprehensive income for the period					-	-	-	(1,890)	-	26,875	24,985
<b>Translations with owners, recognised directly in equity</b>											
Dividends					-	-	-	-	-	(1,193)	(1,193)
Issue of shares					714	-	-	-	-	-	714
Accrued perpetual securities distributions					-	-	-	-	-	(10,640)	(10,640)
Redemption of perpetual securities					-	(95,375)	-	-	-	9,063	(86,312)
Repurchase of own shares					-	-	(1,378)	-	-	-	(1,378)
Share-based payment transactions					-	-	-	-	-	1,616	1,616
<b>At 30 September 2015</b>					<b>536,368</b>	<b>116,499</b>	<b>(1,480)</b>	<b>(2,762)</b>	<b>(6)</b>	<b>166,455</b>	<b>815,074</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 2015, 230,400 shares were issued under the Company's Employee Share Option Scheme. The newly issued shares rank pari passu in all respects with the previously issued shares.

During the second quarter of 2015, 1,489,560 shares were issued under the Company's Employee Share Option Scheme. The newly issued shares rank pari passu in all respects with the previously issued shares.

During the third quarter of 2015, 233,280 shares were issued under the Company's Employee Share Option Scheme. The newly issued shares rank pari passu in all respects with the previously issued shares.

Pursuant to the Share Buyback Mandate approved at the Annual General Meeting on 22 April 2015, the Company repurchased a total of 2,500,000 ordinary shares during the third quarter of 2015. The shares were repurchased by way of market acquisitions at prices ranging from S\$0.545 to S\$0.9125 per share and the total consideration paid including transaction costs was S\$1,892,486. The repurchased shares were reserved as the Company's treasury shares.

As at 30 September 2015, the share capital less treasury shares of the Company was 1,577,756,927 ordinary shares (1,580,940,927 issued ordinary shares less 3,184,000 treasury shares). As at 30 September 2014, the share capital less treasury shares of the Company was 1,578,135,687 ordinary shares (1,578,819,687 issued ordinary shares less 684,000 treasury shares).

As at 30 September 2015, there were 300 redeemable exchangeable preference shares in a subsidiary available for exchange to 19,787,830 ordinary shares of the Company and as at 30 September 2014, 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 September 2015, the issued and paid up share capital excluding treasury shares of the Company comprised 1,577,756,927 (31 December 2014: 1,578,303,687) ordinary shares.

As at 30 September 2015, subsidiary of the Company has 300 (31 December 2014: 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 2015 = 684,000 shares

Purchase of treasury shares during the period = 2,500,000 shares

Transfer of treasury shares during the period = Nil

As at 30 September 2015 = 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 2014.

**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 2015. 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 (Third Quarter) 3 months ended		Group (Year-To-Date) 9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
(a) Based on weighted average number	1.92 cts	3.63 cts	6.35 cts	10.96 cts
(b) On a fully diluted basis	1.89 cts	3.55 cts	6.25 cts	10.71 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per shares	1,579,430,000	1,360,856,000	1,578,892,000	1,276,731,000
- Diluted earnings per share	1,605,664,000	1,391,149,000	1,605,126,000	1,307,024,000

**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	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on	82.52 cts	83.18 cts	51.66 cts	56.22 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**

#### **3Q15 vs 3Q14**

The Group's revenue for the three months ended 30 September 2015 ("3Q15") decreased by US\$8.7 million (9.1%) to US\$86.2 million as compared to the corresponding three months ended 30 September 2014 ("3Q14"). The decrease in revenue was mainly due to the absence of contribution from the marine and offshore logistic support services division as the projects in Queensland, Australia did not go into additional trains as originally planned.

The cost of sales and servicing for 3Q15 increased by US\$14.8 million (31.8%) to US\$61.3 million as compared to 3Q14. The increase was due to the deployment of additional multi-purpose self-propelled jack-up rigs and Jack-up Rigs (collectively called "Service Rigs").

As a result of the above, the Group's gross profit for 3Q15 decreased by US\$23.4 million (48.4%) to US\$25.0 million as compared to 3Q14.

The increase in other income in 3Q15 was mainly due to increase in foreign exchange gain.

The decrease in finance income in 3Q15 was mainly due to lower interest income from loans to Joint Ventures.

The increase in finance costs in 3Q15 was mainly due to additional interest expense for the funding of newly delivered Service Rigs.

The higher share of associates and jointly controlled entities' results in 3Q15 as compared to 3Q14 was mainly due to higher contribution from the Group's associate, Charisma Energy Services Limited and a joint venture where its asset utilisation in 3Q15 was higher as compared to 3Q14.

Profit before income tax decreased by US\$19.7 million (39.0%) to US\$30.8 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.

#### **9M15 vs 9M14**

The Group's revenue for the nine months ended 30 September 2015 ("9M15") decreased by US\$15.5 million (5.5%) to US\$266.4 million as compared to the corresponding nine months ended 30 September 2014 ("9M14"). The decrease in revenue was mainly due to the absence of contribution from the marine and offshore logistic support services division as the projects in Queensland, Australia did not go into additional trains as originally planned.

The cost of sales and servicing for 9M15 increased by US\$29.6 million (21.3%) to US\$168.5 million as compared to 9M14. The increase was due to the deployment of additional multi-purpose self-propelled jack-up rigs and Jack-up Rigs (collectively called "Service Rigs").

As a result of the above, the Group's gross profit for 9M15 decreased by US\$45.2 million (31.6%) to US\$97.9 million as compared to 9M14.

The increase in other income in 9M15 was mainly due to increase in foreign exchange gain.

The decrease in finance income in 9M15 was mainly due to lower interest income from loans to Joint Ventures.

The increase in finance costs in 9M15 was due mainly to additional interest expense for the funding of newly delivered Service Rigs.

The higher share of associates and jointly controlled entities' results in 9M15 as compared to 9M14 was mainly due to higher contribution from joint ventures where their vessels utilisation in 9M15 were higher as compared to 9M14.



Profit before income tax decreased by US\$40.9 million (28.7%) as a result of 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\$1.1 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\$2,560.3 million as at 30 September 2015. The increase in Non-current Assets was mainly due to the construction and refurbishment 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 9 months financial period ended 30 September 2015.

### **Current Assets**

The Group's Current Assets amounted to US\$598.5 million as at 30 September 2015. The decrease was mainly due to the decrease in Other Current Assets and Cash and Cash Equivalents, offset by the reclassification of 1 unit of the Group's Service Rig to Asset Held For Sale. The decrease in Other Current Assets was mainly due to reclassification of advances payments to suppliers to Plant and Equipment. Included in the Other Current Assets were the advance payments and deposits made for the construction of Service Rigs. The decrease in Cash and Bank balances was mainly due to higher cash flow used in investing activities for construction and refurbishment of the Group's Service Rigs.

### **Total Liabilities**

The Group's Total Liabilities amounted to US\$1,856.7 million as at 30 September 2015. The increase in Total Liabilities was due mainly to the issuance of the S\$120 million Notes in August 2015 and additional drawdown of bank borrowings to finance the progress construction, conversion and refurbishment of the Group's Service Rigs. Included in Other Payables were the advance payments and performance deposits received.

### **Total Equity**

The decrease in Total Equity was attributable to the redemption and cancellation of the S\$125 million perpetual securities in September 2015 and this is offset by 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\$175.8 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\$338.0 million. This was mainly due to the progress payments made and the deployment of funds towards the construction and refurbishment of the Group's Service Rigs.

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

The Group's net cash inflow from financing activities was US\$67.4 million. This was mainly due to the increase in Notes payable and increase in bank borrowings to finance the Group's Service Rigs. This is partially offset by repayments of bank borrowings and redemption of perpetual securities during the period.

## **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 2Q15.

**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 fossil fuel prices remained depressed, the Oil Majors are expected to continue to reduce capital expenditure on exploration and development. While the focus will be on extraction and production related activities, the lower fuel prices have prompted tightening of related operating expenditure and the increase in demand for higher standard of equipment and services from clients. The Group is doing its best to meet these requirements through switching the units among its clients and through strategic modifications and upgrades.

The Group will also explore merger and acquisitions and strategic tie-ups to enhance returns from its existing assets.

**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.

**BY ORDER OF THE BOARD**

**Lee Tiong Hock  
Company Secretary**

**12 November 2015**

**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 2015 to be false or misleading in any material aspects.

**On behalf of the Board of Directors**

**Chew Thiam Keng  
Executive Director & CEO**

**Lee Kian Soo  
Chairman & Non-executive Director**

**12 November 2015**