



Ezion Holdings Limited

(Company No.: 199904364E)

Fourth Quarter Financial Statement And Dividend Announcement For The Year Ended 31 December 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 (Fourth Quarter)		Incr/ (Decr)	Group (Year-To-Date)		Incr/ (Decr)
	3 months ended			12 months ended		
	31.12.2015 US\$'000	31.12.2014 US\$'000	%	31.12.2015 US\$'000	31.12.2014 US\$'000	%
Revenue	84,755	104,573	(19.0)	351,147	386,512	(9.1)
Cost of sales and servicing	(64,555)	(51,665)	24.9	(233,082)	(190,544)	22.3
Gross profit	20,200	52,908	(61.8)	118,065	195,968	(39.8)
Other income, net	13,675	36,532	(62.6)	25,236	45,778	(44.9)
Administrative expenses	(5,600)	(6,366)	(12.0)	(19,103)	(19,339)	(1.2)
Other operating expenses	(82,712)	(2,143)	N/M	(87,308)	(7,999)	N/M
Results from operating activities	(54,437)	80,931	N/M	36,890	214,408	(82.8)
Finance income	1,046	981	6.6	4,439	5,801	(23.5)
Finance costs	(6,659)	(6,571)	1.3	(26,412)	(22,488)	17.4
Net finance costs	(5,613)	(5,590)	0.4	(21,973)	(16,687)	31.7
Share of results of associates and jointly controlled entities (net of tax)	(2,995)	8,162	N/M	23,448	28,042	(16.4)
(Loss)/Profit before income tax	(63,045)	83,503	N/M	38,365	225,763	(83.0)
Income tax expense	(474)	183	N/M	(1,581)	(2,029)	(22.1)
(Loss)/Profit after income tax	(63,519)	83,686	N/M	36,784	223,734	(83.6)
Non-controlling interests	-	18	(100.0)	-	(76)	(100.0)
(Loss)/Profit for the period	(63,519)	83,704	N/M	36,784	223,658	(83.6)

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

	Group (Fourth Quarter)		Incr/ (Decr)	Group (Year-To-Date)		Incr/ (Decr)
	3 months ended			12 months ended		
	31.12.2015 US\$'000	31.12.2014 US\$'000	%	31.12.2015 US\$'000	31.12.2014 US\$'000	%
Other income including interest income, net	14,721	37,513	(60.8)	29,675	51,579	(42.5)
Interest on borrowings	(6,659)	(6,571)	1.3	(26,412)	(22,488)	17.4
Depreciation of plant and equipment	(35,307)	(29,363)	20.2	(134,873)	(102,754)	31.3
Impairment losses on plant and equipment and provision for trade receivables	(81,128)	(230)	N/M	(81,128)	(209)	N/M
Foreign exchange (loss)/gain, net	(2,968)	928	N/M	5,003	1,147	N/M
Adjustment for underprovision of tax respect of prior year	-	-	N/M	-	(25)	(100.0)
Gain on disposal of subsidiaries, joint venture, asset held for sale and plant and equipment and from change in ownership interest in an associate	8,882	34,949	N/M	8,882	35,774	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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Plant and equipment	2,284,117	2,135,580	567	747
Subsidiaries	-	-	1,227,226	1,043,354
Joint ventures	131,354	104,109	51,759	51,518
Associates	72,621	68,805	53,982	74,232
Other assets	11,566	13,832	121	132
	2,499,658	2,322,326	1,333,655	1,169,983
Current assets				
Trade receivables	193,247	159,580	8,077	4,053
Other current assets	80,188	127,555	48,861	31,651
Assets held for sale	105,553	-	-	-
Cash and cash equivalents	229,756	371,510	188,382	316,992
	608,744	658,645	245,320	352,696
Total assets	3,108,402	2,980,971	1,578,975	1,522,679
Equity				
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	(32,323)	(21,424)	(2,915)	(980)
Retained earnings	597,302	563,059	89,508	140,734
Equity attributable to owners of the Company	1,241,310	1,312,627	739,460	887,282
Non-controlling interests	-	(6)	-	-
Total equity	1,241,310	1,312,621	739,460	887,282
Non-current liabilities				
Financial liabilities	851,101	892,220	137,312	103,918
Notes payable	378,691	315,532	378,691	315,532
Other payables	35,954	33,453	90,185	21,598
Deferred tax liabilities	449	-	-	-
	1,266,195	1,241,205	606,188	441,048
Current liabilities				
Trade payables	116,203	69,886	40	40
Other payables	60,053	61,732	93,896	120,540
Liabilities due to assets held for sale	42,658	-	-	-
Financial liabilities	375,254	288,292	135,689	70,057
Provision for taxation	6,729	7,235	3,702	3,712
	600,897	427,145	233,327	194,349
Total liabilities	1,867,092	1,668,350	839,515	635,397
Total equity and liabilities	3,108,402	2,980,971	1,578,975	1,522,679

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 31.12.2015		As at 31.12.2014	
Secured*	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
309,821	108,091	248,542	39,750

Amount repayable after one year

As at 31.12.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
851,101	378,691	892,220	315,532

* Included in the secured amount repayable in one year or less, or on demand are Liabilities Due To Assets Held For Sale secured with the Assets 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 31 December 2015

	Group (Fourth Quarter)			Group (Year-To-Date)		
	3 months ended		Incr/	12 months ended		Incr/
	31.12.2015	31.12.2014	(Decr)	31.12.2015	31.12.2014	(Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Loss)/Profit after tax	(63,519)	83,686	N/M	36,784	223,734	(83.6)
Other comprehensive income						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Translation differences relating to financial statements of foreign operations	1,505	(3,934)	N/M	(6,409)	(3,676)	N/M
Share of foreign currency translation differences of associates	(504)	(149)	238.3	2,155	(149)	N/M
Exchange differences on monetary items forming part of net investment in foreign operations	1,758	(1,730)	N/M	(4,861)	(3,149)	N/M
Effective portion of changes in fair value of cash flow hedges	1,404	(633)	N/M	(406)	(428)	(5.1)
Exchange differences on disposal of subsidiaries to profit and loss	-	(782)	N/M	-	(782)	N/M
Other comprehensive income for the period	4,163	(7,228)	N/M	(9,521)	(8,184)	N/M
Total comprehensive income for the period	(59,356)	76,458	N/M	27,263	215,550	(87.4)
Attributable to:						
Owners of the Company	(59,356)	76,476	N/M	27,263	215,507	(87.3)
Non-controlling interests	-	(18)	(100.0)	-	43	(100.0)
	(59,356)	76,458	N/M	27,263	215,550	(87.4)

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.**

	Group (Fourth Quarter)		Group (Year-To-Date)	
	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
(Loss)/Profit after tax	(63,519)	83,686	36,784	223,734
Adjustments for:				
Income tax expense	474	(183)	1,581	2,029
Depreciation expense	35,307	29,363	134,873	102,754
Gain on disposal of subsidiaries, joint venture, assets held for sales and plant and equipment and from change in ownership interest in an associate	(8,882)	(34,949)	(8,882)	(35,774)
Finance income	(1,046)	(981)	(4,439)	(5,801)
Finance costs	6,659	6,571	26,412	22,488
Financial guarantee income provided to joint ventures	(416)	(1,265)	(2,112)	(6,190)
Impairment loss on plant and equipment and provision for trade receivables	81,128	230	81,128	209
Equity-settled share-based payment transactions	505	478	2,121	2,050
Share of results of associates and jointly controlled entities	2,995	(8,162)	(23,448)	(28,042)
Operating cash flow before working capital changes	53,205	74,788	244,018	277,457
Changes in working capital:				
Trade receivables and other assets	(35,109)	(9,366)	(81,238)	(46,463)
Trade and other payables	15,660	9,911	49,738	(15,802)
Cash generated from operating activities	33,756	75,333	212,518	215,192
Income tax paid	(662)	(305)	(3,666)	(1,643)
Net cash from operating activities	33,094	75,028	208,852	213,549
Cash flows from investing activities				
Purchase of plant and equipment	(38,575)	(114,217)	(256,726)	(458,296)
Proceeds from disposal of plant and equipment	-	60	-	7,060
Proceeds from disposal of subsidiary, net of cash disposed	-	10,614	-	10,614
Acquisition of subsidiary, net of cash acquired	-	8,432	-	(18,011)
Advance payments for purchase of plant and equipment	(3,724)	(20,776)	(125,149)	(70,696)
Investments in joint ventures	973	(2,505)	657	19,026
Investments in associate	(218)	-	(4,707)	(4,417)
Investment in available-for-sale investment	-	-	-	(11,267)
Interest received	1,692	3,543	8,099	6,070
Net cash used in investing activities	(39,852)	(114,849)	(377,826)	(519,917)
Cash flows from financing activities				
Proceeds from borrowings	73,054	43,729	342,875	333,700
Repayment of borrowings	(78,079)	(48,725)	(250,504)	(162,407)
Proceeds from issuance of notes, net of transaction costs	-	-	87,413	198,147
Net proceeds from issuance of ordinary shares	-	53	714	157,547
Net proceeds from issuance of perpetual securities	-	116,500	-	116,500
Redemption of perpetual securities	-	(2,304)	(86,312)	(2,304)
Repayment of notes	-	-	-	(79,694)
Repurchase of own shares	-	-	(1,378)	-
Dividend paid	-	-	(1,193)	(959)
Interest paid	(8,690)	(15,114)	(37,888)	(30,385)
Net cash (used in)/from financing activities	(13,715)	94,139	53,727	530,145
Net (decrease)/increase in cash and cash equivalents	(20,473)	54,318	(115,247)	223,777
Cash and cash equivalents at beginning of the period	245,481	332,936	371,510	165,978
Effect of exchange rate fluctuations	4,748	(15,744)	(26,507)	(18,245)
Cash and cash equivalents at end of the period	229,756	371,510	229,756	371,510

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
Group											
At 1 January 2014	345,537	97,678	23,464	(102)	(12,495)	(670)	(6)	346,936	800,342	(94)	800,248
Total comprehensive income for the period	-	-	-	-	(7,723)	(428)	-	223,658	215,507	43	215,550
Translations with owners, recognised directly in equity											
Dividends	-	-	-	-	-	-	-	(959)	(959)	-	(959)
Issue of shares	190,117	-	-	-	-	-	-	-	190,117	-	190,117
Issue of perpetual securities	-	116,500	-	-	-	-	-	-	116,500	-	116,500
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(8,627)	(8,627)	-	(8,627)
Redemption of perpetual securities	-	(2,304)	-	-	-	-	-	1	(2,303)	-	(2,303)
Share-based payment transactions	-	-	-	-	-	-	-	2,050	2,050	-	2,050
Changes in ownership interests in subsidiaries											
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(6)	(6)
Disposal of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	51	51
At 31 December 2014	535,654	211,874	23,464	(102)	(20,218)	(1,098)	(6)	563,059	1,312,627	(6)	1,312,621
At 1 January 2015	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	-	-	-	-	(9,115)	(406)	-	36,784	27,263	-	27,263
Translations with owners, recognised directly in equity											
Dividends	-	-	-	-	-	-	-	(1,193)	(1,193)	-	(1,193)
Issue of shares	714	-	-	-	-	-	-	-	714	-	714
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(12,520)	(12,520)	-	(12,520)
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	-	-	-	-	-	-	-	2,121	2,121	-	2,121
Changes in ownership interests in subsidiaries											
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(12)	(12)	6	(6)
At 31 December 2015	536,368	116,499	23,464	(1,480)	(29,333)	(1,504)	(6)	597,302	1,241,310	-	1,241,310

	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
Company							
At 1 January 2014	345,537	97,678	(102)	-	(6)	94,521	537,628
Total comprehensive income for the period	-	-	-	(872)	-	53,748	52,876
Translations with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(959)	(959)
Issue of shares	190,117	-	-	-	-	-	190,117
Issue of perpetual securities	-	116,500	-	-	-	-	116,500
Accrued perpetual securities distributions	-	-	-	-	-	(8,627)	(8,627)
Redemption of perpetual securities	-	(2,304)	-	-	-	1	(2,303)
Share-based payment transactions	-	-	-	-	-	2,050	2,050
At 31 December 2014	535,654	211,874	(102)	(872)	(6)	140,734	887,282
At 1 January 2015	535,654	211,874	(102)	(872)	(6)	140,734	887,282
Total comprehensive income for the period	-	-	-	(557)	-	(48,697)	(49,254)
Translations with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(1,193)	(1,193)
Issue of shares	714	-	-	-	-	-	714
Accrued perpetual securities distributions	-	-	-	-	-	(12,520)	(12,520)
Redemption of perpetual securities	-	(95,375)	-	-	-	9,063	(86,312)
Repurchase of own shares	-	-	(1,378)	-	-	-	(1,378)
Share-based payment transactions	-	-	-	-	-	2,121	2,121
At 31 December 2015	536,368	116,499	(1,480)	(1,429)	(6)	89,508	739,460

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.

During the second quarter of 2015, 1,489,560 shares were issued under the Company's Employee Share Option Scheme.

During the third quarter of 2015, 233,280 shares were issued under the Company's Employee Share Option Scheme.

All 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 31 December 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 31 December 2014, the share capital less treasury shares of the Company was 1,578,303,687 ordinary shares (1,578,987,687 issued ordinary shares less 684,000 treasury shares).

As at 31 December 2015 and 31 December 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 31 December 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 31 December 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 31 December 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 (Fourth Quarter) 3 months ended		Group (Year-To-Date) 12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
(a) Based on weighted average number	-4.03 cts	5.30 cts	2.33 cts	16.53 cts
(b) On a fully diluted basis	-4.03 cts	5.20 cts	2.30 cts	16.17 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per share	1,577,757,000	1,578,218,000	1,578,433,000	1,352,722,000
- Diluted earnings per share*	1,577,757,000	1,608,344,000	1,601,878,000	1,382,848,000

* Redeemable exchangeable preference shares and share options were not included in the computation of the diluted earnings per share for the three months ended 31 December 2015 as the potential ordinary shares were anti-dilutive.

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	
	31.12.2015	31.12.2014	31.12.2015	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	78.68 cts	83.17 cts	46.87 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

4Q15 vs 4Q14

The Group's revenue for the three months ended 31 December 2015 ("4Q15") decreased by US\$19.8 million (19.0%) to US\$84.8 million as compared to the corresponding three months ended 31 December 2014 ("4Q14"). 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.

The cost of sales and servicing for 4Q15 increased by US\$12.9 million (24.9%) to US\$64.6 million as compared to 4Q14. 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 4Q15 decreased by US\$32.7 million (61.8%) to US\$20.2 million as compared to 4Q14.

The decrease in other income in 4Q15 as compared to 4Q14 was mainly due to absence of the gain on disposal of subsidiaries recognised in 4Q14.

The increase in other operating expenses in 4Q15 as compared to 4Q14 was mainly due to impairment losses on plant and equipment and provision for trade receivables amounting to approximately US\$81.1 million in relation to the difficult operating environment caused by the collapse of the fossil fuel prices that has negatively affected the industry and the Group's plan to redeploy some of the existing assets for different usages and different areas of operations.

The lower share of associates and jointly controlled entities' results in 4Q15 as compared to 4Q14 was mainly due to the share of loss from an associated company of the Group which recognised significant impairment losses.

The Group incurred loss before income tax of US\$63.0 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\$0.5 million relates to the corporate tax expense and withholding tax expense incurred by vessels operating in certain overseas waters.

FY2015 vs FY2014

The Group's revenue for the year ended 31 December 2015 ("FY2015") decreased by US\$35.4 million (9.1%) to US\$351.1 million as compared to the corresponding year ended 31 December 2014 ("FY2014"). 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.

The cost of sales and servicing for FY2015 increased by US\$42.5 million (22.3%) to US\$233.1 million as compared to FY2014. The increase was due to the deployment of additional Service Rigs.

As a result of the above, the Group's gross profit for FY2015 decreased by US\$77.9 million (39.8%) to US\$118.1 million as compared to FY2014.

The decrease in other income in FY2015 as compared to FY2014 was mainly due to absence of the gain on disposal of subsidiaries recognised in FY2014.

The increase in other operating expenses in FY2015 as compared to FY2014 was mainly due to impairment losses on plant and equipment and provision for trade receivables amounting to approximately US\$81.1 million in relation to the difficult operating environment caused by the collapse of the fossil fuel prices that has negatively affected the industry and the Group's plan to redeploy some of the existing assets for different usages and different areas of operations

The decrease in finance income in FY2015 as compared to FY2014 was mainly due to lower interest income from loans to Joint Ventures.

The increase in finance costs in FY2015 as compared to FY2014 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 FY2015 as compared to FY2014 was mainly due to the share of loss from an associated company of the Group whom recognised significant impairment losses.

As a result of the above, the profit before income tax for FY2015 stands at US\$38.4 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\$1.6 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\$2,499.7 million as at 31 December 2015. While impairment losses were made on plant and equipment in the last quarter of the year, the Non-current Assets were still higher than the corresponding period mainly due to the continued construction and refurbishment of the Group's Service Rigs during the year. The increase in Joint Ventures was attributable to the share of results of joint ventures, net of tax during the year ended 31 December 2015.

Current Assets

The Group's Current Assets amounted to US\$608.7 million as at 31 December 2015. The decrease was mainly due to the decrease in Other Current Assets and Cash and Cash Equivalents as a result of investment activities in construction and refurbishment of the Group's Service Rigs. 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.

Total Liabilities

The Group's Total Liabilities amounted to US\$1,867.1 million as at 31 December 2015. The increase in Total Liabilities was due mainly to the increase in Trade Payables, 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. The increase in Trade Payables was mainly due to the deployment of additional units 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 year.

STATEMENT OF CASH FLOWS REVIEW

Cash Flow from Operating Activities

The Group's net cash inflow from operating activities was US\$208.9 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\$377.8 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\$53.7 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 profit guidance announcement released on SGX-ST on 22 February 2016.

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 also prompted tightening of related operating expenditure. This has led to much demanding requests from clients. The Group will continue to explore more tie ups and joint ventures with strategic partners to more efficiently service its customers. It will also continue to explore ways to redeploy its assets to new areas for better returns.

The market condition for financial year 2016 is expected to be continuously very challenging without a recovery of the fuel prices but the management will continue to work very hard to adapt the Group to the difficult environment so as to be able to take advantage when the market recovers.

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? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	SGD0.001 per ordinary share
Tax Rate	Tax exempt (one-tier)

(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.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

Not applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

During the current year, management has rationalised and made changes to its operating segments by focusing on the (i) production and maintenance support assets and (ii) exploration and development support assets.

The change in operating segments is in line with the requirements of the accounting standard *FRS 108 - Operating Segments*.

Business Segments

	Production and maintenance support	Exploration and development support	Others	Total operations
Year ended 31 December 2015	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	312,492	38,219	436	351,147
Reportable segment results from operating activities	26,103	55	436	26,594
Other income	11,307	-	13,929	25,236
Share of results of associates and joint ventures, net of tax	8,819	19,024	(4,395)	23,448
Finance income	4,439	-	-	4,439
Finance expense	(21,019)	(5,393)	-	(26,412)
Unallocated expenses				(14,940)
Profit before income tax				38,365
Income tax expense				(1,581)
Profit for the year				36,784
Reportable segment assets	2,434,900	323,976	-	2,758,876
Investment in associates and joint ventures	45,406	98,056	60,513	203,975
Unallocated assets				145,551
Total assets				3,108,402
Reportable segment liabilities	1,652,976	205,154	-	1,858,130
Unallocated liabilities				8,962
Total liabilities				1,867,092
Capital expenditure	402,120	30,666	-	432,786
Unallocated capital expenditure				187
Total capital expenditure				432,973
Other material non-cash items:				
Depreciation	103,659	30,865	-	134,524
Unallocated depreciation				349
Total depreciation				134,873
Impairment loss on plant and equipment and provision for trade receivables	(81,128)	-	-	(81,128)

Business Segments (Cont'd)

	Production and maintenance support	Exploration and development support	Others	Total operations
Year ended 31 December 2014	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	375,901	10,324	287	386,512
Reportable segment results from operating activities	194,623	(8,119)	286	186,790
Other income	45,778	-	-	45,778
Share of results of associates and joint ventures, net of tax	3,548	19,087	5,407	28,042
Finance income	5,697	104	-	5,801
Finance expense	(17,201)	(5,287)	-	(22,488)
Unallocated expenses				(18,160)
Profit before income tax				225,763
Income tax expense				(2,029)
Profit for the year				223,734
Reportable segment assets	2,188,464	304,573	-	2,493,037
Investment in associates and joint ventures	37,826	68,993	66,095	172,914
Unallocated assets				315,020
Total assets				2,980,971
Reportable segment liabilities	1,409,583	230,867	-	1,640,450
Unallocated liabilities				27,900
Total liabilities				1,668,350
Capital expenditure	85,267	17,237	-	102,504
Unallocated capital expenditure				250
Total capital expenditure				102,754
Other material non-cash items:				
Depreciation	85,267	17,237	-	102,504
Unallocated depreciation				250
Total depreciation				102,754
Gain on disposal of subsidiaries, joint venture, assets held for sale, and plant and equipment	35,774	-	-	35,774
Provision for trade receivables	(209)	-	-	(209)

Geographical segments

	Revenue		Non-current assets ⁽¹⁾		Capital expenditure	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Singapore	31,547	24,801	1,376,929	1,369,511	237,462	219,686
Australia	20,419	56,187	7,555	9,056	-	16,273
Asia	232,139	150,187	430,218	303,984	154,905	215,456
Europe	62,166	128,979	368,322	340,211	39,717	56,642
Other countries	4,876	26,358	101,093	112,818	889	11,603
	351,147	386,512	2,284,117	2,135,580	432,973	519,660

(1) Non-current assets presented consist of plant and equipment

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to item 8.

17. A breakdown of sales as follow:-

	Group		
	2015 US\$'000	2014 US\$'000	Increase/ (decrease) %
First Half			
(a) Revenue	180,173	187,069	(3.7)
(b) Profit after tax	69,968	90,596	(22.8)
Second Half			
(c) Revenue	170,974	199,443	(14.3)
(d) (Loss)/Profit after tax	(33,184)	133,138	N/M

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:-

	Latest Full Year (US\$'000)	Previous Full Year (US\$'000)
Ordinary	-	1,168
Preference	-	-
Total:	-	1,168

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Pursuant to Rule 704(13) of the listing manual of the Singapore Exchange Securities Trading, the Company confirms that there is no person occupying a managerial position in the Company or in any of its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lee Tiong Hock
Company Secretary
29 February 2016