



# Ezion Holdings Limited

(Company No.: 199904364E)

## Fourth Quarter Financial Statement And Dividend Announcement For The Year Ended 31 December 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 (Fourth Quarter)			Incr/ (Decr)	Group (Year-To-Date)		Incr/ (Decr)
	3 months ended		%		12 months ended		
	31.12.2016	31.12.2015			31.12.2016	31.12.2015	
	US\$'000	US\$'000		US\$'000	US\$'000		
Revenue	72,633	84,755	(14.3)	318,245	351,147	(9.4)	
Cost of sales and servicing	(63,852)	(64,555)	(1.1)	(256,999)	(233,082)	10.3	
<b>Gross profit</b>	<b>8,781</b>	<b>20,200</b>	<b>(56.5)</b>	<b>61,246</b>	<b>118,065</b>	<b>(48.1)</b>	
Other income, net	21,137	13,675	54.6	32,254	25,236	27.8	
Administrative expenses	(5,219)	(5,600)	(6.8)	(18,328)	(19,103)	(4.1)	
Other operating expenses	(79,181)	(82,712)	(4.3)	(76,238)	(87,308)	(12.7)	
<b>Results from operating activities</b>	<b>(54,482)</b>	<b>(54,437)</b>	<b>0.1</b>	<b>(1,066)</b>	<b>36,890</b>	<b>N/M</b>	
Finance income	1,418	1,046	35.6	4,695	4,439	5.8	
Finance costs	(7,874)	(6,659)	18.2	(32,512)	(26,412)	23.1	
<b>Net finance costs</b>	<b>(6,456)</b>	<b>(5,613)</b>	<b>15.0</b>	<b>(27,817)</b>	<b>(21,973)</b>	<b>26.6</b>	
Share of results of associates and jointly controlled entities (net of tax)	(4,988)	(2,995)	66.5	(2,041)	23,448	N/M	
<b>(Loss)/Profit before income tax</b>	<b>(65,926)</b>	<b>(63,045)</b>	<b>4.6</b>	<b>(30,924)</b>	<b>38,365</b>	<b>N/M</b>	
Income tax expense	(682)	(474)	43.9	(2,682)	(1,581)	69.6	
<b>(Loss)/Profit after income tax</b>	<b>(66,608)</b>	<b>(63,519)</b>	<b>4.9</b>	<b>(33,606)</b>	<b>36,784</b>	<b>N/M</b>	

(Loss)/Profit after tax 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		
	31.12.2016	31.12.2015			31.12.2016	31.12.2015	
	US\$'000	US\$'000		US\$'000	US\$'000		
Other income <sup>1</sup>	22,555	14,721	53.2	36,949	29,675	24.5	
Interest on borrowings	(7,874)	(6,659)	18.2	(32,512)	(26,412)	23.1	
Depreciation of plant and equipment	(40,053)	(35,307)	13.4	(150,612)	(134,873)	11.7	
Foreign exchange gain/(loss), net	20,101	(2,968)	N/M	8,144	5,003	62.8	
Impairment losses on plant and equipment and provision for trade receivables	(70,866)	(81,128)	(12.6)	(70,866)	(81,128)	(12.6)	
(Loss)/Gain on disposal of asset held for sale and plant and equipment	(6,620)	8,882	N/M	21,135	8,882	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>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</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	2,198,446	2,284,117	406	567
Subsidiaries	-	-	1,285,514	1,227,226
Joint ventures	171,584	131,354	52,232	51,759
Associates	78,801	72,621	60,153	53,982
Other assets	4,941	11,566	110	121
	<b>2,453,772</b>	<b>2,499,658</b>	<b>1,398,415</b>	<b>1,333,655</b>
<b>Current assets</b>				
Trade receivables	178,899	193,247	10,671	8,077
Other current assets	164,086	80,188	68,053	48,861
Assets held for sale	-	105,553	-	-
Cash and cash equivalents	204,953	229,756	149,497	188,382
	<b>547,938</b>	<b>608,744</b>	<b>228,221</b>	<b>245,320</b>
<b>Total assets</b>	<b>3,001,710</b>	<b>3,108,402</b>	<b>1,626,636</b>	<b>1,578,975</b>
<b>Equity</b>				
Share capital	648,940	536,368	648,940	536,368
Perpetual securities	116,499	116,499	116,499	116,499
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	(31,549)	(32,323)	(1,541)	(2,915)
Retained earnings	558,030	597,302	1,870	89,508
<b>Total equity</b>	<b>1,315,384</b>	<b>1,241,310</b>	<b>765,768</b>	<b>739,460</b>
<b>Non-current liabilities</b>				
Financial liabilities	788,067	851,101	112,082	137,312
Notes payable	372,040	378,691	372,040	378,691
Other payables	33,961	35,954	139,686	90,185
Deferred tax liabilities	-	449	-	-
	<b>1,194,068</b>	<b>1,266,195</b>	<b>623,808</b>	<b>606,188</b>
<b>Current liabilities</b>				
Trade payables	112,074	126,165	198	40
Other payables	42,846	50,091	110,240	93,896
Liabilities due to assets held for sale	-	42,658	-	-
Financial liabilities	331,055	375,254	122,912	135,689
Provision for taxation	6,283	6,729	3,710	3,702
	<b>492,258</b>	<b>600,897</b>	<b>237,060</b>	<b>233,327</b>
<b>Total liabilities</b>	<b>1,686,326</b>	<b>1,867,092</b>	<b>860,868</b>	<b>839,515</b>
<b>Total equity and liabilities</b>	<b>3,001,710</b>	<b>3,108,402</b>	<b>1,626,636</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 31.12.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
233,114	97,941	309,821	108,091

**Amount repayable after one year**

As at 31.12.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
775,407	384,700	849,832	379,960

**Details of any collateral**

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

Subsequent to the year end, the Group has completed discussions with all its bankers to reduce its net annual principal repayment to match the Group's net operating cash flows upon the completion of the legal documentation of the loan extension. In addition, the Group has also successfully renewed its working capital facilities with all its principal bankers.

**1(b)(iii) Statement of comprehensive income for three months ended 31 December 2016**

	Group (Fourth Quarter)			Group (Year-To-Date)		
	3 months ended 31.12.2016	3 months ended 31.12.2015	Incr/ (Decr) %	12 months ended 31.12.2016	12 months ended 31.12.2015	Incr/ (Decr) %
	US\$'000	US\$'000		US\$'000	US\$'000	
(Loss)/Profit after tax	(66,608)	(63,519)	4.9	(33,606)	36,784	N/M
<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	(14)	1,505	N/M	638	(6,409)	N/M
Share of foreign currency translation differences of associates	1	(504)	N/M	402	2,155	(81.3)
Exchange differences on monetary items forming part of net investment in foreign operations	(3,061)	1,758	N/M	(1,715)	(4,861)	(64.7)
Effective portion of changes in fair value of cash flow hedges	2,630	1,404	87.3	1,449	(406)	N/M
<b>Other comprehensive income for the period</b>	<b>(444)</b>	<b>4,163</b>	<b>N/M</b>	<b>774</b>	<b>(9,521)</b>	<b>N/M</b>
<b>Total comprehensive income for the period</b>	<b>(67,052)</b>	<b>(59,356)</b>	<b>13.0</b>	<b>(32,832)</b>	<b>27,263</b>	<b>N/M</b>
<b>Attributable to:</b>						
Owners of the Company	(67,052)	(59,356)	13.0	(32,832)	27,263	N/M

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 (Fourth Quarter)</b>		<b>Group (Year-To-Date)</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>				
(Loss)/Profit after tax	(66,608)	(63,519)	(33,606)	36,784
Adjustments for:				
Income tax expense	682	474	2,682	1,581
Depreciation expense	40,053	35,307	150,612	134,873
Loss/(Gain) on disposal of subsidiaries, assets held for sales and plant and equipment	6,620	(8,882)	(21,135)	(8,882)
Foreign exchange (gain)/loss, net	(20,101)	2,968	(8,144)	(5,003)
Finance income	(1,418)	(1,046)	(4,695)	(4,439)
Finance costs	7,874	6,659	32,512	26,412
Financial guarantee income provided to joint ventures	(313)	(416)	(1,325)	(2,112)
Impairment loss on plant and equipment and provision for trade receivables	70,866	81,128	70,866	81,128
Equity-settled share-based payment transactions	423	505	1,968	2,121
Share of results of associates and jointly controlled entities	4,988	2,995	2,041	(23,448)
Operating cash flow before working capital changes	43,066	56,173	191,776	239,015
Changes in working capital:				
Trade receivables and other assets	(6,103)	(35,109)	(31,530)	(81,238)
Trade and other payables	(10,144)	15,660	(11,651)	49,738
Cash generated from operating activities	26,819	36,724	148,595	207,515
Income tax paid	(975)	(662)	(2,905)	(3,666)
<b>Net cash from operating activities</b>	<b>25,844</b>	<b>36,062</b>	<b>145,690</b>	<b>203,849</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(21,854)	(38,575)	(66,715)	(256,726)
Proceeds from disposal of plant and equipment	1,829	-	1,829	-
Proceeds from disposal of assets held for sale	-	-	20,400	-
Advance payments for purchase of plant and equipment	(73)	(3,724)	(827)	(125,149)
Investments in joint ventures	(10,071)	973	(21,013)	657
Investments in associate	(3,276)	(218)	(7,607)	(4,707)
Interest received	814	1,692	2,431	8,099
<b>Net cash used in investing activities</b>	<b>(32,631)</b>	<b>(39,852)</b>	<b>(71,502)</b>	<b>(377,826)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	13,900	73,054	45,666	342,875
Repayment of borrowings	(41,953)	(78,079)	(191,813)	(250,504)
Proceeds from issuance of notes, net of transaction costs	-	-	-	87,413
Net proceeds from issuance of ordinary shares	(87)	-	99,843	714
Redemption of perpetual securities	-	-	-	(86,312)
Repurchase of own shares	-	-	-	(1,378)
Dividend paid	-	-	-	(1,193)
Interest paid	(11,373)	(8,690)	(38,178)	(37,888)
<b>Net cash (used in)/from financing activities</b>	<b>(39,513)</b>	<b>(13,715)</b>	<b>(84,482)</b>	<b>53,727</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(46,300)</b>	<b>(17,505)</b>	<b>(10,294)</b>	<b>(120,250)</b>
Cash and cash equivalents at beginning of the period	255,398	245,481	229,756	371,510
Effect of exchange rate fluctuations	(4,145)	1,780	(14,509)	(21,504)
<b>Cash and cash equivalents at end of the period</b>	<b>204,953</b>	<b>229,756</b>	<b>204,953</b>	<b>229,756</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	-	-	-	-	(9,115)	(406)	-	36,784	27,263	-	27,263
<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	-	-	-	-	-	-	-	(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
<b>Changes in ownership interests in subsidiaries</b>											
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	(12)	(12)	6	(6)
<b>At 31 December 2015</b>	<b>536,368</b>	<b>116,499</b>	<b>23,464</b>	<b>(1,480)</b>	<b>(29,333)</b>	<b>(1,504)</b>	<b>(6)</b>	<b>597,302</b>	<b>1,241,310</b>	<b>-</b>	<b>1,241,310</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	-	-	-	-	(675)	1,449	-	(33,606)	(32,832)	-	(32,832)
<b>Translations with owners, recognised directly in equity</b>											
Issue of shares	112,572	-	-	-	-	-	-	-	112,572	-	112,572
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(7,634)	(7,634)	-	(7,634)
Share-based payment transactions	-	-	-	-	-	-	-	1,968	1,968	-	1,968
<b>At 31 December 2016</b>	<b>648,940</b>	<b>116,499</b>	<b>23,464</b>	<b>(1,480)</b>	<b>(30,008)</b>	<b>(55)</b>	<b>(6)</b>	<b>558,030</b>	<b>1,315,384</b>	<b>-</b>	<b>1,315,384</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				-	-	-	(557)	-	(48,697)	(49,254)
<b>Translations with owners, recognised directly in equity</b>										
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
<b>At 31 December 2015</b>				<b>536,368</b>	<b>116,499</b>	<b>(1,480)</b>	<b>(1,429)</b>	<b>(6)</b>	<b>89,508</b>	<b>739,460</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				-	-	-	1,374	-	(81,972)	(80,598)
<b>Translations with owners, recognised directly in equity</b>										
Issue of shares				112,572	-	-	-	-	-	112,572
Accrued perpetual securities distributions				-	-	-	-	-	(7,634)	(7,634)
Share-based payment transactions				-	-	-	-	-	1,968	1,968
<b>At 31 December 2016</b>				<b>648,940</b>	<b>116,499</b>	<b>(1,480)</b>	<b>(55)</b>	<b>(6)</b>	<b>1,870</b>	<b>765,768</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.

During the third quarter of 2016, the Company has undertaken a renounceable underwritten rights issue of 478,576,422 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of S\$0.29 for each Rights Share on the basis of three (3) Rights Shares for every ten (10) existing ordinary shares in the capital of the Company. The Rights Shares has been issued on 8 August 2016, and listed for quotation on the Main Board of the SGX-ST on 8 August 2016.

During the fourth quarter of 2016, 12,243 shares were issued pursuant to the exercise of 12,243 warrants by various warrant holders. The newly issued shares rank pari passu in all respects with the previously issued shares.

As at 31 December 2016, the share capital less treasury shares of the Company was 2,073,843,405 ordinary shares (2,077,027,405 issued ordinary shares less 3,184,000 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 2016 and 31 December 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 31 December 2016, the issued and paid up share capital excluding treasury shares of the Company comprised 2,073,843,405 (31 December 2015: 1,577,756,927) ordinary shares.

As at 31 December 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 31 December 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.**

On 8 August 2016, the Company issued 478,576,422 ordinary shares pursuant to the rights issue on the basis of three (3) right shares for every ten (10) existing ordinary shares. Following the issue of right shares, the aggregate number of issued shares increased from 1,598,438,740 shares to 2,077,015,162 shares. As a result, the number of ordinary shares used for the per share calculations has been adjusted for retrospectively as required by FRS 33.

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 (Fourth Quarter) 3 months ended		Group (Year-To-Date) 12 months ended	
	31.12.2016	31.12.2015 Restated	31.12.2016	31.12.2015 Restated
(a) Based on weighted average number	-3.30 cts	-4.08 cts	-2.30 cts	1.51 cts
(b) On a fully diluted basis	-3.27 cts	-4.08 cts	-2.27 cts	1.49 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per share	2,073,833,680	1,601,602,194	1,789,751,680	1,602,288,411
- Diluted earnings per share	2,097,278,680	1,601,602,194	1,813,196,680	1,626,087,743

**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	
	31.12.2016	31.12.2015 Restated	31.12.2016	31.12.2015 Restated
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on	63.43 cts	77.5 cts	36.93 cts	46.17 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**

**4Q16 vs 4Q15**

The Group's revenue for the three months ended 31 December 2016 ("4Q16") decreased by US\$12.1 million (14.3%) to US\$72.6 million as compared to the corresponding three months ended 31 December 2015 ("4Q15"). The decrease in revenue was mainly due to:

- (i) reduction in charter rates; and
- (ii) delay in the completion of the modifications and upgrade of the Group's multi-purpose self-propelled jack-up rigs and Jack-up Rigs (collectively called "Service Rigs") due to unexpected technical issues and longer lead time for delivery of certain critical equipment.

The cost of sales and servicing for 4Q16 slightly decreased by US\$0.7 million (1.1%) to US\$63.9 million as compared to 4Q15.

As a result of the above, the Group's gross profit for 4Q16 decreased by US\$11.4 million (56.5%) to US\$8.8 million as compared to 4Q15.

The increase in other income in 4Q16 as compared to 4Q15 was mainly due to the higher unrealised foreign exchange gains on the Group's Notes Payable.

The other operating expenses in 4Q16 includes impairment losses on plant and equipment and provision for trade receivables amounting to US\$70.9 million, in addition to the impairment losses made in 4Q15 of US\$81.1 million bringing accumulated impairment losses for 4Q16 and 4Q15 to US\$152.0 million. Impairment losses for 4Q16 were made due to some of the projects that were committed at higher oil prices and the difficult and uncertain market conditions of the global oil and gas industry.

The increase in finance costs in 4Q16 as compared to 4Q15 was mainly due to additional interest expense for the financing of newly delivered Service Rigs.

The lower share of associates and jointly controlled entities' results in 4Q16 as compared to 4Q15 was mainly due to impairment losses on plant and equipment and trade receivables by the Group's Joint Ventures and Associates.

Loss before income tax increased by US\$2.9 million (4.6%) to US\$65.9 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\$0.7 million relates to the corporate tax expense and withholding tax expense incurred by vessels operating in certain overseas waters.

**FY2016 vs FY2015**

The Group's revenue for the year ended 31 December 2016 ("FY16") decreased by US\$32.9 million (9.4%) to US\$318.2 million as compared to the corresponding year ended 31 December 2015 ("FY15"). The decrease in revenue was mainly due to:

- (i) the absence of contribution from the projects in Queensland, Australia that did not go into additional trains as originally planned and lower contribution from the Group's marine services;
- (ii) reduction in charter rates; and
- (iii) delay in the completion of the modifications and upgrade of the Group's Service Rigs due to unexpected technical issues and longer lead time for delivery of certain critical equipment.



The cost of sales and servicing for FY16 increased by US\$23.9 million (10.3%) to US\$257.0 million as compared to FY15. The increase was due to the deployment of additional Service Rigs.

As a result of the above, the Group's gross profit for FY16 decreased by US\$56.8 million (48.1%) to US\$61.2 million as compared to FY15.

The increase in other income in FY16 as compared to FY15 was mainly due to gain arising from the completion of the sale of assets held for sale during the first half of 2016 and unrealised foreign exchange gains on the Group's Notes Payable.

The decrease in administrative expenses in FY16 was mainly due to reduction in the variable component of staff costs as compared to FY15.

The other operating expenses in FY16 includes impairment losses on plant and equipment and provision for trade receivables amounting to US\$70.9 million, in addition to the impairment losses made in FY15 of US\$81.1 million bringing accumulated impairment losses for FY16 and FY15 to US\$152.0 million. Impairment losses for FY16 were made due to some of the projects that were committed at higher oil prices and the difficult and uncertain market conditions of the global oil and gas industry.

The increase in finance costs in FY16 as compared to FY15 was mainly due to additional interest expense for the financing of newly delivered Service Rigs.

The lower share of associates and jointly controlled entities' results in FY16 as compared to FY15 was mainly due to impairment losses on plant and equipment and trade receivables by the Group's Joint Ventures and Associates.

As a result of the above, the loss before income tax for FY16 stands at US\$30.9 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\$2.7 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\$2,453.8 million as at 31 December 2016. The decrease in Non-current Assets was mainly due to the decrease in Plant and Equipment of US\$85.7 million, which is mainly due to depreciation charges and impairment losses on Plant and Equipment in spite of additional assets delivered during the year. The decrease is offset by the increase in Joint Ventures, which is due to the Group's investments in joint ventures and the share of results of joint ventures, net of tax during the year ended 31 December 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, offset by share of loss of associates, net of tax during the year ended 31 December 2016.

### **Current Assets**

The Group's Current Assets as at 31 December 2016 decreased by US\$60.8 million (10.0%) to US\$547.9 million as compared to 31 December 2015. The decrease was mainly due to the completion of the sale of assets held for sale during the year. 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 as at 31 December 2016 decreased by US\$180.8 million (9.7%) to US\$1,686.3 million as compared to 31 December 2015. 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 due to the rights issue of ordinary shares, offset by losses 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\$145.7 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\$71.5 million. This was mainly due to the deployment of funds towards the refurbishment and modifications of the Group's Service Rigs, an investment in a joint venture and an additional investment in an associate.

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

The Group's net cash used in financing activities was US\$84.5 million. This was mainly due to repayment of bank borrowings during the period, offset by net proceeds received from the rights issue of ordinary shares and additional loans drawdown.

**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 for the Group's unaudited financial results for the fourth quarter and the twelve months ended 31 December 2016 announced on 17 February 2017.

**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.**

Fossil fuel prices have improved over the last few months and oil prices have stayed above US\$50 per barrel since late 2016. This stability in prices has helped Exploration & Production companies broadly. However, there appears to be no significant adjustment yet to the corresponding operating budget of these companies. As the Group's activities are mainly involved with the provision of asset and services to the offshore Oil and Gas industry, it is expecting the headwind to persist for the large part of FY2017.

The Group is working closely with its bankers and several government agencies to complete the repair, modification and upgrade of several of its Service Rigs for deployment as soon as possible. In addition, the Group will be focusing on matching its cashflow with the capital expenditure that is required to fulfill its obligation to its customers. The Group will also continue to engage in discussions for possible disposal for one of its existing Service Rigs and to invite potential partners to co-own some of its asset to further strengthen the Group's Balance Sheet.

**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).

**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.**

**Business Segments**

	Production and maintenance support	Exploration and development support	Others	Total operations
Year ended 31 December 2016	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	276,199	41,538	508	318,245
Reportable segment results from operating activities	46,762	2,611	507	49,880
Impairment loss on plant and equipment and provision for trade receivables	(65,992)	(4,874)	-	(70,866)
Other income	32,254	-	-	32,254
Share of results of associates and joint ventures, net of tax	143	12,105	(14,289)	(2,041)
Finance income	4,695	-	-	4,695
Finance expense	(27,058)	(5,454)	-	(32,512)
Unallocated expenses				(12,334)
Profit before income tax				(30,924)
Income tax expense				(2,682)
Profit for the year				(33,606)
Reportable segment assets	2,369,125	316,048	-	2,685,173
Investment in associates and joint ventures	46,565	136,646	67,174	250,385
Unallocated assets				66,152
Total assets				3,001,710
Reportable segment liabilities	1,453,790	187,735	-	1,641,525
Unallocated liabilities				44,801
Total liabilities				1,686,326
Capital expenditure	114,175	4,268	-	118,443
Unallocated capital expenditure				133
Total capital expenditure				118,576
Other material non-cash items:				
Depreciation	117,808	32,511	-	150,319
Unallocated depreciation				293
Total depreciation				150,612
Gain on disposal of plant and equipment	21,135	-	-	21,135
Impairment loss on plant and equipment and provision for trade receivables	(65,992)	(4,874)	-	(70,866)

**Business Segments (Cont'd)**

	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	107,231	55	436	107,722
Impairment loss on plant and equipment and provision for trade receivables	(81,128)	-	-	(81,128)
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)

## Geographical segments

	Revenue		Non-current assets <sup>(1)</sup>		Capital expenditure	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Singapore	38,000	31,547	1,161,809	1,376,929	37,692	237,462
Australia	9,193	20,419	6,980	7,555	-	-
Asia	233,349	232,139	556,306	430,218	56,748	154,905
Europe	30,393	62,166	384,579	368,322	23,824	39,717
Other countries	7,310	4,876	88,772	101,093	312	889
	<b>318,245</b>	<b>351,147</b>	<b>2,198,446</b>	<b>2,284,117</b>	<b>118,576</b>	<b>432,973</b>

(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		
	2016 US\$'000	2015 US\$'000	Increase/ (decrease) %
<b>First Half</b>			
(a) Revenue	165,801	180,173	(8.0)
(b) Profit after tax	23,624	69,968	(66.2)
<b>Second Half</b>			
(c) Revenue	152,444	170,974	(10.8)
(d) (Loss)/Profit after tax	(57,230)	(33,184)	72.5

### 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	-	-
Preference	-	-
Total:	-	-

### 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  
23 February 2017