



Ezion Holdings Limited

(Company No.: 199904364E)

First Quarter Financial Statement And Dividend Announcement For The Three Months Ended 31 March 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 (First Quarter) 3 months ended		Incr/ (Decr)
	31.03.2015 US\$'000	31.03.2014 US\$'000	%
Revenue	90,119	94,434	(4.6)
Cost of sales and servicing	(48,612)	(47,146)	3.1
Gross profit	41,507	47,288	(12.2)
Other income, net	2,117	2,330	(9.1)
Administrative expenses	(4,515)	(4,146)	8.9
Other operating expenses	(1,329)	(2,490)	(46.6)
Results from operating activities	37,780	42,982	(12.1)
Finance income	1,119	1,546	(27.6)
Finance costs	(5,765)	(5,119)	12.6
Net finance costs	(4,646)	(3,573)	30.0
Share of results of associates and jointly controlled entities (net of tax)	8,161	6,227	31.1
Profit before income tax	41,295	45,636	(9.5)
Income tax expense	(285)	(429)	(33.6)
Profit after income tax	41,010	45,207	(9.3)
Non-controlling interests	-	38	(100.0)
Profit for the period	41,010	45,245	(9.4)

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

	Group (First Quarter) 3 months ended		Incr/ (Decr)
	31.03.2015 US\$'000	31.03.2014 US\$'000	%
Other income including interest income, net	3,236	3,876	(16.5)
Interest on borrowings	(5,765)	(5,119)	12.6
Depreciation of plant and equipment	(29,863)	(22,786)	31.1
Reversal of impairment losses on trade receivables	-	7	(100.0)
Foreign exchange gain/(loss), net	694	(965)	N/M
Adjustment for underprovision of tax respect of prior year	-	(25)	(100.0)

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	
	31.03.2015 US\$'000	31.12.2014 US\$'000	31.03.2015 US\$'000	31.12.2014 US\$'000
Non-current assets				
Plant and equipment	2,080,121	2,135,580	691	747
Subsidiaries	-	-	1,179,676	1,043,354
Joint ventures	111,062	104,109	51,874	51,518
Associates	69,148	68,805	70,868	74,232
Other assets	13,829	13,832	129	132
	2,274,160	2,322,326	1,303,238	1,169,983
Current assets				
Trade receivables	151,952	159,580	4,529	4,053
Other current assets	195,332	127,555	35,575	31,651
Asset held for sale	74,620	-	-	-
Cash and cash equivalents	344,983	371,510	271,494	316,992
	766,887	658,645	311,598	352,696
Total assets	3,041,047	2,980,971	1,614,836	1,522,679
Equity				
Share capital	535,719	535,654	535,719	535,654
Perpetual securities	211,874	211,874	211,874	211,874
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	(26,759)	(21,424)	(2,262)	(980)
Retained earnings	600,940	563,059	145,013	140,734
Equity attributable to owners of the Company	1,345,238	1,312,627	890,344	887,282
Non-controlling interests	(6)	(6)	-	-
Total equity	1,345,232	1,312,621	890,344	887,282
Non-current liabilities				
Financial liabilities	857,933	892,220	156,751	103,918
Notes payable	303,056	315,532	303,056	315,532
Other payables	40,315	33,453	39,730	21,598
	1,201,304	1,241,205	499,537	441,048
Current liabilities				
Trade payables	66,395	69,886	150	40
Other payables	65,952	61,732	122,564	120,540
Liabilities due to asset held for sale	45,421	-	-	-
Financial liabilities	309,566	288,292	98,529	70,057
Provision for taxation	7,177	7,235	3,712	3,712
	494,511	427,145	224,955	194,349
Total liabilities	1,695,815	1,668,350	724,492	635,397
Total equity and liabilities	3,041,047	2,980,971	1,614,836	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 31.03.2015		As at 31.12.2014	
Secured*	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
286,638	68,349	248,542	39,750

Amount repayable after one year

As at 31.03.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
857,933	303,056	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 31 March 2015

	Group (First Quarter)		Incr/ (Decr)
	3 months ended	3 months ended	
	31.03.2015	31.03.2014	
	US\$'000	US\$'000	%
Profit after tax	41,010	45,207	(9.3)
Other comprehensive income			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Translation differences relating to financial statements of foreign operations	(913)	(68)	N/M
Share of foreign currency translation differences of associates	561	-	N/M
Exchange differences on monetary items forming part of net investment in foreign operations	(3,709)	1,101	N/M
Effective portion of changes in fair value of cash flow hedges	(1,274)	(15)	N/M
Other comprehensive income for the period	(5,335)	1,018	N/M
Total comprehensive income for the period	35,675	46,225	(22.8)
Attributable to:			
Owners of the Company	35,675	46,244	(22.9)
Non-controlling interests	-	(19)	N/M
	35,675	46,225	(22.8)

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 (First Quarter)	
	3 months ended	
	31.03.2015	31.03.2014
	US\$'000	US\$'000
Cash flows from operating activities		
Profit after tax	41,010	45,207
Adjustments for:		
Income tax expense	285	429
Depreciation expense	29,863	22,786
Finance income	(1,119)	(1,546)
Finance costs	5,765	5,119
Financial guarantee income provided to joint ventures	(847)	(904)
Reversal of impairment loss on trade receivables	-	(7)
Equity-settled share-based payment transactions	491	440
Share of results of associates and jointly controlled entities	(8,161)	(6,227)
Operating cash flow before working capital changes	67,287	65,297
Changes in working capital:		
Trade receivables and other assets	6,193	(19,727)
Trade and other payables	1,428	(18,732)
Cash generated from operating activities	74,908	26,838
Income tax paid	(748)	(153)
Net cash from operating activities	74,160	26,685
Cash flows from investing activities		
Purchase of plant and equipment	(50,217)	(48,459)
Acquisition of subsidiary, net of cash acquired	-	(19,716)
Advance payments for purchase of plant and equipment	(63,382)	(32,913)
Investments in joint ventures	(358)	18,246
Investments in associate	-	(192)
Interest received	671	958
Net cash used in investing activities	(113,286)	(82,076)
Cash flows from financing activities		
Proceeds from borrowings	84,164	21,119
Repayment of borrowings	(47,805)	(24,065)
Proceeds from issuance of notes, net of transaction costs	-	82,919
Net proceeds from issuance of ordinary shares	65	-
Interest paid	(9,324)	(7,352)
Net cash from financing activities	27,100	72,621
Net (decrease)/increase in cash and cash equivalents	(12,026)	17,230
Cash and cash equivalents at beginning of the period	371,510	165,978
Effect of exchange rate fluctuations	(14,501)	2,150
Cash and cash equivalents at end of the period	344,983	185,358

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

- 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.

As at 31 March 2015, the share capital less treasury shares of the Company was 1,578,534,087 ordinary shares (1,579,218,087 issued ordinary shares less 684,000 treasury shares). As at 31 March 2014, the share capital less treasury shares of the Company was 1,203,221,982 ordinary shares (1,203,791,982 issued ordinary shares less 570,000 treasury shares).

As at 31 March 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 31 March 2014, there were 300 redeemable exchangeable preference shares in a subsidiary available for exchange to 16,470,847 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 March 2015, the issued and paid up share capital excluding treasury shares of the Company comprised 1,578,534,087 (31 December 2014: 1,578,303,687) ordinary shares.

As at 31 March 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 = Nil

Transfer of treasury shares during the period = Nil

As at 31 March 2015 = 684,000 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 (First Quarter) 3 months ended	
	31.03.2015	31.03.2014 Restated
(a) Based on weighted average number	2.60 cts	3.14 cts
(b) On a fully diluted basis	2.55 cts	3.07 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per shares	1,578,516,000	1,439,942,000
- Diluted earnings per share	1,609,131,000	1,472,366,000

On 15 September 2014, the Company issued 263,136,643 ordinary shares pursuant to the bonus issue on the basis of one (1) bonus share for every five (5) existing ordinary shares. Following the issue of bonus shares, the aggregate number of issued shares increased from 1,315,683,044 shares to 1,578,819,687 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.

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	
	31.03.2015	31.12.2014	31.03.2015	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	85.22 cts	83.17 cts	56.4 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

1Q15 vs 1Q14

The Group's revenue for the three months ended 31 March 2015 ("1Q15") decreased by US\$4.3 million (4.6%) to US\$90.1 million as compared to the corresponding three months ended 31 March 2014 ("1Q14"). 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 1Q15 increased by US\$1.5 million (3.1%) to US\$48.6 million as compared to 1Q14. 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 1Q15 decreased by US\$5.8 million (12.2%) to US\$41.5 million as compared to 1Q14.

The increase in finance costs in 1Q15 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 1Q15 as compared to 1Q14 were mainly due to higher contribution from the Group's associate, Charisma Energy Services Limited.

Profit before income tax decreased by US\$4.3 million (9.5%) to US\$41.3 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.

STATEMENT OF FINANCIAL POSITION REVIEW

Non-current Assets

The Group's Non-current Assets amounted to US\$2,274.2 million as at 31 March 2015. The decrease in Non-current Assets was mainly due to the reclassification of 1 unit of the Group's Service Rig to Asset Held For Sale. The increase in Joint Ventures and Associates was attributable to the share of results of joint ventures and associates, net of tax during the 3 months financial period ended 31 March 2015.

Current Assets

The Group's Current Assets amounted to US\$766.9 million as at 31 March 2015. The increase was mainly due to the reclassification of 1 unit of the Group's Service Rig to Asset Held For Sale and advance payments made for the construction of Service Rigs. 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\$1,695.8 million as at 31 March 2015. The decrease in Non-current Liabilities was due mainly to Liabilities Due To Asset Held For Sale classified from Non-current to Current Liabilities and foreign exchange revaluation of Notes Payables. In addition, the increase in Current Liabilities was due to the drawdown of short-term 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 increase in Total Equity was attributable mainly to the profit derived in the period.

STATEMENT OF CASH FLOWS REVIEW

Cash Flow from Operating Activities

The Group's net cash inflow from operating activities was US\$74.2 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\$113.3 million. This was mainly due to the progress payments made and the deployment of funds towards the refurbishment of the Group's Service Rigs.

Cash Flow from Financing Activities

The Group's net cash inflow from financing activities was US\$27.1 million. This was mainly due to the increase in bank borrowings to finance the Group's Service Rigs. This is partially offset by repayments of bank borrowings 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 4Q14.

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.

Operating environment has been made challenging following the drastic drop in the prices of fossil fuel over the last seven months. Several of the Group's Service Rigs have been made to work at their limits resulting in more wear and tear and higher maintenance. In addition, the Group also needed to incur additional cost to further upgrade a few of the Group's newer units to meet clients' additional requirements. The management has been putting in maximum effort to address these new challenges.

Based on the current schedule, a few units of the Service Rigs which are under maintenance and dry docking inspection are expected to be redeployed before the end of June. Similarly, several other new units that are undergoing modification are also expected to be progressively deployed starting from the same period.

The management is cautiously optimistic that the Group expects to have stronger performance for the remaining of the year when some of the units are redeployed and new units are delivered.

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

There was no interested person transaction during the period under review.

BY ORDER OF THE BOARD

**Lim Ka Bee
Company Secretary**

13 May 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 31 March 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**

13 May 2015