



Ezion Holdings Limited

(Company No.: 199904364E)

First Quarter Financial Statement And Dividend Announcement For The Three Months Ended 31 March 2012

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)		Incr/(Decr) %
	31.03.2012 US\$'000	31.03.2011 US\$'000	
Revenue	30,570	21,483	42.3
Cost of sales and servicing	(16,993)	(9,351)	81.7
Gross profit	13,577	12,132	11.9
Other income, net	878	11,055	(92.1)
Administrative expenses	(2,075)	(2,445)	(15.1)
Other operating expenses	(848)	(393)	115.8
Results from operating activities	11,532	20,349	(43.3)
Finance income	687	379	81.3
Finance costs	(883)	(703)	25.6
Net finance costs	(196)	(324)	(39.5)
Share of results of joint ventures, net of tax	3,682	2,669	38.0
Profit before income tax	15,018	22,694	(33.8)
Income tax expense	(938)	(215)	336.3
Profit for the period	14,080	22,479	(37.4)

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

	3 months ended		Incr/ (Decr) %
	31.03.2012 US\$'000	31.03.2011 US\$'000	
Other income including interest income, net	1,565	11,434	(86.3)
Interest on borrowings	(883)	(703)	25.6
Depreciation of plant and equipment	(3,162)	(2,195)	44.1
Impairment loss on trade receivables	(384)	(426)	(9.9)
Foreign exchange gain, net	163	373	(56.3)
Adjustment for over provision of tax in respect of prior year	-	81	N/M
Gain on disposal of plant and equipment	-	11,051	N/M
Impairment loss on plant and equipment	(103)	(83)	24.1

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	
	31.03.2012 US\$'000	31.12.2011 US\$'000	31.03.2012 US\$'000	31.12.2011 US\$'000
Non-current assets				
Plant and equipment	321,361	270,804	555	538
Subsidiaries	-	-	206,805	157,127
Joint ventures	80,740	71,352	42,609	37,667
Other assets	4,593	852	1,907	1,907
	406,694	343,008	251,876	197,239
Current assets				
Trade receivables	41,472	32,164	3,793	2,587
Other current assets	58,235	32,047	10,770	9,021
Cash and cash equivalents	133,654	63,155	87,148	22,431
	233,361	127,366	101,711	34,039
Total assets	640,055	470,374	353,587	231,278
Equity attributable to owners of the Company				
Share capital	203,192	124,209	203,192	124,209
Redeemable exchangeable preference shares	36,245	39,817	-	-
Reserves	(10,405)	(11,688)	(108)	(108)
Retained earnings	130,403	115,995	47,876	38,606
Total equity	359,435	268,333	250,960	162,707
Non-current liabilities				
Financial liabilities	158,485	118,206	25,947	21,425
Other payables	2,000	2,000	14,630	13,630
	160,485	120,206	40,577	35,055
Current liabilities				
Trade payables	24,481	25,503	544	998
Other payables	43,968	12,457	49,933	22,541
Financial liabilities	46,852	39,480	7,932	6,892
Provision for taxation	4,834	4,395	3,641	3,085
	120,135	81,835	62,050	33,516
Total liabilities	280,620	202,041	102,627	68,571
Total equity and liabilities	640,055	470,374	353,587	231,278

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 31.03.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
44,592	2,260	36,934	2,546

Amount repayable after one year

As at 31.03.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
158,033	452	117,509	697

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 2012

	Group		Incr/ (Decr)
	3 months ended	3 months ended	
	31.03.2012	31.03.2011	
	US\$'000	US\$'000	%
Profit for the period	14,080	22,479	(37.4)
Other comprehensive income			
Translation differences relating to financial statements of foreign operations	1,379	511	169.9
Exchange differences on monetary items forming part of net investment in foreign operations	(96)	-	N/M
Other comprehensive income for the period	1,283	511	151.1
Total comprehensive income for the period	15,363	22,990	(33.2)

Note :

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

N/M - not meaningful

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

	Group	
	3 months ended	
	31.03.2012	31.03.2011
	US\$'000	US\$'000
Cash flows from operating activities		
Profit for the period	14,080	22,479
Adjustments for:		
Income tax expense	938	215
Depreciation expense	3,162	2,195
Gain on disposal of plant and equipment	-	(11,051)
Finance income	(687)	(379)
Finance costs	883	703
Financial guarantee income provided to joint ventures	(158)	(104)
Impairment loss on plant and equipment	103	83
Impairment loss on trade receivables	384	426
Equity-settled share-based payment transactions	328	322
Share of results of joint ventures	(3,682)	(2,669)
Operating cash flow before working capital changes	15,351	12,220
Changes in working capital:		
Trade receivables and other assets	(10,107)	3,710
Trade and other payables	5,457	(475)
Cash generated from operating activities	10,701	15,455
Income tax paid	(499)	(143)
Net cash from operating activities	10,202	15,312
Cash flows from investing activities		
Purchase of plant and equipment	(60,189)	(7,714)
Purchase of asset held for sale	-	(11,670)
Proceeds from disposal of plant and equipment	-	78,644
Advance payments for purchase of plant and equipment	(23,151)	(5,549)
Deposit received from disposal of a subsidiary	25,000	-
Investments in joint ventures	(5,706)	(2,266)
Interest received	658	322
Net cash (used in)/from investing activities	(63,388)	51,767
Cash flows from financing activities		
Proceeds from borrowings	55,729	3,660
Repayment of borrowings	(7,920)	(52,044)
Release of deposits pledged	484	426
Net proceeds from issue of ordinary shares	75,411	94
Interest paid	(850)	(708)
Net cash from/(used in) financing activities	122,854	(48,572)
Net increase in cash and cash equivalents	69,668	18,507
Cash and cash equivalents at 1 January	58,064	68,135
Effect of exchange rate fluctuations	1,315	(1,173)
Cash and cash equivalents at end of the period	129,047	85,469
Breakdown of cash and cash equivalents at the end of period:-		
Cash and cash equivalents	133,654	92,450
Deposits pledged	(4,607)	(6,981)
	129,047	85,469

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	Redeemable exchangeable preference shares	Treasury shares	Foreign currency translation reserve	Statutory reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group							
At 1 January 2011	124,115	39,817	(102)	(11,085)	(6)	57,183	209,922
Total comprehensive income for the period	-	-	-	511	-	22,479	22,990
Issue of shares	94	-	-	-	-	-	94
Share-based payment transactions	-	-	-	-	-	322	322
At 31 March 2011	124,209	39,817	(102)	(10,574)	(6)	79,984	233,328
At 1 January 2012	124,209	39,817	(102)	(11,580)	(6)	115,995	268,333
Total comprehensive income for the period	-	-	-	1,283	-	14,080	15,363
Issue of shares	75,411	-	-	-	-	-	75,411
Exchange of redeemable preference shares	3,572	(3,572)	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-	328	328
At 31 March 2012	203,192	36,245	(102)	(10,297)	(6)	130,403	359,435

	Share capital	Treasury shares	Statutory reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Company					
At 1 January 2011	124,115	(102)	(6)	16,377	140,384
Total comprehensive income for the period	-	-	-	2,407	2,407
Issue of shares	94	-	-	-	94
Share-based payment transactions	-	-	-	322	322
At 31 March 2011	124,209	(102)	(6)	19,106	143,207
At 1 January 2012	124,209	(102)	(6)	38,606	162,707
Total comprehensive income for the period	-	-	-	8,942	8,942
Issue of shares	75,411	-	-	-	75,411
Exchange of redeemable preference shares	3,572	-	-	-	3,572
Share-based payment transactions	-	-	-	328	328
At 31 March 2012	203,192	(102)	(6)	47,876	250,960

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.

On 8 March 2012, the Company increased its issued and paid up capital from US\$124,209,000 to US\$199,620,000 (after deducting expenses) via the placement of 110,000,000 new ordinary shares at an issue price of S\$0.88 per share. The newly issued shares rank pari passu in all respects with the previously issued shares.

During the first quarter ended 31 March 2012, a total of 4,650,000 redeemable exchangeable preference shares in a subsidiary were exchanged by Subscriber at the exchange price of S\$0.6589 per shares, a total of 7,057,217 new ordinary shares were issued as a result of the redeemable exchangeable preference shares in a subsidiary. The Company increased its issued and paid up capital from US\$199,620,000 to US\$203,192,000 (after deducting expenses).

As at 31 March 2012, the share capital less treasury shares of the Company was 830,715,217 ordinary shares (831,285,217 issued ordinary shares less 570,000 treasury shares). As at 31 March 2011, the share capital less treasury shares of the Company was 713,658,000 ordinary shares (714,228,000 issued ordinary shares less 570,000 treasury shares).

As at 31 March 2012, there were 48,350,000 redeemable exchangeable preference shares (31 March 2011: 53,000,000) in a subsidiary available for exchange to 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 2012, the issued and paid up share capital excluding treasury shares of the Company comprised 830,715,217 (31 December 2011: 713,658,000) ordinary shares.

As at 31 March 2012, a subsidiary of the Company has 48,350,000 (31 December 2011: 53,000,000) 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 2012 = 570,000 shares
Purchase of treasury shares during the period = Nil
Transfer of treasury shares during the period = Nil
As at 31 March 2012 = 570,000 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 financial period as those applied for the audited financial statements for the year ended 31 December 2011.

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 adopted all the applicable new and revised Singapore Financial Reporting Standards ("FRS") including related interpretations ("INT FRS") which become effective for the financial statements of the Group and of the Company for the financial year ended 31 December 2011. The adoption of the new and revised FRS and INT FRS did not give rise to any adjustments to the opening balance of the accumulated profits of the Group and of the accumulated losses of the Company for the prior periods or changes in comparatives. The adoption of the new and revised FRS and INT FRS did not give rise to any significant changes to the financial statements.

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	
	3 months ended	
	31.03.2012	31.03.2011
(a) Based on weighted average number of ordinary shares in issue	1.89 cts	3.15 cts
(b) On a fully diluted basis	1.71 cts	2.83 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per shares	744,933,000	713,419,000
- Diluted earnings per share	823,154,000	793,856,000

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Group		Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on	43.27 cts	37.61 cts	30.21 cts	22.80 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

The Group's revenue for the three months ended 31 March 2012 ("1Q12") increased by US\$9.1 million (42.3%) to US\$30.6 million as compared to the corresponding three months of 2011 ("1Q11"). The increase in revenue was due mainly to:-

- i) the chartering contribution from the deployment of an additional unit of the Group's multi-purpose self-propelled jack-up rig ("Liftboat") for a 3 years charter in the Java Sea; and
- ii) the deployment of third party vessel in support of the Gorgon gas field in Australia.

The higher cost of sales and servicing was due mainly to the higher operating cost from the liftboat operation in the Java Sea and higher vessels maintenance cost as compared to the corresponding period 1Q11. The charter cost of third party vessel also contributed to the higher cost of sales and servicing.

As a result of the above, the Group's gross profit improved by US\$1.4 million (11.9%) to US\$13.6 million (1Q11: US\$12.1 million).

The lower other income in 1Q12 was due mainly to the absence of gain from disposal of Liftboat.

The increase in finance income was mainly due to increase in interest income from bank deposits and loan to joint ventures.

The increase in share of results of joint venture companies in 1Q12 was mainly due to the contribution from the Group's joint venture jack-up rig deployed in the North Sea.

Charter income derived from Singapore flagged vessels are exempted from tax under Section 13A of the Income Tax Act of Singapore. Current year income tax expense of US\$938,000 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\$406.7 million as at 31 March 2012. The increase in non-current assets was mainly due to the increase in progress payments for the Group's multi-purpose self-propelled jack-up rigs that are under construction. The increase in joint ventures was attributable to the positive share of joint ventures results and additional loan to joint ventures. The increase in other non-current assets was due to the reclassification of three of the Group's vessels which are on long term charters with purchase options granted.

Current Assets

The Group's current assets amounted to US\$233.4 million as at 31 March 2012. The increase was due to the increase in cash and bank balances as a result of the issuance of new ordinary shares in March 2012. Included in the other current assets were the advance payments and deposits made for the construction of vessels.

Total Liabilities

The Group's total liabilities amounted to US\$280.6 million as at 31 March 2012. The increase in non-current financial liabilities was mainly due to the additional drawdown of bank borrowings to finance the progress construction of the Group's multi-purpose self-propelled jack-up rigs. The increase in current liabilities was mainly due to deposit received from the disposal of a subsidiary that owns a unit of the Group's multi-purpose self-propelled jack-up rig . Included in other payables were the advance payments and performance deposits.

Total Equity

The increase in total equity was attributable mainly to the profit derived in 1Q12 and issuance of new ordinary shares.

STATEMENT OF CASH FLOWS REVIEW**Cash Flow from Operating Activities**

The Group's net cash inflow from operating activities was US\$10.2 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 outflow from investing activities was US\$63.4 million. This was mainly due to the progress payments made for the Group's multi-purpose self-propelled jack-up rigs and the deployment of funds towards the Group's joint ventures that own the jack-up rigs (collectively called "Service Rigs"). The increase in the net cash outflow from investing activities was partially offset by the deposit received by the Group for the disposal of a subsidiary that owns a unit of the Group's multi-purpose self-propelled jack-up rig.

Cash Flow from Financing Activities

The Group's net cash inflow from financing activities was US\$122.9 million which was resulted from the increase in bank borrowings to finance the progress payment of the Group's multi-purpose self-propelled jack-up rigs as well as the issuance of new ordinary shares.

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 4Q FY2011.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group expects more assets to be deployed in FY2012, these include Liftboats and Jack-up rigs. The Group is also expected to enjoy higher revenue from Australia with the commencement of the QCLNG project in the second quarter of the year. Leveraging on its track record and experience and existing business infrastructure, the Group will continue to pursue business opportunities to support LNG related projects in Australia and its vicinities. The Group will also continue to focus on the investment in Service Rigs to meet the strong demand from its customers in the oil and gas industry.

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/recommended, a statement to that effect

No dividend has been declared or recommended.

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.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	US\$'000	US\$'000
(A) Purchases Emas Offshore Pte Ltd Jit Sun Investments Pte Ltd	- 97	397 -
(B) Sales Fodemas Pte Ltd	-	4,095

BY ORDER OF THE BOARD

Lim Ka Bee
Company Secretary

9 May 2012

**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 2012 to be false or misleading in any material aspects.

On behalf of the Board of Directors

**Chew Thiam Keng
Executive Director & CEO**

**Captain Larry Glenn Johnson
Executive Director & COO**

9 May 2012