



Ezion Holdings Limited

(Company No.: 199904364E)

Third Quarter Financial Statement And Dividend Announcement For The Nine Months Ended 30 September 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 (Third quarter)			Group (Year-To-Date)		
	3 months ended 30.09.2012	3 months ended 30.09.2011	Incr/ (Decr) %	9 months ended 30.09.2012	9 months ended 30.09.2011	Incr/ (Decr) %
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	38,626	31,887	21.1	106,351	79,680	33.5
Cost of sales and servicing	(19,998)	(16,045)	24.6	(57,085)	(37,502)	52.2
Gross profit	18,628	15,842	17.6	49,266	42,178	16.8
Other income, net	427	628	(32.1)	15,077	11,797	27.8
Administrative expenses	(3,521)	(2,554)	37.9	(8,060)	(7,499)	7.5
Other operating expenses	(732)	(2,114)	(65.4)	(3,017)	(3,544)	(14.9)
Results from operating activities	14,802	11,802	25.4	53,266	42,932	24.1
Finance income	1,158	811	42.8	2,665	1,689	57.8
Finance costs	(2,515)	(776)	224.1	(4,673)	(2,030)	130.2
Net finance (costs)/income	(1,357)	35	N/M	(2,008)	(341)	488.9
Share of results of joint ventures, net of tax	4,068	2,056	97.9	10,415	7,336	42.0
Profit before income tax	17,513	13,893	26.1	61,673	49,927	23.5
Income tax expense	(1,411)	(953)	48.1	(3,360)	(2,298)	46.2
Profit for the period	16,102	12,940	24.4	58,313	47,629	22.4

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

	Group (Third quarter)			Group (Year-To-Date)		
	3 months ended 30.09.2012	3 months ended 30.09.2011	Incr/ (Decr) %	9 months ended 30.09.2012	9 months ended 30.09.2011	Incr/ (Decr) %
	US\$'000	US\$'000		US\$'000	US\$'000	
Other income including interest income, net	1,585	1,439	10.1	17,742	13,486	31.6
Interest on borrowings	(2,515)	(776)	224.1	(4,673)	(2,030)	130.2
Depreciation of plant and equipment	(3,912)	(2,579)	51.7	(9,606)	(6,971)	37.8
Impairment loss on trade receivables	(278)	(920)	(69.8)	(783)	(2,129)	(63.2)
Impairment loss on plant and equipment	-	-	N/M	(103)	(121)	(14.9)
Foreign exchange gain/(loss), net	363	(976)	N/M	(59)	(320)	(81.5)
Adjustment for over provision of tax in respect of prior year	-	-	N/M	40	81	(50.6)
Gain on disposal of subsidiary and plant and equipment	-	-	N/M	13,174	11,128	18.4

N/M - not meaningful

See note 8 for more explanation on the income statement review

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.09.2012 US\$'000	31.12.2011 US\$'000	30.09.2012 US\$'000	31.12.2011 US\$'000
Non-current assets				
Plant and equipment	648,897	270,804	616	538
Subsidiaries	-	-	416,282	157,127
Joint ventures	95,377	71,352	50,269	37,667
Other assets	10,298	852	3,202	1,907
	754,572	343,008	470,369	197,239
Current assets				
Trade receivables	45,115	32,164	161	2,587
Other current assets	80,645	32,047	18,300	9,021
Cash and cash equivalents	128,428	63,155	78,666	22,431
	254,188	127,366	97,127	34,039
Total assets	1,008,760	470,374	567,496	231,278
Equity attributable to owners of the Company				
Share capital	213,934	124,209	213,934	124,209
Perpetual securities	99,713	-	99,713	-
Redeemable exchangeable preference shares	25,949	39,817	-	-
Reserves	(9,132)	(11,688)	(108)	(108)
Retained earnings	174,388	115,995	67,319	38,606
Total equity	504,852	268,333	380,858	162,707
Non-current liabilities				
Financial liabilities	281,590	118,206	40,854	21,425
Notes payable	79,532	-	79,532	-
Other payables	12,084	2,000	12,010	13,630
	373,206	120,206	132,396	35,055
Current liabilities				
Trade payables	27,766	25,503	103	998
Other payables	34,374	12,457	38,800	22,541
Financial liabilities	62,343	39,480	11,357	6,892
Provision for taxation	6,219	4,395	3,982	3,085
	130,702	81,835	54,242	33,516
Total liabilities	503,908	202,041	186,638	68,571
Total equity and liabilities	1,008,760	470,374	567,496	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 30.09.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
61,335	1,008	36,934	2,546

Amount repayable after one year

As at 30.09.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
281,590	79,532	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 nine months ended 30 September 2012

	Group (Third quarter)			Group (Year-To-Date)		
	3 months ended	Incr/	9 months ended	Incr/		
	30.09.2012	(Decr)	30.09.2012	(Decr)		
	US\$'000	%	US\$'000	%		
Profit for the period	16,102	24.4	58,313	22.4		
Other comprehensive income						
Translation differences relating to financial statements of foreign operations	315	N/M	1,694	N/M		
Exchange differences on monetary items forming part of net investment in foreign operations	1,344	N/M	1,248	N/M		
Other comprehensive income for the period	<u>1,659</u>	<u>N/M</u>	<u>2,942</u>	<u>N/M</u>		
Total comprehensive income for the period	<u>17,761</u>	<u>64.2</u>	<u>61,255</u>	<u>30.2</u>		

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	
	9 months ended	
	30.09.2012	30.09.2011
	US\$'000	US\$'000
Cash flows from operating activities		
Profit for the period	58,313	47,629
Adjustments for:		
Income tax expense	3,360	2,298
Depreciation expense	9,606	6,971
Gain on disposal of subsidiary and plant and equipment	(13,174)	(11,128)
Finance income	(2,665)	(1,376)
Finance costs	4,673	2,030
Financial guarantee income provided to joint ventures	(442)	(313)
Impairment loss on plant and equipment	103	121
Impairment loss on trade receivables	783	2,129
Equity-settled share-based payment transactions	1,138	1,144
Share of results of joint ventures	(10,415)	(7,336)
Operating cash flow before working capital changes	51,280	42,169
Changes in working capital:		
Trade receivables and other assets	(15,648)	2,656
Trade and other payables	32,444	(10,664)
Cash generated from operating activities	68,076	34,161
Income tax paid	(1,546)	(1,265)
Net cash from operating activities	66,530	32,896
Cash flows from investing activities		
Purchase of plant and equipment	(453,505)	(103,100)
Purchase of asset held for sale	-	(11,670)
Proceeds from disposal of plant and equipment	2,583	85,644
Proceeds from disposal of subsidiary, net of cash disposed of	23,230	-
Advance payments for purchase of plant and equipment	(51,575)	(5,019)
Investments in joint ventures	(11,975)	(26,075)
Interest received	827	1,494
Net cash used in investing activities	(490,415)	(58,726)
Cash flows from financing activities		
Proceeds from borrowings	308,790	78,945
Repayment of borrowings	(71,236)	(65,963)
Proceeds from issuance of notes, net of transaction costs	76,232	-
Proceeds from issuance of perpetual securities, net of transaction costs	98,468	-
Release of deposits pledged	535	1,846
Net proceeds from issuance of ordinary shares	75,471	94
Dividend paid	(688)	(582)
Interest paid	(3,071)	(2,059)
Net cash from financing activities	484,501	12,281
Net increase/(decrease) in cash and cash equivalents	60,616	(13,549)
Cash and cash equivalents at 1 January	58,064	68,135
Effect of exchange rate fluctuations	5,192	(2,012)
Cash and cash equivalents at end of the period	123,872	52,574
Breakdown of cash and cash equivalents at the end of period:-		
Cash and cash equivalents	128,428	58,134
Deposits pledged	(4,556)	(5,560)
	123,872	52,574

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	Statutory reserve	Retained earnings	Total equity
	US\$'000	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	-	-	-	-	(579)	-	47,629	47,050
Translations with owners, recognised directly in equity								
Dividends	-	-	-	-	-	-	(582)	(582)
Issue of shares	94	-	-	-	-	-	-	94
Share-based payment transactions	-	-	-	-	-	-	1,144	1,144
At 30 September 2011	124,209	-	39,817	(102)	(11,664)	(6)	105,374	257,628
At 1 January 2012	124,209	-	39,817	(102)	(11,580)	(6)	115,995	268,333
Total comprehensive income for the period	-	-	-	-	2,942	-	58,313	61,255
Translations with owners, recognised directly in equity								
Dividends	-	-	-	-	-	-	(688)	(688)
Issue of shares	75,471	-	-	-	-	-	-	75,471
Issue of perpetual securities	-	99,713	-	-	-	-	-	99,713
Accrued perpetual securities distributions	-	-	-	-	-	-	(370)	(370)
Conversion of redeemable preference shares	14,254	-	(13,868)	-	(386)	-	-	-
Share-based payment transactions	-	-	-	-	-	-	1,138	1,138
At 30 September 2012	213,934	99,713	25,949	(102)	(9,024)	(6)	174,388	504,852
	Share capital	Perpetual securities	Treasury shares	Statutory reserve	Retained earnings	Total equity		
	US\$'000	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	-	-	-	-	8,824	8,824		
Translations with owners, recognised directly in equity								
Dividend paid	-	-	-	-	(582)	(582)		
Issue of shares	94	-	-	-	-	94		
Share-based payment transactions	-	-	-	-	1,144	1,144		
At 30 September 2011	124,209	-	(102)	(6)	25,763	149,864		
At 1 January 2012	124,209	-	(102)	(6)	38,606	162,707		
Total comprehensive income for the period	-	-	-	-	28,633	28,633		
Translations with owners, recognised directly in equity								
Dividends	-	-	-	-	(688)	(688)		
Issue of shares	75,471	-	-	-	-	75,471		
Issue of perpetual securities	-	99,713	-	-	-	99,713		
Accrued perpetual securities distributions	-	-	-	-	(370)	(370)		
Conversion of subsidiary's redeemable preference shares	14,254	-	-	-	-	14,254		
Share-based payment transactions	-	-	-	-	1,138	1,138		
At 30 September 2012	213,934	99,713	(102)	(6)	67,319	380,858		

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.

In March 2012, the Company increased its issued and paid up capital from US\$124,209,000 to US\$199,680,000 (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. The net proceeds from the placement shares which amounted to US\$75,471,000 were used for acquisition of offshore and marine assets.

In April 2012, a total of 17,950,000 redeemable exchangeable preference shares in a subsidiary were exchanged by Subscriber at the exchange price of S\$0.6589 per share, and a total of 27,242,373 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\$199,680,000 to US\$213,934,000 (after deducting expenses).

As at 30 September 2012, the share capital less treasury shares of the Company was 850,900,373 ordinary shares (851,470,373 issued ordinary shares less 570,000 treasury shares). As at 30 September 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 30 September 2012, there were 35,050,000 redeemable exchangeable preference shares (30 September 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 30 September 2012, the issued and paid up share capital excluding treasury shares of the Company comprised 850,900,373 (31 December 2011: 713,658,000) ordinary shares.

As at 30 September 2012, a subsidiary of the Company has 35,050,000 (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 30 September 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 reporting period as that of 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 has adopted the new and revised FRSs and Interpretation of FRS (INT FRS) that are effective for annual periods beginning 1 January 2012. The adoption of these new/revised FRS and INT FRSs did not have material effect on the financial performance or position of the Group.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group (Third quarter)		Group (Year-To-Date)	
	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
(a) Based on weighted average number of ordinary shares in issue	1.89 cts	1.81 cts	7.16 cts	6.67 cts
(b) On a fully diluted basis	1.75 cts	1.63 cts	6.62 cts	6.00 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per shares	850,900,000	713,658,000	814,636,000	713,580,000
- Diluted earnings per share	917,763,000	794,095,000	881,499,000	794,017,000

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

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

	Group		Company	
	30.09.2012	31.12.2011	30.09.2012	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	59.33 cts	37.60 cts	44.76 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 30 September 2012 ("3Q12") increased by US\$6.7 million (21.1%) to US\$38.6 million as compared to the corresponding three months of 2011 ("3Q11"). 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") and a unit of Jack-up Rig (collectively called "Service Rigs"); and
- ii) the higher contribution from the offshore logistic support vessels services with the commencement of the QCLNG project.

The cost of sales and servicing for 3Q12 increased by US\$3.9 million (24.6%) to US\$20 million as compared to the corresponding period. The higher cost of sales and servicing was attributable mainly to:-

- i) the higher operating cost from a Liftboat operation in the Java Sea;
- ii) the start up and preparation costs for deployment of new vessels;
- iii) the higher charter cost of third party vessels in support of the LNG projects in Australia; and
- iv) the higher charter cost from the sale and lease back of one of the Liftboats.

As a result of the above, the Group's gross profit improved by US\$2.8 million (17.6%) to US\$18.6 million (3Q11: US\$15.8 million).

The higher administrative expenses in 3Q12 corresponded to the increased business activities as well as increase in the staff strength. The lower other operating expenses was mainly due to lower impairment loss and higher gain in foreign exchange as compared to corresponding period.

The increase in finance income was mainly due to increase in interest income from bank deposits and loan to joint ventures, whereas the higher finance costs was due mainly to the accrued interest in relation to the issuance of S\$100 million notes under the Multicurrency Debt Issuance Programme.

The share of joint ventures' result were mainly derived from the Group's joint ventures in Australia and the Service Rigs.

Charter income derived from Singapore flagged vessels is exempted from tax under Section 13A of the Income Tax Act of Singapore. Current period income tax expense of US\$1.4 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\$754.6 million as at 30 September 2012. The increase in non-current assets was mainly due to the progress payments for the Group's Liftboats and Jack-up Rigs. The increase in joint ventures was attributable to the positive share of joint ventures results and additional loan granted to these joint ventures. The increase in other non-current assets was due to the reclassification of three of the Group's logistic vessels which are on long term charters with purchase options granted.

Current Assets

The Group's current assets amounted to US\$254.2 million as at 30 September 2012. The increase was due to the increase in cash and bank balances as a result of the issuance of notes and perpetual securities. 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\$503.9 million as at 30 September 2012. The increase in non-current financial liabilities was due mainly to the additional drawdown of bank borrowings to finance the progress construction of the Group's Liftboats and the purchase of Jack-up Rigs for conversion and refurbishment. 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 the period, issuance of new ordinary shares and perpetual securities. The perpetual securities are classified as equity instruments and recorded as equity.

STATEMENT OF CASH FLOWS REVIEW

Cash Flow from Operating Activities

The Group's net cash inflow from operating activities was US\$66.5 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\$490.4 million. This was mainly due to the progress payments made for the Group's Liftboats and the deployment of funds towards the purchase and refurbishment of the Group's Jack-up Rigs. The increase in the net cash outflow from investing activities was partially offset by the proceeds from the divestment of an interest in a subsidiary.

Cash Flow from Financing Activities

The Group's net cash inflow from financing activities was US\$484.5 million. This was mainly due to the increase in bank borrowings to finance the Group's Service Rigs as well as the issuance of new ordinary shares, notes and perpetual securities.

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 Q2 2012.

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 4Q 2012, these include Liftboats and Jack-up Rigs ("Service Rigs"). The Group is also expected to enjoy higher revenue from Australia with the commencement of the QCLNG project in the 4Q 2012. Leveraging on its track record, 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 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	-	7,966
Saigon Offshore Fabrication		
And Engineering Ltd	-	94
Jit Sun Investments Pte Ltd	352	-
(B) Sales		
Fodemas Pte Ltd	-	12,330

BY ORDER OF THE BOARD

Lim Ka Bee
Company Secretary

6 November 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 nine months ended 30 September 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**

6 November 2012