



Ezion Holdings Limited

(Company No.: 199904364E)

Third Quarter Financial Statement And Dividend Announcement For The Nine Months Ended 30 September 2014

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)			Incr/ (Decr)	Group (Year-To-Date)		
	3 months ended		%		9 months ended		Incr/ (Decr)
	30.09.2014	30.09.2013			30.09.2014	30.09.2013	
	US\$'000	US\$'000		US\$'000	US\$'000		
Revenue	94,870	76,179	24.5	281,939	198,206	42.2	
Cost of sales and servicing	(46,475)	(39,452)	17.8	(138,879)	(105,781)	31.3	
Gross profit	48,395	36,727	31.8	143,060	92,425	54.8	
Other income, net	5,913	1,944	204.2	9,246	26,502	(65.1)	
Administrative expenses	(4,573)	(4,842)	(5.6)	(12,973)	(12,757)	1.7	
Other operating expenses	(1,288)	(958)	34.4	(5,856)	(2,264)	158.7	
Results from operating activities	48,447	32,871	47.4	133,477	103,906	28.5	
Finance income	1,648	1,062	55.2	4,820	3,411	41.3	
Finance costs	(5,367)	(3,333)	61.0	(15,917)	(9,709)	63.9	
Net finance costs	(3,719)	(2,271)	63.8	(11,097)	(6,298)	76.2	
Share of results of associates and jointly controlled entities (net of tax)	5,707	8,148	(30.0)	19,880	24,910	(20.2)	
Profit before income tax	50,435	38,748	30.2	142,260	122,518	16.1	
Income tax expense	(983)	(565)	74.0	(2,212)	(1,940)	14.0	
Profit after income tax	49,452	38,183	29.5	140,048	120,578	16.1	
Non-controlling interest	(222)	14	N/M	(94)	14	(771.4)	
Profit for the period	49,230	38,197	28.9	139,954	120,592	16.1	

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

	Group (Third Quarter)			Incr/ (Decr)	Group (Year-To-Date)		
	3 months ended		%		9 months ended		Incr/ (Decr)
	30.09.2014	30.09.2013			30.09.2014	30.09.2013	
	US\$'000	US\$'000		US\$'000	US\$'000		
Other income including interest income, net	7,561	3,006	151.5	14,066	29,913	(53.0)	
Interest on borrowings	(5,367)	(3,333)	61.0	(15,917)	(9,709)	63.9	
Depreciation of plant and equipment	(26,188)	(12,307)	112.8	(73,391)	(29,032)	152.8	
Reversal of impairment loss/(Impairment losses) on trade receivables	7	(39)	N/M	21	998	(97.9)	
Foreign exchange gain/(loss), net	2,403	(147)	N/M	219	1,140	(80.8)	
Adjustment for overprovision/(underprovision) of tax in respect of prior year	-	85	N/M	(25)	74	N/M	
Gain on disposal of joint venture, assets held for sale, subsidiary and plant and equipment	-	(40)	N/M	-	17,698	N/M	

N/M - not meaningful

See note 8 for more explanation on the income statement review

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

	Group		Company	
	30.09.2014 US\$'000	31.12.2013 US\$'000	30.09.2014 US\$'000	31.12.2013 US\$'000
Non-current assets				
Plant and equipment	1,986,678	1,463,967	649	688
Subsidiaries	-	-	1,025,541	742,353
Joint ventures	131,562	188,149	52,081	71,483
Associates	14,089	6,127	10,641	6,220
Other assets	23,279	5,173	11,401	143
	2,155,608	1,663,416	1,100,313	820,887
Current assets				
Trade receivables	152,636	107,142	6,076	5,297
Other current assets	131,337	106,542	23,208	19,456
Cash and cash equivalents	332,936	165,978	259,296	119,162
	616,909	379,662	288,580	143,915
Total assets	2,772,517	2,043,078	1,388,893	964,802
Equity				
Share capital	535,601	345,537	535,601	345,537
Perpetual securities	97,678	97,678	97,678	97,678
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	(15,363)	(13,273)	(1,299)	(108)
Retained earnings	481,711	346,936	107,551	94,521
Equity attributable to owners of the Company	1,123,091	800,342	739,531	537,628
Non-controlling interests	(43)	(94)	-	-
Total equity	1,123,048	800,248	739,531	537,628
Non-current liabilities				
Financial liabilities	860,294	652,030	110,855	88,522
Notes payable	327,385	210,786	328,576	210,786
Other payables	39,025	3,670	20,726	16,736
	1,226,704	866,486	460,157	316,044
Current liabilities				
Trade payables	59,740	69,104	197	252
Other payables	51,354	77,358	119,943	42,386
Financial liabilities	303,907	223,089	64,325	64,688
Provision for taxation	7,764	6,793	4,740	3,804
	422,765	376,344	189,205	111,130
Total liabilities	1,649,469	1,242,830	649,362	427,174
Total equity and liabilities	2,772,517	2,043,078	1,388,893	964,802

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 30.09.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
264,157	39,750	193,339	29,750

Amount repayable after one year

As at 30.09.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
860,294	327,385	652,030	210,786

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 30 September 2014

	Group (Third Quarter)			Group (Year-To-Date)		
	3 months ended	Incr/		9 months ended	Incr/	
	30.09.2014	30.09.2013	(Decr)	30.09.2014	30.09.2013	(Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit after tax	49,452	38,183	29.5	140,048	120,578	16.1
Other comprehensive income						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Translation differences relating to financial statements of foreign operations	781	813	N/M	257	586	N/M
Exchange differences on monetary items forming part of net investment in foreign operations	(5,465)	(3,085)	77.1	(1,419)	(3,265)	(56.5)
Effective portion of changes in fair value of cash flow hedges	205	-	N/M	(967)	-	N/M
Other comprehensive income for the period	(4,479)	(2,272)	97.1	(2,129)	(2,679)	(20.5)
Total comprehensive income for the period	44,973	35,911	25.2	137,919	117,899	17.0
Attributable to:						
Owners of the Company	44,751	35,897	24.7	137,868	117,885	17.0
Non-controlling interests	222	14	N/M	51	14	264.3
	44,973	35,911	25.2	137,919	117,899	17.0

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 (Third Quarter)		Group (Year-To-Date)	
	3 months ended		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit after tax	49,452	38,183	140,048	120,578
Adjustments for:				
Income tax expense	983	565	2,212	1,940
Depreciation expense	26,188	12,307	73,391	29,032
Net (gain)/loss on disposal of joint venture, assets held for sales and plant and equipment	(825)	40	(825)	(17,698)
Finance income	(1,648)	(1,062)	(4,820)	(3,411)
Finance costs	5,367	3,333	15,917	9,709
Financial guarantee income provided to joint ventures	(3,357)	(1,185)	(4,925)	(2,984)
(Reversal of impairment loss)/Impairment loss on trade receivables	(7)	39	(21)	(998)
Equity-settled share-based payment transactions	537	454	1,572	1,273
Share of results of associates and jointly controlled entities	(5,707)	(8,148)	(19,880)	(24,910)
Operating cash flow before working capital changes	70,983	44,526	202,669	112,531
Changes in working capital:				
Trade receivables and other assets	5,784	(13,338)	(37,097)	(44,928)
Trade and other payables	(4,284)	(3,028)	(25,713)	17,109
Cash generated from operating activities	72,483	28,160	139,859	84,712
Income tax paid	(592)	(629)	(1,338)	(1,886)
Net cash from operating activities	71,891	27,531	138,521	82,826
Cash flows from investing activities				
Purchase of plant and equipment	(169,222)	(160,563)	(344,079)	(542,184)
Proceeds from disposal of plant and equipment	7,000	3,168	7,000	13,604
Proceeds from disposal of assets held for sale	-	-	-	2,350
Proceeds from disposal of joint venture	-	-	-	35,791
Proceeds from disposal of subsidiary, net cash disposed of	-	242	-	242
Acquisition of subsidiary, net of cash acquired	16,495	(2)	(26,443)	(3,477)
Advance payments for purchase of plant and equipment	(27,342)	23,341	(49,920)	(14,202)
Investments in joint ventures	5,448	(1,081)	21,531	(30,923)
Investments in associate	3	57	(4,417)	(1,155)
Investment in available-for-sale investment	-	-	(11,267)	-
Interest received	847	1,313	2,527	1,583
Net cash used in investing activities	(166,771)	(133,525)	(405,068)	(538,371)
Cash flows from financing activities				
Proceeds from borrowings	135,800	121,188	289,971	362,558
Repayment of borrowings	(46,579)	(20,583)	(113,682)	(48,444)
Proceeds from issuance of notes, net of transaction costs	-	47,103	198,147	136,230
Net proceeds from issuance of ordinary shares	(20)	(2,296)	157,494	73,964
Net proceeds from issuance of redeemable exchangeable preference shares	-	23,109	-	23,109
Repayment of notes	(1,355)	-	(79,694)	-
Release of deposits pledged	-	11	-	1,414
Dividend paid	-	-	(959)	(779)
Interest paid	(2,815)	(3,466)	(15,271)	(11,043)
Net cash from financing activities	85,031	165,066	436,006	537,009
Net increase in cash and cash equivalents	(9,849)	59,072	169,459	81,464
Cash and cash equivalents at beginning of the period	352,528	151,117	165,978	133,497
Effect of exchange rate fluctuations	(9,743)	(1,232)	(2,501)	(6,004)
Cash and cash equivalents at end of the period	332,936	208,957	332,936	208,957
Breakdown of cash and cash equivalents at the end of period:-				
Cash and cash equivalents	332,936	208,957	332,936	208,957
Deposits pledged	-	-	-	-
	332,936	208,957	332,936	208,957

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 interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group											
At 1 January 2013	260,499	97,678	11,126	(102)	(9,733)	-	(6)	193,387	552,849	-	552,849
Total comprehensive income for the period	-	-	-	-	(2,679)	-	-	120,564	117,885	14	117,899
Translations with owners, recognised directly in equity											
Dividends	-	-	-	-	-	-	-	(779)	(779)	-	(779)
Issue of shares	73,964	-	-	-	-	-	-	-	73,964	-	73,964
Exchange of redeemable preference shares	-	-	23,109	-	-	-	-	-	23,109	-	23,109
Disposal of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(69)	(69)
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(5,810)	(5,810)	-	(5,810)
Share-based payment transactions	-	-	-	-	-	-	-	1,273	1,273	-	1,273
At 30 September 2013	334,463	97,678	34,235	(102)	(12,412)	-	(6)	308,635	762,491	(55)	762,436
At 1 January 2014	345,537	97,678	23,464	(102)	(12,495)	(670)	(6)	346,936	800,342	(94)	800,248
Total comprehensive income for the period	-	-	-	-	(1,162)	(967)	-	139,997	137,868	51	137,919
Translations with owners, recognised directly in equity											
Dividends	-	-	-	-	-	-	-	(959)	(959)	-	(959)
Issue of shares	190,064	-	-	-	-	-	-	-	190,064	-	190,064
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(5,796)	(5,796)	-	(5,796)
Share-based payment transactions	-	-	-	-	-	-	-	1,572	1,572	-	1,572
At 30 September 2014	535,601	97,678	23,464	(102)	(13,657)	(1,637)	(6)	481,750	1,123,091	(43)	1,123,048
	Share capital	Perpetual securities	Treasury shares	Hedging reserve	Statutory reserve	Retained earnings	Total equity				
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000				
Company											
At 1 January 2013					260,499	97,678	(102)	-	(6)	68,898	426,967
Total comprehensive income for the period					-	-	-	-	-	6,267	6,267
Translations with owners, recognised directly in equity											
Dividends					-	-	-	-	-	(779)	(779)
Issue of shares					73,964	-	-	-	-	-	73,964
Accrued perpetual securities distributions					-	-	-	-	-	(5,810)	(5,810)
Share-based payment transactions					-	-	-	-	-	1,273	1,273
At 30 September 2013					334,463	97,678	(102)	-	(6)	69,849	501,882
At 1 January 2014					345,537	97,678	(102)	-	(6)	94,521	537,628
Total comprehensive income for the period					-	-	-	(1,191)	-	18,213	17,022
Translations with owners, recognised directly in equity											
Dividends					-	-	-	-	-	(959)	(959)
Issue of shares					190,064	-	-	-	-	-	190,064
Accrued perpetual securities distributions					-	-	-	-	-	(5,796)	(5,796)
Share-based payment transactions					-	-	-	-	-	1,572	1,572
At 30 September 2014					535,601	97,678	(102)	(1,191)	(6)	107,551	739,531

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 2014, the Company issued 18,392,046 new ordinary shares at an issue price of S\$2.2407 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 approximately US\$32.5 million (equivalent to S\$41,211,057) was used to acquire the aggregate of 1,100,000 shares in the issued share capital of Teras Conquest 4 Pte Ltd, which represented 100% of the issued and paid-up share capital of the Teras Conquest 4 Pte Ltd.

During second quarter of 2014, the Company issued 100,000,000 new ordinary shares at an issue price of S\$1.94 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 approximately US\$151.3 million is meant for acquisition of offshore and marine assets and for general working capital.

During second quarter of 2014, the Company issued 1,848,862 new ordinary shares at an issue price of S\$2.0445 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 approximately US\$3 million was used to acquire the aggregate of 42,000,000 shares in the issued share capital of JK Tech Holdings Limited, which represented 29.8% of the enlarged issued and paid-up share capital of JK Tech Holdings Limited, excluding treasury shares.

During second quarter of 2014, 10,042,200 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.

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 at 30 September 2014, the share capital less treasury shares of the Company was 1,578,135,687 ordinary shares (1,578,819,687 issued ordinary shares less 684,000 treasury shares). As at 30 September 2013, the share capital less treasury shares of the Company was 963,197,103 ordinary shares (963,767,103 issued ordinary shares less 570,000 treasury shares).

As at 30 September 2014, there were 300 redeemable exchangeable preference shares ("REPS II") in a subsidiary available for exchange to 19,787,830 ordinary shares of the Company and as at 30 September 2013, there were 15,900,000 redeemable exchangeable preference shares ("REPS I") in a subsidiary available for exchange to 28,993,435 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 2014, the issued and paid up share capital excluding treasury shares of the Company comprised 1,578,135,687 (31 December 2013: 1,184,829,936) ordinary shares.

As at 30 September 2014, subsidiary of the Company has 300 (31 December 2013: 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 2014 = 570,000 shares

Purchase of treasury shares during the period = Nil

Transfer of treasury shares during the period = Nil

Issue of bonus treasury shares during the period = 114,000 shares

As at 30 September 2014 = 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 2013.

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 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.

The Group has adopted the new and revised FRSs and Interpretation of FRS (INT FRS) that are effective for financial periods beginning 1 January 2014. 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 (Third Quarter) 3 months ended		Group (Year-To-Date) 9 months ended	
	30.09.2014	30.09.2013 Restated	30.09.2014	30.09.2013 Restated
(a) Based on weighted average number	3.63 cts	2.75 cts	10.96 cts	8.83 cts
(b) On a fully diluted basis	3.55 cts	2.67 cts	10.71 cts	8.45 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per shares	1,360,856,000	1,386,960,000	1,276,731,000	1,365,552,000
- Diluted earnings per share	1,391,149,000	1,430,048,000	1,307,024,000	1,427,600,000

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	
	30.09.2014	31.12.2013 Restated	30.09.2014	31.12.2013 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	71.16 cts	56.29 cts	46.86 cts	37.81 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 2014 ("3Q14") increased by US\$18.7 million (24.5%) to US\$94.9 million as compared to the corresponding three months ended 30 September 2013 ("3Q13"). The increase in revenue was mainly due to the chartering contribution from the deployment of additional units of the Group's multi-purpose self-propelled jack-up rig ("Liftboat") and Jack-up Rig (collectively called "Service Rigs").

The cost of sales and servicing for 3Q14 increased by US\$7.0 million (17.8%) to US\$46.5 million as compared to 3Q13. The increase corresponded with the increase in business activities.

As a result of the above, the Group's gross profit for 3Q14 improved by US\$11.7 million (31.8%) to US\$48.4 million as compared to 3Q13.

The higher other income was mainly contributed by higher foreign exchange gain and fee charged to joint ventures.

The higher other operating expenses in 3Q14 corresponded to the increased business activities.

The increase in finance costs in 3Q14 was due mainly to additional interest expense for the funding of newly acquired and delivered Service Rigs.

The lower share of associates and jointly controlled entities' results in 3Q14 as compared to 3Q13 were mainly due to acquisition of the remaining issued share capital of jointly controlled entities and becoming fully owned subsidiaries of the Group, which is consolidated.

Profit before income tax increased by US\$11.7 million (30.2%) to US\$50.4 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\$1.0 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\$2,155.6 million as at 30 September 2014. The increase in Non-current Assets was mainly due to the acquisition and refurbishment of the Group's Service Rigs. The decrease in Joint Ventures was attributable to the acquisition of the remaining issued share capital of jointly controlled entities and becoming fully owned subsidiaries of the Group and repayments of loans provided to the jointly controlled entities during the financial period ended 30 September 2014. Aside from the share of profits from associates, the increase in Associates and Other Assets was due to the subscription for shares in JK Tech Holdings Limited and AusGroup Limited, respectively.

Current Assets

The Group's Current Assets amounted to US\$616.9 million as at 30 September 2014. The increase was due to an increase in Trade Receivables from the deployment of additional units of the Group's Service Rigs, Cash and Bank balances as a result of the cash flow generated from operations, proceeds from issuance of notes and issuance of new ordinary shares to a strategic investor in 2Q14. 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\$1,649.5 million as at 30 September 2014. The increase in Non-current Financial Liabilities was due mainly to the issuance of notes and additional drawdown of bank borrowings to finance the progress construction, acquisition, 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 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 for 3Q14 increased by US\$71.9 million to US\$138.5 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 used in investing activities for 3Q14 increased by US\$166.8 million to US\$405.1 million. This was mainly due to the progress payments made and the deployment of funds towards the purchase and refurbishment of the Group's Service Rigs. The net cash used in investing activities was partially offset by proceeds from repayments of loans from joint ventures.

Cash Flow from Financing Activities

The Group's net cash inflow from financing activities increased by US\$85.0 million to US\$436.0 million. This was mainly due to the increase in bank borrowings to finance the Group's Service Rigs, partially offset by repayments of bank borrowings.

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 2Q14.

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.

While there has been recent weakness in the prices of fossil fuel, the management continues to observe the requirement on assets and services related to platform and well related works in the Group's existing market such as Asia Pacific, Middle East, West Africa and Europe. The Group will continue to focus its effort on growing its Service Rig division. With the successful restructuring on its port and marine supply base business in Australia with AusGroup Limited in 4Q14, the Group will have a strengthened balance sheet and management focus to further grow its Service Rig business. Ezion expects more of its service rigs to be deployed in 4Q14 and will also endeavour to look for opportunity to make strategic acquisition to further enhance its business.

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.

BY ORDER OF THE BOARD

Lim Ka Bee
Company Secretary

6 November 2014

**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 2014 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 2014