



Ezion Holdings Limited

(Company No.: 199904364E)

First Quarter Financial Statement And Dividend Announcement For The Three Months Ended 31 March 2016

PART1- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1 (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (First Quarter) 3 months ended		Incr/ (Decr) %
	31.03.2016 US\$'000	31.03.2015 US\$'000	
Revenue	82,090	90,119	(8.9)
Cost of sales and servicing	(61,416)	(48,612)	26.3
Gross profit	20,674	41,507	(50.2)
Other income, net	13,855	2,117	554.5
Administrative expenses	(3,922)	(4,515)	(13.1)
Other operating expenses	(15,652)	(1,329)	N/M
Results from operating activities	14,955	37,780	(60.4)
Finance income	1,086	1,119	(2.9)
Finance costs	(8,695)	(5,765)	50.8
Net finance costs	(7,609)	(4,646)	63.8
Share of results of associates and jointly controlled entities (net of tax)	8,217	8,161	0.7
Profit before income tax	15,563	41,295	(62.3)
Income tax expense	(75)	(285)	(73.7)
Profit after income tax	15,488	41,010	(62.2)
Non-controlling interests	-	-	N/M
Profit for the period	15,488	41,010	(62.2)

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

	Group (First Quarter) 3 months ended		Incr/ (Decr) %
	31.03.2016 US\$'000	31.03.2015 US\$'000	
Other income including interest income, net	14,941	3,236	361.7
Interest on borrowings	(8,695)	(5,765)	50.8
Depreciation of plant and equipment	(35,596)	(29,863)	19.2
Foreign exchange (loss)/gain, net	(14,608)	694	N/M
Gain on disposal of assets held for sale	13,146	-	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	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Plant and equipment	2,306,646	2,284,117	499	567
Subsidiaries	-	-	1,287,238	1,227,226
Joint ventures	143,686	131,354	52,064	51,759
Associates	86,172	72,621	66,851	53,982
Other assets	7,818	11,566	118	121
	2,544,322	2,499,658	1,406,770	1,333,655
Current assets				
Trade receivables	200,741	193,247	8,059	8,077
Other current assets	114,574	80,188	53,755	48,861
Assets held for sale	51,355	105,553	-	-
Cash and cash equivalents	206,340	229,756	149,608	188,382
	573,010	608,744	211,422	245,320
Total assets	3,117,332	3,108,402	1,618,192	1,578,975
Equity				
Share capital	549,097	536,368	549,097	536,368
Perpetual securities	116,499	116,499	116,499	116,499
Redeemable exchangeable preference shares	23,464	23,464	-	-
Reserves	(30,078)	(32,323)	(4,095)	(2,915)
Retained earnings	611,370	597,302	87,849	89,508
Total equity	1,270,352	1,241,310	749,350	739,460
Non-current liabilities				
Financial liabilities	853,254	851,101	132,541	137,312
Notes payable	396,820	378,691	396,820	378,691
Other payables	32,997	35,954	130,993	90,185
Deferred tax liabilities	456	449	-	-
	1,283,527	1,266,195	660,354	606,188
Current liabilities				
Trade payables	117,221	126,165	215	40
Other payables	51,712	50,091	63,640	93,896
Liabilities due to assets held for sale	18,114	42,658	-	-
Financial liabilities	369,743	375,254	140,923	135,689
Provision for taxation	6,663	6,729	3,710	3,702
	563,453	600,897	208,488	233,327
Total liabilities	1,846,980	1,867,092	868,842	839,515
Total equity and liabilities	3,117,332	3,108,402	1,618,192	1,578,975

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 31.03.2016		As at 31.12.2015	
Secured*	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
276,766	111,091	309,821	108,091

Amount repayable after one year

As at 31.03.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
840,595	409,479	849,832	379,960

* Included in the secured amount repayable in one year or less, or on demand are Liabilities Due To Assets Held For Sale secured with the Assets 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 2016

	Group (First Quarter) 3 months ended		Incr/ (Decr)
	31.03.2016	31.03.2015	(Decr)
	US\$'000	US\$'000	%
Profit after tax	15,488	41,010	(62.2)
Other comprehensive income			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Translation differences relating to financial statements of foreign operations	2,766	(913)	N/M
Share of foreign currency translation differences of associates	(963)	561	N/M
Exchange differences on monetary items forming part of net investment in foreign operations	1,602	(3,709)	N/M
Effective portion of changes in fair value of cash flow hedges	(1,160)	(1,274)	(8.9)
Other comprehensive income for the period	2,245	(5,335)	N/M
Total comprehensive income for the period	17,733	35,675	(50.3)
Attributable to:			
Owners of the Company	17,733	35,675	(50.3)

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	
	31.03.2016	31.03.2015
	US\$'000	US\$'000
Cash flows from operating activities		
Profit after tax	15,488	41,010
Adjustments for:		
Income tax expense	75	285
Depreciation expense	35,596	29,863
Gain on disposal of assets held for sale	(13,146)	-
Finance income	(1,086)	(1,119)
Finance costs	8,695	5,765
Financial guarantee income provided to joint ventures	(279)	(847)
Equity-settled share-based payment transactions	457	491
Share of results of associates and jointly controlled entities	(8,217)	(8,161)
Operating cash flow before working capital changes	37,583	67,287
Changes in working capital:		
Trade receivables and other assets	(5,565)	6,193
Trade and other payables	(1,001)	1,428
Cash generated from operating activities	31,017	74,908
Income tax paid	(141)	(748)
Net cash from operating activities	30,876	74,160
Cash flows from investing activities		
Purchase of plant and equipment	(21,161)	(50,217)
Advance payments for purchase of plant and equipment	(392)	(63,382)
Investments in joint ventures	(3,499)	(358)
Interest received	524	671
Net cash used in investing activities	(24,528)	(113,286)
Cash flows from financing activities		
Proceeds from borrowings	31,766	84,164
Repayment of borrowings	(60,287)	(47,805)
Net proceeds from issuance of ordinary shares	-	65
Interest paid	(8,302)	(9,324)
Net cash (used in)/from financing activities	(36,823)	27,100
Net decrease in cash and cash equivalents	(30,475)	(12,026)
Cash and cash equivalents at beginning of the period	229,756	371,510
Effect of exchange rate fluctuations	7,059	(14,501)
Cash and cash equivalents at end of the period	206,340	344,983

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

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Treasury shares	Foreign currency translation reserve	Hedging reserve	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group											
At 1 January 2015	535,654	211,874	23,464	(102)	(20,218)	(1,098)	(6)	563,059	1,312,627	(6)	1,312,621
Total comprehensive income for the period	-	-	-	-	(4,061)	(1,274)	-	41,010	35,675	-	35,675
Translations with owners, recognised directly in equity											
Issue of shares	65	-	-	-	-	-	-	-	65	-	65
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(3,620)	(3,620)	-	(3,620)
Share-based payment transactions	-	-	-	-	-	-	-	491	491	-	491
At 31 March 2015	535,719	211,874	23,464	(102)	(24,279)	(2,372)	(6)	600,940	1,345,238	(6)	1,345,232
At 1 January 2016	536,368	116,499	23,464	(1,480)	(29,333)	(1,504)	(6)	597,302	1,241,310	-	1,241,310
Total comprehensive income for the period	-	-	-	-	3,405	(1,160)	-	15,488	17,733	-	17,733
Translations with owners, recognised directly in equity											
Issue of shares	12,729	-	-	-	-	-	-	-	12,729	-	12,729
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(1,877)	(1,877)	-	(1,877)
Share-based payment transactions	-	-	-	-	-	-	-	457	457	-	457
At 31 March 2016	549,097	116,499	23,464	(1,480)	(25,928)	(2,664)	(6)	611,370	1,270,352	-	1,270,352
	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 2015				535,654	211,874	(102)	(872)	(6)	140,734		887,282
Total comprehensive income for the period				-	-	-	(1,282)	-	7,408		6,126
Translations with owners, recognised directly in equity											
Issue of shares				65	-	-	-	-	-		65
Accrued perpetual securities distributions				-	-	-	-	-	(3,620)		(3,620)
Share-based payment transactions				-	-	-	-	-	491		491
At 31 March 2015				535,719	211,874	(102)	(2,154)	(6)	145,013		890,344
At 1 January 2016				536,368	116,499	(1,480)	(1,429)	(6)	89,508		739,460
Total comprehensive income for the period				-	-	-	(1,180)	-	(239)		(1,419)
Translations with owners, recognised directly in equity											
Issue of shares				12,729	-	-	-	-	-		12,729
Accrued perpetual securities distributions				-	-	-	-	-	(1,877)		(1,877)
Share-based payment transactions				-	-	-	-	-	457		457
At 31 March 2016				549,097	116,499	(1,480)	(2,609)	(6)	87,849		749,350

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During first quarter of 2016, the Company issued 17,497,813 new ordinary shares at an issue price of S\$1.0287 per share. The newly issued shares rank pari passu in all respects with the previously issued shares. The net proceeds from the placement of the shares which amounted to approximately US\$12.8 million was used to acquire the aggregate of 321,429 shares in the issued share capital of Rotating Offshore Solutions Pte Ltd, which represented 30% of the enlarged issued and paid-up share capital of Rotating Offshore Solutions Pte Ltd.

As at 31 March 2016, the share capital less treasury shares of the Company was 1,595,254,740 ordinary shares (1,598,438,740 issued ordinary shares less 3,184,000 treasury 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 2016 and 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.

- 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 2016, the issued and paid up share capital excluding treasury shares of the Company comprised 1,595,254,740 (31 December 2015: 1,577,756,927) ordinary shares.

As at 31 March 2016, subsidiary of the Company has 300 (31 December 2015: 300) redeemable exchangeable preference shares outstanding.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The movement of treasury shares are as follows:

As at 1 January 2016 = 3,184,000 shares

Purchase of treasury shares during the period = Nil

Transfer of treasury shares during the period = Nil

As at 31 March 2016 = 3,184,000 shares

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed under item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new and revised FRSs and Interpretation of FRS (INT FRS) that are effective for financial periods beginning 1 January 2016. The adoption of these new and revised FRS and INT FRSs did not have material effect on the financial performance or position of the Group.

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

	Group (First Quarter) 3 months ended	
	31.03.2016	31.03.2015
(a) Based on weighted average number	0.97 cts	2.60 cts
(b) On a fully diluted basis	0.84 cts	2.32 cts

Note :

Weighted average ordinary shares for calculation of:

- Basic earnings per share	1,593,909,000	1,578,516,000
- Diluted earnings per share	1,617,354,000	1,609,131,000

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	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period reported on	79.63 cts	78.68 cts	46.97 cts	46.87 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

1Q16 vs 1Q15

The Group's revenue for the three months ended 31 March 2016 ("1Q16") decreased by US\$8.0 million (8.9%) to US\$82.1 million as compared to the corresponding three months ended 31 March 2015 ("1Q15"). The decrease in revenue was mainly due to the absence of contribution from the projects in Queensland, Australia that did not go into additional trains as originally planned and a few multi-purpose self-propelled jack-up rigs and Jack-up Rigs (collectively called "Service Rigs") that underwent modifications and routine class surveys.

The cost of sales and servicing for 1Q16 increased by US\$12.8 million (26.3%) to US\$61.4 million as compared to 1Q15. The increase was due to the deployment of additional Service Rigs.

As a result of the above, the Group's gross profit for 1Q16 decreased by US\$20.8 million (50.2%) to US\$20.7 million as compared to 1Q15.

The increase in other income in 1Q16 as compared to 1Q15 was mainly due to gain arising from the completion of the sale of an asset held for sale.

The decrease in administrative expenses in 1Q16 was mainly due to reduction in the variable component of staff costs as compared to 1Q15.

The increase in other operating expenses in 1Q16 as compared to 1Q15 was mainly due to the strengthening of the Singapore Dollar against the United States Dollar as at 31 March 2016 and this resulted in foreign exchange losses on the Group's Notes Payable.

Profit before income tax decreased by US\$25.7 million (62.3%) to US\$15.5 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\$75,000 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\$2,544.3 million as at 31 March 2016. The increase in Non-current Assets was mainly due to the construction and refurbishment of the Group's Service Rigs. The increase in Joint Ventures was attributable to the share of results of joint ventures, net of tax during the three months ended 31 March 2016. The increase in Associates was due to the Group's investment in Rotating Offshore Solutions Pte Ltd, which amounted to US\$12.8 million in January 2016.

Current Assets

The Group's Current Assets amounted to US\$573.0 million as at 31 March 2016. The decrease was mainly due to the disposal of an asset held for sale offset against the increase of Other Current Assets which include advance payments and deposits made for the construction of Service Rigs.

Total Liabilities

The Group's Total Liabilities amounted to US\$1,847.0 million as at 31 March 2016. The decrease in Total Liabilities was due mainly to the completion of the sale of an asset held for sale. Included in Other Payables were the advance payments and performance deposits received.

Total Equity

The increase in Total Equity was attributable mainly 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\$30.9 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\$24.5 million. This was mainly due to the progress payments made and the deployment of funds towards the construction and refurbishment of the Group's Service Rigs.

Cash Flow from Financing Activities

The Group's net cash used in financing activities was US\$36.8 million. This was mainly due to the repayment of bank borrowings during the period. This is partially offset by increase in bank borrowings to finance the Group's Service Rigs.

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 4Q15.

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 operating environment is expected to remain difficult in view of the depressed state of the Offshore Oil and Gas and Marine sector.

The Management expects that the Group's performance for the next six months will continue to be affected by this. The Group will focus on and expedite putting several of its assets back to service and will also be working on deploying a few other assets for alternative use to minimise the impact.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

Not applicable

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There was no interested person transaction during the period under review. The Company has not obtained a general mandate from shareholders for interested person transaction.

- 14. Confirmation of undertakings from Directors and Executive Officers**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

BY ORDER OF THE BOARD

Lee Tiong Hock
Company Secretary

12 May 2016

**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 2016 to be false or misleading in any material aspects.

On behalf of the Board of Directors

**Chew Thiam Keng
Executive Director & CEO**

**Dr Wang Kai Yuen
Chairman & Non-executive Director**

12 May 2016