

Second Quarter and Half Year Financial Statement And Dividend Announcement for the Financial Period Ended 30 June 2015

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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

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

	The Group					
	2Q 2015 S\$'000	2Q 2014 S\$'000	Change %	1H 2015 S\$'000	1H 2014 S\$'000	Change %
Revenue	21,582	16,297	32	43,014	31,646	36
Cost of sales	(15,459)	(11,169)	38	(30,576)	(21,308)	43
Gross Profit	6,123	5,128	19	12,438	10,338	20
Other income	141	149	(5)	779	700	11
Interest income	-	-	NM	1	1	0
Marketing and distribution expenses	(182)	(255)	(29)	(364)	(582)	(37)
Administrative expenses	(4,344)	(4,222)	3	(9,195)	(8,684)	6
Other operating expenses	(906)	(697)	30	(1,171)	(1,386)	(16)
Finance costs	(758)	(48)	1479	(1,541)	(107)	1340
Profit before tax	74	55	35	947	280	238
Income tax credit	99	34	191	145	88	65
Profit for the period	173	89	94	1,092	368	197
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(138)	(67)	106	417	(212)	NM
Net change in fair value reserve of available-for-sale	80	(531)	NM	(116)	198	NM
Other comprehensive income for the period, net of tax	(58)	(598)	(90)	301	(14)	NM
Total comprehensive income for the period	115	(509)	NM	1,393	354	294
Profit attributable to:						
Owners of the company						
- Profit after tax	173	89	94	1,092	368	197
	173	89	94	1,092	368	197
Total comprehensive income attributable to:						
Owners of the company						
- Profit after tax	115	(509)	NM	1,393	354	294
	115	(509)	NM	1,393	354	294

Note

Profit before tax is derived at after

Crediting/(charging) :

Depreciation of property, plant and equipment	(354)	(353)	NM	(701)	(711)	(1)
Amortisation of intangible assets	(183)	(282)	(35)	(365)	(564)	(35)
Gain/(Loss) on disposal of plant and equipment	2	(3)	NM	63	10	530
(Loss)/Gain on foreign exchange	(359)	(22)	1532	421	(34)	NM
Trade receivables written off	-	(5)	(100)	-	(5)	(100)
Property, plant and equipment written off	-	-	NM	-	(2)	(100)
Impairment loss on other receivables	-	-	NM	(70)	-	NM
Reversal/(Write down) of inventory	3	(31)	NM	(21)	(62)	(66)
Reversal of foreseeable losses	-	-	NM	-	24	(100)
Gain on derivative liability	44	-	NM	59	-	NM

NM: Not meaningful

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

	The Group		The Company	
	S\$'000		S\$'000	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
Equity attributable to equity holders of the company				
Share capital	94,844	94,844	94,844	94,844
Treasury shares	(468)	(543)	(468)	(543)
Reserves	3,657	3,575	(16,185)	(13,181)
Total equity	98,033	97,876	78,191	81,120
Non-current assets				
Property, plant and equipment	26,342	24,983	56	70
Investment in subsidiaries	-	-	90,653	90,653
Investment in associated companies	14,231	13,736	-	-
Quoted equity investments	1,441	1,557	1,438	1,552
Intangible assets	32,894	33,257	-	-
Finance lease receivables	18,422	19,445	-	-
Deferred tax assets	44	33	-	-
	93,374	93,011	92,147	92,275
Current assets				
Inventories	14,943	14,751	-	-
Trade receivables	15,283	18,175	-	-
Due from customers for contracts work-in-progress	18,219	14,297	-	-
Prepayments	280	216	58	67
Other receivables and deposits	6,187	5,172	1,056	1,119
Finance lease receivables	2,744	2,339	-	-
Cash and cash equivalents	8,080	8,726	208	204
	65,736	63,676	1,322	1,390
Total assets	159,110	156,687	93,469	93,665
Current liabilities				
Trade payables	9,415	11,153	-	-
Due to customers for contracts work-in-progress	6,396	4,022	-	-
Other payables and accruals	7,254	10,519	1,506	1,565
Tax payable	548	950	-	-
Finance lease obligations	19	9	-	-
Term loans	5,690	3,095	-	-
Derivative liability	1,516	1,575	1,516	1,575
Due to subsidiaries	-	-	12,231	9,380
	30,838	31,323	15,253	12,520
Non-current liabilities				
Term loans	15,334	13,453	-	-
Redeemable exchangeable bonds	11,978	11,028	-	-
Deferred tax liabilities	2,869	2,986	25	25
Finance lease obligations	58	21	-	-
	30,239	27,488	25	25
Total liabilities	61,077	58,811	15,278	12,545
Net assets	98,033	97,876	78,191	81,120

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 June 2015		As at 31 December 2014	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
5,709	-	3,104	-

Amount repayable after one year

As at 30 June 2015		As at 31 December 2014	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
27,370	-	24,502	-

Details of any collateral

The Group's borrowings are secured by the followings:

- a first legal mortgage on a subsidiary's leasehold property
- fixed and floating charge over the subsidiary's assets
- corporate guarantees

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

	The Group		The Group	
	2Q 2015	2Q 2014	1H 2015	1H 2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before tax	74	55	947	280
Adjustments for:				
Amortisation of intangible assets	183	282	365	564
Amortisation of deferred rental	-	-	-	(33)
Depreciation of property, plant and equipment	354	353	701	711
Property, plant and equipment written off	-	-	-	2
(Reversal)/Write down of inventory	(3)	31	21	62
Employee share-based expense	66	66	174	160
Trade receivables written off	-	5	-	5
(Gain)/Loss on disposal of plant and equipment	(2)	3	(63)	(10)
Impairment loss on other receivables	-	-	70	-
Interest expense	758	48	1,541	107
Interest income	-	-	(1)	(1)
Reversal of foreseeable losses	-	-	-	(24)
Gain on derivative liability	(44)	-	(59)	-
Unrealised exchange loss/(gain)	337	23	(318)	38
Operating profit before working capital changes	<u>1,723</u>	<u>866</u>	<u>3,378</u>	<u>1,861</u>
Changes in working capital:				
Inventories	(203)	(2,937)	(213)	(2,573)
Trade receivables	2,835	(1,594)	3,093	4,882
Due from customers for contracts work-in-progress	(4,909)	(1,986)	(3,922)	(3,459)
Other receivables, deposits and prepayments	19	547	(1,149)	1,121
Finance lease receivables	451	-	713	-
Trade payables	(123)	2,925	(1,934)	(1,526)
Due to customers for contracts work-in-progress	991	(683)	2,374	164
Other payables and accruals	17	1,501	(2,794)	743
Cash flows from/(used in) operations	<u>801</u>	<u>(1,361)</u>	<u>(454)</u>	<u>1,213</u>
Interest paid	(419)	(48)	(496)	(107)
Interest received	-	-	1	1
Income taxes paid	(406)	(353)	(387)	(36)
Net cash flows (used in)/from operating activities	<u>(24)</u>	<u>(1,762)</u>	<u>(1,336)</u>	<u>1,071</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(697)	(1,286)	(2,060)	(2,845)
Proceeds from disposal of plant and equipment	5	3	115	43
Investment in associated companies	(495)	-	(495)	(13,740)
Cash used in investing activities	<u>(1,187)</u>	<u>(1,283)</u>	<u>(2,440)</u>	<u>(16,542)</u>
Cash flows from financing activities				
Repayment of loans and borrowings	(854)	(1,872)	(1,472)	(2,242)
Proceeds from issuance of shares pursuant to private placement	-	-	-	3,200
Share issuance expense	-	-	-	(8)
Purchase of treasury shares	-	-	(216)	-
Proceeds from exercise of share options	-	-	-	87
Proceeds from loans and borrowings	2,003	1,469	5,948	1,469
Payment of dividends	(1,194)	(1,197)	(1,194)	(1,197)
Payment of finance lease obligations	(2)	(5)	(4)	(11)
Cash (used in)/from financing activities	<u>(47)</u>	<u>(1,605)</u>	<u>3,062</u>	<u>1,298</u>
Net decrease in cash and cash equivalents	<u>(1,258)</u>	<u>(4,650)</u>	<u>(714)</u>	<u>(14,173)</u>
Effect of exchange rate changes on cash and cash equivalents	(154)	24	67	20
Cash and cash equivalents at beginning of financial period	<u>9,492</u>	<u>9,512</u>	<u>8,726</u>	<u>19,039</u>
Cash and cash equivalents at end of financial period	<u>8,080</u>	<u>4,886</u>	<u>8,080</u>	<u>4,886</u>

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 year.

	The Group					
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H ended 30 June 2014						
Balance as at 1 January 2014	91,660	(795)	4	483	1,823	93,175
Profit for the period	-	-	-	-	368	368
<u>Other comprehensive income</u>						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	198	-	198
Foreign currency translation	-	-	(212)	-	-	(212)
Other comprehensive income for the period, net of tax	-	-	(212)	198	-	(14)
Total comprehensive income for the period	-	-	(212)	198	368	354
<u>Contributions by and distribution to owners</u>						
Issuance of shares pursuant to private placement	3,200	-	-	-	-	3,200
Share issuance expense	(8)	-	-	-	-	(8)
Share options lapsed	-	-	-	(19)	19	-
Dividends on ordinary shares	-	-	-	-	(1,197)	(1,197)
Treasury shares reissued pursuant to share options plan	-	412	-	(325)	-	87
Employee share-based expense	-	-	-	160	-	160
Total transactions with owners in their capacity as owners	3,192	412	-	(184)	(1,178)	2,242
Balance as at 30 June 2014	94,852	(383)	(208)	497	1,013	95,771

	The Group					
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H ended 30 June 2015						
Balance as at 1 January 2015	94,844	(543)	1,106	820	1,649	97,876
Profit for the period	-	-	-	-	1,092	1,092
<u>Other comprehensive income</u>						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(116)	-	(116)
Foreign currency translation	-	-	417	-	-	417
Other comprehensive income for the period, net of tax	-	-	417	(116)	-	301
Total comprehensive income for the period	-	-	417	(116)	1,092	1,393
<u>Contributions by and distribution to owners</u>						
Purchase of treasury shares	-	(216)	-	-	-	(216)
Dividends on ordinary shares	-	-	-	-	(1,194)	(1,194)
Treasury shares reissued pursuant to share options plan	-	291	-	(291)	-	-
Employee share-based expense	-	-	-	174	-	174
Total transactions with owners in their capacity as owners	-	75	-	(117)	(1,194)	(1,236)
Balance as at 30 June 2015	94,844	(468)	1,523	587	1,547	98,033

	The Group					
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2Q ended 30 June 2014						
Balance as at 1 April 2014	94,852	(711)	(141)	1,301	2,110	97,411
Profit for the period	-	-	-	-	89	89
<u>Other comprehensive income</u>						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(531)	-	(531)
Foreign currency translation	-	-	(67)	-	-	(67)
Other comprehensive income for the period, net of tax	-	-	(67)	(531)	-	(598)
Total comprehensive income for the period	-	-	(67)	(531)	89	(509)
<u>Contributions by and distribution to owners</u>						
Share options lapsed	-	-	-	(11)	11	-
Dividends on ordinary shares	-	-	-	-	(1,197)	(1,197)
Treasury shares reissued pursuant to share options plan	-	328	-	(328)	-	-
Employee share-based expense	-	-	-	66	-	66
Total transactions with owners in their capacity as owners	-	328	-	(273)	(1,186)	(1,131)
Balance as at 30 June 2014	94,852	(383)	(208)	497	1,013	95,771

	The Group					
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2Q ended 30 June 2015						
Balance as at 1 April 2015	94,844	(759)	1,661	732	2,568	99,046
Profit for the period	-	-	-	-	173	173
<u>Other comprehensive income</u>						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	80	-	80
Foreign currency translation	-	-	(138)	-	-	(138)
Other comprehensive income for the period, net of tax	-	-	(138)	80	-	(58)
Total comprehensive income for the period	-	-	(138)	80	173	115
<u>Contributions by and distribution to owners</u>						
Issuance of shares pursuant to private placement	-	-	-	-	-	-
Share issuance expense	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-
Share options and share awards lapsed	-	-	-	-	-	-
Dividends on ordinary shares	-	-	-	-	(1,194)	(1,194)
Treasury shares reissued pursuant to share options plan	-	291	-	(291)	-	-
Employee share-based expense	-	-	-	66	-	66
Total transactions with owners in their capacity as owners	-	291	-	(225)	(1,194)	(1,128)
Balance as at 30 June 2015	94,844	(468)	1,523	587	1,547	98,033

1H ended 30 June 2014

Balance as at 1 January 2014

Profit for the period

Other comprehensive incomeNet change in fair value reserve of
available-for-sale financial assets**Other comprehensive income for****the period, net of tax****Total comprehensive income for**
the periodContributions by and distribution to owners

Issuance of shares pursuant to private placement

Share issuance expense

Share options lapsed

Dividends on ordinary shares

Treasury shares reissued pursuant to share options plan

Employee share-based expense

Total transactions with owners in
their capacity as owners**Balance as at 30 June 2014**

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
91,660	(795)	518	(14,157)	77,226
-	-	-	(306)	(306)
-	-	200	-	200
-	-	200	-	200
-	-	200	(306)	(106)
3,200	-	-	-	3,200
(8)	-	-	-	(8)
-	-	(19)	19	-
-	-	-	(1,197)	(1,197)
-	412	(325)	-	87
-	-	160	-	160
3,192	412	(184)	(1,178)	2,242
94,852	(383)	534	(15,641)	79,362

1H ended 30 June 2015

Balance as at 1 January 2015

Profit for the period

Other comprehensive incomeNet change in fair value reserve of
available-for-sale financial assets**Other comprehensive income for**
the period, net of tax**Total comprehensive income for**
the periodContributions by and distribution to owners

Purchase of treasury shares

Dividends on ordinary shares

Treasury shares reissued pursuant to share options plan

Employee share-based expense

Total transactions with owners in
their capacity as owners**Balance as at 30 June 2015**

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
94,844	(543)	860	(14,041)	81,120
-	-	-	(1,579)	(1,579)
-	-	(114)	-	(114)
-	-	(114)	-	(114)
-	-	(114)	(1,579)	(1,693)
-	(216)	-	-	(216)
-	-	-	(1,194)	(1,194)
-	291	(291)	-	-
-	-	174	-	174
-	75	(117)	(1,194)	(1,236)
94,844	(468)	629	(16,814)	78,191

2Q ended 30 June 2014

Balance as at 1 April 2014

Profit for the period

Other comprehensive incomeNet change in fair value reserve of
available-for-sale financial assets**Other comprehensive income for**
the period, net of tax**Total comprehensive income for**
the periodContributions by and distribution to owners

Share options lapsed

Dividends on ordinary shares

Treasury shares reissued pursuant to share options plan

Employee share-based expense

Total transactions with owners in
their capacity as owners**Balance as at 30 June 2014**

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
94,852	(711)	1,339	(13,714)	81,766
-	-	-	(741)	(741)
-	-	(532)	-	(532)
-	-	(532)	-	(532)
-	-	(532)	(741)	(1,273)
-	-	(11)	11	-
-	-	-	(1,197)	(1,197)
-	328	(328)	-	-
-	-	66	-	66
-	328	(273)	(1,186)	(1,131)
94,852	(383)	534	(15,641)	79,362

2Q ended 30 June 2015

Balance as at 1 April 2015

Profit for the period

Other comprehensive incomeNet change in fair value reserve of
available-for-sale financial assets**Other comprehensive income for**
the period, net of tax**Total comprehensive income for**
the periodContributions by and distribution to owners

Dividends on ordinary shares

Treasury shares reissued pursuant to share options plan

Employee share-based expense

Total transactions with owners in
their capacity as owners**Balance as at 30 June 2015**

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
94,844	(759)	773	(14,958)	79,900
-	-	-	(662)	(662)
-	-	81	-	81
-	-	81	-	81
-	-	81	(662)	(581)
-	-	-	(1,194)	(1,194)
-	291	(291)	-	-
-	-	66	-	66
-	291	(225)	(1,194)	(1,128)
94,844	(468)	629	(16,814)	78,191

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, 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

Changes in company's share capital:

	Quantity	Share capital S\$'000
Balance as at 31 March 2015 and 30 June 2015	801,405,199	94,844

During the second quarter of 2015, no Warrants were converted into ordinary shares (April to June 2014: 200). The Company has 119,113,066 outstanding Warrants as at 30 June 2015 (30 June 2014: 119,113,066). Each Warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.138 for each new ordinary share and is exercisable during a five year period from the date of issue.

The Company has 15,288,178 (30 June 2014: 15,288,178) outstanding employee share options as at 30 June 2015. Each share option can be used to subscribe for an ordinary shares ranging from S\$0.1043 to S\$0.1897 (30 June 2014: S\$0.1043 to S\$0.1897 per share option).

On 29 April 2015, the Company transferred 3,300,000 treasury shares to employees on vesting of share awards (April to June 2014: 3,100,000) and granted 2,300,000 share awards under Viking Long Term Incentive Plan (the "Plan"). The Company has 2,300,000 outstanding share awards as at 30 June 2015 under the Viking Long Term Incentive Plan (30 June 2014: 3,300,000).

As at 30 June 2015, the number of ordinary shares in issue was 801,405,199 of which 5,317,000 were held by the Company as treasury shares. (30 June 2014: 801,405,199 ordinary shares and 3,628,000 treasury shares)

Save for the foregoing, there are no other 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 31 March 2015.

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 June 2015		As at 31 December 2014	
	No. of shares	S\$'000	No. of shares	S\$'000
Total number of issued shares at the end of the financial period/year	801,405,199	94,844	801,405,199	94,844
Number of Treasury Shares at the end of the financial period/year	(5,317,000)	(468)	(5,628,000)	(543)
Net number of issued shares at the end of the financial period/year	796,088,199	94,376	795,777,199	94,301

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 Company transferred 3,300,000 treasury shares to employees on vested of share awards (April to June 2014: 3,100,000). Treasury shares are presented as a component within equity attributable to owners of the parent.

	No. of share	S\$'000
Balance as at 1 April 2015	8,617,000	759
Treasury shares transferred on vesting of share awards	(3,300,000)	(291)
Balance as at 30 June 2015	5,317,000	468

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 Group'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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with the audited financial statements for the year ended 31 December 2014, except for those disclosed under Paragraph 5.

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 the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2015. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in respective FRS and INT FRS. The adoption of new/revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies or any significant impact on the Group's 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

	2Q 2015 cents	2Q 2014 cents	1H 2015 cents	1H 2014 cents
Earnings per ordinary share				
(i) Based on the weighted average number of ordinary share on issue	0.02	0.01	0.14	0.05
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.02	0.01	0.14	0.05
Earnings per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share on issue	0.02	0.01	0.14	0.05
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.02	0.01	0.14	0.05
Computed based on the following weighted average number of shares				
Basic	795,072,814	796,823,166	795,098,145	780,449,592
Diluted	797,372,814	803,542,369	797,398,145	794,990,723

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	
	S\$		S\$	
	30.06.15	31.12.14	30.06.15	31.12.14
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.12	0.12	0.10	0.10

Footnote:

Net asset value per ordinary share is based on 796,088,199 ordinary shares as at 30 June 2015 (31 December 2014: 795,777,199 shares).

- 8 A review of the performance of the group to the extent necessary for a reasonable understanding of the 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.
- Financial Performance**
- The Group's Revenue of S\$43.0 million for the financial period ending 30 June 2015 ("1H-2015") increased by 36% compared to the corresponding period last year. The increase in revenue contribution is due to the order book backlog carried forward from last year, in the heating, ventilation, air-conditioning and refrigeration systems segment. In addition, the asset chartering business which did not feature in the corresponding period last year contributed revenue since the contract inception in September 2014.
- Gross Profit increased in tandem with the higher revenue, but Gross Profit Margin declined period-on-period due to business mix. The higher margin asset chartering business segment is offset by the lower margin in offshore and marine services.
- Marketing and distribution expenses eased off in 1H-2015 in line with the lower sales order intake secured during the period and the delay in existing projects. Other operating expenses decreased largely due to the reduction in amortisation of intangible assets as one of the intangible assets of a subsidiary was fully amortised at the end of the the last financial year. Finance costs increased as a result of costs incurred for bank loans and redeemable exchangeable bonds related to the funding of the asset chartering business.
- Considering the above, the Group recorded Net Profit After Tax for 1H-2015 of S\$1.1 million compared to S\$0.4 million in 1H-2014.
- Financial Position**
- The Net Assets for the Group stood at S\$98 million as at 30 June 2015, higher compared to that as at 31 December 2014 due to earnings contribution for the period.
- There was an improvement in collection of trade receivables while payments were accordingly made to suppliers hence both trade receivables and trade payables decreased. However, the net unbilled amount for contracts work-in-progress increased due to the general slowdown in the industry.
- The increase in the term loan resulted from loan draw down to finance the construction of the new building and the operations of the Group. The reduction in other payables and accruals resulted mainly from the payment of accrued expenses for the construction of the new building.
- Cashflow**
- The net cashflow used in operations was mainly due to a general slowdown in project billings due to customer delay in light of the current subdued industry climate.
- Cash inflow from financing activities was higher due to the proceeds from bank loans for the funding of construction of the new building and the operations of the Group. The cash inflow was partially offset by the repayment of loans and borrowing and payment of dividend during the period.
- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**
- Not applicable
- 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 offshore and marine ("O&M") industry remains challenging amidst a backdrop of increasing margin pressures and intense competition. Oil prices remain volatile and the continued subdued activity level and spending in the upstream businesses had and continue to invariably impact the industry and our customers.
- The Group remains wary of potential delays to existing projects and slowdown to potential projects, which are inherent challenges as a result of the current climate. During the financial period, the Group has experienced delays in existing projects and backlogs. Correspondingly, sales order intake during the period was weaker compared to the prior year. The Group continues to exercise prudence when evaluating potential projects contracts and have placed emphasis on internal improvement by carrying out proper execution of projects to avoid budget overrun.
- The chartering services which contributed revenue to the Group since September 2014 partially alleviates margin pressure to the Group. In July 2015, the Group announced the chartering of a second land rig on similar terms to the first land rig. Contribution from this transaction is expected to commence from the end of the third-quarter of 2015. The Group continues to seek avenues to further grow this business segment going forward.
- The Group continues to be on the lookout for similar opportunities to acquire earnings-accretive O&M and related assets, which offer a recurring revenue stream, as part of its efforts to enhance its asset portfolio and diversify revenue mix while remaining steadfast in its strategy to weather the current downturn.
- 11 Dividend**
(a) Current Financial Period Reported On
Any dividend recommended for the current financial period report on?
- No
- (b) Corresponding Period of the Immediately Preceding Financial Year**
Any dividend declared for the corresponding period of the immediately preceding financial year?
- No
- (c) Date payable**
- Not applicable
- (d) Books closure date**
- Not applicable
- 12 If no dividend has been declared / recommended, 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.**
- No IPT mandate has been obtained.
- 14 Confirmation By Directors Pursuant to Rule 705(5) of the Listing Manual of SGX-ST**
- The Board of Directors of the Company hereby confirms to the best of its knowledge nothing has come to its attention which may render the unaudited interim financial results for the 6 months ended 30 June 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR ONG CHOO GUAN
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

3 August 2015
Singapore