

First Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 31 March 2016

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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		
	1Q 2016 S\$'000	1Q 2015 S\$'000	Change %
Revenue	14,521	21,432	(32)
Cost of sales	(9,227)	(15,117)	(39)
Gross Profit	5,294	6,315	(16)
Other income	107	997	(89)
Interest income	1	1	0
Marketing and distribution expenses	(71)	(182)	(61)
Administrative expenses	(3,859)	(4,851)	(20)
Other operating expenses	(1,737)	(624)	178
Finance costs	(996)	(783)	27
(Loss)/Profit before tax	(1,261)	873	(244)
Income tax (expense)/credit	(3)	46	(107)
(Loss)/Profit for the period	(1,264)	919	(238)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(899)	555	NM
Net change in fair value reserve of available-for-sale financial assets	(434)	(196)	121
Other comprehensive income for the period, net of tax	(1,333)	359	NM
Total comprehensive income for the period	(2,597)	1,278	NM
(Loss)/Profit attributable to:			
Owners of the company			
- (Loss)/Profit after tax	(1,264)	919	NM
	(1,264)	919	NM
Total comprehensive income attributable to:			
Owners of the company			
- (Loss)/Profit after tax	(2,597)	1,278	NM
	(2,597)	1,278	NM

Note

(Loss)/Profit before tax is derived at after

Crediting/(charging) :

Depreciation of property, plant and equipment	(579)	(347)	67
Amortisation of intangible assets	(174)	(182)	(4)
Gain on disposal of plant and equipment	12	61	(80)
(Loss)/Gain on foreign exchange	(924)	780	NM
Impairment loss on other receivables	-	(70)	(100)
Write down of inventory	(5)	(24)	(79)
(Loss)/Gain on derivative	(54)	15	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	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
Equity attributable to equity holders of the company				
Share capital	97,844	97,844	97,844	97,844
Treasury shares	(644)	(591)	(644)	(591)
Reserves	(9,440)	(6,887)	(25,138)	(24,032)
Total equity	87,760	90,366	72,062	73,221
Non-current assets				
Property, plant and equipment	26,935	27,487	39	46
Investment in subsidiaries	-	-	84,111	84,111
Investment in associated companies	15,405	15,405	-	-
Quoted equity investments	371	805	349	775
Intangible assets	22,062	22,240	-	-
Finance lease receivables	33,215	36,450	-	-
Deferred tax assets	13	42	-	-
	98,001	102,429	84,499	84,932
Current assets				
Inventories	13,067	13,605	-	-
Trade receivables	23,089	21,643	-	-
Due from customers for contracts work-in-progress	14,413	17,104	-	-
Prepayments	184	211	41	55
Other receivables and deposits	2,862	3,436	43	44
Finance lease receivables	5,553	5,409	-	-
Derivative asset	-	33	-	-
Cash and cash equivalents	9,779	7,510	1,156	286
	68,947	68,951	1,240	385
Total assets	166,948	171,380	85,739	85,317
Current liabilities				
Trade payables	8,052	10,555	-	-
Due to customers for contracts work-in-progress	2,480	2,889	-	-
Other payables and accruals	20,881	23,424	220	538
Tax payable	64	23	-	-
Finance lease obligations	31	31	-	-
Term loans	20,820	16,912	3,947	2,000
Derivative liability	1,170	1,089	1,065	1,065
Redeemable exchangeable bonds	10,328	9,897	-	-
Due to subsidiaries	-	-	8,445	8,493
	63,826	64,820	13,677	12,096
Non-current liabilities				
Term loans	12,664	13,410	-	-
Deferred tax liabilities	2,605	2,683	-	-
Finance lease obligations	93	101	-	-
	15,362	16,194	-	-
Total liabilities	79,188	81,014	13,677	12,096
Net assets	87,760	90,366	72,062	73,221

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 March 2016		As at 31 December 2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
31,179	-	26,840	-

Amount repayable after one year

As at 31 March 2016		As at 31 December 2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
12,757	-	13,511	-

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	
	1Q 2016 S\$'000	1Q 2015 S\$'000
Cash flows from operating activities:		
(Loss)/Profit before tax	(1,261)	873
Adjustments for:		
Amortisation of intangible assets	174	182
Depreciation of property, plant and equipment	579	347
Write down of inventory	5	24
Employee share-based expense	44	108
Gain on disposal of plant and equipment	(12)	(61)
Impairment loss on other receivables	-	70
Interest expense	996	783
Interest income	(1)	(1)
Unrealised loss/(gain) on derivative	114	(15)
Unrealised exchange loss/(gain)	830	(654)
Operating profit before working capital changes	1,468	1,656
Changes in working capital:		
Inventories	533	(10)
Trade receivables	(1,550)	258
Due from customers for contracts work-in-progress	2,692	987
Other receivables, deposits and prepayments	601	(1,168)
Finance lease receivables	2,923	262
Trade payables	(2,185)	(1,811)
Due to customers for contracts work-in-progress	(409)	1,383
Other payables and accruals	(4,337)	(2,811)
Cash flows used in operations	(264)	(1,254)
Interest paid	(284)	(77)
Interest received	1	1
Income taxes paid	(10)	19
Net cash flows used in operating activities	(557)	(1,311)
Cash flows from investing activities		
Purchase of property, plant and equipment	(51)	(1,363)
Proceeds from disposal of plant and equipment	29	110
Cash flows used in investing activities	(22)	(1,253)
Cash flows from financing activities		
Repayment of loans and borrowings	(785)	(618)
Purchase of treasury shares	(53)	(216)
Proceeds from loans and borrowings	3,801	3,945
Payment of finance lease obligations	(8)	(2)
Cash flows from financing activities	2,955	3,109
Net increase in cash and cash equivalents	2,376	545
Effect of exchange rate changes on cash and cash equivalents	(106)	221
Cash and cash equivalents at beginning of financial period	7,510	8,726
Cash and cash equivalents at end of financial period	9,779	9,492

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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1Q ended 31 March 2015					
Balance as at 1 January 2015	94,844	(543)	1,106	820	1,649
Profit for the period	-	-	-	-	919
<u>Other comprehensive income</u>					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(196)	-
Foreign currency translation	-	-	555	-	-
Other comprehensive income for the period, net of tax	-	-	555	(196)	-
Total comprehensive income for the period	-	-	555	(196)	919
<u>Contributions by and distribution to owners</u>					
Purchase of treasury shares	-	(216)	-	-	-
Employee share-based expense	-	-	-	108	-
Total transactions with owners in their capacity as owners	-	(216)	-	108	-
Balance as at 31 March 2015	94,844	(759)	1,661	732	2,568

	The Group				
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1Q ended 31 March 2016					
Balance as at 1 January 2016	97,844	(591)	1,727	220	(8,834)
Loss for the period	-	-	-	-	(1,264)
<u>Other comprehensive income</u>					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(434)	-
Foreign currency translation	-	-	(899)	-	-
Other comprehensive income for the period, net of tax	-	-	(899)	(434)	-
Total comprehensive income for the period	-	-	(899)	(434)	(1,264)
<u>Contributions by and distribution to owners</u>					
Purchase of treasury shares	-	(53)	-	-	-
Employee share-based expense	-	-	-	44	-
Total transactions with owners in their capacity as owners	-	(53)	-	44	-
Balance as at 31 March 2016	97,844	(644)	828	(170)	(10,098)

	The Company			
	Share capital	Treasury shares	Other reserves	Accumulated profits
	S\$'000	S\$'000	S\$'000	S\$'000
1Q ended 31 March 2015				
Balance as at 1 January 2015	94,844	(543)	860	(14,041)
Loss for the period	-	-	-	(917)
<u>Other comprehensive income</u>				
Net change in fair value reserve of available-for-sale financial assets	-	-	(195)	-
Other comprehensive income for the period, net of tax	-	-	(195)	-
Total comprehensive income for the period	-	-	(195)	(917)
<u>Contributions by and distribution to owners</u>				
Purchase of treasury shares	-	(216)	-	-
Employee share-based expense	-	-	108	-
Total transactions with owners in their capacity as owners	-	(216)	108	-
Balance as at 31 March 2015	94,844	(759)	773	(14,958)

	The Company			
	Share capital	Treasury shares	Other reserves	Accumulated profits
	S\$'000	S\$'000	S\$'000	S\$'000
1Q ended 31 March 2016				
Balance as at 1 January 2016	97,844	(591)	234	(24,266)
Loss for the period	-	-	-	(725)
<u>Other comprehensive income</u>				
Net change in fair value reserve of available-for-sale financial assets	-	-	(425)	-
Other comprehensive income for the period, net of tax	-	-	(425)	-
Total comprehensive income for the period	-	-	(425)	(725)
<u>Contributions by and distribution to owners</u>				
Purchase of treasury shares	-	(53)	-	-
Employee share-based expense	-	-	44	-
Total transactions with owners in their capacity as owners	-	(53)	44	-
Balance as at 31 March 2016	97,844	(644)	(147)	(24,991)

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 December 2015 and 31 March 2016	862,792,553	97,844

During the first quarter of 2016, no Warrants were converted into ordinary shares (January to March 2015: Nil). The Company has 119,113,066 outstanding Warrants as at 31 March 2016 (31 March 2015: 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 13,179,464 (31 March 2015: 15,288,178) outstanding employee share options as at 31 March 2016. Each share option can be used to subscribe for an ordinary shares at S\$0.1043 (31 March 2015: S\$0.1043 to S\$0.1897 per share option).

The Company has 2,300,000 outstanding share awards as at 31 March 2016 under the Viking Long Term Incentive Plan (31 March 2015: 3,300,000).

As at 31 March 2016, the number of ordinary shares in issue was 862,792,553 of which 8,932,000 were held by the Company as treasury shares. (31 March 2015: 801,405,199 ordinary shares and 8,617,000 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 December 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 31 March 2016		As at 31 December 2015	
	No. of shares	S\$'000	No. of shares	S\$'000
Total number of issued shares at the end of the financial period/year	862,792,553	97,844	801,405,199	94,844
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	-	-	61,387,354	3,000
Number of Treasury Shares at the end of the financial period/year	(8,932,000)	(644)	(7,489,800)	(591)
Net number of issued shares at the end of the financial period/year	853,860,553	97,200	855,302,753	97,253

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.

	No. of share	S\$'000
Balance as at 1 January 2016	7,489,800	591
Purchase of treasury shares	1,442,200	53
Balance as at 31 March 2016	8,932,000	644

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 year as compared with the audited financial statements for the year ended 31 December 2015, 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

	1Q 2016 cents	1Q 2015 cents
Earnings per ordinary share		
(i) Based on the weighted average number of ordinary share on issue	(0.15)	0.12
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.15)	0.12
Earnings per ordinary share from continuing operations		
(i) Based on the weighted average number of ordinary share on issue	(0.15)	0.12
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.15)	0.12
Computed based on the following weighted average number of shares		
Basic	854,802,858	797,137,963
Diluted	857,102,858	797,137,963

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 S\$		Company S\$	
	31.03.16	31.12.15	31.03.16	31.12.15
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.10	0.11	0.08	0.09

Footnote:

Net asset value per ordinary share is based on 853,860,553 ordinary shares as at 31 March 2016 (31 December 2015: 855,302,753 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 1Q-2016 revenue was lower compared to the prior year's corresponding period due to the lesser revenue generated from the offshore and marine services, and systems engineering projects. This revenue segment continued to be impacted by the project delays from customers and deferrals of execution of the carried forward order book. The industry-wide lack of new build orders and the longer order decision process further affected order intake for the Group, thereby reducing new revenue streams for the period.

The gross profit decreased in tandem with the lower revenue recognised. Additionally, there were higher costs incurred for a few projects that were executed under difficult conditions which impacted the profit margin. Generally, the industry is reeling from increasing margin pressure exacerbated by the challenging landscape and tough macro environment.

The reduction in other income and the increase in other operating expenses were due mainly to the unrealised foreign exchange loss of approximately S\$0.8 million for the current quarter compared to a gain in the corresponding prior period. This unrealised foreign exchange loss was due to the depreciating US Dollars against the Singapore Dollars during the period and with the Group being in a US Dollars net asset position. The unrealised foreign exchange loss accounted for a large portion of the Group's net loss for the period.

Marketing and Distribution Expenses, as well as General and Administration Expenses, declined year-on-year due to the lower business activities, tighter spending discipline and actions on people resources, in order to cope with the tough market environment. The increased borrowings to fund the asset chartering business resulted in higher Finance Costs.

Foreign currency translation reserve declined as a result of the weakening of US Dollars and China Renminbi which are the functional currencies of certain subsidiaries of the Group. The reduction of fair value reserve of available-for-sale financial assets was the result of the decline in share price of a quoted investment held by the Group in 1Q-2016.

Considering the above factors, the Group registered a net loss for the quarter, primarily due to the lower business volumes and the unfavourable unrealised foreign exchange differences.

Financial Position

Net Assets for the Group of S\$87.8 million as at 31 March 2016 was lower compared to that in 31 December 2015 due to the net loss incurred and the reduction in reserves from foreign currency translation during the period as explained above.

The reduction in Non-Current Assets was mainly due to amortisation of the finance lease receivable and the commencement of depreciation of property, plant and equipment upon the completion of the new building in late 2015. The decline in quoted equity investment was a reflection of the decline in the quoted share price. The utilisation of previously accrued tax credit in a subsidiary resulted in the decrease in deferred tax assets.

The decrease in the Due from Customer Contracts was a result of billings made to the project-based customers after meeting the billing milestones and also the result of overall reduction in project contracts on hand. Other receivables decreased due to settlement of amounts outstanding. The derivative asset, which arose from US Dollar forward contracts entered into, was closed out during the quarter and there were no outstanding contracts at the end of the quarter. The drawdown of borrowings during the period resulted in the increased in cash and cash equivalent, and corresponding loan liability.

Trade Payables and Other Payables decreased year on year due to lower business volumes, which entailed lesser purchases during the period.

Cashflow

The net cash flow used in operations was mainly due to the payment to suppliers and slower payment from customers in light of the current subdued industry climate. In spite of the loss for the quarter, the net cash flow from operating activities improved year-on-year; and would have been positive if not for the delay in the receipt of chartering income.

There was a year-on-year decrease in cash flow used in investing activities due to the absence of further capital required for the new building, which was completed late 2015. The drawdown of loan contributed to the overall increase in net cash in 1Q-2016.

- 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 industry and oil and gas sector is showing little signs of recovery; and is expected to remain challenging with the continued oil price volatility and uncertain climate. The Group had experienced delays to existing projects and limited new projects, a trend which is expected to continue.

Against this backdrop, the Group will continue to exercise prudence when evaluating potential projects and will place greater emphasis on operational cost discipline in project execution. To sustain its business volumes during this downturn, the Group will continue to diversify its customer base towards non-oil and gas and onshore requirements. While there are encouraging early results, these initiatives will take time to develop and grow to compensate the lack of sales order in the offshore and marine industry. The Group will continue to be on the lookout for attractive assets and chartering opportunities which may surface during this period, especially in emerging and newer markets.

Given the uncertain and tough operating environment, the Group will aggressively pursue cost management and resource action to extract efficiency and savings. While cost saving measures have been put in place, further cost cutting actions will be required given the continued challenging outlook. The Group will rightsize its resources and operating infrastructure in order to cope with the lower business volumes and margin pressure from competitors vying for the limited opportunities. The Group will remain steadfast in its strategy to weather the current downturn and maintain an optimal infrastructure ready to capitalise on opportunities when the industry turn for the better.

- 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 first quarter ended 31 March 2016 to be false or misleading in any material respect.

- 15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7H under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR LOW JOOI KOK
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

9 May 2016
Singapore