

VIKING OFFSHORE AND MARINE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199307300M)

EMPHASIS OF MATTER BY INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

In compliance with Rule 704(4) of the Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Board of Directors (the "**Board**" or "**Directors**") of Viking Offshore and Marine Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to announce that its independent auditors, Ernst & Young LLP have included an emphasis of matter, without modifying their audit opinion, with respect to the material uncertainty related to the going concern in their report (the "**Independent Auditor's Report**") on the audited financial statements of the Group for the financial year ended 31 December 2017 (the "**Audited Financial Statements**").

An extract of the Independent Auditor's Report together with the extract of the relevant note to the Financial Statements is annexed to this announcement.

In the opinion of the Directors, the Group is able to continue as a going concern as the Directors are of the view that the Group will be able to generate cash flows from operations to meet working capital needs as the Group reasonably expects to receive support from the banks, bondholder and related party for a period of 12 months from the approved date of these financial statements; and that the Group is able to subsequently recover the outstanding sums from the charterer of the land rigs. Additionally, the Group is actively looking for opportunities to dispose its capital assets and raise additional sources of funds to improve its liquidity position.

The Board confirmed that all material disclosures have been provided for the trading of the Company's shares to continue.

The Independent Auditor's Report and a complete set of the Group's Audited Financial Statements will form part of the Company's annual report for the financial year ended 31 December 2017 which will be released on SGXNET and sent to the shareholders of the Company in due course. Shareholders of the Company are advised to read this announcement in conjunction with the mentioned annual report.

BY ORDER OF THE BOARD

Low Jooi Kok
Executive Director and Chief Executive Officer

10 April 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

The announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Ken Lee, Associate Director, Investment Banking. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.

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Appendix

Extract: Independent Auditor's Report

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements. The Group had incurred a net loss of \$13,241,009 during the financial year ended 31 December 2017. As at 31 December 2017, the Group's total borrowings amounted to \$35,485,220 of which \$23,851,557 were classified as current liabilities. As at 31 December 2017, the Group's loans and borrowings that are due for repayment in the next 12 months exceeded its cash and bank balances of \$6,050,657. These factors together with the others disclosed in Note 2.1 indicates the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as going concern. The ability of the Group to continue as going concern is dependent on the ability of the Group to restructure and extend the maturity of the bond and related party loan which will mature in 2018, and receive continued support from the Banks.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised in a manner other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

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Appendix (continued)

Extract: Note 2.1 to the Audited Financial Statements

Going concern

The Group incurred a net loss of \$13,241,009 (2016: \$15,918,520) during the financial year ended 31 December 2017. As at 31 December 2017, the Group's total borrowings amounted to \$35,485,220 of which \$23,851,557 were classified as current liabilities. The Group's loans and borrowings that are due for repayment in the next 12 months exceeded its cash and bank balances of \$6,050,657 as at 31 December 2017.

Management's assessment of the ability of the Group to continue as a going concern depends on the successful execution of the following items:

- (i) To restructure and extend the maturity of the bond amounting to \$6,303,302 (Note 28) and related party loan amounting to \$5,753,055 (Note 26), both of which will mature in 2018. The Group is in negotiation with the respective bondholder and related party on a restructuring proposal which have been tabled to them. The bondholders have indicated to the Group that they are open to discuss any reasonable proposal from the Group and remained committed to work with the Group to find an amicable solution. The Group will also be approaching the lenders of the third party loans to review the maturity of the loans in the later part of 2018;
- (ii) The continued support from the Group's principal bankers to support working capital requirements of its operating subsidiaries; and
- (iii) The outcome of the arbitration case against the charterer of the land rigs. The arbitration against the charterer of the land rigs are completed and now awaiting the decisions of the arbitrator. The Group plans on enforcing any arbitration award against the assets of the defendant and thereafter realising the assets for cash to repay outstanding sums.

The matters set out in the paragraphs above indicates the existence of a material uncertainty which may affect the validity of the going concern assumption on which the accompanying financial statements are prepared.

In the opinion of the Directors, the Group is able to continue as a going concern as the Directors are of the view that the Group will be able to generate cash flows from operations to meet working capital needs as the Group reasonably expects to receive support from the banks, bondholder and related party for a period of 12 months from the approved date of these financial statements; and that the Group is able to subsequently recover the outstanding sums from the charterer of the land rigs. Additionally, the Group is actively looking for opportunities to dispose its capital assets and raise additional sources of funds to improve its liquidity position.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.