Viking Offshore & Marine Limited
Registration No. 199307300M

Second Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 30 June 2018

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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 2018 S$'000	2Q 2017 S$'000	Change %	1H 2018 S$'000	1H 2017 S$'000	Change %
Revenue	8,589	8,967	(4)	15,887	18,526	(14)
Cost of sales	(5,192)	(5,398)	(4)	(9,306)	(10,514)	(11)
Gross Profit	3,397	3,569	(5)	6,581	8,012	(18)
Other income	772	122	533	875	207	323
Interest income	2	2	0	4	3	33
Marketing and distribution expenses	(53)	(118)	(55)	(126)	(181)	(30)
Administrative expenses	(2,519)	(3,046)	(17)	(5,234)	(6,030)	(13)
Other operating expenses	(847)	(2,038)	(58)	(2,677)	(5,613)	(52)
Finance costs	(716)	(698)	3	(1,469)	(1,434)	2
Profit/(Loss) before tax	36	(2,207)	NM	(2,046)	(5,036)	(59)
Income tax credit	2	25	(92)	22	50	(56)
Profit/(Loss) for the period	38	(2,182)	NM	(2,024)	(4,986)	(59)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	354	(156)	NM	205	(1,025)	NM
Net change in fair value reserve of available-for-sale financial assets	-	(57)	NM	-	(31)	(100)
Other comprehensive income for the period, net of tax	354	(213)	NM	205	(1,056)	NM
Total comprehensive income for the period	392	(2,395)	NM	(1,819)	(6,042)	(70)
Profit/(Loss) attributable to:						
Owners of the company						
- Profit/(Loss) after tax	38	(2,182)	NM	(2,024)	(4,986)	NM
	38	(2,182)	NM	(2,024)	(4,986)	NM
Total comprehensive income attributable to:						
Owners of the company						
- Profit/(Loss) after tax	392	(2,395)	NM	(1,819)	(6,042)	NM
	392	(2,395)	NM	(1,819)	(6,042)	NM

Note

	The Group					
	2Q 2018 S$'000	2Q 2017 S$'000	Change %	1H 2018 S$'000	1H 2017 S$'000	Change %
Profit/(Loss) before tax is derived at after						
Crediting/(charging) :						
Depreciation of property, plant and equipment	(527)	(566)	(7)	(1,071)	(1,135)	(6)
Amortisation of intangible assets	(5)	(6)	(17)	(10)	(11)	(9)
Gain on disposal of plant and equipment	-	8	(100)	3	5	(40)
(Loss)/Gain on foreign exchange	1,125	(304)	NM	689	(994)	NM
Impairment loss on trade receivables	(757)	(1,124)	(33)	(1,592)	(3,382)	(53)
Inventories written down	4	(49)	NM	7	(97)	NM
Net fair value gains on quoted equity investments	-	-	NM	24	-	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 S$'000		The Company S$'000	
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
Equity attributable to equity holders of the company				
Share capital	102,605	102,605	102,605	102,605
Treasury shares	(528)	(528)	(528)	(528)
Reserves	(38,994)	(37,174)	(47,057)	(46,338)
Total equity	**63,083**	**64,903**	**55,020**	**55,739**
Non-current assets				
Property, plant and equipment	22,255	23,316	4	5
Investment in subsidiaries	-	-	65,348	65,348
Investment in associates	15,403	15,403	-	-
Quoted equity investments	20	166	20	166
Intangible assets	13,521	13,529	-	-
Finance lease receivables	-	-	-	-
Deferred tax assets	6	20	-	-
	51,205	52,434	65,372	65,519
Current assets				
Inventories	24,893	24,885	-	-
Trade receivables	28,622	25,452	-	-
Due from customers for contracts work-in-progress	7,427	6,867	-	-
Prepayments	63	113	33	43
Other receivables and deposits	2,281	1,943	46	58
Finance lease receivables	10,089	12,385	-	-
Cash and cash equivalents	4,754	6,051	143	341
	78,129	77,696	222	442
Total assets	**129,334**	**130,130**	**65,594**	**65,961**
Current liabilities				
Trade payables	3,333	3,446	-	-
Due to customers for contracts work-in-progress	3,804	3,254	-	-
Other payables and accruals	22,962	21,694	595	498
Tax payable	5	5	-	-
Finance lease obligations	25	28	-	-
Term loans	17,953	17,548	805	1,333
Derivative liability	-	-	-	-
Redeemable exchangeable bonds	6,744	6,303	-	-
Due to subsidiaries	-	-	9,174	8,274
	54,826	52,278	10,574	10,105
Non-current liabilities				
Term loans	10,163	11,634	-	117
Redeemable exchangeable bonds	-	-	-	-
Deferred tax liabilities	1,234	1,274	-	-
Finance lease obligations	28	41	-	-
	11,425	12,949	-	117
Total liabilities	**66,251**	**65,227**	**10,574**	**10,222**
Net assets	**63,083**	**64,903**	**55,020**	**55,739**

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 2018		As at 31 December 2017	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
24,722	-	23,879	-

Amount repayable after one year

As at 30 June 2018		As at 31 December 2017	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
10,191	-	11,675	-

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 2018 S$'000	2Q 2017 S$'000	1H 2018 S$'000	1H 2017 S$'000
Cash flows from operating activities:				
Profit/(Loss) before tax	36	(2,207)	(2,046)	(5,036)
Adjustments for:				
Amortisation of intangible assets	5	6	10	11
Net fair value gains on quoted equity investments	-	-	(24)	-
Depreciation of property, plant and equipment	527	566	1,071	1,135
Property, plant and equipment written off	-	-	-	-
Inventories written down	(4)	49	(7)	97
Impairment loss on trade receivables	757	1,124	1,592	3,382
Gain on disposal of plant and equipment	-	(8)	(3)	(5)
Impairment loss on quoted equity investments	-	-	10	-
Interest expense	716	698	1,469	1,434
Interest income	(2)	(2)	(4)	(3)
Unrealised exchange loss/(gain)	(845)	283	(571)	805
Operating profit before working capital changes	1,190	509	1,497	1,820
Changes in working capital:				
Inventories	(538)	(189)	(1)	(30)
Trade receivables	(2,685)	(1,175)	(4,598)	(2,513)
Due from customers for contracts work-in-progress	(77)	3,957	(561)	2,478
Other receivables, deposits and prepayments	(49)	(634)	(288)	(931)
Finance lease receivables	1,177	1,371	2,433	3,679
Trade payables	(491)	271	(237)	48
Due to customers for contracts work-in-progress	449	295	550	835
Other payables and accruals	1,813	583	1,385	(330)
Cash flows from operations	789	4,988	180	5,056
Interest received	2	2	4	3
Income taxes (paid)/refunded	(22)	4	(18)	5
Net cash flows from operating activities	769	4,994	166	5,064
Cash flows from investing activities				
Purchase of property, plant and equipment	(11)	(48)	(13)	(71)
Proceeds from disposal of plant and equipment	-	-	6	-
Net proceeds on disposal of quoted equities	-	-	160	-
Cash flows (used in)/from investing activities	(11)	(48)	153	(71)
Cash flows from financing activities				
Interest paid	(93)	(321)	(581)	(658)
Repayment of loans and borrowings	(783)	(2,772)	(1,867)	(4,614)
Purchase of treasury shares	-	-	-	(2)
Proceeds from loans and borrowings	-	750	750	1,950
Payment of finance lease obligations	(8)	(8)	(16)	(16)
Cash flows used in financing activities	(884)	(2,351)	(1,714)	(3,340)
Net (decrease)/increase in cash and cash equivalents	(126)	2,595	(1,395)	1,653
Effect of exchange rate changes on cash and cash equivalents	51	(27)	98	3
Cash and cash equivalents at beginning of financial period	4,829	3,782	6,051	4,694
Cash and cash equivalents at end of financial period	4,754	6,350	4,754	6,350

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 2017						
Balance as at 1 January 2017	97,844	(526)	1,802	522	(24,753)	74,889
Loss for the period	-	-	-	-	(4,986)	(4,986)
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(32)	-	(32)
Foreign currency translation	-	-	(1,025)	-	-	(1,025)
Other comprehensive income for the period, net of tax	-	-	(1,025)	(32)	-	(1,057)
Total comprehensive income for the period	-	-	(1,025)	(32)	(4,986)	(6,043)
Contributions by and distribution to owners						
Purchase of treasury shares	-	(2)	-	-	-	(2)
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	1,552	-	-	-	-	1,552
Total transactions with owners in their capacity as owners	1,552	(2)	-	-	-	1,550
Balance as at 30 June 2017	**99,396**	**(528)**	**777**	**490**	**(29,739)**	**70,396**

	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 2018						
Balance as at 1 January 2018	102,605	(528)	300	111	(37,584)	64,904
Loss for the period	-	-	-	-	(2,024)	(2,024)
Other comprehensive income						
Foreign currency translation	-	-	203	-	-	203
Other comprehensive income for the period, net of tax	-	-	203	-	-	203
Total comprehensive income for the period	-	-	203	-	(2,024)	(1,821)
Contributions by and distribution to owners						
Total transactions with owners in their capacity as owners	-	-	-	-	-	-
Balance as at 30 June 2018	**102,605**	**(528)**	**503**	**111**	**(39,608)**	**63,083**

	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 2017						
Balance as at 1 April 2017	97,844	(528)	933	548	(27,557)	71,240
Loss for the period	-	-	-	-	(2,182)	(2,182)
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(58)	-	(58)
Foreign currency translation	-	-	(156)	-	-	(156)
Other comprehensive income for the period, net of tax	-	-	(156)	(58)	-	(214)
Total comprehensive income for the period	-	-	(156)	(58)	(2,182)	(2,396)
Contributions by and distribution to owners						
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	1,552	-	-		-	1,552
Total transactions with owners in their capacity as owners	1,552	-	-	-	-	1,552
Balance as at 30 June 2017	**99,396**	**(528)**	**777**	**490**	**(29,739)**	**70,396**

	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 2018						
Balance as at 1 April 2018	102,605	(528)	148	111	(39,643)	62,693
Loss for the period	-	-	-	-	38	38
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	-	-	-
Foreign currency translation	-	-	352	-	-	352
Other comprehensive income for the period, net of tax	-	-	352	-	-	352
Total comprehensive income for the period	-	-	352	-	38	390
Contributions by and distribution to owners						
Total transactions with owners in their capacity as owners	-	-	-	-	-	-
Balance as at 30 June 2018	**102,605**	**(528)**	**500**	**111**	**(39,605)**	**63,083**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1H ended 30 June 2017					
Balance as at 1 January 2017	97,844	(526)	523	(41,285)	56,556
Loss for the period	-	-	-	(1,308)	(1,308)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	(31)	-	(31)
Other comprehensive income for the period, net of tax	-	-	(31)	-	(31)
Total comprehensive income for the period	-	-	(31)	(1,308)	(1,339)
Contributions by and distribution to owners					
Purchase of treasury shares	-	(2)	-	-	(2)
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	1,552	-	-	-	1,552
Total transactions with owners in their capacity as owners	1,552	(2)	-	-	1,550
Balance as at 30 June 2017	**99,396**	**(528)**	**492**	**(42,593)**	**56,767**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1H ended 30 June 2018					
Balance as at 1 January 2018	102,605	(528)	115	(46,453)	55,739
Loss for the period	-	-	-	(719)	(719)
Other comprehensive income					
Net 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 period	-	-	-	(719)	(719)
Contributions by and distribution to owners					
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 30 June 2018	**102,605**	**(528)**	**115**	**(47,172)**	**55,020**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2Q ended 30 June 2017					
Balance as at 1 April 2017	97,844	(528)	549	(41,916)	55,949
Profit for the period	-	-	-	(677)	(677)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	(57)	-	(57)
Other comprehensive income for the period, net of tax	-	-	(57)	-	(57)
Total comprehensive income for the period	-	-	(57)	(677)	(734)
Contributions by and distribution to owners					
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	1,552	-	-	-	1,552
Total transactions with owners in their capacity as owners	1,552	-	-	-	1,552
Balance as at 30 June 2017	**99,396**	**(528)**	**492**	**(42,593)**	**56,767**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2Q ended 30 June 2018					
Balance as at 1 April 2018	102,605	(528)	115	(46,820)	55,372
Profit for the period	-	-	-	(352)	(352)
Other comprehensive income					
Net 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 period	-	-	-	(352)	(352)
Contributions by and distribution to owners					
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 30 June 2018	**102,605**	**(528)**	**115**	**(47,172)**	**55,020**

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2018 and 30 June 2018	1,106,681,074	102,605

On 3 July 2017, the Company allotted and issued 194,982,219 new ordinary shares (“Rights Shares”) at an issue price of S$0.018 for each Rights Share and 97,491,109 free detachable warrants (“2017 Warrants”) pursuant to a renounceable and non-underwritten rights cum warrants issue. Each 2017 Warrant carries the right to subscribe for two new ordinary share in the capital of the Company at an exercise price of S$0.025 for each new ordinary share and is exercisable during a five year period from the date of issue.

The Company has nil outstanding warrants issued on 28 April 2013 ("2013 Warrants") as at 30 June 2018 (31 December 2017: 132,840,897), after the expiry on 25 April 2018. Each 2013 Warrant carried 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 was exercisable during a five year period from the date of issue.

As at 30 June 2018, the total number of ordinary shares in issue was 1,106,681,074 of which 7,961,500 were held by the Company as treasury shares (31 December 2017: 1,106,681,074 ordinary shares and 7,961,500 treasury shares).

	As at 30 June 2018	As at 30 June 2017
No of Shares that may be issued upon conversion of all oustandiing convertibles	194,982,218	132,840,897

There were no subsidary holdings as at the end of the current financial year reported on.

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 2018.

As at 30 June 2017, the total number of treasury shares was 7,961,500 and the net number of issued shares was 903,737,355.

1 (d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.**

	As at 30 June 2018		As at 30 June 2017	
	No. of shares	S$'000	No. of shares	S$'000
Total number of issued shares at the end of the financial period	1,098,719,574	102,077	862,792,553	97,844
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	-	-	48,906,302	1,552
Issuance of shares	-	-	194,982,219	3,510
Share issuance expenses	-	-	-	(300)
Number of Treasury Shares at the end of the financial period	(7,961,500)	(528)	(7,961,500)	(528)
Net number of issued shares at the end of the financial period	1,090,758,074	101,549	1,098,719,574	102,077

1(d) (iv) **A statement showing all sales, transfers, 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 31 March 2018 and 30 June 2018	7,961,500	528

1(d) (v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no subsidary holdings as at the end of the current financial period reported on.

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 2017, 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 2018. 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 2018 cents	2Q 2017 cents	1H 2018 cents	1H 2017 cents
Earnings per ordinary share				
(i) Based on the weighted average number of ordinary share on issue	0.00	(0.24)	(0.18)	(0.55)
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.00	(0.24)	(0.18)	(0.55)
Earnings per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share on issue	0.00	(0.24)	(0.18)	(0.55)
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.00	(0.24)	(0.18)	(0.55)
Computed based on the following weighted average number of shares				
Basic	1,098,719,574	903,741,996	1,098,719,574	903,741,996
Diluted	1,098,719,574	903,741,996	1,098,719,574	903,741,996

As at 30 June 2018, 97,491,109 (31 December 2017: 230,332,006) warrants had not been included in the calculation of diluted earnings per share because they are anti-dilutive.

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 year reported on; and
(b) immediately preceding financial year.

	Group		Company	
	S$		S$	
	30.6.18	31.12.17	30.6.18	31.12.17
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.06	0.06	0.05	0.05

Footnote:

Net asset value per ordinary share is based on 1,098,719,574 ordinary shares as at 30 June 2018 (31 December 2017: 1,098,719,574 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 1H-2018 revenue and gross margin were lower compared to the prior year's corresponding period primarily due to the lower revenue recognised for the chartering services as a result of cancellation of a land rig contract. In relation to the business of offshore and marine services, and systems engineering projects, revenue maintained at the same level as that of the prior year's while the gross profit and gross profit margin increased due to a larger mix of service jobs which yielded higher margins.

Other Income for 1H-2018 increased due to favourable exchange gains from the strengthening of US Dollars as the Group is in an overall net US Dollar asset position.

Administrative Expenses declined year-on-year due to tighter spending discipline and rightsizing of manpower. Other Operating Expenses reduced due to the exchange gains recorded in other income as opposed to exchange losses in the prior period and the lower impairment of trade receivables relating to the doubful collection of chartering contract.

Considering the above factors, the Group managed to break-even for 2Q-2018 while cumulatively reduced the loss before tax for 1H-2018.

Financial Position

Net Assets for the Group of S$63.1 million as at 30 June 2018 was lower compared to that in 31 December 2017 due to the net loss incurred, partially offset by the increase in reserves from foreign currency translation during the period.

The reduction in Non-Current Assets was mainly due to the disposal of quoted equity investments and depreciation of property, plant and equipment.

The increase in Trade Receivables was largely due to the amortisation and reduction of Finance Lease Receivables as the charter contract continued to be recognised. Other Receivables and deposits increased due to down payment made for new projects secured.

Cashflow

The net cash flows from operating activities were mainly due to the amortisation of finance lease receivable longer repayment for other payables. These were partially offset by the longer lead time in collection of trade receivables.

Cash flows from investing activities were mainly due to the receipt of proceeds from disposal of quoted equities.

Cash flows used in financing activities were due to the repayment of loans and borrowings 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 industry is showing some signs of gradual recovery and increasing inquiries as the oil price maintains around US$70 per barrel in 2Q18 with a high of US$80. The Group has seen an increase in customer enquiries and tender invitations in 2018 and is working diligently on securing the contracts.

On the collection of receivables from the charterer of the land rigs in China, the Group is currently endorsing and enforcing the favourable arbitration award of US$71 million received against the charterer of the land rigs in China. In this aspect, the Group engaged a consortium of local professionals to assist in the administration of the enforcement and recovery of proceeds against the charterer's assets.

The Group continues to be in discussion with the owners of the chemical tanker to settle the outstanding amount which has been fully taken up as provision in the prior financial year. The arbitration against the sub-charterer is still in progress while the Group holds parallel discussion on potential settlement.

The Group will provide a separate update to the shareholders on the status of the litigation between a subsidiary of the Group and Keppel Singmarine Pte. Ltd..

The outstanding loan and bonds with Tembusu Growth Fund 2 and Luminor Growth Fund I have both matured in May 2018. The Group and the lenders are in the final stages of discussion to achieve an acceptable debt restructuring solution. The Group will provide an update when the agreements are in place.

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 Use of proceeds from rights cum warrants issue

As at 30 June 2018, all the net proceeds from the 2017 rights cum warrants issue have been fully utilised. The use of proceeds from the rights cum warrants issue is in accordance with the intended use.

15 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 second quarter ended 30 June 2018 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR LOW JOOI KOK
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

8 August 2018
Singapore