



Company Registration No. 201311482K

KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

Background

Kim Heng Offshore & Marine Holdings Limited ("**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 22 January 2014. The initial public offering ("**IPO**") of the Company was sponsored by Canaccord Genuity Singapore Pte. Ltd. ("**Sponsor**").

The Company was incorporated in the Republic of Singapore on 29 April 2013 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries ("**Group**") were formed pursuant to a restructuring exercise ("**Restructuring Exercise**") which involved acquisition and rationalisation of the Group's corporate and shareholding structure prior to the IPO and the Company's listing on Catalist of the SGX-ST. Please refer to the Company's offer document dated 14 January 2014 ("**Offer Document**") for further details of the Restructuring Exercise.

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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 Ms Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 Months			6 Months		
	1 Apr 2015 to 30 Jun 2015	1 Apr 2014 to 30 Jun 2014	+/-	1 Jan 2015 to 30 Jun 2015	1 Jan 2014 to 30 Jun 2014	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	11,228	20,131	(44)	27,485	43,718	(37)
Cost of sales	(10,208)	(14,045)	(27)	(21,575)	(27,829)	(22)
Gross profit	1,020	6,086	(83)	5,910	15,889	(63)
Gross profit margin	9%	30%		22%	36%	
Other income	416	246	69	1,284	714	80
Distribution expenses	(382)	(1,068)	(64)	(825)	(1,530)	(46)
Administrative expenses	(3,697)	(3,338)	11	(7,231)	(7,939)	(9)
Other operating expenses	(281)	(12)	N.M.	(678)	(479)	42
Finance costs	(106)	(106)	-	(190)	(213)	(11)
(Loss)/profit before income tax	(3,030)	1,808	N.M.	(1,730)	6,442	N.M.
Income tax credit/(expense)	195	(221)	N.M.	-	(962)	(100)
(Loss)/profit for the period	(2,835)	1,587	N.M.	(1,730)	5,480	N.M.
Other comprehensive income, net of tax						
Translation differences relating to financial statements of foreign operations	(103)	(36)	(186)	65	(57)	N.M.
Total comprehensive (loss)/income	(2,938)	1,551	N.M.	(1,665)	5,423	N.M.

N.M. – not meaningful

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. (Continued)

(i) (Loss)/profit for the period is arrived at after charging/ (crediting) the following:

	3 Months			6 Months		
	1 Apr 2015 to 30 Jun 2015	1 Apr 2014 to 30 Jun 2014	+/-	1 Jan 2015 to 30 Jun 2015	1 Jan 2014 to 30 Jun 2014	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other income</u>						
Interest income from bank deposits	(63)	(81)	(22)	(133)	(126)	6
Miscellaneous income	(88)	(89)	1	(362)	(339)	7
Gain on disposal of property, plant and equipment	(444)	(76)	584	(444)	(249)	78
Currency translations losses / (gains) - net	179	111	61	(345)	133	N.M.
Interest on loans and borrowings	106	106	-	190	213	(11)
Depreciation of property, plant and equipment	1,079	1,006	7	2,125	2,006	6
Impairment (reversed)/provided in relation to trade receivables	(85)	(34)	150	56	23	143
Reversal of inventories obsolescence	-	(94)	N.M.	-	(150)	N.M.

N.M. – 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.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 30 Jun 2015 S\$'000	As at 31 Dec 2014 S\$'000	As at 30 Jun 2015 S\$'000	As at 31 Dec 2014 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	70,404	63,206	4	4
Club memberships	45	89	-	-
Investments in subsidiaries	-	-	36,133	36,133
	<u>70,449</u>	<u>63,295</u>	<u>36,137</u>	<u>36,137</u>
Current assets				
Inventories	846	2,232	-	-
Trade and other receivables	19,324	14,625	17,628	15,716
Cash and cash equivalents	38,224	49,894	26,021	32,168
	<u>58,394</u>	<u>66,751</u>	<u>43,649</u>	<u>47,884</u>
Total assets	128,843	130,046	79,786	84,021
EQUITY				
Share capital	74,409	74,409	74,409	74,409
Other reserves	(32,675)	(32,740)	-	-
Accumulated profits	51,103	56,383	4,912	9,016
Equity attributable to owners of the Companies	92,837	98,052	79,321	83,425
LIABILITIES				
Non-current liabilities				
Loans and borrowings	7,686	4,730	-	-
Deferred tax liabilities	5,889	5,843	-	-
	<u>13,575</u>	<u>10,573</u>	<u>-</u>	<u>-</u>
Current liabilities				
Loans and borrowings	4,140	3,397	-	-
Trade and other payables	18,023	17,814	380	484
Current tax payable	268	210	85	112
	<u>22,431</u>	<u>21,421</u>	<u>465</u>	<u>596</u>
Total liabilities	36,006	31,994	465	596
Total equity and liabilities	128,843	130,046	79,786	84,021

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one (1) year or less, or on demand

	As at 30 June 2015		As at 31 December 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	4,140	-	3,397	-

Amount repayable after one (1) year

	As at 30 June 2015		As at 31 December 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	7,686	-	4,730	-

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$10.7 million are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- Fixed deposits of approximately S\$1.0 million are pledged as security deposits for the operating lease of office premises and warehouse as well as to secure term loans and finance lease liabilities; and
- Corporate guarantees by the Company amounting to S\$22.0 million.

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.

	Group			
	3 months ended 30 Jun 2015 S\$'000	3 months ended 30 Jun 2014 S\$'000	6 months ended 30 Jun 2015 S\$'000	6 months ended 30 Jun 2014 S\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	(3,030)	1,808	(1,730)	6,442
Adjustments for:				
Depreciation of property, plant and equipment	1,079	1,006	2,125	2,006
Gain on disposal of property, plant and equipment	(444)	(76)	(444)	(249)
Interest income	(63)	(81)	(133)	(126)
Interest expense	106	106	190	213
	(2,352)	2,763	8	8,286
Changes in working capital:				
Inventories	2,037	(215)	1,386	(61)
Trade and other receivables	4,163	9,647	(1,931)	5,085
Trade and other payables	(787)	(1,717)	209	(100)
Cash generated from/(used in) operations	3,061	10,478	(328)	13,210
Income tax paid	(358)	(1,572)	(504)	(2,239)
Net cash from/(used in) operating activities	2,703	8,906	(832)	10,971
Cash flows from investing activities				
Deposits pertaining to purchase of property, plant and equipment	-	(2,565)	(2,161)	(3,856)
Purchase of property, plant and equipment	(4,247)	(2,503)	(5,429)	(2,517)
Proceeds from disposal of other non current assets	45	-	45	-
Proceeds from disposal of property, plant and equipment	2,612	169	2,612	2,234
Interest received	63	81	133	126
Net cash used in investing activities	(1,527)	(4,818)	(4,800)	(4,013)
Cash flows from financing activities				
Interest paid	(106)	(106)	(190)	(213)
Dividend paid	(3,550)	(3,550)	(3,550)	(3,550)
Repayment of finance lease liabilities - net	(579)	(540)	(1,087)	(1,120)
Repayment of term loans	(625)	(666)	(1,274)	(1,329)
Proceeds from issue of share capital	-	-	-	38,445
Deposits pledged	-	504	-	507
Net cash (used in)/from financing activities	(4,860)	(4,358)	(6,101)	32,740
Net (decrease)/ increase in cash and cash equivalents	(3,684)	(270)	(11,733)	39,698
Cash and cash equivalents at beginning of the period~	41,050	42,287	48,931	2,335
Effect of exchange rate fluctuations on cash and cash equivalents	(126)	(34)	42	(50)
Cash and cash equivalents at end of the period~	37,240	41,983	37,240	41,983
Significant non-cash transactions during the period				
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	6,062	852	6,062	3,524

~Cash and cash equivalents consist of the following:	3 months ended	3 months ended	6 months ended	6 months ended
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and in hand	11,884	21,901	11,884	21,901
Fixed deposits	26,340	20,744	26,340	20,744
Cash and cash equivalents	38,224	42,645	38,224	42,645
Deposits pledged	(984)	(662)	(984)	(662)
Cash and cash equivalents in the statements of cash flows	37,240	41,983	37,240	41,983

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.

Group	Share capital	Merger deficit	Currency translation reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2014					
As at 1 January 2014	36,133	(32,763)	(186)	54,316	57,500
Total comprehensive income for the financial period					
Profit for the financial period	-	-	-	3,893	3,893
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	-	-	(21)	-	(21)
Total comprehensive (loss)/income for the financial period	-	-	(21)	3,893	3,872
Transactions with owners/Distribution to owners					
Issuance of shares, net of shares issue expenses	38,368	-	-	-	38,368
Total transactions with owners	38,368	-	-	-	38,368
As at 31 March 2014	74,501	(32,763)	(207)	58,209	99,740
As at 1 April 2014	74,501	(32,763)	(207)	58,209	99,740
Total comprehensive income for the financial period					
Profit for the financial period	-	-	-	1,587	1,587
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	-	-	(36)	-	(36)
Total comprehensive (loss)/ income for the financial period	-	-	(36)	1,587	1,551
Transactions with owners/Distribution to owners					
Adjustment pursuant to restructuring exercise	(92)	-	-	-	(92)
Dividends	-	-	-	(3,550)	(3,550)
Total transactions with owners	(92)	-	-	(3,550)	(3,642)
As at 30 June 2014	74,409	(32,763)	(243)	56,246	97,649

Group	Share capital	Merger deficit	Currency translation reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2015					
As at 1 January 2015	74,409	(32,763)	23	56,383	98,052
Total comprehensive income for the financial period					
Profit for the financial period	-	-	-	1,105	1,105
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	-	-	168	-	168
Total comprehensive income for the financial period	-	-	168	1,105	1,273
As at 31 March 2015	74,409	(32,763)	191	57,488	99,325
As at 1 April 2015	74,409	(32,763)	191	57,488	99,325
Total comprehensive income for the financial period					
Loss for the financial period	-	-	-	(2,835)	(2,835)
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	-	-	(103)	-	(103)
Total comprehensive loss for the financial period	-	-	(103)	(2,835)	(2,938)
Transactions with owners/Distribution to owners					
Dividends	-	-	-	(3,550)	(3,550)
Total transactions with owners	-	-	-	(3,550)	(3,550)
As at 30 June 2015	74,409	(32,763)	88	51,103	92,837

Company	Share capital	Capital reserve	Accumulated profits/(losses)	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
2014				
As at 1 January 2014	36,133	-	4,000	40,133
Total comprehensive loss for the financial period	-	-	(311)	(311)
Issuance of shares, net of shares issue expenses	38,368	-	-	38,368
As at 31 March 2014	74,501	-	3,689	78,190
As at 1 April 2014	74,501	-	3,689	78,190
Total comprehensive loss for the financial period	-	-	(161)	(161)
Transactions with owners/Distribution to owners				
Adjustment pursuant to capitalized expenses	(92)	-	-	(92)
Dividends	-	-	(3,550)	(3,550)
Total transactions with owners	(92)	-	(3,550)	(3,642)
As at 30 June 2014	74,409	-	(22)	74,387
As at 1 January 2015	74,409	-	9,016	83,425
Total comprehensive loss for the financial period	-	-	(234)	(234)
As at 31 March 2015	74,409	-	8,782	83,191
As at 1 April 2015	74,409	-	8,782	83,191
Total comprehensive loss for the financial period	-	-	(320)	(320)
Transactions with owners/Distribution to owners				
Dividends	-	-	(3,550)	(3,550)
Total transactions with owners	-	-	(3,550)	(3,550)
As at 30 June 2015	74,409	-	4,912	79,321

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.

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and fully paid ordinary shares		
Balance at 30 June 2015 and 31 March 2015	710,000,000	74,408,757

There were no outstanding convertibles or treasury shares held by the Company as at 30 June 2015 and 30 June 2014.

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
Total issued shares	710,000,000	710,000,000

As at 30 June 2015, the Company has no outstanding options, convertibles or treasury shares.

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

Not applicable, as the Company does not have any treasury 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 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 preparation of the financial statements for the 3-months financial period ended 30 June 2015 ("**2Q2015**") and 6-months financial period ended 30 June 2015 ("**1H2015**") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2014. A number of new standards, amendments to standards and interpretations are effective for the financial year beginning 1 January 2015. The adoption of these new/revised Singapore Financial Reporting Standards has no significant impact on the Group's financial statements.

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.

Refer to paragraph 4 above.

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:

(Loss)/Earnings per share based on the weighted average number of ordinary shares on issue:

(Loss)/Earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	2Q - 3 Months		1H - 6 Months	
	1 Apr 2015 to 30 Jun 2015	1 Apr 2014 to 30 Jun 2014	1 Jan 2015 to 30 Jun 2015	1 Jan 2014 to 30 Jun 2014
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(2,835)	1,587	(1,730)	5,480
Weighted average number of ordinary shares outstanding Basic and fully diluted	710,000,000	710,000,000	710,000,000	691,436,464
(loss)/earnings per share (cents per share)	(0.4)	0.2	(0.2)	0.8

The diluted and basic (loss)/earnings per share are similar for each of 2Q2015, 2Q2014, 1H2015 and 1H2014 as the Company has no dilutive equity instruments as at 30 June 2015 and 30 June 2014.

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	
	As at 30 June 2015	As at 31 December 2014	As at 30 June 2015	As at 31 December 2014
Net asset value per ordinary share (cents)	13.1	13.8	11.2	11.8
Number of ordinary shares used in calculating net asset value per ordinary share	710,000,000	710,000,000	710,000,000	710,000,000

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.

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

Revenue

Revenue for 2Q2015 decreased by S\$8.9 million or 44.2%, from S\$20.1 million in 2Q2014 to S\$11.2 million in 2Q2015 due to the following:-

- (i) the decrease in revenue from the Offshore Rig Services and Supply Chain Management segment of S\$5.3 million mainly due to continued low demand for maintenance of rigs and related goods and services from our customers as oil prices remain low, and
- (ii) the decrease in revenue from the Vessel Sales and Newbuild segment of S\$3.6 million due to no vessel sale in 2Q2015 and lower value of new built project undertaken in 2Q2015 as compared to 2Q2014.

Cost of sales, profit margin and gross profit margin

Cost of sales decreased by S\$3.8 million or 27.3%, from S\$14.0 million in 2Q2014 to S\$10.2 million in 2Q2015 in line with the decrease in revenue.

Gross profit decreased by S\$5.1 million or 83.2%, from S\$6.1 million in 2Q2014 to S\$1.0 million in 2Q2015 and gross profit margin decreased from 30.2% for 2Q2014 to 9.1% for 2Q2015. The decreases in gross profit and gross profit margin were due to lower margin projects which the Group had undertaken in 2Q2015.

Other income

Other income increased by S\$0.2 million or 69.1%, from S\$0.2 million in 2Q2014 to S\$0.4 million in 2Q2015, due to gain on sale of fixed assets and partially offset with exchange losses.

Distribution expenses

Distribution expenses decreased by S\$0.7 million or 64.3%, from S\$1.1 million in 2Q2014 to S\$0.4 million in 2Q2015, due to lesser brokerage and commission fees paid which is in line with the decrease in revenue.

Administrative expenses

Administrative expenses increased by S\$0.4 million or 10.8%, from S\$3.3 million in 2Q2014 to S\$3.7 million in 2Q2015, due to increases in staff costs and professional fees.

Other operating expenses

Other operating expenses increased by S\$0.3 million from S\$0.01 million in 2Q2014 to S\$0.3 million in 2Q2015, mainly due to the increase in depreciation costs and reversal of provision for stock obsolescence that was made in 2Q2014.

Income tax expenses

Income tax expenses decreased by S\$0.4 million from S\$0.2 million in 2Q2014 to tax credit of S\$0.2 million in 2Q2015 due to the reversal of the tax provision made in 1Q2015. No tax was provided for 2Q2015 as the group reported a loss in 2Q2015.

Net (loss)/profit

As a result of the above, our net profit decreased by S\$4.4 million from S\$1.6 million in 2Q2014 to a loss of S\$2.8 million in 2Q2015.

Statement of Financial Position

Non current assets

Non current assets increased by S\$7.1 million, from S\$63.3million as at 31 December 2014 to S\$70.4 million as at 30 June 2015. This was mainly due to purchase of new machineries.

Current assets

Current assets decreased by S\$8.4 million, from S\$66.8 million as at 31 December 2014 to S\$58.4 million as at 30 June 2015. This was mainly due to decreases in cash and cash equivalents and inventories, partially offset by an increase in trade and other receivables.

Trade and other receivables increased from S\$14.6 million as at 31 December 2014 to S\$19.3 million as at 30 June 2015. This was mainly due to deposits paid for the purchase of fixed assets and increase in billings made to customers towards the end of the period.

Inventories decreased from S\$2.2 million as at 31 December 2014 to S\$0.8 million as at 30 June 2015 mainly due to sale of inventories.

Cash and cash equivalents decreased from S\$49.9 million as at 31 December 2014 to S\$38.2 million as at 30 June 2015 due mainly to cash used in financing and investing activities.

Current liabilities

Current liabilities increased by S\$1.0 million, from S\$21.4 million as at 31 December 2014 to S\$22.4 million as at 30 June 2015, mainly due to increase in loans and borrowings as the Group obtained new loans for the purchase of plant and equipment.

Non-current liabilities

Non-current liabilities increased by S\$3.0 million, from S\$10.6 million as at 31 December 2014 to S\$13.6 million as at 30 June 2015, mainly due to new loans obtained for the purchase of plant and equipment.

Consolidated Statement of Cash flows

In 2Q2015, we generated net cash used in operating activities before changes in working capital of S\$2.4 million. Net cash from working capital amounted to S\$5.4 million. This was mainly due to increases in trade and other receivables and inventories, partially offset by a decrease in trade and other payables. We paid income tax of S\$0.4 million during the period. The net cash generated from operating activities amounted to S\$2.7 million.

Net cash used in investing activities of S\$1.5 million in 2Q2015 were for the purchase of plant and equipment, partially offset by proceeds from disposal of plant and equipment.

Net cash used in financing activities of S\$4.9 million in 2Q2015 were due to dividends payment, repayment of obligations under finance lease and term loans, and interest payment.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$3.7 million in our cash and cash equivalents (as adjusted for deposits pledged).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The unaudited financial results for 2Q2015 set out in this announcement are in line with the profit guidance announcement released by the Company on 6 August 2015.

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.

As oil prices remain low, downward pressure on offshore exploration activities has not alleviated and the demand for maintenance of rigs and related goods and services has not picked up. Given the current conditions in our operating environment, we expect our business to remain challenging in the next 12 months.

In 2Q2015, the Group acquired additional crane assets for our new subsidiary, Kim Heng Heavy Equipment Pte Ltd, to complement and expand our crane business. This subsidiary is expected to contribute positively to the Group's revenue.

Yard development at 48 Penjuru Road commenced in 2Q2015 and completion is expected to be in 1H2016.

Moving forward, the Group will continue to assess potential merger and acquisition opportunities. The Group's current strong cash position allows us to undertake expansion activities and additional projects, which will put the Group in good stead to capitalise on the attractive valuations of prospective targets.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No dividend has been declared or recommended for 2Q2015.

(b) Previous corresponding period

No dividend was declared or recommended for 2Q2014.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) Date Payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for 2Q2015.

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.

The Group has not obtained a general mandate from shareholders for interested person transactions.

14. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Listing Manual.

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the interim financial results for the second quarter ended 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Thomas Tan Keng Siong
Executive Chairman and CEO
11 August 2015

Yeo Seh Hong
Executive Director and COO