

KIM HENG MAINTAINS HEALTHY BALANCE SHEET IN TOUGH TIMES

- ✓ **Strong balance sheet with minimal borrowings, a net debt/equity of nearly zero.**
- ✓ **Group's losses reduced by 52% year-on-year and 22% quarter-on-quarter.**
- ✓ **Group to continue reviewing cost cutting measures and capex spending.**

Singapore, 05 August 2016

Kim Heng Offshore & Marine Holdings Limited (“**Kim Heng**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), an established integrated offshore and marine value chain services provider, is pleased to provide the following update on its financial position, following publication of its unaudited results for the second quarter ended 30 June 2016.

Over the past twelve months, Kim Heng's cost cutting initiatives have borne fruit with the Company's SG&A costs falling by about 8% year-on-year. The improvements in cost management have helped the Company reduce total comprehensive losses by 52% year-on-year, and 22% quarter-on-quarter. These improvements are testament to the Company's resilience and prudent management during the industry's severe downturn.

As a result, Kim Heng continues to maintain a strong balance sheet with a net debt/equity of nearly zero.

Maintaining a conservative stance allows the Group to weather the current industry weakness, while giving us the flexibility to undertake expansion activities and new projects when deemed appropriate.

While we must continue to manage the industry's current weakness, the Group has experienced many business cycles and remains confident that it will emerge stronger in the future.

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About Kim Heng Offshore & Marine Holdings Limited (Bloomberg Ticker: KHOM SP)

www.kimheng.com.sg

With over 40 years of experience and listed on the Catalist Board of the Singapore Exchange Securities on the 22nd of January 2014, Kim Heng is an established integrated offshore and marine value chain services provider. Strategically located in Singapore, the Group offers a one-stop comprehensive range of products and services that caters to different stages of offshore oil and gas projects from oil exploration to field development and oil production.

Kim Heng has built its brand over the years and currently caters to world renowned customers from over 25 countries in the regions of Southeast Asia, USA, Latin America, Australasia, Middle East and Europe.

The Group's operations are primarily located in Singapore, with two shipyards strategically located at 9 Pandan Crescent and 48 Penjuru Road. The shipyards, with a combined waterfront of 205 metres, enable the Group to carry out afloat repairs, fabrication, newbuild, painting and blasting works.

Via its two waterfront facilities, Kim Heng is able to carry out a multitude of services, which are split into three main business segments.

Offshore Rig Services & Supply Chain Management

Offshore Rig Services

- Construction and fabrication works of sections or components of drilling rigs & drillships
- Installation of offshore production modules and systems
- Afloat repairs, maintenance and refurbishment of offshore rigs, platforms & vessels
- Supply of offshore drilling and production equipment
- 24/7 Oil spill response and salvage operations

Supply Chain Management

- Provision of offshore supply vessels and heavy-lift equipment
- Provision of logistics, general shipping and crew management

Heavy Equipment

- Provision of heavy equipment both for sale and rent
- Import and export of heavy equipment
- These include crawler cranes, lorry cranes and mobile cranes

Vessel Sales & Newbuild

- Purchase and refurbishment of vessels for onselling

- Newbuilding of vessels

Issued for and on behalf of Kim Heng Offshore & Marine Holdings Limited

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