



Company Registration No. 201311482K

KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

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 rationalization 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.

For the purpose of this announcement, the comparative results of the Group for the first quarter ended 31 March 2013 ("1Q2013") represented a combination or aggregation of the financial statements of the Company and its subsidiaries after the Restructuring Exercise, and have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2013.

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 Soo Hsin Yu, Associate Director, Corporate Finance, 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		+/-
	1 Jan 2014 to 31 Mar 2014	1 Jan 2013 to 31 Mar 2013	
	S\$'000	S\$'000	%
Revenue	23,587	21,382	10
Cost of sales	(13,784)	(12,885)	7
Gross profit	9,803	8,497	15
Gross profit margin	42%	40%	
Other income	468	88	432
Distribution expenses	(462)	(234)	97
Administrative expenses	(4,601)	(3,582)	28
Other operating expenses	(467)	(544)	(14)
Finance costs	(107)	(266)	(60)
Profit before income tax	4,634	3,959	17
Income tax expense	(741)	(613)	21
Profit for the period	3,893	3,346	16
Other comprehensive income, net of tax			
Translation differences relating to financial statements of foreign operations	(21)	6	N.M.
Total comprehensive income	3,872	3,352	15

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) Profit for the period is arrived at after charging/ (crediting) the following:

	3 Months		
	1 Jan 2014 to 31 Mar 2014	1 Jan 2013 to 31 Mar 2013	+/-
	S\$'000	S\$'000	%
<u>Other income</u>			
Interest income from bank deposits	(45)	*	N.M.
Miscellaneous income	(250)	(88)	184
Gain on disposal of plant and equipment	(173)	-	N.M.
Interest on borrowings	107	266	(60)
Depreciation of plant and equipment	1,000	1,116	(10)
Impairment recognized in relation to trade receivables	57	210	(73)
Reversal of inventories obsolescence	(56)	(31)	81
Currency translations losses / (gains) - net	22	(115)	N.M.

N.M. – not meaningful

** - Amount less than S\$1,000*

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	
	31 Mar 2014 S\$'000	31 Dec 2013 S\$'000	31 Mar 2014 S\$'000	31 Dec 2013 S\$'000
ASSETS				
Non-current assets				
Investments in subsidiaries	-	-	36,133	36,133
Property, plant and equipment	59,365	57,779	-	-
Club memberships	44	44	-	-
	59,409	57,823	36,133	36,133
Current assets				
Inventories	537	691	-	-
Trade and other receivables	33,958	28,187	7,514	4,242
Non-current assets held-for-sale	-	1,792	-	-
Cash and cash equivalents	43,453	3,504	34,785	-
	77,948	34,174	42,299	4,242
Total assets	137,357	91,997	78,432	40,375
EQUITY				
Share capital	74,501	36,133	74,501	36,133
Other reserves	(32,970)	(32,949)	-	-
Accumulated profits	58,209	54,316	3,689	4,000
Equity attributable to owners of the Companies	99,740	57,500	78,190	40,133
LIABILITIES				
Non-current liabilities				
Loans and borrowings	5,079	3,991	-	-
Deferred tax liabilities	5,872	5,872	-	-
	10,951	9,863	-	-
Current liabilities				
Loans and borrowings	4,532	4,192	-	-
Trade and other payables	18,767	17,149	242	242
Current tax payable	3,367	3,293	-	-
	26,666	24,634	242	242
Total liabilities	37,617	34,497	242	242
Total equity and liabilities	137,357	91,997	78,432	40,375

* - Amount less than S\$1,000

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 31 March 2014		As at 31 December 2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	4,532	-	4,192	-

Amount repayable after one (1) year

	As at 31 March 2014		As at 31 December 2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	5,079	-	3,991	-

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$12.9 million are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- Fixed deposits of S\$1.2 million are pledged as security deposits for the operating lease of office premises and warehouse as well as to secure bank overdrafts, trust receipts, term loans and finance lease liabilities;
- Joint and several personal guarantees granted by Tan Keng Siong Thomas ("**Thomas Tan**") (Executive Chairman and CEO), Tan Sek Khoon ("**SK Tan**") (brother of Thomas Tan and a former director of the Group) and Chen Biqing (General Manager – Marine and Support Services) to banks in respect of banking facilities amounting to S\$35.0 million; and
- Corporate guarantees by the Group's subsidiary, Kim Heng Marine & Oilfield Pte. Ltd.

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 31 Mar 2014 S\$'000	3 months ended 31 Mar 2013 S\$'000
Cash flows from operating activities		
Profit before income tax	4,634	3,959
Adjustments for:		
Depreciation of property, plant and equipment	1,000	1,116
Gain on disposal of property, plant and equipment	(173)	-
Interest income	(45)	*
Interest expense	107	266
	5,523	5,341
Changes in working capital:		
Inventories	154	284
Trade and other receivables	(1,592)	1,215
Trade and other payables	1,617	2,202
Amounts due to directors	-	(120)
Cash generated from operations	5,702	8,922
Income tax paid	(667)	(349)
Net cash from operating activities	5,035	8,573
Cash flows from investing activities		
Deposits pertaining to purchase of property, plant and equipment	(4,261)	(2,560)
Purchase of property, plant and equipment	(14)	(2,129)
Proceeds from disposal of property, plant and equipment	2,065	-
Interest received	45	*
Net cash used in investing activities	(2,165)	(4,689)
Cash flows from financing activities		
Interest paid	(107)	(266)
Dividend paid	-	(1,751)
Repayment of finance lease liabilities - net	(580)	(1,664)
Proceeds from trust receipts	-	235
Proceeds from term loans	-	1,986
Repayment of term loans	(663)	(1,558)
Proceeds from issue of share capital	38,445	-
Deposits pledged	3	(7)
Net cash from/(used in) financing activities	37,098	(3,025)
Net increase in cash and cash equivalents	39,968	859
Cash and cash equivalents at beginning of the period~	2,335	(2,281)
Effect of exchange rate fluctuations on cash and cash equivalents	(16)	-
Cash and cash equivalents at end of the period~	42,287	(1,422)
Significant non-cash transactions during the period		
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	2,672	1,466

*- Amount less than S\$1,000

~As adjusted for bank overdrafts and deposits pledged

	3 months ended 31 Mar 2014 S\$'000	3 months ended 31 Mar 2013 S\$'000
~Cash and cash equivalents consist of the following:		
Cash at bank and in hand	22,287	712
Fixed deposits	21,166	911
Cash and cash equivalents	43,453	1,623
Bank overdrafts	-	(2,134)
Deposits pledged	(1,166)	(911)
Cash and cash equivalents in the statements of cash flows	<u>42,287</u>	<u>(1,422)</u>

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 S\$'000	Merger deficit S\$'000	Currency translation reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
2013					
As at 1 January 2013	3,370	-	(235)	40,226	43,361
Total comprehensive income for the financial period					
Profit for the financial period	-	-	-	3,346	3,346
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	-	-	6	-	6
Total comprehensive income for the financial period	-	-	6	3,346	3,352
Transactions with owners/Distribution to owners					
Dividends	-	-	-	(3,000)	(3,000)
Total transactions with owners	-	-	-	(3,000)	(3,000)
As at 31 March 2013	<u>3,370</u>	<u>-</u>	<u>(229)</u>	<u>40,572</u>	<u>43,713</u>
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 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	<u>74,501</u>	<u>(32,763)</u>	<u>(207)</u>	<u>58,209</u>	<u>99,740</u>

Company [#]	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total equity 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

- There are no comparative figures for the preceding financial period as the Company was incorporated on 29 April 2013.

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 1 January 2014	550,000,000	36,133,121
Issue of Shares pursuant to the listing of the Company on the Catalist of SGX-ST, net of shares issue expenses	160,000,000	38,368,330
Balance at 31 March 2014	710,000,000	74,501,451

There were no outstanding convertibles or treasury shares held by the Company as at 31 March 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 31 March 2014	As at 31 December 2013
Total issued shares	710,000,000	550,000,000

As at 31 March 2014, 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 31 March 2014 ("1Q2014") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2013. A number of new standards, amendments to standards and interpretations are effective for the financial year beginning 1 January 2014. 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.

Not applicable.

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:

Earnings per share based on the weighted average number of ordinary shares on issue;

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.

	3 Months	
	1 Jan 2014 to 31 Mar 2014	1 Jan 2013 to 31 Mar 2013
Net profit attributable to equity holders of the Company (S\$'000)	3,893	3,346
Weighted average number of ordinary shares outstanding for earnings per share	672,666,667	550,000,000 [^]
Basic and fully diluted earnings per share (cents per share)	0.6	0.6

[^] - Adjusted for the sub-division of every one (1) share into 550 shares pursuant to the Restructuring Exercise. Please refer to the Offer Document for further details.

The diluted and basic EPS are similar for 1Q2014 and 1Q2013 as the Company has no dilutive equity instruments as at 31 March 2014 and 31 March 2013.

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 31 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013
Net asset value per ordinary share (S\$ cents)	14.0	10.5	11.0	7.3

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 1Q2014 increased by S\$2.2 million or 10.3%, from S\$21.4 million for 1Q2013 to S\$23.6 million for 1Q2014 due to the increase in revenue from the Offshore Rig Services and Supply Chain Management segment.

The increase in revenue in the Offshore Rig Services and Supply Chain Management segment for 1Q2014 was mainly due to an increase in (i) chartering and towage income of S\$4.5 million, from S\$1.8 million in 1Q2013 to S\$6.3 million in 1Q2014; and (ii) marine offshore support services income of S\$1.6 million, from S\$7.9 million in 1Q2013 to S\$9.5 million in 1Q2014. The increase was mainly due to spill over from projects which had only commenced in the second half of FY2013.

This was partially offset by a decrease in sale of materials of S\$4.0 million, from S\$9.2 million in 1Q2013 to S\$5.2 million in 1Q2014, mainly due to a one-off supply of bunker oil to a customer in 1Q2013.

Cost of sales, profit margin and gross profit margin

Cost of sales increased by S\$0.9 million or 7.0% from S\$12.9 million in 1Q2013 to S\$13.8 million in 1Q2014 in line with the increase in revenue. This was mainly due to the increases in (i) freight, transportation and port charges of S\$1.7 million; (ii) vessel-related costs of S\$1.1 million; and (iii) other cost of sales of S\$0.3 million; partially offset by the decrease in cost of materials of S\$2.2 million.

Gross profit increased by S\$1.3 million or 15.4%, from S\$8.5 million in 1Q2013 to S\$9.8 million in 1Q2014 and gross profit margin improved from 39.7% for 1Q2013 to 41.6% for 1Q2014. The increase in gross profit and gross profit margin were due to higher margin projects which the Group had undertaken in 1Q2014.

Other income

Other income increased by S\$0.4 million from S\$0.1 million in 1Q2013 to S\$0.5 million in 1Q2014 mainly due to gains on disposal of property, plant and equipment, wage credits, increases in sales of scrap materials and advertising sponsorship in relation to the Group's listing exercise.

Distribution expenses

Distribution expenses increased by S\$0.2 million or 97.4%, from S\$0.2 million in 1Q2013 to S\$0.5 million in 1Q2014, due to advertising costs of S\$0.2 million incurred in relation to the Group's listing exercise.

Administrative expenses

Administrative expenses increased by S\$1.0 million or 28.4%, from S\$3.6 million in 1Q2013 to S\$4.6 million in 1Q2014, due to increases in (i) professional fees of S\$0.7 million incurred in relation to the Group's listing exercise; and (ii) staff costs of S\$0.3 million.

Other operating expenses

Other operating expenses decreased by S\$0.1 million or 14.2% from S\$0.5 million in 1Q2013 to S\$0.5 million in 1Q2014 mainly due to a decrease in allowance for doubtful debts. Depreciation costs had also decreased by S\$0.1 million in 1Q2014 as some of the Group's assets had been fully depreciated in FY2013.

Finance expenses

Finance costs decreased by S\$0.2 million or 59.8% from S\$0.3 million in 1Q2013 to S\$0.1 million in 1Q2014. The decrease was due to the repayment of obligations under the Group's financing facilities.

Income tax expenses

Income tax expenses increased by S\$0.1 million or 20.9%, from S\$0.6 million in 1Q2013 to S\$0.7 million in 1Q2014, in line with the increase in our profits. The effective tax rate was 15.5% for 1Q2013 and 16.0% for 1Q2014 which was below the prevailing statutory tax rate in Singapore due mainly to income from chartering services which were non-taxable.

Net profit

As a result of the above, our net profit increased by S\$0.5 million from S\$3.4 million in 1Q2013 to S\$3.9 million in 1Q2014.

Statement of Financial Position

Current assets

Current assets increased by S\$43.8 million from S\$34.2 million as at 31 December 2013 to S\$77.9 as at 31 March 2014 mainly due to increases in cash and cash equivalents of S\$39.9 million and trade and other receivables of S\$5.8 million, partially offset by a decrease in non-current assets held for sale of S\$1.8 million and inventories of S\$0.2 million.

Cash and cash equivalents increased from S\$3.5 million as at 31 December 2013 to S\$43.5 million as at 31 March 2014 due mainly to the proceeds from the Company's IPO on Catalist of the SGX-ST.

Trade and other receivables increased from S\$28.2 million as at 31 December 2013 to S\$34.0 million as at 31 March 2014 mainly due to downpayments of S\$4.3 million made to purchase vessels and increase in billings made to customers towards the end of the period.

The decrease in non-current assets held for sale relates to the transfer of ownership of a vessel sold to a customer (in FY2013) who took over ownership of the vessel in 1Q2014.

Inventories decreased from S\$0.7 million as at 31 December 2013 to S\$0.5 million as at 31 March 2014 due to sales of inventories.

Current liabilities

Current liabilities increased by S\$2.0 million from S\$24.6 million as at 31 December 2013 to S\$26.7 million as at 31 March 2014 due to increases in trade and other payables of S\$1.6 million and short term loans and borrowings of S\$0.3 million.

Trade and other payables increased from S\$17.1 million as at 31 December 2013 to S\$18.8 million as at 31 March 2014 mainly due to more purchases made towards the end of the period.

The increase in short term loans and borrowings was due to new loans taken up during the period to purchase vessels.

Non-current liabilities

Non-current liabilities increased by S\$1.1 million or 11.0% from S\$9.9 million as at 31 December 2013 to S\$11.0 million as at 31 March 2014 due to new loans taken up by the Group during the period to purchase vessels.

Shareholders' equity

Shareholders' equity amounted to S\$57.5 million and S\$99.7 million as at 31 December 2013 and 31 March 2014 respectively. The increase was due to an increase in (i) share capital of S\$38.4 million, due to the issuance of new shares pursuant to the IPO of the Company on Catalist of the SGX-ST; and (ii) profit for the period of S\$3.9 million.

Consolidated Statement of Cash flows

In 1Q2014, we generated net cash from operating activities before changes in working capital of S\$5.5 million. Net cash from working capital amounted to S\$0.2 million. This was mainly due to an increase in trade and other payables of S\$1.6 million and decrease in inventories of S\$0.2 million, partially offset by an increase in trade and other receivables of S\$1.6 million. We paid income tax of S\$0.7 million during the period. The net cash generated from operating activities amounted to S\$5.0 million.

Net cash used in investing activities of S\$2.2 million in 1Q2014 were mainly for the purchase of and deposits placed for the acquisition of plant and equipment of S\$4.3 million, partially offset by proceeds and advance receipts from the disposal of property, plant and equipment of S\$2.1 million.

Net cash from financing activities of S\$37.1 million in 1Q2014 were mainly due to the proceeds from the IPO of the Company on Catalist of S\$38.4 million, partially offset by (i) the repayment of obligations under finance lease and term loans amounting to S\$0.6 million and S\$0.7 million respectively; and (ii) payment of interest amounting to S\$0.1 million.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net increase of S\$40.0 million in our cash and cash equivalents (as adjusted for bank overdrafts and deposits pledged).

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

Not applicable. No forecast or prospect statement has been made.

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.

In the report "2014 - The Outlook for Energy: A View to 2040", ExxonMobil projected total residential and commercial energy demand to rise by around 30 percent from 2010 to 2040, driven by increasing population, urbanization and rising living standards. ExxonMobil also expects the shift away from traditional biomass fuel, such as wood, in developing countries to further contribute to demand for modern energy such as oil and gas. Drawing from the buoyant demand coupled with the sustained high oil prices, and barring unforeseen circumstances, the Group expects the level of offshore exploration and production activities to remain robust, which may in turn translate into more opportunities for the Group.

Offshore Rig Services and Supply Chain Management

On the back of the abovementioned long-term robust outlook, the Group has strong forward business and has secured commitments with estimated revenue of S\$40.0 million (over and above 1Q2014 revenue) as at May 2014 and excluding ad-hoc and other projects that the Group may secure for the rest of 2014. Additionally, with the increase in the global rig fleet, the Group expects more rigs requiring repair, maintenance and ancillary services. As such, the Group has also contracted to add three tugs and five barges to its list of operating assets which is expected to be delivered during the year. The expansion of our fleet will provide us with the capability to meet increasing customer and operational demands, as well as reduce costs which would otherwise be incurred from chartering of vessels from external parties.

Vessel Sales and Newbuild

In May 2014, the Group sold and delivered two vessels with a contract value of S\$4.7 million. This is an opportunistic segment of our business, and we will continue to follow up on ad-hoc enquiries from potential buyers.

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 growth in the energy sector.

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 1Q2014.

(b) Previous corresponding period

The Group's subsidiary, Kim Heng Marine & Oilfield Pte Ltd, had declared and paid interim dividends of S\$3.0 million in 1Q2013.

(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 1Q2014.

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 confirm that, to the best of their knowledge, nothing has come to their attention which may render the interim financial results for the first quarter ended 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Thomas Tan Keng Siong
Executive Chairman and CEO
12 May 2014

Yeo Seh Hong
Executive Director and COO