Viking Offshore & Marine Limited
Registration No. 199307300M

Third Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 30 September 2015

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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					
	3Q 2015 S$'000	3Q 2014 S$'000	Change %	9M 2015 S$'000	9M 2014 S$'000	Change %
Revenue	19,444	20,126	(3)	62,458	51,772	21
Cost of sales	(14,762)	(14,654)	1	(45,338)	(35,962)	26
Gross Profit	4,682	5,472	(14)	17,120	15,810	8
Other income	1,834	145	1165	2,613	845	209
Interest income	1	136	(99)	2	137	(99)
Marketing and distribution expenses	(218)	(302)	(28)	(582)	(884)	(34)
Administrative expenses	(4,535)	(4,717)	(4)	(13,730)	(13,401)	2
Other operating expenses	(611)	(603)	1	(1,782)	(1,989)	(10)
Finance costs	(983)	(115)	755	(2,524)	(222)	1037
Profit before tax	170	16	963	1,117	296	277
Income tax credit	23	100	(77)	168	188	(11)
Profit for the period	193	116	66	1,285	484	165
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	383	159	141	800	(53)	NM
Net change in fair value reserve of available-for-sale	(137)	(141)	(3)	(253)	57	NM
Other comprehensive income for the period, net of tax	246	18	1267	547	4	13575
Total comprehensive income for the period	439	134	228	1,832	488	275
Profit attributable to:						
Owners of the company						
- Profit after tax	193	116	66	1,285	484	165
	193	116	66	1,285	484	165
Total comprehensive income attributable to:						
Owners of the company						
- Profit after tax	439	134	228	1,832	488	275
	439	134	228	1,832	488	275

Note

	The Group					
	3Q 2015 S$'000	3Q 2014 S$'000	Change %	9M 2015 S$'000	9M 2014 S$'000	Change %
Profit before tax is derived at after						
Crediting/(charging) :						
Depreciation of property, plant and equipment	(361)	(337)	NM	(1,062)	(1,048)	1
Amortisation of intangible assets	(183)	(283)	(35)	(548)	(847)	(35)
Gain/(Loss) on disposal of plant and equipment	-	-	NM	63	10	530
Gain/(Loss) on foreign exchange	1,641	45	3547	2,062	11	18645
Trade receivables written off	-	-	NM	-	(5)	(100)
Property, plant and equipment written off	-	(42)	(100)	-	(44)	(100)
Impairment loss on other receivables	-	-	NM	(70)		NM
(Write down)/Reversal of inventory	(60)	26	NM	(81)	(36)	125
Reversal of foreseeable losses	-	-	NM	-	24	(100)
Gain on derivative liability	1	-	NM	60	-	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-Sep-15	31-Dec-14	30-Sep-15	31-Dec-14
Equity attributable to equity holders of the company				
Share capital	94,844	94,844	94,844	94,844
Treasury shares	(589)	(543)	(589)	(543)
Reserves	4,140	3,575	(17,034)	(13,181)
Total equity	**98,395**	**97,876**	**77,221**	**81,120**
Non-current assets				
Property, plant and equipment	27,355	24,983	56	70
Investment in subsidiaries	-	-	90,653	90,653
Investment in associated companies	14,772	13,736	-	-
Quoted equity investments	1,304	1,557	1,302	1,552
Intangible assets	32,734	33,257	-	-
Finance lease receivables	38,439	19,445	-	-
Deferred tax assets	41	33	-	-
	114,645	93,011	92,011	92,275
Current assets				
Inventories	15,393	14,751	-	-
Trade receivables	18,273	18,175	-	-
Due from customers for contracts work-in-progress	18,628	14,297	-	-
Prepayments	386	216	56	67
Other receivables and deposits	5,288	5,172	1,050	1,119
Finance lease receivables	5,074	2,339	-	-
Cash and cash equivalents	10,670	8,726	94	204
	73,712	63,676	1,200	1,390
Total assets	**188,357**	**156,687**	**93,211**	**93,665**
Current liabilities				
Trade payables	11,850	11,153	-	-
Due to customers for contracts work-in-progress	5,178	4,022	-	-
Other payables and accruals	25,127	10,519	1,222	1,565
Tax payable	201	950	-	-
Finance lease obligations	19	9	-	-
Term loans	11,101	3,095	-	-
Derivative liability	1,514	1,575	1,515	1,575
Due to subsidiaries	-	-	11,228	9,380
	54,990	31,323	13,965	12,520
Non-current liabilities				
Term loans	19,610	13,453	-	-
Redeemable exchangeable bonds	12,500	11,028	-	-
Deferred tax liabilities	2,809	2,986	25	25
Finance lease obligations	53	21	-	-
	34,972	27,488	25	25
Total liabilities	**89,962**	**58,811**	**13,990**	**12,545**
Net assets	**98,395**	**97,876**	**79,221**	**81,120**

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 September 2015		As at 31 December 2014	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
11,120	-	3,104	-

Amount repayable after one year

As at 30 September 2015		As at 31 December 2014	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
32,163	-	24,502	-

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	
	3Q 2015 S$'000	3Q 2014 S$'000	9M 2015 S$'000	9M 2014 S$'000
Cash flows from operating activities:				
Profit before tax	170	16	1,117	296
Adjustments for:				
Amortisation of intangible assets	183	283	548	847
Amortisation of deferred rental	-	-	-	(33)
Depreciation of property, plant and equipment	361	337	1,062	1,048
Property, plant and equipment written off	-	42	-	44
(Reversal)/Write down of inventory	60	(26)	81	36
Employee share-based expense	44	108	218	268
Trade receivables written off	-	-	-	5
(Gain)/Loss on disposal of plant and equipment	-	-	(63)	(10)
Impairment loss on other receivables	-	-	70	-
Interest expense	983	115	2,524	222
Interest income	(1)	(136)	(2)	(137)
Reversal of foreseeable losses	-	-	-	(24)
Gain on derivative liability	(1)	-	(60)	-
Unrealised exchange loss/(gain)	(1,648)	(16)	(1,965)	22
Operating profit before working capital changes	151	723	3,530	2,584
Changes in working capital:				
Inventories	(510)	584	(723)	(1,989)
Trade receivables	(2,905)	(738)	188	4,144
Due from customers for contracts work-in-progress	(409)	(488)	(4,331)	(3,947)
Other receivables, deposits and prepayments	791	(192)	(358)	929
Finance lease receivables	(22,203)	650	(21,490)	650
Trade payables	2,360	(6,785)	426	(8,311)
Due to customers for contracts work-in-progress	(1,218)	3,969	1,156	4,133
Other payables and accruals	19,255	35	16,461	778
Cash flows used in operations	(4,688)	(2,242)	(5,141)	(1,029)
Interest paid	(115)	(115)	(611)	(222)
Interest received	1	136	2	137
Income taxes paid	(384)	(251)	(771)	(287)
Net cash flows used in operating activities	(5,186)	(2,472)	(6,521)	(1,401)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,391)	(3,177)	(3,451)	(6,022)
Additions to intangible assets	(22)	-	(22)	-
Proceeds from disposal of plant and equipment	18	4	133	47
Investment in associated companies	(541)	-	(1,036)	(13,740)
Cash used in investing activities	(1,936)	(3,173)	(4,376)	(19,715)
Cash flows from financing activities				
Repayment of loans and borrowings	(713)	(684)	(2,185)	(2,926)
Proceeds from issuance of shares pursuant to private placement	-	-	-	3,200
Share issuance expense	-	-	-	(8)
Purchase of treasury shares	(121)	-	(337)	-
Proceeds from exercise of share options	-	-	-	87
Proceeds from loans and borrowings	10,191	7,875	16,139	9,344
Payment of dividends	-	-	(1,194)	(1,197)
Payment of finance lease obligations	(5)	(4)	(9)	(15)
Cash from financing activities	9,352	7,187	12,414	8,485
Net increase/(decrease) in cash and cash equivalents	2,230	1,542	1,517	(12,631)
Effect of exchange rate changes on cash and cash equivalents	360	21	427	41
Cash and cash equivalents at beginning of financial period	8,080	4,886	8,726	19,039
Cash and cash equivalents at end of financial period	10,670	6,449	10,670	6,449

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
9M ended 30 September 2014						
Balance as at 1 January 2014	91,660	(795)	4	483	1,823	93,175
Profit for the period	-	-	-	-	484	484
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	57	-	57
Foreign currency translation	-	-	(53)	-	-	(53)
Other comprehensive income for the period, net of tax	-	-	(53)	57	-	4
Total comprehensive income for the period	-	-	(53)	57	484	488
Contributions by and distribution to owners						
Issuance of shares pursuant to private placement	3,200	-	-	-	-	3,200
Share issuance expense	(8)	-	-	-	-	(8)
Share options lapsed	-	-	-	(19)	19	-
Dividends on ordinary shares	-	-	-	-	(1,197)	(1,197)
Treasury shares reissued pursuant to share options plan	-	412	-	(325)	-	87
Employee share-based expense	-	-	-	268	-	268
Total transactions with owners in their capacity as owners	3,192	412	-	(76)	(1,178)	2,350
Balance as at 30 September 2014	**94,852**	**(383)**	**(49)**	**464**	**1,129**	**96,013**

	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
9M ended 30 September 2015						
Balance as at 1 January 2015	94,844	(543)	1,106	820	1,649	97,876
Profit for the period	-	-	-	-	1,285	1,285
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(253)	-	(253)
Foreign currency translation	-	-	800	-	-	800
Other comprehensive income for the period, net of tax	-	-	800	(253)	-	547
Total comprehensive income for the period	-	-	800	(253)	1,285	1,832
Contributions by and distribution to owners						
Purchase of treasury shares	-	(337)	-	-	-	(337)
Dividends on ordinary shares	-	-	-	-	(1,194)	(1,194)
Treasury shares reissued pursuant to share options plan	-	291	-	(291)	-	-
Employee share-based expense	-	-	-	218	-	218
Total transactions with owners in their capacity as owners	-	(46)	-	(73)	(1,194)	(1,313)
Balance as at 30 September 2015	**94,844**	**(589)**	**1,906**	**494**	**1,740**	**98,395**

	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
3Q ended 30 September 2014						
Balance as at 1 July 2014	94,852	(383)	(208)	497	1,013	95,771
Profit for the period	-	-	-	-	116	116
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(141)	-	(141)
Foreign currency translation	-	-	159	-	-	159
Other comprehensive income for the period, net of tax	-	-	159	(141)	-	18
Total comprehensive income for the period	-	-	159	(141)	116	134
Contributions by and distribution to owners						
Employee share-based expense	-	-	-	108	-	108
Total transactions with owners in their capacity as owners	-	-	-	108	-	108
Balance as at 30 September 2014	**94,852**	**(383)**	**(49)**	**464**	**1,129**	**96,013**

	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
3Q ended 30 September 2015						
Balance as at 1 July 2015	94,844	(468)	1,523	587	1,547	98,033
Profit for the period	-	-	-	-	193	193
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(137)	-	(137)
Foreign currency translation	-	-	383	-	-	383
Other comprehensive income for the period, net of tax	-	-	383	(137)	-	246
Total comprehensive income for the period	-	-	383	(137)	193	439
Contributions by and distribution to owners						
Purchase of treasury shares	-	(121)	-	-	-	(121)
Employee share-based expense	-	-	-	44	-	44
Total transactions with owners in their capacity as owners	-	(121)	-	44	-	(77)
Balance as at 30 September 2015	**94,844**	**(589)**	**1,906**	**494**	**1,740**	**98,395**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
9M ended 30 September 2014					
Balance as at 1 January 2014	91,660	(795)	518	(14,157)	77,226
Profit for the period	-	-	-	(1,146)	(1,146)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	60	-	60
Other comprehensive income for the period, net of tax	-	-	60	-	60
Total comprehensive income for the period	-	-	60	(1,146)	(1,086)
Contributions by and distribution to owners					
Issuance of shares pursuant to private placement	3,200	-	-	-	3,200
Share issuance expense	(8)	-	-	-	(8)
Share options lapsed	-	-	(19)	19	-
Dividends on ordinary shares	-			(1,197)	(1,197)
Treasury shares reissued pursuant to share options plan	-	412	(325)	-	87
Employee share-based expense	-	-	268	-	268
Total transactions with owners in their capacity as owners	3,192	412	(76)	(1,178)	2,350
Balance as at 30 September 2014	**94,852**	**(383)**	**502**	**(16,481)**	**78,490**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
9M ended 30 September 2015					
Balance as at 1 January 2015	94,844	(543)	860	(14,041)	81,120
Profit for the period	-	-	-	(2,336)	(2,336)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	(250)	-	(250)
Other comprehensive income for the period, net of tax	-	-	(250)	-	(250)
Total comprehensive income for the period	-	-	(250)	(2,336)	(2,586)
Contributions by and distribution to owners					
Purchase of treasury shares	-	(337)	-	-	(337)
Dividends on ordinary shares	-	-	-	(1,194)	(1,194)
Treasury shares reissued pursuant to share options plan	-	291	(291)	-	-
Employee share-based expense	-	-	218	-	218
Total transactions with owners in their capacity as owners	-	(46)	(73)	(1,194)	(1,313)
Balance as at 30 September 2015	**94,844**	**(589)**	**537**	**(17,571)**	**77,221**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
3Q ended 30 September 2014					
Balance as at 1 July 2014	94,852	(383)	534	(15,641)	79,362
Profit for the period	-	-	-	(840)	(840)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	(140)	-	(140)
Other comprehensive income for the period, net of tax	-	-	(140)	-	(140)
Total comprehensive income for the period	-	-	(140)	(840)	(980)
Contributions by and distribution to owners					
Employee share-based expense	-	-	108	-	108
Total transactions with owners in their capacity as owners	-	-	108	-	108
Balance as at 30 September 2014	**94,852**	**(383)**	**502**	**(16,481)**	**78,490**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
3Q ended 30 September 2015					
Balance as at 1 July 2015	94,844	(468)	629	(16,814)	78,191
Profit for the period	-	-	-	(757)	(757)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	(136)	-	(136)
Other comprehensive income for the period, net of tax	-	-	(136)	-	(136)
Total comprehensive income for the period	-	-	(136)	(757)	(893)
Contributions by and distribution to owners					
Purchase of treasury shares	-	(121)			(121)
Employee share-based expense	-	-	44	-	44
Total transactions with owners in their capacity as owners	-	(121)	44	-	(77)
Balance as at 30 September 2015	**94,844**	**(589)**	**537**	**(17,571)**	**77,221**

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 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

Changes in company's share capital:

	Quantity	Share capital S$'000
Balance as at 30 June 2015 and 30 September 2015	801,405,199	94,844

During the third quarter of 2015, no Warrants were converted into ordinary shares (July to September 2014: Nil). The Company has 119,113,066 outstanding Warrants as at 30 September 2015 (30 September 2014: 119,113,066). Each Warrant carries 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 is exercisable during a five year period from the date of issue.

The Company has 15,288,178 (30 September 2014: 15,288,178) outstanding employee share options as at 30 September 2015. Each share option can be used to subscribe for an ordinary shares ranging from S$0.1043 to S$0.1897 (30 September 2014: S$0.1043 to S$0.1897 per share option).

The Company has 3,300,000 outstanding share awards as at 30 September 2015 under the Viking Long Term Incentive Plan (30 September 2014: 3,300,000).

As at 30 September 2015, the number of ordinary shares in issue was 801,405,199 of which 7,449,800 were held by the Company as treasury shares. (30 September 2014: 801,405,199 ordinary shares and 3,628,000 treasury shares)

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 30 June 2015.

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 September 2015		As at 31 December 2014	
	No. of shares	S$'000	No. of shares	S$'000
Total number of issued shares at the end of the financial period/year	801,405,199	94,844	801,405,199	94,844
Number of Treasury Shares at the end of the financial period/year	(7,449,800)	(589)	(5,628,000)	(543)
Net number of issued shares at the end of the financial period/year	793,955,399	94,255	795,777,199	94,301

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares by the Company during the financial period ended 30 September 2015 (July to September 2014: Nil).

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 period as compared with the audited financial statements for the year ended 31 December 2014, 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 2015. 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

	3Q 2015 cents	3Q 2014 cents	9M 2015 cents	9M 2014 cents
Earnings per ordinary share				
(i) Based on the weighted average number of ordinary share on issue	0.02	0.01	0.16	0.06
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.02	0.01	0.16	0.06
Earnings per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share on issue	0.02	0.01	0.16	0.06
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.02	0.01	0.16	0.06
Computed based on the following weighted average number of shares				
Basic	800,472,682	797,776,999	795,117,535	786,288,932
Diluted	802,772,682	802,632,920	797,417,535	797,337,493

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	
	S$		S$	
	30.09.15	31.12.14	30.09.15	31.12.14
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.12	0.12	0.10	0.10

Footnote:

Net asset value per ordinary share is based on 793,955,399 ordinary shares as at 30 September 2015 (31 December 2014: 795,777,199 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 revenue for the quarter ended 30 September 2015 ("3Q-2015") decreased 3.4% to S$19.4 million from S$20.1 million in the prior year. This is largely due to the delay in projects and lower new order intake from the customers during the year. This reflects the current muted industry climate owing to curtailed and deferment of capital spending as the depressed oil prices continued. There was more positive contribution from the asset chartering business segment which continues to grow with the deployment of a second land drilling rig in the quarter.

Gross Profit decreased as a result of lower Revenue and Gross Profit Margin. The lower Gross Profit Margin was due to the absence of variation orders, business mix and price pressure as a result of the challenge the industry is currently facing.

Other Income for 3Q-2015 increased compared to same period last year, largely due to the currency gain from the stronger US Dollars favouring the Group; as the Group's balance sheet was in a US Dollar net asset position at end of the quarter. Interest income decreased during the quarter due to a one off interest income in the corresponding period last year.

Marketing and distribution expenses decreased in 3Q-2015 in line with the lower sales order intake during the period and the management of spending in the tough operating environment. The higher Finance costs associated with the bank borrowings and the redeemable exchangeable bonds mainly for the funding of the asset chartering business.

As a result of the above, the Group reported a Net Profit After Tax of S$0.2 million for 3Q-2015, higher than the corresponding period in the prior year.

Financial Position

Net Assets for the Group of S$98.3 million as at 30 September 2015 is higher, compared to that as at 31 December 2014, due to earnings contribution for the period.

The increase in Non-Current Assets was mainly due to the capital expenditure incurred for the construction of the building property and the acquisition and chartering of the additional land drilling rig. These were recorded under Property, Plant and Equipment, and Finance Lease Receivables, respectively. A portion of the Finance Lease Receivables which is due from customer within the year is separately categorised under Current Assets.

The increase in Current Assets was largely due to the increase in the Due from Customer Contracts and cash position for the Group. The increase in Due from Customer Contracts is attributed to the timing of project billing milestones and the delays due to the general slowdown of the industry.

Borrowings increased due to the capital spending on the acquisition of the second land rig and the construction of the building property. The increase in Other Payables and Accruals is due to the remaining payment milestones for the purchase of the second land rig.

Cashflow

The net cashflow used in operations was mainly due to cash being utilised upfront to acquire the second land rig and the chartering fees to be collected over the next few years. In addition, a general slowdown in project billings to customers due to customer delays in light of the current subdued industry climate led to an increase in cash used in operations.

The net cash inflow is largely due to the proceeds from loans to fund the construction of the new building, the purchase of the second land rig and the operations of the Group.

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 offshore and marine ("O&M") industry remains challenging amidst a backdrop of increasing margin pressures and intense competition. Oil prices remain volatile and the continued subdued activity level and spending in the upstream businesses had and continue to invariably impact the industry and our customers.

The Group remains wary of potential delays to existing projects and slowdown to potential projects, which are inherent challenges as a result of the current climate. During the financial period, the Group has experienced customer delays in existing projects and backlogs. Sales order intake during the period was visibly weaker compared to the prior year. The Group continues to exercise prudence when evaluating potential projects contracts and have placed emphasis on internal improvement by carrying out proper execution of projects to avoid budget overrun.

The Group will evaluate the goodwill recorded in the balance sheet given the slowdown in business and operating environment. Goodwill impairment, if any, affects net profit but is non-cash in nature.

In October 2015, the new building under construction is completed and Temporary Occupation Permit ("TOP") was obtained. Since TOP, the building is at 50% occupancy status and steady stream of rental services income can be expected going forward.

The chartering services which contributed revenue to the Group since September 2014, partially alleviates margin pressure to the Group. The Group continues to seek avenues to further grow this business segment going forward.

The Group continues to be on the lookout for similar opportunities to acquire earnings-accretive O&M and related assets, which offer a recurring revenue stream, as part of its efforts to enhance its asset portfolio and diversify revenue mix while remaining steadfast in its strategy to weather the current downturn.

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 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 9 months ended 30 September 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR ONG CHOO GUAN
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

9 November 2015
Singapore