



Company Registration No. 201311482K

## KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

### UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"), 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.*

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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 Ended		
	31 Mar 2019	31 Mar 2018	+ / (-)
	S\$'000	S\$'000	%
Revenue	17,719	7,420	139
Cost of sales	(14,023)	(6,101)	130
<b>Gross profit</b>	<b>3,696</b>	<b>1,319</b>	<b>180</b>
<b>Gross profit margin</b>	<b>21%</b>	<b>18%</b>	
Other income	557	287	94
Distribution expenses	(163)	(127)	28
Administrative expenses	(3,024)	(3,051)	(1)
Other expenses	(1,011)	(1,269)	(20)
Finance costs	(485)	(274)	77
Loss before tax	(430)	(3,115)	(86)
Tax credit	646	–	N.M.
<b>Profit/(Loss) for the period</b>	<b>216</b>	<b>(3,115)</b>	<b>N.M.</b>
<b>Other comprehensive profit/(loss), net of tax</b>			
Translation differences relating to financial statements of foreign operations	(11)	(21)	(48)
<b>Total comprehensive income/(loss) for the period</b>	<b>205</b>	<b>(3,136)</b>	<b>N.M.</b>
<b>Net profit/(loss) attributable to:</b>			
Owners of the Company	223	(3,122)	N.M.
Non-Controlling Interests	(7)	7	N.M.
	<b>216</b>	<b>(3,115)</b>	
<b>EBITDA gain/(loss)</b>	<b>2,348</b>	<b>(1,090)</b>	<b>N.M.</b>

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

	3 Months Ended		
	31 Mar 2019	31 Mar 2018	+ / (-)
	S\$'000	S\$'000	%
Interest income from bank deposits	-	(1)	N.M.
Miscellaneous income	(165)	(286)	(42)
(Gain)/Loss on disposal of property, plant and equipment	(392)	72	N.M.
Currency translations losses - net	79	233	(66)
Interest on loans & borrowings	485	274	77
Depreciation of property, plant and equipment	2,293	1,751	31
Deferred tax credit	(646)	-	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	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	109,561	102,488	–	–
Club memberships	57	57	–	–
Subsidiaries	–	–	36,133	36,133
	109,618	102,545	36,133	36,133
<b>Current assets</b>				
Inventories	168	168	–	–
Trade and other receivables	20,243	10,229	46,028	46,378
Cash and cash equivalents	3,700	4,952	76	20
Assets held for sale	605	3,843	–	–
	24,716	19,192	46,104	46,398
<b>Total assets</b>	<b>134,334</b>	<b>121,737</b>	<b>82,237</b>	<b>82,531</b>
<b>EQUITY</b>				
Share capital	74,409	74,409	74,409	74,409
Reserves	(32,960)	(32,949)	(110)	(110)
Accumulated profits	20,090	19,867	3,288	3,448
<b>Equity attributable to owners of the Company</b>	<b>61,539</b>	<b>61,327</b>	<b>77,587</b>	<b>77,747</b>
Non-controlling interests	13	20	–	–
<b>Total Equity</b>	<b>61,552</b>	<b>61,347</b>	<b>77,587</b>	<b>77,747</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	21,248	22,474	3,631	3,822
Lease liabilities	8,162	–	–	–
Deferred tax liabilities	10,239	10,885	–	–
	39,649	33,359	3,631	3,822
<b>Current liabilities</b>				
Bank overdrafts	–	2,985	–	–
Loans and borrowings	14,465	12,384	749	738
Lease liabilities	1,400	–	–	–
Trade and other payables	17,090	11,484	270	224
Current tax payable	178	178	–	–
	33,133	27,031	1,019	962
<b>Total liabilities</b>	<b>72,782</b>	<b>60,390</b>	<b>4,650</b>	<b>4,784</b>
<b>Total equity and liabilities</b>	<b>134,334</b>	<b>121,737</b>	<b>82,237</b>	<b>82,531</b>

### 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 2019		As at 31 December 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	14,465	-	15,369	-

Amount repayable after one (1) year

	As at 31 March 2019		As at 31 December 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	21,248	-	22,474	-

#### Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$32.0 million are pledged as collaterals for secured term loans;
- Fixed deposits of approximately S\$0.29 million are pledged as security deposits to secure term loans and finance lease liabilities; and
- Corporate guarantees by the Company amounting to S\$60.4 million to secure outstanding term loan and finance lease liabilities of S\$36.3 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 31 Mar 2019 S\$'000	3 months ended 31 Mar 2018 S\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(430)	(3,115)
Adjustments for:		
Depreciation of property, plant and equipment	2,293	1,751
(Gain)/Loss on disposal of property, plant and equipment	(392)	72
Interest income	–	(1)
Interest expense	485	274
	1,956	(1,019)
<b>Changes in working capital</b>		
Inventories	–	15
Trade and other receivables	(10,133)	(1,035)
Trade and other payables	5,827	(595)
<b>Net cash used in operations</b>	(2,350)	(2,634)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(157)	(748)
Proceeds from disposal of property, plant and equipment	4,235	696
Acquisition of club membership	–	(11)
Interest received	–	1
<b>Net cash from/(used in) investing activities</b>	4,078	(62)
<b>Cash flows from financing activities</b>		
Interest paid	(485)	(274)
Repayment of finance lease liabilities	(1,085)	(648)
Repayment of term loans	(1,543)	(1,031)
Proceeds from drawdown of term loans	1,500	5,000
Proceeds from trust receipts	1,634	1,387
Purchase of treasury shares	–	(5)
Deposits (pledged)/withdrawn	(7)	406
<b>Net cash from financing activities</b>	14	4,835
<b>Net increase in cash and cash equivalents</b>	1,742	2,139
Cash and cash equivalents at beginning of the period~	1,685	3,728
Effect of exchange rate fluctuations on cash and cash equivalents	(15)	(10)
<b>Cash and cash equivalents at end of the period~</b>	3,412	5,857

~As adjusted for deposits pledged

**~Cash and cash equivalents consist of the following:**

	3 months ended 31 Mar 2019 S\$'000	3 months ended 31 Mar 2018 S\$'000
Cash at bank and in hand	3,412	5,852
Fixed deposits	288	276
Cash and cash equivalents	3,700	6,128
Deposits pledged	(288)	(271)
Cash and cash equivalents in the statements of cash flows	3,412	5,857

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	Treasury shares	Merger deficit	Translation reserve	Accumulated profits	Total equity attributable to equity holders of the company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2018</b>								
<b>Restated as at 1 January 2018</b>	74,409	(92)	(32,763)	(109)	33,891	75,336	–	75,336
<b>Total comprehensive income for the financial period</b>								
Loss for the financial period	–	–	–	–	(3,122)	(3,122)	7	(3,115)
<b>Other comprehensive income/Total other comprehensive income</b>								
Translation differences relating to financial statements of foreign operations	–	–	–	(21)	–	(21)	–	(21)
<b>Total other comprehensive income for the financial period</b>	–	–	–	(21)	–	(21)	–	(21)
Total comprehensive income for the financial period	–	–	–	(21)	(3,122)	(3,143)	7	(3,136)
<b>Transactions with owners, recognised directly in equity</b>								
Purchase of treasury shares	–	(5)	–	–	–	(5)	–	(5)
<b>Total transactions with owners</b>	–	(5)	–	–	–	(5)	–	(5)
<b>As at 31 March 2018</b>	74,409	(97)	(32,763)	(130)	30,769	72,188	7	72,195

Group

	Share capital	Treasury shares	Merger deficit	Translation reserve	Accumulated profits	Total equity attributable to equity holders of the company	Non-controlling interests	Total equity
<u>2019</u>	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 1 January 2019</b>	74,409	(110)	(32,763)	(76)	19,867	61,327	20	61,347
<b>Total comprehensive income for the financial period</b>								
Profit for the financial period	–	–	–	–	223	223	(7)	216
<b>Other comprehensive income/Total other comprehensive income</b>								
Translation differences relating to financial statements of foreign operations	–	–	–	(11)	–	(11)	–	(11)
<b>Total other comprehensive income for the financial period</b>	–	–	–	(11)	–	(11)	–	(11)
Total comprehensive income for the financial period	–	–	–	(11)	223	212	(7)	205
<b>Transactions with owners, recognised directly in equity</b>								
Purchase of treasury shares	–	–	–	–	–	–	–	–
<b>Total transactions with owners</b>	–	–	–	–	–	–	–	–
<b>As at 31 March 2019</b>	74,409	(110)	(32,763)	(87)	20,090	61,539	13	61,552



<b>Company</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Accumulated profits</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>2018</b>				
<b>As at 1 January 2018</b>	74,409	(92)	3,920	78,237
Total comprehensive loss for the financial period	-	-	(117)	(117)
<b>Transaction with owners</b>				
Purchase of treasury shares	-	(5)	-	(5)
<b>As at 31 March 2018</b>	<b>74,409</b>	<b>(97)</b>	<b>3,803</b>	<b>78,115</b>
<b>2019</b>				
<b>As at 1 January 2019</b>	74,409	(110)	3,448	77,747
Total comprehensive loss for the financial period	-	-	(160)	(160)
<b>Transaction with owners</b>				
Purchase of treasury shares	-	-	-	-
<b>As at 31 March 2019</b>	<b>74,409</b>	<b>(110)</b>	<b>3,288</b>	<b>77,587</b>

**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 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.**

	<b>Number of Shares</b>	<b>Issued and paid-up share capital (S\$)</b>
<b>Issued and fully paid ordinary shares</b>		
Balance at 1 January 2019	708,832,300	76,133,121
Balance as at 31 March 2019	708,832,300	76,133,121

There had been no change in the issued and paid-up capital of the Company for the 3 months ended 31 March 2019.

#### Treasury shares

The number of treasury shares held by the Company as at 31 March 2019 is 1,167,700 representing 0.16% of the total number of issued shares outstanding as at 31 March 2019 (31 March 2018: 1,000,000 representing 0.14% of the total number of issued shares outstanding as at 31 March 2018).

There were no outstanding options, convertibles held by the Company as at 31 March 2019 and 31 March 2018.

**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.**

	<b>As at 31 March 2019</b>	<b>As at 31 December 2018</b>
<b>Total issued shares</b> (excluding treasury shares)	708,832,800	708,832,800

**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.**

During the quarter ended 31 March 2019, there were no sale, disposal, cancellation and/or use of treasury shares.

**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.**

Not applicable. The Company does not have subsidiary holdings.

**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 2019 ("1Q2019") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2018 except for Singapore Financial Reporting Standard (International) 16-Leases ("SFRS(I)16").

The Group has adopted the new SFRS(I)16 which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I)16 introduces a single, on balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I)16, the Group has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 January 2019. Subsequent to the initial recognition, the Group depreciated the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognised interest expense on the lease liabilities.

The ROU assets as at 31 March 2019 were mainly related to leases of the shipyards at 9 Pandan Crescent and 48 Penjuru Road. Accordingly, there was a corresponding increase in lease liabilities of approximately S\$9.6 million as at 31 March 2019.

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:

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

	3 Months Ended	
	31 Mar 2019	31 Mar 2018
Net profit/(loss) attributable to equity holders of the Company (S\$'000)	223	(3,122)
Weighted average number of ordinary shares outstanding for earnings/(loss) per share	708,832,300	709,036,689
Basic and fully diluted earnings/(loss) per share cents per share)	0.03	(0.44)

The basic and diluted EPS/LPS were the same for 1Q2019 as well as for the 3-month financial period ended 31 March 2018 ("**1Q2018**") as the Company had no dilutive equity instruments as at 31 March 2019 or 31 March 2018 respectively.

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 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
Net asset value per ordinary share (cents)	8.7	8.7	10.9	11.0
Number of ordinary shares used in calculating net asset value per ordinary share	708,832,300	708,832,300	708,832,300	708,832,300

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:

- 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
- 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 1Q2019 increased by S\$10.3 million or 138.8%, from S\$7.4 million in 1Q2018 to S\$17.7 million in 1Q2019 mainly due to the following:

- (a) an increase in revenue of S\$9.1 million from the Offshore Rig Services and Supply Chain Management segment as there were more projects being undertaken in 1Q2019. During the quarter, the Group had successfully completed a Marine Civil Engineering contract valued at approximately S\$3.5 million as announced on 11 April 2019; and
- (b) an increase in revenue of S\$1.2 million in charter income.

#### **Cost of sales, gross profit and gross profit margin**

Cost of sales increased by S\$7.9 million or 129.8%, from S\$6.1 million in 1Q2018 to S\$14.0 million in 1Q2019 which is in line with the increase in sales.

Gross profit increased by S\$2.4 million or 180.2%, from S\$1.3 million in 1Q2018 to S\$3.7 million in 1Q2019, due to an increase in revenue for the Group.

Gross profit margin increased from 18% for 1Q2018 to 21% for 1Q2019 mainly due to the higher gross profit margin of certain offshore rig and support services projects rendered by the Group during 1Q2019.

#### **Other income**

Other income increased by S\$0.3 million or 94.1%, from S\$0.3 million in 1Q2018 to S\$0.6 million in 1Q2019, mainly due to gain on disposal of fixed assets recognised in 1Q2019.

#### **Depreciation**

Depreciation of property, plant and equipment increased by S\$0.5 million or 31.0% from S\$1.8 million in 1Q2018 to S\$2.3 million in 1Q2019, mainly due to depreciation recognised for right of use assets due to adoption of new accounting standard SFRS(I)16 effective from 1 January 2019.

#### **Distribution expenses**

Distribution expenses increased by S\$0.03 million or 28.3%, from S\$0.13 million in 1Q2018 to S\$0.16 million in 1Q2019, mainly due to higher advertising & promotion expenses incurred.

#### **Administrative expenses**

Administrative expenses decreased by S\$0.03 million or 0.9%, from S\$3.05 million in 1Q2018 to S\$3.02 million in 1Q2019, mainly due to lower staff costs, directors' remuneration and other administrative expenses, partially offset by increase in professional fees.

#### **Other expenses**

Other expenses decreased by S\$0.3 million or 20.3%, from S\$1.3 million in 1Q2018 to S\$1.0 million in 1Q2019, mainly due to lower foreign exchange losses and other expenses.

#### **Finance costs**

Finance costs increased by S\$0.2 million or 77.0%, from S\$0.3 million in 1Q2018 to S\$0.5 million in 1Q2019 mainly due to higher interest expenses incurred for bank overdraft, trust receipts financing and additional interest expense recognized for right of use assets due to adoption of SFRS(I)16 effective from 1 January 2019.

#### **Tax credit**

Tax credit increased by S\$0.65 million in 1Q2019 due to reversal of deferred tax liabilities after the completion of the sale of cranes of S\$4.2 million to Hup Hin Heavy Equipment Pte. Ltd. as announced on 19 February 2019.

### **Net profit after tax**

As a result of the above, the Group made a net profit after tax attributable to owners of the Company of S\$0.2 million in 1Q2019 as compared to a net loss after tax attributable to owners of the Company of S\$3.1 million in 1Q2018.

### **EBITDA**

The group achieved an EBITDA gain of S\$2.3 million in 1Q2019 as compared to a negative EBITDA of S\$1.1 million in 1Q2018.

### **Statement of Financial Position**

#### **Non-current assets**

Non-current assets increased by S\$7.1 million from S\$102.5 million as at 31 December 2018 to S\$109.6 million as at 31 March 2019. The increase was mainly due to recognition for right of use assets due to adoption of new accounting standard SFRS(I)16 effective from 1 January 2019, partially offset by depreciation of property, plant and equipment.

#### **Current assets**

Current assets increased by S\$5.5 million from S\$19.2 million as at 31 December 2018 to S\$24.7 million as at 31 March 2019. This was mainly due to an increase in trade and other receivables, partially offset by decrease in and assets held for sale.

Trade and other receivables increased from S\$10.2 million as at 31 December 2018 to S\$20.2 million as at 31 March 2019 due to the increase in revenue of the Group in 1Q2019.

Assets held for sale decreased by S\$3.2 million mainly due to the completion on sale of cranes to Hup Hin Heavy Equipment Pte. Ltd. which has been announced on 19 February 2019.

Trade receivables turnover day decreased from 61 days as at 31 December 2018 to 55 days as at 31 March 2019 mainly due to better credit control.

#### **Non-current liabilities**

Non-current liabilities increased by S\$6.3 million from S\$33.3 million as at 31 December 2018 to S\$39.6 million as at 31 March 2019, mainly due to recognition of lease liabilities due to adoption of new accounting standard SFRS(I)16 effective from 1 January 2019, partially offset by decrease in deferred tax liabilities and full settlement of loans related to the sale of cranes to Hup Hin Heavy Equipment Pte. Ltd. as mentioned above.

#### **Current liabilities**

Current liabilities increased by S\$6.1 million from S\$27.0 million as at 31 December 2018 to S\$33.1 million as at 31 March 2019 mainly due to increase in trade payables and recognition of lease liabilities due to adoption of new accounting standard SFRS(I)16 effective from 1 January 2019, partially offset by repayments of loans and borrowings.

Trade payables turnover days decreased from 62 days as at 31 December 2018 to 47 days as at 31 March 2019 due to more timely payments to suppliers.

#### **Working capital**

The Group is in a net current liabilities position of S\$8.4 million as at 31 March 2019. Notwithstanding this, the Board is confident that the Group will be able to meet its short-term obligations as and when they fall due, after taking into consideration the following:

- 1) Future cash inflows from the Group's operating activities for the financial year ending 31 December 2019;
- 2) The Group has obtained additional credit financing line of an aggregate amount of S\$7.0 million from a bank and a financial institution; and
- 3) The Group's ability to realise its property, plant and equipment to fund financial obligations of the Group, when required.

#### **Consolidated Statement of Cash flows**

In 1Q2019, net cash generated from operating activities before changes in working capital amounted to S\$2.0 million. After changes in working capital, the net cash used in operating activities amounted to S\$2.4 million. This was mainly due to increase in trade and other receivables partially offset by increase in trade and other payables.

Net cash generated from investing activities of S\$4.1 million in 1Q2019 was mainly due to proceeds from disposal of property, plant & equipment.

Net cash generated from financing activities of S\$0.014 million in 1Q2019 was mainly due to drawdown of an existing bank facility in 1Q2019 and proceeds from trust receipts, partially offset by repayment of loan & borrowings.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net increase of S\$1.7 million in our cash and cash equivalents for 1Q2019 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.**

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.**

The Group has developed its value chain and strengthened its engineering capability. In 1Q2019, the Group had successfully completed a Marine Civil Engineering contract valued at approximately S\$3.5 million awarded by a well-established customer. The Group has also secured various fabrication projects valued at an aggregate of S\$7 million from another well-established customer and these projects are scheduled to take place over 6 months, commencing from the first quarter of 2019 which is expected to contribute positively for the current financial year ending 31 December 2019 ("FY2019").

Currently, the Group is looking at new strategies and alternative businesses to complement the oil & gas sector and to expand its value chain into offshore renewable energy projects. The Group will continue to diversify and expand its business across South East Asia.

As oil prices recovered and stabilized, the Group has seen the gradual increase in drilling activities which lifted the demand for the offshore and marine industry. We are supported by improving visibility of contracts and, barring unforeseen circumstances, are cautiously optimistic for FY2019.

#### **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 1Q2019.

**(b) Previous corresponding period**

No dividend was declared or recommended for 1Q2018.

**(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 and the reason(s) for the decision**

No dividend was declared or recommended for 1Q2019 as the Group has been experiencing operating cash outflows. It is the Group's intention to conserve cash for working capital and business expansion purposes.

**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 Rules.**

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 first quarter ended 31 March 2019 to be false or misleading in any material aspect.

**15. Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).**

The Board of Directors confirms that they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

**BY ORDER OF THE BOARD**

Thomas Tan Keng Siong  
Executive Chairman and CEO  
23 April 2019