Viking Offshore & Marine Limited
Registration No. 199307300M

First Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 31 March 2018

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document.

The document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Ken Lee, Associate Director, Investment Banking. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.

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		
	1Q 2018 S$'000	1Q 2017 S$'000	Change %
Revenue	7,298	9,559	(24)
Cost of sales	(4,114)	(5,116)	(20)
Gross Profit	3,184	4,443	(28)
Other income	103	85	21
Interest income	2	1	100
Marketing and distribution expenses	(73)	(63)	16
Administrative expenses	(2,715)	(2,984)	(9)
Other operating expenses	(1,830)	(3,575)	(49)
Finance costs	(753)	(736)	2
Loss before tax	(2,082)	(2,829)	(26)
Income tax credit	20	25	(20)
Loss for the period	(2,062)	(2,804)	(26)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(149)	(869)	(83)
Net change in fair value reserve of available-for-sale financial assets	-	26	(100)
Other comprehensive income for the period, net of tax	(149)	(843)	(82)
Total comprehensive income for the period	(2,211)	(3,647)	(39)
Loss attributable to:			
Owners of the company			
- Loss after tax	(2,062)	(2,804)	NM
	(2,062)	(2,804)	NM
Total comprehensive income attributable to:			
Owners of the company			
- Loss after tax	(2,211)	(3,647)	NM
	(2,211)	(3,647)	NM

Note

	The Group		
	1Q 2018 S$'000	1Q 2017 S$'000	Change %
Loss before tax is derived at after			
Crediting/(charging) :			
Depreciation of property, plant and equipment	(544)	(569)	(4)
Amortisation of intangible assets	(5)	(5)	0
Gain on disposal of plant and equipment	3	(3)	NM
(Loss)/Gain on foreign exchange	(436)	(690)	(37)
Impairment loss on trade receivables	(835)	(2,258)	(63)
Inventories written down	3	(48)	NM
Net fair value gains on quoted equity investments	24	-	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	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
Equity attributable to equity holders of the company				
Share capital	102,605	102,605	102,605	102,605
Treasury shares	(528)	(528)	(528)	(528)
Reserves	(39,384)	(37,174)	(46,705)	(46,338)
Total equity	**62,693**	**64,903**	**55,372**	**55,739**
Non-current assets				
Property, plant and equipment	22,773	23,316	5	5
Investment in subsidiaries	-	-	65,348	65,348
Investment in associates	15,403	15,403	-	-
Quoted equity investments	20	166	20	166
Intangible assets	13,526	13,529	-	-
Finance lease receivables	-	-	-	-
Deferred tax assets	20	20	-	-
	51,742	52,434	65,373	65,519
Current assets				
Inventories	24,351	24,885	-	-
Trade receivables	26,690	25,452	-	-
Due from customers for contracts work-in-progress	7,351	6,867	-	-
Prepayments	76	113	29	43
Other receivables and deposits	2,219	1,943	46	58
Finance lease receivables	10,971	12,385	-	-
Cash and cash equivalents	4,829	6,051	127	341
	76,487	77,696	202	442
Total assets	**128,229**	**130,130**	**65,575**	**65,961**
Current liabilities				
Trade payables	3,832	3,446	-	-
Due to customers for contracts work-in-progress	3,354	3,254	-	-
Other payables and accruals	21,624	21,694	556	498
Tax payable	9	5	-	-
Finance lease obligations	26	28	-	-
Term loans	17,930	17,548	1,099	1,333
Derivative liability	-	-	-	-
Redeemable exchangeable bonds	6,514	6,303	-	-
Due to subsidiaries	-	-	8,548	8,274
	53,289	52,278	10,203	10,105
Non-current liabilities				
Term loans	10,958	11,634	-	117
Redeemable exchangeable bonds	-	-	-	-
Deferred tax liabilities	1,254	1,274	-	-
Finance lease obligations	35	41	-	-
	12,247	12,949	-	117
Total liabilities	**65,536**	**65,227**	**10,203**	**10,222**
Net assets	**62,693**	**64,903**	**55,372**	**55,739**

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

Amount repayable in one year or less, or on demand

As at 31 March 2018		As at 31 December 2017	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
24,470	-	23,879	-

Amount repayable after one year

As at 31 March 2018		As at 31 December 2017	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
10,993	-	11,675	-

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	
	1Q 2018 S$'000	1Q 2017 S$'000
Cash flows from operating activities:		
Loss before tax	(2,082)	(2,829)
Adjustments for:		
Amortisation of intangible assets	5	5
Net fair value gains on quoted equity investments	(24)	-
Depreciation of property, plant and equipment	544	569
Inventories written down	(3)	48
Impairment loss on trade receivables	835	2,258
Gain on disposal of plant and equipment	(3)	3
Impairment loss on quoted equity investments	10	-
Interest expense	753	736
Interest income	(2)	(1)
Unrealised exchange loss/(gain)	274	522
Operating profit before working capital changes	307	1,311
Changes in working capital:		
Inventories	537	159
Trade receivables	(1,913)	(1,338)
Due from customers for contracts work-in-progress	(484)	(1,479)
Other receivables, deposits and prepayments	(239)	(297)
Finance lease receivables	1,256	2,308
Trade payables	254	(223)
Due to customers for contracts work-in-progress	101	540
Other payables and accruals	(428)	(913)
Cash flows (used in)/from operations	(609)	68
Interest received	2	1
Income taxes received/(paid)	4	1
Net cash flows (used in)/from operating activities	(603)	70
Cash flows from investing activities		
Purchase of property, plant and equipment	(2)	(23)
Proceeds from disposal of plant and equipment	6	-
Net proceeds on disposal of quoted equities	160	-
Cash flows from/(used in) investing activities	164	(23)
Cash flows from financing activities		
Interest paid	(488)	(337)
Repayment of loans and borrowings	(1,084)	(1,842)
Purchase of treasury shares	-	(2)
Proceeds from loans and borrowings	750	1,200
Payment of finance lease obligations	(8)	(8)
Cash flows used in financing activities	(830)	(989)
Net decrease in cash and cash equivalents	(1,269)	(942)
Effect of exchange rate changes on cash and cash equivalents	48	30
Cash and cash equivalents at beginning of financial year	6,051	4,694
Cash and cash equivalents at end of financial year	4,829	3,782

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
1Q ended 31 March 2017						
Balance as at 1 January 2017	97,844	(526)	1,802	522	(24,753)	74,889
Loss for the period	-	-	-	-	(2,804)	(2,804)
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	26	-	26
Foreign currency translation	-	-	(869)	-	-	(869)
Other comprehensive income for the period, net of tax	-	-	(869)	26	-	(843)
Total comprehensive income for the period	-	-	(869)	26	(2,804)	(3,647)
Contributions by and distribution to owners						
Purchase of treasury shares	-	(2)	-	-	-	(2)
Total transactions with owners in their capacity as owners	-	(2)	-	-	-	(2)
Balance as at 31 March 2017	**97,844**	**(528)**	**933**	**548**	**(27,557)**	**71,240**

	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
1Q ended 31 March 2018						
Balance as at 1 January 2018	102,605	(528)	300	111	(37,584)	64,904
Loss for the period	-	-	-	-	(2,059)	(2,059)
Other comprehensive income						
Foreign currency translation	-	-	(152)	-	-	(152)
Other comprehensive income for the period, net of tax	-	-	(152)	-	-	(152)
Total comprehensive income for the period	-	-	(152)	-	(2,059)	(2,211)
Contributions by and distribution to owners						
Total transactions with owners in their capacity as owners	-	-	-	-	-	-
Balance as at 31 March 2018	**102,605**	**(528)**	**148**	**111**	**(39,643)**	**62,693**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1Q ended 31 March 2017					
Balance as at 1 January 2017	97,844	(526)	523	(41,285)	56,556
Loss for the period	-	-	-	(631)	(631)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	26	-	26
Other comprehensive income for the period, net of tax	-	-	26	-	26
Total comprehensive income for the period	-	-	26	(631)	(605)
Contributions by and distribution to owners					
Purchase of treasury shares	-	(2)	-	-	(2)
Total transactions with owners in their capacity as owners	-	(2)	-	-	(2)
Balance as at 31 March 2017	**97,844**	**(528)**	**549**	**(41,916)**	**55,949**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1Q ended 31 March 2018					
Balance as at 1 January 2018	102,605	(528)	115	(46,453)	55,739
Loss for the period	-	-	-	(367)	(367)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(367)	(367)
Contributions by and distribution to owners					
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 31 March 2018	**102,605**	**(528)**	**115**	**(46,820)**	**55,372**

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 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.**

Changes in Company's share capital:

	Quantity	Share capital S$'000
Balance as at 31 December 2017 and 31 March 2018	1,106,681,074	102,605

On 3 July 2017, the Company allotted and issued 194,982,219 new ordinary shares ("Rights Shares") at an issue price of S$0.018 for each Rights Share and 97,491,109 free detachable warrants ("2017 Warrants") pursuant to a renounceable and non-underwritten rights cum warrants issue. Each 2017 Warrant carries the right to subscribe for two new ordinary share in the capital of the Company at an exercise price of S$0.025 for each new ordinary share and is exercisable during a five year period from the date of issue.

The Company has 132,840,897 outstanding warrants issued on 28 April 2013 ("2013 Warrants") as at 31 March 2018 (31 December 2017: 132,840,897). Each 2013 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.

As at 31 March 2018, the total number of ordinary shares in issue was 1,106,681,074 of which 7,961,500 were held by the Company as treasury shares (31 December 2017: 1,106,681,074 ordinary shares and 7,961,500 treasury shares).

	As at 31 March 2018	As at 31 December 2017
No of Shares that may be issued upon conversion of all oustandiing convertibles	327,823,115	327,823,115

There were no subsidary holdings as at the end of the current financial year reported on.

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 31 December 2017.

1 (d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.**

	As at 31 March 2018		As at 31 December 2017	
	No. of shares	S$'000	No. of shares	S$'000
Total number of issued shares at the end of the financial period	1,098,719,574	102,077	862,792,553	97,844
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	-	-	48,906,302	1,552
Issuance of shares	-	-	194,982,219	3,510
Share issuance expenses	-	-	-	(300)
Number of Treasury Shares at the end of the financial period	(7,961,500)	(528)	(7,961,500)	(528)
Net number of issued shares at the end of the financial period	1,090,758,074	101,549	1,098,719,574	102,077

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.**

	No. of share	S$'000
Balance as at 31 December 2017 and 31 March 2018	7,961,500	528

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.**

There were no subsidary holdings as at the end of the current financial period reported on.

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 year as compared with the audited financial statements for the year ended 31 December 2017, 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 2018. 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**

	1Q 2018 cents	1Q 2017 cents
Earnings per ordinary share		
(i) Based on the weighted average number of ordinary share on issue	(0.19)	(0.33)
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.19)	(0.33)
Earnings per ordinary share from continuing operations		
(i) Based on the weighted average number of ordinary share on issue	(0.19)	(0.33)
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.19)	(0.33)
Computed based on the following weighted average number of shares		
Basic	1,098,719,574	855,171,615
Diluted	1,098,719,574	855,171,615

As at 31 March 2018, 230,332,006 (31 December 2017: 230,332,006) warrants has not been included in the calculation of diluted earnings per share because they are anti-dilutive.

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 year reported on; and
(b) immediately preceding financial year.

	Group		Company	
	S$		S$	
	31.3.18	31.12.17	31.3.18	31.12.17
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.06	0.06	0.05	0.05

Footnote:

Net asset value per ordinary share is based on 1,098,719,574 ordinary shares as at 31 March 2018 (31 December 2017: 1,098,719,574 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 1Q-2018 revenue was lower compared to the prior year's corresponding period due to the lower revenue recognised for the chartering services. The offshore and marine services, and systems engineering projects revenue maintained at the same level as that of the prior year's. The gross profit decreased in tandem with the lower revenue recognised. The gross profit margin decreased due to the lower revenue recognised for the higher-margined chartering services. The offshore and marine services posted a better gross profit margin due to a larger mix of service jobs which yielded higher margins.

While the revenue relating to the chartering services were recognised, the Group also impaired the corresponding receivables. This explains the reduction of impairment of trade receivables under Other Operating Expenses in 1Q-2018 compared to that in 1Q-2017.

Administration Expenses declined year-on-year due to tighter spending discipline and rightsizing of manpower. The foreign exchange loss of S$0.4 million incurred during the period was due to the translation differences on US Dollar denominated current assets.

Considering the above factors, the Group registered a net loss of S$2.1 million for the quarter.

Financial Position

Net Assets for the Group of S$62.7 million as at 31 March 2018 was lower compared to that in 31 December 2017 due to the net loss incurred and the reduction in reserves from foreign currency translation during the period.

The reduction in Non-Current Assets was mainly due to the disposal of quoted equity investments and depreciation of property, plant and equipment.

The increase in net amount Due from Customer Contracts was a result of timing of project billing milestones. Other Receivables and deposits increased due to downpayment made for new projects secured. Finance lease receivables decreased due to amortisation as the charter contract continued to be recognised. Trade payables increased due to the timing of payment and billing by suppliers.

Cashflow

The net cash flows used in operating activities were mainly due to the longer lead time in collection of trade receivables and the timing of project billing milestones. These were partially offset by the amortisation of finance lease receivable and longer repayment to suppliers.

Cash flows from investing activities were mainly due to the receipt of proceeds from disposal of quoted equities.

Cash flows used in financing activities were due to the repayment of loans and borrowings during the period.

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 industry is showing some signs of gradual recovery and increasing inquiries as the oil prices exceeded US$70 per barrel of late. The Group has seen an increase in customer enquiries and tender invitations in 2018. Cash and liquidity remains the priority focus for the Group. It is imperative for the Group to continue exercising spending discipline, aggressive receivables collection and cash conservation.

The Group has commenced legal proceedings against Keppel Singmarine Pte Ltd ("KSM"). After the Group filed its statement of claim, KSM filed its defence and counterclaim. At the outset, the Group believes that KSM's counterclaim is not bona fide, and is raised as an afterthought to defeat the Group's legitimate expectation to receive payment for the value of work done. The Group will continue to pursue its claims against KSM.

A favourable award has been rendered for the arbitration against the charterer of the land rigs. A separate announcement is made on this. The Group will now enforce this arbitration award against the charterer of the land rigs in China.

The Group continues to be in discussion with the owners of the chemical tanker to settle the outstanding amount which has been fully taken up as provision in the prior financial year. The arbitration against the sub-charterer is still in progress while the Group holds parallel discussion on potential settlement.

The outstanding loan and bonds with Tembusu Growth Fund 2 and Luminor Growth Fund I have both matured in May 2018. While there have been no agreements reached with the lenders, the Group continues to be in discussion for extension and will provide the relevant updates as and when appropriate.

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 Use of proceeds from rights cum warrants issue

As at 31 March 2018, all the net proceeds from the 2017 rights cum warrants issue have been fully utilised. The use of proceeds from the rights cum warrants issue is in accordance with the intended use.

15 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 first quarter ended 31 March 2018 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR LOW JOOI KOK
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

11 May 2018
Singapore