



Company Registration No. 201311482K

KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

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The contact person for the Sponsor is Ms. Tay Sim Yee at 1 Robinson Road #21-00 AIA Tower Singapore 048542, telephone (65) 62323210.

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			9 Months		
	1 July 2019 to 30 Sep 2019	1 Jul 2018 to 30 Sep 2018	+/-	1 Jan 2019 to 30 Sep 2019	1 Jan 2018 to 30 Sep 2018	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	13,329	9,226	44	46,024	25,296	82
Cost of sales	(10,171)	(8,214)	24	(36,129)	(21,462)	68
Gross profit	3,158	1,012	>100	9,895	3,834	>100
Gross profit margin	24%	11%		21%	15%	
Other income	258	180	43	579	994	(42)
Distribution expenses	(244)	(333)	(27)	(724)	(722)	N.M.
Administrative expenses	(2,783)	(2,879)	(3)	(8,837)	(9,075)	(3)
Other operating expenses	(1,003)	(973)	3	(3,179)	(2,962)	7
Finance costs	(655)	(409)	60	(1,573)	(1,011)	56
Loss before tax	(1,269)	(3,402)	(63)	(3,839)	(8,942)	(57)
Tax expenses	(1)	–	N.M.	645	(265)	N.M.
Loss for the period	(1,270)	(3,402)	(63)	(3,194)	(9,207)	(65)
Other comprehensive income, net of tax						
Translation differences relating to financial statements of foreign operations	129	7	>100	103	36	>100
Total comprehensive loss for the period	(1,141)	(3,395)	(66)	(3,091)	(9,171)	(66)
Net loss attributable to:						
Owners of the Company	(1,464)	(3,262)	(55)	(3,438)	(9,019)	(62)
Non-Controlling Interests	194	(140)	N.M.	244	(188)	N.M.
	(1,270)	(3,402)		(3,194)	(9,207)	
EBITDA gain/(loss)	1,535	(1,281)	N.M.	4,441	(2,760)	N.M.

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

	3 Months			9 Months		
	1 Jul 2019 to 30 Sep 2019	1 Jul 2018 to 30 Sep 2018	+/-	1 Jan 2019 to 30 Sep 2019	1 Jan 2018 to 30 Sep 2018	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from bank deposits	-	-	N.M.	(7)	(5)	40
Miscellaneous income	(258)	(186)	39	(572)	(620)	(8)
(Gain)/ Loss on disposal of property, plant and equipment	(1)	-	N.M.	202	95	>100
Currency translations (gains)/ losses- net	(109)	6	N.M.	84	(369)	N.M.
Interest on loans and borrowings	655	409	60	1,573	1,011	56
Depreciation of property, plant and equipment	2,149	1,712	26	6,707	5,171	30
Adjustment for under/(over) provision of tax in respect of prior years	1	-	N.M.	(645)	265	N.M.
Over provision for inventories obsolescence	(30)	-	N.M.	(32)	-	N.M.
Allowance for impairment loss on doubtful receivables	133	-	N.M.	133	-	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	
	As at 30 Sep 2019	As at 31 Dec 2018	As at 30 Sep 2019	As at 31 Dec 2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	91,102	102,488	–	–
Right of use assets	10,982	–	–	–
Club memberships	57	57	–	–
Subsidiaries	–	–	36,133	36,133
	<u>102,141</u>	<u>102,545</u>	<u>36,133</u>	<u>36,133</u>
Current assets				
Inventories	168	168	–	–
Trade and other receivables	18,461	10,229	45,401	46,378
Cash and cash equivalents	2,064	4,952	22	20
Assets held for sale	–	3,843	–	–
	<u>20,693</u>	<u>19,192</u>	<u>45,423</u>	<u>46,398</u>
Total assets	<u>122,834</u>	<u>121,737</u>	<u>81,556</u>	<u>82,531</u>
EQUITY				
Share capital	74,409	74,409	74,409	74,409
Reserves	(32,856)	(32,949)	(120)	(110)
Accumulated profits	16,429	19,867	2,902	3,448
Equity attributable to owners of the Company	<u>57,982</u>	<u>61,327</u>	<u>77,191</u>	<u>77,747</u>
Non-controlling interests	264	20	–	–
Total equity	<u>58,246</u>	<u>61,347</u>	<u>77,191</u>	<u>77,747</u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	18,019	22,474	3,238	3,822
Lease liabilities	6,094	–	–	–
Deferred tax liabilities	10,238	10,885	–	–
	<u>34,351</u>	<u>33,359</u>	<u>3,238</u>	<u>3,822</u>
Current liabilities				
Bank overdrafts	486	2,985	–	–
Loans and borrowings	11,608	12,384	772	738
Lease liabilities	1,844	–	–	–
Trade and other payables	16,145	11,484	355	224
Current tax payable	154	178	–	–
	<u>30,237</u>	<u>27,031</u>	<u>1,127</u>	<u>962</u>
Total liabilities	<u>64,588</u>	<u>60,390</u>	<u>4,365</u>	<u>4,784</u>
Total equity and liabilities	<u>122,834</u>	<u>121,737</u>	<u>81,556</u>	<u>82,531</u>

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 30 Sep 2019		As at 31 December 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings (include finance lease liabilities)	12,818	–	15,369	–

Amount repayable after one (1) year

	As at 30 Sep 2019		As at 31 December 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings (include finance lease liabilities)	18,578	–	22,474	–

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$28.5 million are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- Fixed deposits of approximately S\$0.30 million are pledged as security deposits for the operating lease of office premises and warehouse as well as to secure term loans and finance lease liabilities; and
- Corporate guarantees by the Company amounting to S\$57.9 million to secure outstanding term loan/facilities and finance lease liabilities of S\$32.7 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 30 Sep 2019 S\$'000	3 months ended 30 Sep 2018 S\$'000	9 months ended 30 Sep 2019 S\$'000	9 months ended 30 Sep 2018 S\$'000
Cash flows from operating activities				
Loss before income tax	(1,269)	(3,402)	(3,839)	(8,942)
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	2,149	1,712	6,707	5,171
(Gain)/Loss on disposal of property, plant and equipment	(1)	–	202	95
Allowance for impairment loss on doubtful receivables	133	–	133	–
Interest income	–	–	(7)	(5)
Interest expense	655	409	1,573	1,011
	1,667	(1,281)	4,769	(2,670)
Changes in working capital:				
Inventories	60	413	–	(190)
Trade and other receivables	1,499	1,206	(7,876)	(2,078)
Trade and other payables	(795)	650	4,231	2,381
Cash generated from/(used in) operations	2,431	988	1,124	(2,557)
Income tax paid	(24)	(265)	(24)	(616)
Net cash generated from/(used in) operating activities	2,407	723	1,100	(3,173)
Cash flows from investing activities				
Purchase of property, plant and equipment	(775)	(366)	(1,107)	(3,265)
Proceeds from disposal of property, plant and equipment	13	–	6,106	1,786
Acquisition of club membership	–	–	–	(11)
Interest received	–	–	7	5
Net cash (used in)/generated from investing activities	(762)	(366)	5,006	(1,485)
Cash flows from financing activities				
Interest paid	(655)	(409)	(1,573)	(1,011)
Dividend paid	–	–	–	(496)
Repayment of finance lease liabilities	(292)	(656)	(1,721)	(1,957)
Repayment of trust receipts	(18)	–	(30)	–
Repayment of term loans	(1,503)	(1,280)	(4,623)	(5,934)
Proceeds from term loan drawn down	–	1,000	1,500	15,000
Purchase of treasury shares	–	(13)	(10)	(18)
Deposits (pledged)/ withdrawn	(6)	(1)	(18)	394
Net cash (used in)/ generated from financing activities	(2,474)	(1,359)	(6,475)	5,978
Net (decrease)/ increase in cash and cash equivalents	(829)	(1,002)	(369)	1,320
Cash and cash equivalents at beginning of the period	2,115	6,279	1,685	3,728
Effect of exchange rate fluctuations on cash and cash equivalents	(8)	(128)	(38)	101
Cash and cash equivalents at end of the period*	1,278	5,149	1,278	5,149
Significant non-cash transactions during the period				
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	117	–	117	–

~Cash and cash equivalents consist of the following:	3 months ended	3 months ended	9 months ended	9 months ended
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and in hand	1,764	5,141	1,764	5,141
Fixed deposits	300	291	300	291
Cash and cash equivalents	2,064	5,432	2,064	5,432
Bank overdraft	(486)	–	(486)	–
Deposits pledged	(300)	(283)	(300)	(283)
Cash and cash equivalents in the statements of cash flows	1,278	5,149	1,278	5,149

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	Treasury shares S\$'000	Merger deficit S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
2018								
Restated as at 1 January 2018	74,409	(92)	(32,763)	(109)	33,891	75,336	–	75,336
Total comprehensive income for the period								
Loss/(profit) for the financial period	–	–	–	–	(3,122)	(3,122)	7	(3,115)
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	–	–	(21)	–	(21)	–	(21)
Total comprehensive loss/(income) for the period	–	–	–	(21)	(3,122)	(3,143)	7	(3,136)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	(5)	–	–	–	(5)	–	(5)
Total transactions with owners	–	(5)	–	–	–	(5)	–	(5)
As at 31 March 2018	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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2018								
As at 1 April 2018	74,409	(97)	(32,763)	(130)	30,769	72,188	7	72,195
Total comprehensive income for the financial period								
Loss for the financial period	-	-	-	-	(2,635)	(2,635)	(55)	(2,690)
Other comprehensive income/Total other comprehensive income								
Translation differences relating to financial statements of foreign operations	-	-	-	50	-	50	-	50
Total other comprehensive income for the financial period	-	-	-	50	-	50	-	50
Total comprehensive income/(loss) for the financial period	-	-	-	50	(2,635)	(2,585)	(55)	(2,640)
Transactions with owners, recognised directly in equity								
Dividends	-	-	-	-	(496)	(496)	-	(496)
Total transactions with owners	-	-	-	-	(496)	(496)	-	(496)
As at 30 June 2018	74,409	(97)	(32,763)	(80)	27,638	69,107	(48)	69,059

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
2018								
As at 1 July 2018	74,409	(97)	(32,763)	(80)	27,638	69,107	(48)	69,059
Total comprehensive income for the financial period								
Loss for the financial period	–	–	–	–	(3,262)	(3,262)	(140)	(3,402)
Other comprehensive income/Total other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	–	–	7	–	7	–	7
Total other comprehensive income for the financial period	–	–	–	7	–	7	–	7
Total comprehensive income/(loss) for the financial period	–	–	–	7	(3,262)	(3,255)	(140)	(3,395)
Transactions with owners, recognised directly in equity								
Dividends	–	(13)	–	–	–	(13)	–	(13)
Total transactions with owners	–	(13)	–	–	–	(13)	–	(13)
As at 30 September 2018	74,409	(110)	(32,763)	(73)	24,376	65,839	(188)	65,651

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

Group 2019	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to equity holders of the company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
As at 1 April 2019	74,409	(110)	(32,763)	(87)	20,090	61,539	13	61,552
Total comprehensive income for the financial period								
Loss/(profit) for the financial period	–	–	–	–	(2,197)	(2,197)	57	(2,140)
Other comprehensive income/Total other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	–	–	(15)	–	(15)	–	(15)
Total other comprehensive income for the financial period	–	–	–	(15)	–	(15)	–	(15)
Total comprehensive loss for the financial period	–	–	–	(15)	(2,197)	(2,212)	57	(2,155)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	(10)	–	–	–	(10)	–	(10)
Total transactions with owners	–	(10)	–	–	–	(10)	–	(10)
As at 30 June 2019	74,409	(120)	(32,763)	(102)	17,893	59,317	70	59,387

Group

Total equity attributable to

<u>2019</u>	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	equity holders of the company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
As at 1 July 2019	74,409	(120)	(32,763)	(102)	17,893	59,317	70	59,387
Total comprehensive income for the financial period								
Loss/(profit) for the financial period	–	–	–	–	(1,464)	(1,464)	194	(1,270)
Other comprehensive income/Total other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	–	–	129	–	129	–	129
Total other comprehensive income for the financial period	–	–	–	129	–	129	–	129
Total comprehensive income/(loss) for the financial period	–	–	–	129	(1,464)	(1,335)	194	(1,141)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	–	–	–	–	–	–	–
Total transactions with owners	–	–	–	–	–	–	–	–
As at 30 September 2019	74,409	(120)	(32,763)	27	16,429	57,982	264	58,246

Company	Share capital	Treasury shares	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2018	74,409	(92)	3,920	78,237
Total comprehensive loss for the financial period	–	–	(117)	(117)
Transaction with owners				
Purchase of treasury shares	–	(5)	–	(5)
Total transaction with owners	–	(5)	–	(5)
As at 31 March 2018	74,409	(97)	3,803	78,115
As at 1 April 2018	74,409	(97)	3,803	78,115
Total comprehensive loss for the financial period	–	–	(213)	(213)
Transactions with owners, recognised directly in equity				
Dividends	–	–	(496)	(496)
Total transactions with owners	–	–	(496)	(496)
As at 30 June 2018	74,409	(97)	3,094	77,406
As at 1 July 2018	74,409	(97)	3,094	77,406
Total comprehensive loss for the financial period	–	–	(202)	(202)
Transaction with owners, recognised directly in equity				
Purchase of treasury shares	–	(13)	–	(13)
Total transaction with owners	–	(13)	–	(13)
As at 30 September 2018	74,409	(110)	2,892	77,191
2019				
As at 1 January 2019	74,409	(110)	3,448	77,747
Total comprehensive loss for the financial period	–	–	(160)	(160)
As at 31 March 2019	74,409	(110)	3,288	77,587
As at 1 April 2019	74,409	(110)	3,288	77,587
Total comprehensive loss for the financial period	–	–	(197)	(197)
Transactions with owners, recognised directly in equity				
Purchase of treasury shares	–	(10)	–	(10)
As at 30 June 2019	74,409	(120)	3,091	77,380
As at 1 July 2019	74,409	(120)	3,091	77,380
Total comprehensive loss for the financial period	–	–	(189)	(189)
Transaction with owners, recognised directly in equity				
Purchase of treasury shares	–	–	–	–
Total transaction with owners	–	–	–	–
As at 30 September 2019	74,409	(120)	2,902	77,191

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.

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and fully paid ordinary shares		
Balance at 30 June 2019	710,000,000	76,133,121
Balance at 30 September 2019	710,000,000	76,133,121

During the quarter ended 30 September 2019 (“3Q2019”), there has been no change in the issued and paid up share capital of the Company.

Treasury shares

The number of treasury shares held by the Company as at 30 September 2019 is 1,317,700 representing 0.19% of the total number of issued shares outstanding as at 30 September 2019 (30 September 2018: 1,167,700 representing 0.16% of the total number of issued shares outstanding as at 30 September 2018).

There were no outstanding options, convertibles held by the Company as at 30 September 2019 and 30 September 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.

	As at 30 September 2019	As at 31 December 2018
Total number of issued shares excluding treasury shares	708,682,300	708,832,300

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.

During 3Q2019, 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 9-months financial period ended 30 September 2019 ("9M2019") 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 30 September 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\$6.6 million as at 30 September 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:

Loss per share based on the weighted average number of ordinary shares on issue:

Loss 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.

	3Q - 3 Months		9M - 9 Months	
	1 Jul 2019 to 30 Sep 2019	1 Jul 2018 to 30 Sep 2018	1 Jan 2019 to 30 Sep 2019	1 Jan 2018 to 30 Sep 2018
Net loss attributable to equity holders of the Company (S\$'000)	(1,464)	(3,262)	(3,438)	(9,019)
Weighted average number of ordinary shares outstanding	708,682,300	708,926,615	708,747,325	708,987,365
Basic and fully diluted loss per share (cents per share)	(0.2)	(0.5)	(0.5)	(1.3)

The diluted and basic loss per share are the same for each of 3Q2019, 3Q2018, 9M2019 and 9M2018 as the Company has no dilutive equity instruments as at 30 September 2019 and 30 September 2018.

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 30 Sep 2019	As at 31 December 2018	As at 30 Sep 2019	As at 31 December 2018
Net asset value per ordinary share (cents)	8.2	8.7	10.9	11.0
Number of ordinary shares used in calculating net asset value per ordinary share	708,682,300	708,832,300	708,682,300	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:

- (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 3Q2019 increased by S\$4.1 million or 44.5%, from S\$9.2 million in 3Q2018 to S\$13.3 million in 3Q2019 as the Group managed to secure more chartering and towage contracts and marine and offshore support services projects during the quarter.

Cost of sales, gross profit and gross profit margin

Cost of sales increased by S\$2.0 million or 23.8%, from S\$8.2 million in 3Q2018 to S\$10.2 million in 3Q2019, in line with the increase in revenue.

Gross profit increased by S\$2.1 million from S\$1.0 million in 3Q2018 to S\$3.2 million in 3Q2019, in line with the increase in revenue.

Gross profit margin increased from 11% in 3Q2018 to 24% in 3Q2019 mainly due to higher margin contracts secured from the marine and offshore and chartering and towage segments as compared to previous corresponding period.

Other income

Other income increased by S\$0.08 million or 43.3%, from S\$0.18 million in 3Q2018 to S\$0.26 million in 3Q2019, mainly due to insurance claim for vessel settled in 3Q2019.

Distribution expenses

Distribution expenses decreased by S\$0.09 million or 26.7%, from S\$0.33 million in 3Q2018 to S\$0.24 million in 3Q2019 mainly due to lower brokerage fees and advertising expenses partially offset by an increase in travelling expenses.

Administrative expenses

Administrative expenses decreased by S\$0.1 million or 3.3%, from S\$2.9 million in 3Q2018 to S\$2.8 million in 3Q2019 mainly due to lower staff costs partially offset by an increase in professional fees and utilities expenses.

Depreciation

Depreciation expenses increased by S\$0.4 million or 26% from S\$1.7 million in 3Q2018 to S\$2.1 million in 3Q2019 mainly due to recognition of right of use assets of S\$6.6 million due to adoption of new accounting standard SFRS(I)16 effective from 1 January 2019.

Other operating expenses

Other operating expenses increased by S\$0.03 million or 3.1%, from S\$0.97 million in 3Q2018 to S\$1.0 million in 3Q2019 mainly due to allowance for impairment loss on doubtful receivables partially offset by currency translation gain in 3Q2019 as compared to currency translation loss in 3Q2018.

Finance costs

Finance costs increased by S\$0.25 million or 60%, from S\$0.41 million in 3Q2018 to S\$0.66 million in 3Q2019 mainly due to higher interest expenses incurred for trust receipts, bank overdrafts and lease liabilities of the shipyards at 9 Pandan Crescent and 48 Penjuru Road due to the adoption of new accounting standard SFRS(I)16 effective from 1 January 2019.

Net loss after tax

As a result of the above, the Group incurred a loss after tax of S\$1.3 million in 3Q2019 as compared to a loss of S\$3.4 million in 3Q2018.

Statement of Financial Position

Non-current assets

Non-current assets decreased by S\$0.4 million from S\$102.5 million as at 31 December 2018 to S\$102.1 million as at 30 September 2019. The decrease was mainly due to the disposal and depreciation of plant and equipment partially offset by recognition of right of use assets of S\$11.0 million (of which S\$6.6 million pertains to leases of the shipyards at 9 Pandan Crescent and 48 Penjuru Road) due to adoption of new accounting standard SFRS(I)16 effective from 1 January 2019, .

Current assets

Current assets increased by S\$1.5 million from S\$19.2 million as at 31 December 2018 to S\$20.7 million as at 30 September 2019. This was mainly due to an increase in trade and other receivables, partially offset by decrease in cash and cash equivalents and assets held for sale.

Cash and cash equivalents decreased from S\$5.0 million as at 31 December 2018 to S\$2.1 million as at 30 September 2019 mainly due to cash used in repayment of term loans, finance lease liabilities and in operating activities.

Inventories remained unchanged at S\$0.2 million as at 31 December 2018 and as at 30 September 2019.

Trade and other receivables increased from S\$10.2 million as at 31 December 2018 to S\$18.5 million as at 30 September 2019 which was mainly due to higher sales towards the end of 3Q2019 in addition to the outstanding receivables at 30 September 2019.

Receivable turnover days increased from 61 days as at 31 December 2018 to 74 days as at 30 September 2019 as the Group recognized more revenue towards the end of 3Q2019.

Non-current liabilities

Non-current liabilities increased by S\$1.0 million, from S\$33.4 million as at 31 December 2018 to S\$34.4 million as at 30 September 2019, which was due to recognition of lease liabilities of S\$6.1 million (of which S\$5.5 million pertains to leases of the shipyards at 9 Pandan Crescent and 48 Penjuru Road) due to adoption of new accounting standard SFRS(I)16 effective from 1 January 2019, partially offset by the repayment of loans and borrowings during the period.

Current liabilities

Current liabilities increased by S\$3.2 million, from S\$27.0 million as at 31 December 2018 to S\$30.2 million as at 30 September 2019, mainly due to increase in trade and other payables and recognition of lease liabilities due to adoption of new accounting standard SFRS(I)16 effective from 1 January 2019, partially offset by repayment of bank overdraft.

Payable turnover day increased from 62 days as at 31 December 2018 to 93 days as at 30 September 2019 we managed to negotiate a looser credit term with the suppliers.

Working capital

The Group is in a net current liabilities position of S\$9.5 million as at 30 September 2019. Notwithstanding this, the Board is of the view 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's ability to realise its property, plant and equipment to fund financial obligations of the Group, when required.

Consolidated Statement of Cash flows

In 3Q2019, net cash used in operating activities before changes in working capital amounted to S\$1.7 million. The net cash generated from operating activities amounted to S\$2.4 million. This was mainly due to decrease in trade and other receivables.

Net cash used in investing activities of S\$0.8 million in 3Q2019 was mainly due to the purchase of plant and equipment.

Net cash used in financing activities of S\$2.5 million in 3Q2019 were mainly due to repayment of finance lease liabilities, terms loans and interest payment.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$0.8 million in cash and cash equivalents (as adjusted for deposits pledged) in 3Q2019.

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 broader market in the offshore and shipping industries will continue to face uncertainties. However, we have seen some opportunities in certain segments such as offshore windfarm renewable energy in the regions that we operate in, and we are taking active steps to capitalize on them.

Apart from our home market in Singapore, we will also continue with our overseas efforts to explore new related markets segments.

We are optimistic in relation to our chartering business with our Anchor Handling Tugs that we acquired some years back, as the utilization and chartering rates have improved.

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 3Q2019.

(b) Previous corresponding period

No dividend was declared or recommended for 3Q2018.

(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 3Q2019 as the Group was loss making in 3Q2019. 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 Listing Manual.

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 second quarter ended 30 September 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
12 November 2019