

First Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 31 March 2014

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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		
	1Q 2014 S\$'000	1Q 2013 S\$'000	Change %
<u>Continuing operations</u>			
Revenue	15,349	13,865	11
Cost of sales	(10,139)	(8,827)	15
Gross Profit	5,210	5,038	3
Other income	551	698	(21)
Interest income	1	-	NM
Marketing and distribution expenses	(327)	(237)	38
Administrative expenses	(4,462)	(4,179)	7
Other operating expenses	(689)	(945)	(27)
Finance costs	(59)	(101)	(42)
Profit before tax from continuing operations	225	274	(18)
Income tax credit/(expense)	54	(37)	(246)
Profit after tax from continuing operations	279	237	18
<u>Discontinued operations</u>			
Profit after tax from discontinued operations	-	31	(100)
Profit for the period	279	268	4
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(145)	148	(198)
Net change in fair value reserve of available-for-sale financial assets	729	302	141
Other comprehensive income for the period, net of tax	584	450	30
Total comprehensive income for the period	863	718	20
Profit attributable to:			
Non-controlling interests			
- Profit after tax from discontinued operations	-	6	(100)
Owners of the company			
- Profit after tax from continuing operations	279	237	18
- Profit after tax from discontinued operations	-	25	(100)
	279	268	4
Total comprehensive income attributable to:			
Non-controlling interests			
- Profit after tax from discontinued operations	-	6	(100)
Owners of the company			
- Profit after tax from continuing operations	863	687	26
- Profit after tax from discontinued operations	-	25	(100)
	863	718	20

Note

Profit before tax from continuing operations is derived at after

Crediting/(charging) :

Depreciation of property, plant and equipment	(358)	(369)	(3)
Amortisation of intangible assets	(282)	(321)	(12)
Gain on disposal of plant and equipment	13	11	18
Loss on foreign exchange	(12)	(157)	(92)
Trade receivables written off	-	(2)	(100)
Property, plant and equipment written off	(2)	-	NM
Inventories written down	(31)	(95)	(67)
Reversal of foreseeable losses	24	180	(87)

Profit after tax from discontinued operations is derived at after

Crediting/(charging) :

Depreciation of property, plant and equipment	-	(42)	(100)
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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-14	31-Dec-13	31-Mar-14	31-Dec-13
Equity attributable to equity holders of the company				
Share capital	94,852	91,660	94,852	91,660
Treasury shares	(711)	(795)	(711)	(795)
Reserves	3,270	2,310	(12,375)	(13,639)
Total equity	97,411	93,175	81,766	77,226
Non-current assets				
Property, plant and equipment	18,001	16,832	27	38
Investment in subsidiaries	-	-	88,940	88,940
Investment in associated companies	13,740	-	-	-
Quoted equity investments	2,060	1,331	2,052	1,321
Intangible assets	34,099	34,383	-	-
	67,900	52,546	91,019	90,299
Current assets				
Inventories	13,039	13,577	-	-
Trade receivables	14,557	21,032	-	-
Due from customers for contracts work-in-progress	11,815	10,318	-	-
Prepayments	87	103	43	55
Other receivables and deposits	5,802	6,359	3,371	3,525
Cash and cash equivalents	9,512	19,039	1,093	11,993
	54,812	70,428	4,507	15,573
Total assets	122,712	122,974	95,526	105,872
Current liabilities				
Trade payables	5,264	9,707	-	-
Due to customers for contracts work-in-progress	1,928	1,081	-	-
Other payables and accruals	5,582	6,338	1,787	1,954
Tax payable	782	431	-	-
Deferred rental	-	33	-	33
Finance lease obligations	14	18	-	-
Term loans	3,477	3,641	-	-
Due to subsidiaries	-	-	11,948	26,634
	17,047	21,249	13,735	28,621
Non-current liabilities				
Term loans	4,944	5,150	-	-
Deferred tax liabilities	3,282	3,370	25	25
Finance lease obligations	28	30	-	-
	8,254	8,550	25	25
Total liabilities	25,301	29,799	13,760	28,646
Net assets	97,411	93,175	81,766	77,226

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 2014		As at 31 December 2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
3,491	-	3,659	-

Amount repayable after one year

As at 31 March 2014		As at 31 December 2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
4,972	-	5,180	-

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 2014	1Q 2013
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before tax from continuing operations	225	274
Profit before tax from discontinued operations	-	35
Adjustments for:		
Amortisation of intangible assets	282	321
Amortisation of deferred rental	(33)	(50)
Depreciation of property, plant and equipment	358	411
Property, plant and equipment written off	2	-
Inventories written down	31	95
Employee share-based expense	94	91
Trade receivables written off	-	2
Gain on disposal of plant and equipment	(13)	(11)
Interest expense	59	101
Interest income	(1)	-
Reversal of foreseeable losses	(24)	(180)
Operating profit before working capital changes	980	1,089
Changes in working capital:		
Inventories	364	442
Trade receivables	6,476	1,234
Due from customers for contracts work-in-progress	(1,473)	1,196
Other receivables, deposits and prepayments	574	(1,635)
Trade payables	(4,442)	(1,456)
Due to customers for contracts work-in-progress	847	(60)
Other payables and accruals	(756)	1,290
Cash flows generated from operations	2,570	2,100
Interest paid	(59)	(101)
Interest received	1	-
Income taxes refunded/(paid)	317	(191)
Net cash flows generated from operating activities	2,829	1,808
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,559)	(52)
Proceeds from disposal of plant and equipment	40	47
Investment in associated companies	(13,740)	-
Net cash inflow from disposal of subsidiary companies	-	300
Cash (used in)/generated from investing activities	(15,259)	295
Cash flows from financing activities		
Repayment of term loans	(370)	(1,696)
Proceeds from issuance of shares pursuant to private placement	3,200	-
Share issuance expense	(8)	-
Proceeds from exercise of share options	87	-
Bills payable	-	527
Proceeds from term loans	-	2,000
Payment of finance lease obligations	(6)	(35)
Cash generated from financing activities	2,903	796
Net (decrease)/increase in cash and cash equivalents	(9,527)	2,899
Cash and cash equivalents at beginning of financial period	19,039	11,648
Reclassified to assets held for sale	-	(1,053)
Cash and cash equivalents at end of financial period	9,512	13,494

- 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.

	Share capital	Treasury shares	Translation reserve	The Group Other reserves	Accumulated profits	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1Q ended 31 March 2013							
Balance as at 1 January 2013	79,339	(731)	(109)	4	611	854	79,968
Profit for the period	-	-	-	-	262	6	268
<u>Other comprehensive income</u>							
Net change in fair value reserve of available-for-sale financial assets	-	-	-	302	-	-	302
Foreign currency translation	-	-	148	-	-	-	148
Other comprehensive income for the period, net of tax	-	-	148	302	-	-	450
Total comprehensive income for the period	-	-	148	302	262	6	718
<u>Contributions by and distribution to owners</u>							
Employee share-based expense	-	-	-	91	-	-	91
Total transactions with owners in their capacity as owners	-	-	-	91	-	-	91
Balance as at 31 March 2013	79,339	(731)	39	397	873	860	80,777

	Share capital	Treasury shares	Translation reserve	The Group Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1Q ended 31 March 2014						
Balance as at 1 January 2014	91,660	(795)	4	483	1,823	93,175
Profit for the period	-	-	-	-	279	279
<u>Other comprehensive income</u>						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	729	-	729
Foreign currency translation	-	-	(145)	-	-	(145)
Other comprehensive income for the period, net of tax	-	-	(145)	729	-	584
Total comprehensive income for the period	-	-	(145)	729	279	863
<u>Contributions by and distribution to owners</u>						
Issuance of shares pursuant to private placement	3,200	-	-	-	-	3,200
Share issuance expense	(8)	-	-	-	-	(8)
Share options lapsed	-	-	-	(8)	8	-
Treasury shares reissued pursuant to share options plan	-	84	-	3	-	87
Employee share-based expense	-	-	-	94	-	94
Total transactions with owners in their capacity as owners	3,192	84	-	89	8	3,373
Balance as at 31 March 2014	94,852	(711)	(141)	1,301	2,110	97,411

	Share capital	Treasury shares	The Company Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1Q ended 31 March 2013					
Balance as at 1 January 2013	79,339	(731)	39	(14,535)	64,112
Loss for the period	-	-	-	(270)	(270)
<u>Other comprehensive income</u>					
Net change in fair value reserve of available-for-sale financial assets	-	-	302	-	302
Other comprehensive income for the period, net of tax	-	-	302	-	302
Total comprehensive income for the period	-	-	302	(270)	32
<u>Contributions by and distribution to owners</u>					
Employee share-based expense	-	-	91	-	91
Total transactions with owners in their capacity as owners	-	-	91	-	91
Balance as at 31 March 2013	79,339	(731)	432	(14,805)	64,235

	Share capital	Treasury shares	The Company Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1Q ended 31 March 2014					
Balance as at 1 January 2014	91,660	(795)	518	(14,157)	77,226
Profit for the period	-	-	-	435	435
<u>Other comprehensive income</u>					
Net change in fair value reserve of available-for-sale financial assets	-	-	732	-	732
Other comprehensive income for the period, net of tax	-	-	732	-	732
Total comprehensive income for the period	-	-	732	435	1,167
<u>Contributions by and distribution to owners</u>					
Issuance of shares pursuant to private placement	3,200	-	-	-	3,200
Share issuance expense	(8)	-	-	-	(8)
Share options lapsed	-	-	(8)	8	-
Treasury shares reissued pursuant to share options plan	-	84	3	-	87
Employee share-based expense	-	-	94	-	94
Total transactions with owners in their capacity as owners	3,192	84	89	8	3,373
Balance as at 31 March 2014	94,852	(711)	1,339	(13,714)	81,766

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 31 December 2013	761,403,999	91,660
Issuance of shares pursuant to private placement	40,000,000	3,200
Issuance of shares pursuant to warrants exercised	1,000	-
Share issuance expense	-	(8)
Balance as at 31 March 2014	801,404,999	94,852

On 11 March 2014, the Company issued 40,000,000 new ordinary shares to strategic investor at an issue price of S\$0.08 per share.

During the first quarter of 2014, 1,000 Warrants were converted into ordinary shares (31 March 2013: Nil). The Company has 119,113,266 outstanding Warrants as at 31 March 2014 (31 March 2013: Nil). 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 14,500,000 (31 March 2013: 15,600,000) outstanding employee share options as at 31 March 2014. Each share option can be used to subscribe for an ordinary shares ranging from S\$0.11 to S\$0.20. (31 March 2013: S\$0.11 to S\$0.20 per share option)

The Company has 3,300,000 outstanding share awards as at 31 March 2014 under the Viking Long Term Incentive Plan. (31 March 2013: Nil)

As at 31 March 2014, the number of ordinary shares in issue was 801,404,999 of which 6,728,000 were held by the Company as treasury shares. (31 March 2013: 602,289,333 ordinary shares and 6,717,000 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 31 December 2013.

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

	As at 31 March 2014		As at 31 December 2013	
	No. of shares	S\$'000	No. of shares	S\$'000
Total number of issued shares at the end of the financial period	801,404,999	94,852	761,403,999	91,660
Number of Treasury Shares at the end of the financial period	(6,728,000)	(711)	(7,528,000)	(795)
Net number of issued shares at the end of the financial period	794,676,999	94,141	753,875,999	90,865

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.

The Company transferred 800,000 treasury shares to employee on exercise of share options (January to March 2013: Nil). Treasury shares are presented as a component within equity attributable to owners of the parent.

	No. of shares	S\$'000
Balance as at 1 January 2014	7,528,000	795
Treasury shares transferred on exercise of share options	(800,000)	(84)
Balance as at 31 March 2014	6,728,000	711

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 2013, 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 2014. 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 2014 cents	1Q 2013 cents
Earnings per ordinary share		
(i) Based on the weighted average number of ordinary share on issue	0.04	0.04
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.04	0.04
Earnings per ordinary share from continuing operations		
(i) Based on the weighted average number of ordinary share on issue	0.04	0.04
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.04	0.04
Computed based on the following weighted average number of shares		
Basic	771,421,950	601,469,089
Diluted	793,843,955	601,469,089

**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\$	
31.03.14	31.12.13	31.03.14	31.12.13

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
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Footnote:

Net asset value per ordinary share is based on 794,676,999 ordinary shares as at 31 March 2014 (31 December 2013: 753,875,999 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

For the quarter ended 31 March 2014 ("1Q-2014"), the Group's Revenue reached S\$15.3 million; an increase of 11% compared to the corresponding quarter last year. The increase in revenue contribution is due to the better order book backlog carried forward from last year. This is evident in our fire and gas detection system, marine telecommunication, and controls and instrumentation business lines. While a similar strong order backlog exists in our other business lines, we are seeing some later-than-expected project commencement and customer delays. Had these projects commenced on schedule, the revenue recognition would have been higher in 1Q-2014.

The increase in Gross Profit reflects the higher revenue. The Gross Profit Margin is a result of the business mix of a greater proportion of product sales as opposed to higher margin service jobs last year, coupled with increasing customer price pressure and competition.

Other Income for 1Q-2014 reflected the absence of rental income from the end of tenancy sub-letting for the building on a long-term lease. This end of lease for the same building also resulted in higher expenses due to one-off reinstatement cost incurred to complete the handover of the leased property. With this building handover completed, the Group will be relieved of this financial burden in the future quarters.

Total Expenses for 1Q-2014 were higher than prior year due to the higher sales and marketing activities to accelerate customer pipeline, and also increase in staffing level to support higher business activity level. Other Operating Expenses were lower than last year due to the absence of foreign currency impact experienced in the prior year. Finance costs also decreased compared to a year ago as a result of the Group's continued efforts to reduce outstanding loans.

Considering the above, the Net Profit After Tax for 1Q-2014 is comparable to that recorded for the same period last year.

Financial Position

Net Assets for the Group of S\$97.4 million as at 31 March 2014 is higher compared to that as at 31 December 2013, largely due to the cash proceeds from the private placement made to a strategic investor for S\$3.1 million.

The major movements in the balance sheet items were largely due to the Group's joint venture investment for the acquisition of the two jack-up rigs. Accordingly, the reduction in the cash balances accordingly reflects the increase in investment. The lower Trade Receivables reflected the better collection in the quarter and the improved collection also allowed the Group to repay its Trade Payables.

Cashflow

On a year-on-year basis, the overall cashflow movement for the quarter compared to last year is largely due to the cash outflow to fund the investments in the two jack-up rigs.

Net cash generated from operating activities reflected the better collection on Trade Receivables within the quarter.

Increase in net cash generated from financing activities was largely due to the net proceeds from a private placement share subscription. Additionally, the Group also reduced bank borrowings through refinancing and cash from operations.

- 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 Group has built up a healthy order book entering the new financial year. It is hopeful that customer delays on project commencement will ease in the second quarter. While the Group continued to secure new orders in the first quarter at a faster rate, we are witnessing a continued margin pressure in these transactions.

In this regard, the Group will continue to accelerate and increase closure of opportunities to overcome any of such margin impact. Additionally, the Group continues to focus on improving procurement productivity to compensate for potential margin risk with the continued shift in production capacity to lower-cost countries in order to save costs and alleviate the tight resource situation. This initiative is also in line with our increased focus in the emerging markets and driving higher overseas sales which invariably expand our customer base.

Having recently set a new business division in offshore and marine asset ownership and chartering services, the Group expanded its portfolio by acquiring a second similar jack-up rig asset in March 2014 in addition to the first made in November 2013. The Group continues to evaluate opportunities to acquire other offshore and marine asset platforms to develop a sizeable asset portfolio which will offer economies of scale.

- 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 first quarter ended 31 March 2014 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

5 May 2014
Singapore