

Third Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 30 September 2016

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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group					
	3Q 2016 S\$'000	3Q 2015 S\$'000	Change %	9M 2016 S\$'000	9M 2015 S\$'000	Change %
Revenue	7,705	19,444	(60)	31,306	62,458	(50)
Cost of sales	(4,881)	(14,762)	(67)	(20,638)	(45,338)	(54)
Gross Profit	2,824	4,682	(40)	10,668	17,120	(38)
Other income	304	1,834	(83)	623	2,613	(76)
Interest income	2	1	100	4	2	100
Marketing and distribution expenses	(99)	(218)	(55)	(256)	(582)	(56)
Administrative expenses	(3,442)	(4,535)	(24)	(10,931)	(13,730)	(20)
Other operating expenses	(792)	(611)	30	(3,051)	(1,782)	71
Finance costs	(1,056)	(983)	7	(3,071)	(2,524)	22
(Loss)/Profit before tax	(2,259)	170	NM	(6,014)	1,117	NM
Income tax credit	-	23	(100)	80	168	(52)
(Loss)/Profit for the period	(2,259)	193	NM	(5,934)	1,285	NM
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	119	383	(69)	(990)	800	NM
Net change in fair value reserve of available-for-sale financial assets	(63)	(137)	(54)	(597)	(253)	136
Other comprehensive income for the period, net of tax	56	246	(77)	(1,587)	547	NM
Total comprehensive income for the period	(2,203)	439	NM	(7,521)	1,832	NM
(Loss)/Profit attributable to:						
Owners of the company						
- (Loss)/Profit after tax	(2,259)	193	NM	(5,934)	1,285	NM
	(2,259)	193	NM	(5,934)	1,285	NM
Total comprehensive income attributable to:						
Owners of the company						
- (Loss)/Profit after tax	(2,203)	439	NM	(7,521)	1,832	NM
	(2,203)	439	NM	(7,521)	1,832	NM

Note

(Loss)/Profit before tax is derived at after

Crediting/(charging) :

	The Group			The Group		
	3Q 2016 S\$'000	3Q 2015 S\$'000	Change %	9M 2016 S\$'000	9M 2015 S\$'000	Change %
Depreciation of property, plant and equipment	(569)	(361)	58	(1,716)	(1,062)	62
Amortisation of intangible assets	(174)	(183)	(5)	(522)	(548)	(5)
Gain on disposal of plant and equipment	-	-	NM	49	63	(22)
Gain/(Loss) on foreign exchange	203	1,641	(88)	(513)	2,062	NM
Impairment loss on other receivables	-	-	NM	-	(70)	(100)
(Write down)/Reversal of inventory	(47)	(60)	(22)	(72)	(81)	(11)
Gain/(Loss) on derivative	-	1	(100)	(16)	60	NM

NM: Not meaningful

1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	S\$'000		S\$'000	
	30-Sep-16	31-Dec-15	30-Sep-16	31-Dec-15
Equity attributable to equity holders of the company				
Share capital	97,844	97,844	97,844	97,844
Treasury shares	(511)	(591)	(511)	(591)
Reserves	(14,513)	(6,887)	(26,806)	(24,032)
Total equity	82,820	90,366	70,527	73,221
Non-current assets				
Property, plant and equipment	26,032	27,487	29	46
Investment in subsidiaries	-	-	84,111	84,111
Investment in associated companies	15,405	15,405	-	-
Quoted equity investments	208	805	208	775
Intangible assets	21,712	22,240	-	-
Finance lease receivables	31,574	36,450	-	-
Deferred tax assets	13	42	-	-
	94,944	102,429	84,348	84,932
Current assets				
Inventories	13,177	13,605	-	-
Trade receivables	19,191	21,643	-	-
Due from customers for contracts work-in-progress	11,119	17,104	-	-
Prepayments	1,988	211	45	55
Other receivables and deposits	2,344	3,436	47	44
Finance lease receivables	6,131	5,409	-	-
Derivative asset	-	33	-	-
Cash and cash equivalents	10,225	7,510	74	286
	64,175	68,951	166	385
Total assets	159,119	171,380	84,514	85,317
Current liabilities				
Trade payables	4,954	10,555	-	-
Due to customers for contracts work-in-progress	3,353	2,889	-	-
Other payables and accruals	20,902	23,424	240	538
Tax payable	160	23	-	-
Finance lease obligations	32	31	-	-
Term loans	20,492	16,912	3,359	2,000
Derivative liability	1,065	1,089	1,065	1,065
Redeemable exchangeable bonds	11,284	9,897	-	-
Due to subsidiaries	-	-	9,323	8,493
	62,242	64,820	13,987	12,096
Non-current liabilities				
Term loans	11,527	13,410	-	-
Deferred tax liabilities	2,453	2,683	-	-
Finance lease obligations	77	101	-	-
	14,057	16,194	-	-
Total liabilities	76,299	81,014	13,987	12,096
Net assets	82,820	90,366	70,527	73,221

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

Amount repayable in one year or less, or on demand

As at 30 September 2016		As at 31 December 2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
31,808	-	26,840	-

Amount repayable after one year

As at 30 September 2016		As at 31 December 2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
11,604	-	13,511	-

Details of any collateral

The Group's borrowings are secured by the followings:

- a first legal mortgage on a subsidiary's leasehold property
- fixed and floating charge over the subsidiary's assets
- corporate guarantees

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		The Group	
	3Q 2016	3Q 2015	9M 2016	9M 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
(Loss)/Profit before tax	(2,259)	170	(6,014)	1,117
Adjustments for:				
Amortisation of intangible assets	174	183	522	548
Depreciation of property, plant and equipment	569	361	1,716	1,062
Write down of inventory	47	60	72	81
Employee share-based expense	-	44	59	218
Gain on disposal of plant and equipment	-	-	(49)	(63)
Impairment loss on other receivables	-	-	-	70
Interest expense	1,056	983	3,071	2,524
Interest income	(2)	(1)	(4)	(2)
Unrealised gain/(loss) on derivative	-	(1)	9	(60)
Unrealised exchange loss/(gain)	(464)	(1,647)	476	(1,965)
Operating profit before working capital changes	(879)	152	(142)	3,530
Changes in working capital:				
Inventories	(1,107)	(510)	357	(723)
Trade receivables	1,521	(2,905)	2,313	188
Due from customers for contracts work-in-progress	2,556	(409)	5,985	(4,331)
Other receivables, deposits and prepayments	(1,824)	791	(684)	(358)
Finance lease receivables	371	(22,203)	4,021	(21,490)
Trade payables	290	2,360	(5,302)	426
Due to customers for contracts work-in-progress	610	(1,218)	464	1,156
Other payables and accruals	321	19,255	(4,063)	16,461
Cash flows from/(used in) operations	1,859	(4,687)	2,949	(5,141)
Interest paid	(609)	(115)	(1,125)	(611)
Interest received	2	1	4	2
Income taxes paid	1	(384)	(14)	(771)
Net cash flows from/(used in) operating activities	1,253	(5,185)	1,814	(6,521)
Cash flows from investing activities				
Purchase of property, plant and equipment	(115)	(1,391)	(290)	(3,451)
Additions to intangible assets	-	(22)	-	(22)
Proceeds from disposal of plant and equipment	-	18	67	133
Investment in associated companies	-	(541)	-	(1,036)
Cash flows used in investing activities	(115)	(1,936)	(223)	(4,376)
Cash flows from financing activities				
Repayment of loans and borrowings	(1,161)	(713)	(4,003)	(2,185)
Purchase of treasury shares	(6)	(121)	(85)	(337)
Proceeds from loans and borrowings	1,134	10,191	5,235	16,139
Payment of dividends	-	-	-	(1,194)
Payment of finance lease obligations	(8)	(5)	(23)	(9)
Cash flows (used in)/ from financing activities	(41)	9,352	1,124	12,414
Net (decrease)/increase in cash and cash equivalents	1,097	2,231	2,715	1,517
Effect of exchange rate changes on cash and cash equivalents	112	359	1	427
Cash and cash equivalents at beginning of financial period	9,017	8,080	7,510	8,726
Cash and cash equivalents at end of financial period	10,225	10,670	10,225	10,670

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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
9M ended 30 September 2015					
Balance as at 1 January 2015	94,844	(543)	1,106	820	1,649
Profit for the period	-	-	-	-	1,285
<u>Other comprehensive income</u>					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(253)	-
Foreign currency translation	-	-	800	-	-
Other comprehensive income for the period, net of tax	-	-	800	(253)	-
Total comprehensive income for the period	-	-	800	(253)	1,285
<u>Contributions by and distribution to owners</u>					
Purchase of treasury shares	-	(337)	-	-	-
Dividends on ordinary shares	-	-	-	-	(1,194)
Treasury shares reissued pursuant to equity compensation plans	-	291	-	(291)	-
Employee share-based expense	-	-	-	218	-
Total transactions with owners in their capacity as owners	-	(46)	-	(73)	(1,194)
Balance as at 30 September 2015	94,844	(589)	1,906	494	1,740

	The Group				
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
9M ended 30 September 2016					
Balance as at 1 January 2016	97,844	(591)	1,727	220	(8,834)
Loss for the period	-	-	-	-	(5,934)
<u>Other comprehensive income</u>					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(597)	-
Foreign currency translation	-	-	(989)	-	-
Other comprehensive income for the period, net of tax	-	-	(989)	(597)	-
Total comprehensive income for the period	-	-	(989)	(597)	(5,934)
<u>Contributions by and distribution to owners</u>					
Purchase of treasury shares	-	(85)	-	-	-
Treasury shares reissued pursuant to equity compensation plans	-	165	-	(165)	-
Employee share-based expense	-	-	-	59	-
Total transactions with owners in their capacity as owners	-	80	-	(106)	-
Balance as at 30 September 2016	97,844	(511)	738	(483)	(14,768)

	The Group				
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
3Q ended 30 September 2015					
Balance as at 1 July 2015	94,844	(468)	1,523	587	1,547
Profit for the period	-	-	-	-	193
<u>Other comprehensive income</u>					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(137)	-
Foreign currency translation	-	-	383	-	-
Other comprehensive income for the period, net of tax	-	-	383	(137)	-
Total comprehensive income for the period	-	-	383	(137)	193
<u>Contributions by and distribution to owners</u>					
Treasury shares reissued pursuant to equity compensation plans	-	(121)	-	-	-
Employee share-based expense	-	-	-	44	-
Total transactions with owners in their capacity as owners	-	(121)	-	44	-
Balance as at 30 September 2015	94,844	(589)	1,906	494	1,740

	The Group				
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
3Q ended 30 September 2016					
Balance as at 1 July 2016	97,844	(505)	618	(420)	(12,509)
Loss for the period	-	-	-	-	(2,259)
<u>Other comprehensive income</u>					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(63)	-
Foreign currency translation	-	-	120	-	-
Other comprehensive income for the period, net of tax	-	-	120	(63)	-
Total comprehensive income for the period	-	-	120	(63)	(2,259)
<u>Contributions by and distribution to owners</u>					
Purchase of treasury shares	-	(6)	-	-	-
Treasury shares reissued pursuant to equity compensation plans	-	-	-	-	-
Employee share-based expense	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	(6)	-	-	-
Balance as at 30 September 2016	97,844	(511)	738	(483)	(14,768)

9M ended 30 September 2015

Balance as at 1 January 2015

Loss for the period

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

Contributions by and distribution to owners

Purchase of treasury shares

Dividends on ordinary shares

Treasury shares reissued pursuant to equity compensation plans

Employee share-based expense

Total transactions with owners in
their capacity as owners

Balance as at 30 September 2015

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
94,844	(543)	860	(14,041)	81,120
-	-	-	(2,336)	(2,336)
-	-	(250)	-	(250)
-	-	(250)	-	(250)
-	-	(250)	(2,336)	(2,586)
-	(337)	-	-	(337)
-	-	-	(1,194)	(1,194)
-	291	(291)	-	-
-	-	218	-	218
-	(46)	(73)	(1,194)	(1,313)
94,844	(589)	537	(17,571)	77,221

9M ended 30 September 2016

Balance as at 1 January 2016

Loss for the period

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

Contributions by and distribution to owners

Purchase of treasury shares

Treasury shares reissued pursuant to equity compensation plans

Employee share-based expense

Total transactions with owners in
their capacity as owners

Balance as at 30 September 2016

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
97,844	(591)	234	(24,266)	73,221
-	-	-	(2,101)	(2,101)
-	-	(567)	-	(567)
-	-	(567)	-	(567)
-	-	(567)	(2,101)	(2,668)
-	(85)	-	-	(85)
-	165	(165)	-	-
-	-	59	-	59
-	80	(106)	-	(26)
97,844	(511)	(439)	(26,367)	70,527

3Q ended 30 September 2015

Balance as at 1 July 2015

Loss for the period

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

Contributions by and distribution to owners

Treasury shares reissued pursuant to equity compensation plans

Employee share-based expense

Total transactions with owners in
their capacity as owners

Balance as at 30 September 2015

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
94,844	(468)	629	(16,814)	78,191
-	-	-	(757)	(757)
-	-	(136)	-	(136)
-	-	(136)	-	(136)
-	-	(136)	(757)	(893)
-	(121)	-	-	(121)
-	-	44	-	44
-	(121)	44	-	(77)
94,844	(589)	537	(17,571)	77,221

3Q ended 30 September 2016

Balance as at 1 July 2016

Loss for the period

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

Contributions by and distribution to owners

Purchase of treasury shares

Treasury shares reissued pursuant to equity compensation plans

Employee share-based expense

Total transactions with owners in
their capacity as owners

Balance as at 30 September 2016

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
97,844	(505)	(377)	(25,698)	71,264
-	-	-	(669)	(669)
-	-	(62)	-	(62)
-	-	(62)	-	(62)
-	-	(62)	(669)	(731)
-	(6)	-	-	(6)
-	-	-	-	-
-	-	-	-	-
-	(6)	-	-	(6)
97,844	(511)	(439)	(26,367)	70,527

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Changes in company's share capital:

	Quantity	Share capital S\$'000
Balance as at 30 June 2016 and 30 September 2016	862,792,553	97,844

During the third quarter of 2016, no Warrants were converted into ordinary shares (July to September 2015: Nil). The Company has 119,113,066 outstanding Warrants as at 30 September 2016 (30 September 2015: 119,113,066). Each Warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.138 for each new ordinary share and is exercisable during a five year period from the date of issue.

The Company has 13,179,464 (30 September 2015: 15,288,178) outstanding employee share options as at 30 September 2016. Each share option can be used to subscribe for an ordinary shares at S\$0.1043 (30 September 2015: S\$0.1043 to S\$0.1897 per share option).

The Company has Nil outstanding share awards as at 30 September 2016 under the Viking Long Term Incentive Plan (30 September 2015: 3,300,000).

As at 30 September 2016, the number of ordinary shares in issue was 862,792,553 of which 7,470,500 were held by the Company as treasury shares. (30 September 2015: 801,405,199 ordinary shares and 7,449,800 treasury shares)

Save for the foregoing, there are no other changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 30 June 2016.

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 2016		As at 31 December 2015	
	No. of shares	S\$'000	No. of shares	S\$'000
Total number of issued shares at the end of the financial period/year	862,792,553	97,844	801,405,199	94,844
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	-	-	61,387,354	3,000
Number of Treasury Shares at the end of the financial period/year	(7,470,500)	(511)	(7,489,800)	(591)
Net number of issued shares at the end of the financial period/year	855,322,053	97,333	855,302,753	97,253

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.

	No. of share	S\$'000
Balance as at 1 July 2016	7,268,300	505
Purchase of treasury shares	202,200	6
Balance as at 30 September 2016	7,470,500	511

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 2015, 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 2016. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in respective FRS and INT FRS. The adoption of new/revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies or any significant impact on the Group's financial statements.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	3Q 2016 cents	3Q 2015 cents	9M 2016 cents	9M 2015 cents
Earnings per ordinary share				
(i) Based on the weighted average number of ordinary share on issue	(0.26)	0.02	(0.69)	0.16
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.26)	0.02	(0.69)	0.16
Earnings per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share on issue	(0.26)	0.02	(0.69)	0.16
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.26)	0.02	(0.69)	0.16
Computed based on the following weighted average number of shares				
Basic	855,463,923	800,472,682	855,146,537	795,117,535
Diluted	855,463,923	802,772,682	855,146,537	797,417,535

As at 30 September 2016, 13,179,464 (30 September 2015: 15,288,178) share options granted to employees under the existing employee share option plans and warrants of 119,113,066 (30 September 2015: 119,113,066), have 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 period reported on; and
(b) immediately preceding financial year.

	Group S\$		Company S\$	
	30.09.16	31.12.15	30.09.16	31.12.15
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.10	0.11	0.08	0.09

Footnote:

Net asset value per ordinary share is based on 855,322,053 ordinary shares as at 30 September 2016 (31 December 2015: 855,302,753 shares).

- 8 **A review of the performance of the group to the extent necessary for a reasonable understanding of the business. It must include a discussion of the following:—**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Financial Performance

The Group's revenue for the quarter ended 30 September 2016 ("3Q-2016") decreased by 60% compared to the corresponding period last year. This is due to lower order book carried forward, deferral of projects and lower new order intake. The Group's business continues to be affected by the downturn in the oil and gas industry and the continued difficult market condition remains challenging for the Group. Since the second quarter of 2016, the Group ceased the recognition of revenue for its second land rig pending negotiation with the charterer. The Group started to recognise revenue from the chartering of a chemical tanker in 3Q-2016.

The Group's gross profit decreased in tandem with the lower revenue recognised.

Other income for 3Q-2016 is lower than that in the previous year due to a lower foreign exchange gain during the period.

Total expenses for current period decreased compared to prior year due to the lower business activities and cost management efforts. Lower marketing and distribution expenses in 3Q-2016 is in line with the lower sales order intake during the period and the delay in existing projects. Administrative expenses decreased largely due to the rightsizing of manpower and curtailed spending in response to the activity level of the Group amidst the challenging market condition. Other operating expenses increased largely due to the depreciation of the new building which started from fourth quarter of 2015. Finance cost in 3Q-2016 has increased as a result of higher loans and borrowings to support the asset chartering business compared to the corresponding period last year.

Financial Position

The Net Assets for the Group stood at S\$82.8 million as at 30 September 2016. This is lower compared to that as at 31 December 2015 and attributable to the loss incurred for the period.

Trade receivables from the offshore and marine business segment reduced due to collection from customers and lesser new billings to the customers. Trade receivables from the asset chartering business segment increased in spite of a partial lump sum repayment in 3Q-2016. To date, the charterer is still behind in schedule of payment and a repayment schedule has been agreed with the charterer to bring its account current by year end. The amount due from contract customers decreased due to the eventual billing upon meeting milestones and lower level of project activities. Other receivables and deposits increased as the Group recognised an upfront payment for the chartering of a chemical tanker.

The higher term loan balance as at 30 September 2016 compared to that as at 31 December 2015 was due to loan draw down to finance the operations of the Group. The change in the redeemable exchangeable bonds balance is due to the accrual of interest during the period. Trade and other payables decreased due to payment made to suppliers for goods received or service rendered, coupled with lesser purchases from lower business volume.

Cashflow

The net cash flow generated from operations was mainly due to the billing of amount due from contract customers after meeting the project milestones and subsequent collection from receivables. This is partially offset by the inventory purchases for new projects and upfront payment for the charter of a chemical tanker.

Less capital expenditures were made during the period as the construction of the new building was completed in the prior year, thereby resulting in lower cash flows used in investing activities.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable

- 10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The offshore and marine industry and oil and gas sector is showing little signs of recovery and is expected to remain challenging with the continued oil price volatility and uncertain climate. This prolonged industry downturn impacted the Group business activity with delays to existing projects, a trend which is expected to continue. Sales order intake during the period was also much weaker compared to the prior year due to limited new projects in the market.

Against this backdrop, the Group will continue to exercise prudence when evaluating potential project and will place greater emphasis on operational cost discipline in project execution. To sustain its business volumes during this downturn, the Group will continue to diversify its customer base towards non-oil and gas and onshore requirements. These initiatives will take time to develop and are not likely to fully cover shortfall in our traditional business segments.

The collection of charter income for the land rigs was affected during this downturn. A repayment schedule to pare down the outstanding receivables has been agreed with the charterer to repay the overdue amount. During the period, the Group has received a partial payment from the charterer. The Group continues to negotiate the terms of charter with the charterer for the second land rig.

In respect of the redeemable exchangeable bonds maturing in the fourth quarter, the Group will redeem the first tranche in full and the second tranche partially with the remaining to be extended for another 12 to 24 months. This has been agreed in principle with the bondholder pending completion of documentation. The Group will make the necessary announcement at the appropriate time.

The Group will continue to aggressively pursue cost management and resource optimisation to extract efficiency and savings. While cost saving measures have been put in place, further cost cutting actions will be required given the continued challenging outlook. The Group will rightsize its resources and operating infrastructure in order to cope with the lower business volumes and margin pressure from competitors vying for the limited opportunities. The Group will assess any potential impairment of intangible assets at year end.

- 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 third quarter ended 30 September 2016 to be false or misleading in any material respect.

- 15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7H under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR LOW JOOI KOK
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

7 November 2016
Singapore