Viking Offshore & Marine Limited
Registration No. 199307300M

Third Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 30 September 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					
	3Q 2014 S$'000	3Q 2013 S$'000	Change %	9M 2014 S$'000	9M 2013 S$'000	Change %
Continuing operations						
Revenue	20,126	15,436	30	51,772	46,042	12
Cost of sales	(14,654)	(10,633)	38	(35,962)	(31,463)	14
Gross Profit	5,472	4,803	14	15,810	14,579	8
Other income	145	807	(82)	845	2,328	(64)
Interest income	136	-	NM	137	1	13600
Marketing and distribution expenses	(302)	(422)	(28)	(884)	(930)	(5)
Administrative expenses	(4,717)	(4,280)	10	(13,401)	(12,863)	4
Other operating expenses	(603)	(664)	(9)	(1,989)	(2,372)	(16)
Finance costs	(115)	(70)	64	(222)	(244)	(9)
Profit before tax from continuing operations	16	174	(91)	296	499	(41)
Income tax credit	100	53	89	188	191	(2)
Profit after tax from continuing operations	116	227	(49)	484	690	(30)
Discontinued operations						
Profit after tax from discontinued operations	-	-	NM	-	60	(100)
Profit for the period	116	227	(49)	484	750	(35)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	159	(37)	(530)	(53)	75	(171)
Net change in fair value reserve of available-for-sale	(141)	(78)	81	57	53	8
Other comprehensive income for the period, net of tax	18	(115)	(116)	4	128	(97)
Total comprehensive income for the period	134	112	20	488	878	(44)
Profit attributable to:						
Non-controlling interests						
- Profit after tax from discontinued operations	-	-	NM	-	60	(100)
Owners of the company						
- Profit after tax from continuing operations	116	227	(49)	484	690	(30)
	116	227	(49)	484	750	(35)
Total comprehensive income attributable to:						
Non-controlling interests						
- Profit after tax from discontinued operations	-	-	NM	-	60	(100)
Owners of the company						
- Profit after tax from continuing operations	134	112	20	488	818	(40)
	134	112	20	488	878	(44)

Note

	The Group					
	3Q 2014 S$'000	3Q 2013 S$'000	Change %	9M 2014 S$'000	9M 2013 S$'000	Change %
Profit before tax from continuing operations is derived at after						
Crediting/(charging) :						
Depreciation of property, plant and equipment	(337)	(365)	(8)	(1,048)	(1,169)	(10)
Amortisation of intangible assets	(283)	(321)	(12)	(847)	(964)	(12)
(Loss)/gain on disposal of plant and equipment	-	(68)	(100)	10	(22)	(145)
Gain/(loss) on foreign exchange	45	(71)	(163)	11	(32)	(134)
Trade receivables written off	-	-	NM	(5)	(2)	150
Property, plant and equipment written off	(42)	(29)	45	(44)	(46)	(4)
Inventories written back/(down)	26	152	(83)	(36)	(91)	(60)
Reversal of foreseeable losses	-	-	NM	24	541	(96)
Profit after tax from discontinued operations is derived at after						
Crediting/(charging) :						
Depreciation of property, plant and equipment	-	-	NM	-	(73)	(100)
Property, plant and equipment written off	-	-	NM	-	(1)	(100)
Loss on disposal of subsidiary company	-	-	NM	-	(240)	(100)
Gain on foreign exchange	-	-	NM	-	5	(100)

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	
	30-Sep-14	31-Dec-13	30-Sep-14	31-Dec-13
Equity attributable to equity holders of the company				
Share capital	94,852	91,660	94,852	91,660
Treasury shares	(383)	(795)	(383)	(795)
Reserves	1,544	2,310	(15,979)	(13,639)
Total equity	**96,013**	**93,175**	**78,490**	**77,226**
Non-current assets				
Property, plant and equipment	21,725	16,832	78	38
Investment in subsidiaries	-	-	88,940	88,940
Investment in associated companies	13,740	-	-	-
Quoted equity investments	1,388	1,331	1,381	1,321
Intangible assets	33,536	34,383	-	-
Finance lease receivables	19,431	-	-	-
	89,820	52,546	90,399	90,299
Current assets				
Inventories	15,478	13,577	-	-
Trade receivables	16,372	21,032	-	-
Due from customers for contracts work-in-progress	14,289	10,318	-	-
Prepayments	272	103	59	55
Other receivables and deposits	5,262	6,359	1,655	3,525
Finance lease receivables	2,100	-	-	-
Cash and cash equivalents	6,449	19,039	44	11,993
	60,222	70,428	1,758	15,573
Total assets	**150,042**	**122,974**	**92,157**	**105,872**
Current liabilities				
Trade payables	23,068	9,707	-	-
Due to customers for contracts work-in-progress	5,214	1,081	-	-
Other payables and accruals	7,179	6,338	1,367	1,954
Tax payable	247	431	-	-
Deferred rental	-	33	-	33
Finance lease obligations	9	18	-	-
Term loans	5,620	3,641	-	-
Due to subsidiaries	-	-	12,275	26,634
	41,337	21,249	13,642	28,621
Non-current liabilities				
Term loans	9,589	5,150	-	-
Deferred tax liabilities	3,079	3,370	25	25
Finance lease obligations	24	30	-	-
	12,692	8,550	25	25
Total liabilities	**54,029**	**29,799**	**13,667**	**28,646**
Net assets	**96,013**	**93,175**	**78,490**	**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 30 September 2014		As at 31 December 2013	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
5,629	-	3,659	-

Amount repayable after one year

As at 30 September 2014		As at 31 December 2013	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
9,613	-	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		The Group	
	3Q 2014 S$'000	3Q 2013 S$'000	9M 2014 S$'000	9M 2013 S$'000
Cash flows from operating activities:				
Profit before tax from continuing operations	16	174	296	499
Profit before tax from discontinued operations	-	-	-	101
Adjustments for:				
Amortisation of intangible assets	283	321	847	964
Amortisation of deferred rental	-	(50)	(33)	(150)
Depreciation of property, plant and equipment	337	365	1,048	1,242
Property, plant and equipment written off	42	29	44	47
Inventories written (back)/down	(26)	(152)	36	91
Employee share-based expense	108	70	268	269
Trade receivables written off	-	-	5	2
Loss/(gain) on disposal of plant and equipment	-	68	(10)	22
Interest expense	115	70	222	244
Interest income	(136)	-	(137)	(1)
Loss on disposal of subsidiary company	-	-	-	240
Reversal of foreseeable losses	-	-	(24)	(541)
Operating profit before working capital changes	739	895	2,562	3,029
Changes in working capital:				
Inventories	584	(782)	(1,989)	1,069
Trade receivables	(738)	2,560	4,144	1,864
Due from customers for contracts work-in-progress	(488)	(1,923)	(3,947)	(2,222)
Other receivables, deposits and prepayments	(192)	(574)	929	(2,441)
Finance lease receivables	650	-	650	-
Trade payables	(6,785)	1,153	(8,311)	(294)
Due to customers for contracts work-in-progress	3,969	(192)	4,133	277
Other payables and accruals	40	(492)	841	1,587
Cash flows (used in)/generated from operations	(2,221)	645	(988)	2,869
Interest paid	(115)	(70)	(222)	(244)
Interest received	136	-	137	1
Income taxes paid	(251)	(219)	(287)	(826)
Net cash flows (used in)/generated from operating activities	(2,451)	356	(1,360)	1,800
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,177)	(855)	(6,022)	(1,128)
Proceeds from disposal of plant and equipment	4	13	47	121
Investment in associated companies	-	-	(13,740)	-
Purchase of quoted equity investments	-	(249)	-	(249)
Net cash inflow from disposal of subsidiary companies	-	578	-	1,104
Cash used in investing activities	(3,173)	(513)	(19,715)	(152)
Cash flows from financing activities				
Repayment of term loans	(684)	(1,365)	(2,926)	(3,924)
Proceeds from issuance of ordinary shares under rights issue	-	-	-	9,529
Proceeds from issuance of shares pursuant to private placement	-	-	3,200	-
Share issuance expense	-	30	(8)	(300)
Purchase of treasury shares	-	(64)	-	(64)
Proceeds from exercise of share options	-	-	87	-
Bills payable	-	-	-	(127)
Proceeds from term loans	7,875	-	9,344	2,000
Payment of dividends	-	-	(1,197)	(715)
Payment of finance lease obligations	(4)	(6)	(15)	(45)
Cash generated from/(used in) financing activities	7,187	(1,405)	8,485	6,354
Net increase/(decrease) in cash and cash equivalents	1,563	(1,562)	(12,590)	8,002
Cash and cash equivalents at beginning of financial period	4,886	21,212	19,039	11,648
Cash and cash equivalents at end of financial period	6,449	19,650	6,449	19,650

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	Non-controlling interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
9M ended 30 September 2013							
Balance as at 1 January 2013	79,339	(731)	(109)	4	611	854	79,968
Profit for the period	-	-	-	-	690	60	750
Other comprehensive income							
Net change in fair value reserve of available-for-sale financial assets	-	-	-	53	-	-	53
Foreign currency translation	-	-	75	-	-	-	75
Other comprehensive income for the period, net of tax	-	-	75	53	-	-	128
Total comprehensive income for the period	-	-	75	53	690	60	878
Contributions by and distribution to owners							
Purchase of treasury shares	-	(64)	-	-	-	-	(64)
Issuance of shares pursuant to right issue	9,529	-	-	-	-	-	9,529
Share issuance expense	(300)	-	-	-	-	-	(300)
Dividends on ordinary shares	-	-	-	-	(715)	-	(715)
Employee share-based expense	-	-	-	269	-	-	269
Total transactions with owners in their capacity as owners	9,229	(64)	-	269	(715)	-	8,719
Changes in ownership interests in subsidiary							
Disposal of subsidiary	-	-	-	-	-	(914)	(914)
Total change in ownership interests	-	-	-	-	-	(914)	(914)
Balance as at 30 September 2013	**88,568**	**(795)**	**(34)**	**326**	**586**	**-**	**88,651**

	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
9M ended 30 September 2014						
Balance as at 1 January 2014	91,660	(795)	4	483	1,823	93,175
Profit for the period	-	-	-	-	484	484
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	57	-	57
Foreign currency translation	-	-	(53)	-	-	(53)
Other comprehensive income for the period, net of tax	-	-	(53)	57	-	4
Total comprehensive income for the period	-	-	(53)	57	484	488
Contributions by and distribution to owners						
Issuance of shares pursuant to private placement	3,200	-	-	-	-	3,200
Share issuance expense	(8)	-	-	-	-	(8)
Share options lapsed	-	-	-	(19)	19	-
Dividends on ordinary shares	-	-	-	-	(1,197)	(1,197)
Treasury shares reissued pursuant to share options plan	-	412	-	(325)	-	87
Employee share-based expense	-	-	-	268	-	268
Total transactions with owners in their capacity as owners	3,192	412	-	(76)	(1,178)	2,350
Balance as at 30 September 2014	**94,852**	**(383)**	**(49)**	**464**	**1,129**	**96,013**

	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
3Q ended 30 September 2013						
Balance as at 1 July 2013	88,538	(731)	3	334	359	88,503
Profit for the period	-	-	-	-	227	227
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(78)	-	(78)
Foreign currency translation	-	-	(37)	-	-	(37)
Other comprehensive income for the period, net of tax	-	-	(37)	(78)	-	(115)
Total comprehensive income for the period	-	-	(37)	(78)	227	112
Contributions by and distribution to owners						
Purchase of treasury shares	-	(64)	-	-	-	(64)
Share issuance expense	30	-	-	-	-	30
Employee share-based expense	-	-	-	70	-	70
Total transactions with owners in their capacity as owners	30	(64)	-	70	-	36
Balance as at 30 September 2013	**88,568**	**(795)**	**(34)**	**326**	**586**	**88,651**

	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
3Q ended 30 September 2014						
Balance as at 1 July 2014	94,852	(383)	(208)	497	1,013	95,771
Profit for the period	-	-	-	-	116	116
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(141)	-	(141)
Foreign currency translation	-	-	159	-	-	159
Other comprehensive income for the period, net of tax	-	-	159	(141)	-	18
Total comprehensive loss for the period	-	-	159	(141)	116	134
Contributions by and distribution to owners						
Employee share-based expense	-	-	-	108	-	108
Total transactions with owners in their capacity as owners	-	-	-	108	-	108
Balance as at 30 September 2014	**94,852**	**(383)**	**(49)**	**464**	**1,129**	**96,013**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
9M ended 30 September 2013					
Balance as at 1 January 2013	79,339	(731)	39	(14,535)	64,112
Profit for the period	-	-	-	299	299
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	55	-	55
Other comprehensive income for the period, net of tax	-	-	55	-	55
Total comprehensive income for the period	-	-	55	299	354
Contributions by and distribution to owners					
Purchase of treasury shares	-	(64)	-	-	(64)
Issuance of shares pursuant to right issue	9,529	-	-	-	9,529
Share issuance expense	(300)	-	-	-	(300)
Dividends on ordinary shares	-	-	-	(715)	(715)
Employee share-based expense	-	-	269	-	269
Total transactions with owners in their capacity as owners	9,229	(64)	269	(715)	8,719
Balance as at 30 September 2013	**88,568**	**(795)**	**363**	**(14,951)**	**73,185**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
9M ended 30 September 2014					
Balance as at 1 January 2014	91,660	(795)	518	(14,157)	77,226
Loss for the period	-	-	-	(1,146)	(1,146)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	60	-	60
Other comprehensive income for the period, net of tax	-	-	60	-	60
Total comprehensive loss for the period	-	-	60	(1,146)	(1,086)
Contributions by and distribution to owners					
Issuance of shares pursuant to private placement	3,200	-	-	-	3,200
Share issuance expense	(8)	-	-	-	(8)
Share options lapsed	-	-	(19)	19	-
Dividends on ordinary shares	-	-	-	(1,197)	(1,197)
Treasury shares reissued pursuant to share options plan	-	412	(325)	-	87
Employee share-based expense	-	-	268	-	268
Total transactions with owners in their capacity as owners	3,192	412	(76)	(1,178)	2,350
Balance as at 30 September 2014	**94,852**	**(383)**	**502**	**(16,481)**	**78,490**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
3Q ended 30 September 2013					
Balance as at 1 July 2013	88,538	(731)	369	(14,537)	73,639
Loss for the period	-	-	-	(414)	(414)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	(76)	-	(76)
Other comprehensive income for the period, net of tax	-	-	(76)	-	(76)
Total comprehensive loss for the period	-	-	(76)	(414)	(490)
Contributions by and distribution to owners					
Purchase of treasury shares	-	(64)	-	-	(64)
Share issuance expense	30	-	-	-	30
Employee share-based expense	-	-	70	-	70
Total transactions with owners in their capacity as owners	30	(64)	70	-	36
Balance as at 30 September 2013	**88,568**	**(795)**	**363**	**(14,951)**	**73,185**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
3Q ended 30 September 2014					
Balance as at 1 July 2014	94,852	(383)	534	(15,641)	79,362
Loss for the period	-	-	-	(840)	(840)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	(140)	-	(140)
Other comprehensive income for the period, net of tax	-	-	(140)	-	(140)
Total comprehensive loss for the period	-	-	(140)	(840)	(980)
Contributions by and distribution to owners					
Employee share-based expense	-	-	108	-	108
Total transactions with owners in their capacity as owners	-	-	108	-	108
Balance as at 30 September 2014	**94,852**	**(383)**	**502**	**(16,481)**	**78,490**

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 2014 and 30 September 2014	801,405,199	94,852

During the third quarter of 2014, no Warrants were converted into ordinary shares (July to September 2013: Nil). The Company has 119,113,066 outstanding Warrants as at 30 September 2014 (30 September 2013: 119,114,466). 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 15,288,178 (30 September 2013: 15,600,000) outstanding employee share options as at 30 September 2014. Each share option can be used to subscribe for an ordinary shares ranging from S$0.1043 to S$0.1897 (30 September 2013: S$0.11 to S$0.20 per share option).

The Company has 3,300,000 outstanding share awards as at 30 September 2014 under the Viking Long Term Incentive Plan (30 Sep 2013: 3,300,000).

As at 30 September 2014, the number of ordinary shares in issue was 801,405,199 of which 3,628,000 were held by the Company as treasury shares. (30 September 2013: 721,403,799 ordinary shares and 7,528,000 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 30 June 2014.

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 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	801,405,199	94,852	761,403,999	91,660
Number of Treasury Shares at the end of the financial period	(3,628,000)	(383)	(7,528,000)	(795)
Net number of issued shares at the end of the financial period	797,777,199	94,469	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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares by the Company during the financial period ended 30 September 2014 (July to September 2013: Nil).

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

	3Q 2014 cents	3Q 2013 cents	9M 2014 cents	9M 2013 cents
Earnings per ordinary share				
(i) Based on the weighted average number of ordinary share on issue	0.01	0.03	0.06	0.10
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.01	0.03	0.06	0.10
Earnings per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share on issue	0.01	0.03	0.06	0.10
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.01	0.03	0.06	0.10
Computed based on the following weighted average number of shares				
Basic	797,776,999	714,265,158	786,288,932	666,852,265
Diluted	802,632,920	714,265,158	797,337,493	666,852,265

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$	
	30.09.14	31.12.13	30.09.14	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

Footnote:

Net asset value per ordinary share is based on 797,777,199 ordinary shares as at 30 September 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

The Group's revenue for the quarter ended 30 September 2014 ("3Q-2014") increased 30.4% to S$20.1 million from S$15.4 million in 3Q-2013. Revenue and orders for the fire and gas detection systems, marine telecommunication, and controls and instrumentation business lines and winches segment increased on a year-on-year basis. However, the heating, ventilation, air-conditioning and refrigeration systems segment continue to see delays and project deferrals, leading to lower-than-expected revenue contribution. In addition, the Group's new land rig asset chartering business recognised revenue for the first time in September 2014.

Gross Profit increased in tandem with higher revenue, but Gross Profit Margin declined year-on-year due to the absence of variation orders closure and higher proportion of lower-margin large transactions, offset by the asset chartering business segment.

Other Income for 3Q-2014 declined compared to 3Q-2013, reflecting the absence of rental income from the end of tenancy sub-letting for a building on long-term lease. The cost savings from the absence of corresponding lease rental expenses were offset by a one-off reinstatement cost incurred to complete the handover of the property.

Total Expenses for 3Q-2014 increased largely due to higher staffing costs and travelling expenses under Administrative Expenses. Finance Costs increased due to costs incurred for the funding of the asset chartering business.

As a result of the above, the Group reported a Net Profit After Tax of S$0.1 million for 3Q-2014, compared to S$0.2 million in 3Q-2013.

Financial Position

Net Assets for the Group of S$96.0 million as at 30 September 2014 is higher, compared to that as at 31 December 2013, largely due to cash proceeds from a private placement to a strategic investor in 1Q-2014.

The increase in Non-Current Assets is mainly due to the capital expenditure incurred to construct a building property, as well as investments in two jack-up rigs. The capitalized expenditure amounts reflect the construction-in-progress of the assets and are recorded under Property, Plant and Equipment, and Investment in Associated Companies, respectively. Additionally, the Group also acquired a land drilling rig which has been chartered to customer, resulting in an increase in finance lease receivables.

The combined balances of Trade Receivables and Due From Customer Contracts are consistent for both comparative periods, and the compensating effect reflects timing in customer billings. This, coupled with the capital expenditures and investment in asset designated for chartering business, largely accounted for the lower cash balances at the end of 3Q-2014.

Increases in Total Liabilities and Current Liabilities were a result of higher Trade Payables and Term Loans in relation to funding the land drilling rig acquisition.

Cashflow

The net cash inflow for 3Q-2014 is mainly attributed to proceeds from loans to fund the investment of the chartering business.

Cash inflow from financing activities increased due to the loan proceeds for the funding of the land drilling rig – which was absent in 3Q-2013 – resulting in higher term loans under financing activities and the corresponding cashflow used for operating activities.

Excluding the net use of funds for the land drilling rig, the net cashflow from operating activities remained positive.

Net cash used in investing activities resulted from the work-in-progress of the construction of the new building.

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 ("O&M") industry remains challenging amidst a backdrop of increasing margin pressures and intense competition. In view of these challenges, the Group continues to develop a portfolio of O&M and related assets with pre-existing charters to build up an additional stream of recurring revenue.

The land drilling rig acquired in July 2014 is one such example, with financial contribution from chartering commencing in September 2014. The asset will be funded via redeemable exchangeable bonds to be issued to a private equity firm, announced in October 2014. The Group intends to grow its portfolio of chartered assets going forward.

The Group had begun executing its asset ownership strategy in FY2013 through the acquisition of 30%-stakes in two jack-up rig assets which are expected to be completed – and ready for charter – in the fourth quarter of 2015. The Group is currently exploring chartering opportunities for these rigs.

The Group continues to be on the lookout for similar opportunities to acquire earnings-accretive O&M and related assets which can offer recurring revenue, as part of its efforts to enhance shareholder value.

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 9 months ended 30 September 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

7 November 2014
Singapore