



Company Registration No. 201311482K

## KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

### UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Advisors Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

*The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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*SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.*

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		+ / (-)	12 Months		+ / (-)
	Ended 31 Dec 2016	Ended 31 Dec 2015		1 Jan 2016 to 31 Dec 2016	1 Jan 2015 to 31 Dec 2015	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	7,467	13,658	(45)	31,364	51,757	(39)
Cost of sales	(6,694)	(8,876)	(25)	(22,961)	(38,207)	(40)
<b>Gross profit</b>	773	4,782	(84)	8,403	13,550	(38)
<b>Gross profit margin</b>	10%	35%		27%	26%	
Other income	4	600	(99)	766	3,060	(75)
Distribution expenses	(114)	(479)	(76)	(1,056)	(1,950)	(46)
Administrative expenses	(3,533)	(3,032)	17	(13,622)	(14,647)	(7)
Other operating expenses	(9,888)	(2,970)	233	(11,448)	(4,225)	171
Finance costs	(196)	(163)	20	(857)	(510)	68
Loss before income tax	(12,954)	(1,262)	926	(17,814)	(4,722)	277
Tax expense	–	(212)	N.M.	(14)	(212)	(93)
<b>Loss for the period/year</b>	(12,954)	(1,474)	779	(17,828)	(4,934)	261
<b>Other comprehensive income/(loss), net of tax</b>						
Revaluation of property, plant and equipment	25,863	–	N.M.	25,863	–	N.M.
Related tax	(4,397)	–	N.M.	(4,397)	–	N.M.
Translation differences relating to financial statements of foreign operations	91	(100)	N.M.	25	245	N.M.
<b>Total comprehensive income/(loss)</b>	8,603	(1,574)	N.M.	3,663	(4,689)	N.M.

N.M. – not meaningful

(i) Profit for the period/year is arrived at after charging/ (crediting) the following:

	3 Months		+ / (-)	12 Months		
	Ended 31 Dec 2016	Ended 31 Dec 2015		1 Jan 2016 to 31 Dec 2016	1 Jan 2015 to 31 Dec 2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other income</u>						
Interest income from bank deposits	(44)	(124)	(65)	(278)	(347)	(20)
Miscellaneous income	(127)	(298)	(57)	(553)	(911)	(39)
Loss/(Gain) on disposal of property, plant and equipment	216	(431)	N.M.	114	(923)	N.M.
Currency translations losses/(gains) - net	(292)	253	(215)	(49)	(879)	(94)
Interest on loans & borrowings	196	163	20	857	510	68
Depreciation of property, plant and equipment	1,429	1,179	21	5,013	4,457	12
Provision for doubtful debts for trade receivables	884	2,813	(69)	884	3,104	(72)
Provision/(Reversal) of inventories obsolescence	141	(2)	N.M.	141	(2)	N.M.
Impairment recognized in relation to property, plant and equipment	8,258	–	N.M.	8,258	–	N.M.
Adjustment for under provision of tax in respect of prior years	–	212	N.M.	14	212	(93)

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 31 Dec 2016	As at 31 Dec 2015	As at 31 Dec 2016	As at 31 Dec 2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	108,385	84,004	–	2
Club memberships	46	46	–	–
Investments in subsidiaries	–	–	36,133	36,133
	108,431	84,050	36,133	36,135
<b>Current assets</b>				
Inventories	630	779	–	–
Trade and other receivables	7,830	15,509	30,152	19,407
Cash and cash equivalents	20,089	32,804	12,636	25,479
	28,549	49,092	42,788	44,886
<b>Total assets</b>	136,980	133,142	78,921	81,021
<b>EQUITY</b>				
Share capital	74,409	74,409	74,409	74,409
Other reserves	(11,004)	(32,495)	–	–
Accumulated profits	27,941	47,899	4,249	5,907
<b>Equity attributable to owners of the Company</b>	91,346	89,813	78,658	80,316
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	17,553	16,239	–	–
Deferred tax liabilities	10,286	5,889	–	–
	27,839	22,128	–	–
<b>Current liabilities</b>				
Loans and borrowings	7,474	7,615	–	–
Trade and other payables	10,279	13,284	263	455
Current tax payable	42	302	–	250
	17,795	21,201	263	705
<b>Total liabilities</b>	45,634	43,329	263	705
<b>Total equity and liabilities</b>	136,980	133,142	78,921	81,021

### 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 31 Dec 2016		As at 31 Dec 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	7,474	–	7,615	–

Amount repayable after one (1) year

	As at 31 Dec 2016		As at 31 Dec 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	17,553	–	16,239	–

### Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$33.9 million are pledged as collaterals for secured term loans;
- Fixed deposits of approximately S\$3.7 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\$31.8 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.**

	<b>Group</b>			
	<b>3 Months Ended 31 Dec 2016 S\$'000</b>	<b>3 Months Ended 31 Dec 2015 S\$'000</b>	<b>12 Months Ended 31 Dec 2016 S\$'000</b>	<b>12 Months Ended 31 Dec 2015 S\$'000</b>
<b>Cash flows from operating activities</b>				
Loss before income tax	(12,954)	(1,262)	(17,814)	(4,722)
Adjustments for:				
Depreciation of property, plant and equipment	1,429	1,179	5,013	4,457
Loss/(Gain) on disposal of property, plant and equipment	216	(431)	114	(923)
Impairment loss for property, plant and equipment	8,258	–	8,258	–
Interest income	(44)	(124)	(278)	(347)
Interest expense	196	163	857	510
	<u>(2,899)</u>	<u>(475)</u>	<u>(3,850)</u>	<u>(1,025)</u>
<b>Changes in working capital:</b>				
Inventories	1,625	1,153	150	1,461
Trade and other receivables	3,824	3,725	7,770	745
Trade and other payables	(1,795)	(3,373)	(1,789)	1,435
Cash generated from operations	755	1,030	2,281	2,616
Income tax refund/(paid)	1	370	(275)	(481)
<b>Net cash from operating activities</b>	<u>756</u>	<u>1,400</u>	<u>2,006</u>	<u>2,135</u>
<b>Cash flows (used in)/from investing activities</b>				
Deposits pertaining to purchase of property, plant and equipment	–	–	–	(795)
Purchase of property, plant and equipment	(2,071)	(2,848)	(5,228)	(14,051)
Proceeds from disposal of other non-current assets	–	–	–	45
Proceeds from disposal of property, plant and equipment	38	1,997	484	4,857
Interest received	44	124	278	347
<b>Net cash used in investing activities</b>	<u>(1,989)</u>	<u>(727)</u>	<u>(4,466)</u>	<u>(9,597)</u>
<b>Cash flows (used in)/from financing activities</b>				
Interest paid	(196)	(163)	(857)	(510)
Dividend paid	–	–	(2,130)	(3,550)
Repayment of finance lease liabilities – net	(779)	(952)	(3,501)	(2,625)
Repayment of term loans – net	(1,085)	(842)	(3,779)	(3,025)
Deposits (pledged)/withdrawn	(2,018)	302	(3,009)	264
<b>Net cash used in financing activities</b>	<u>(4,078)</u>	<u>(1,655)</u>	<u>(13,276)</u>	<u>(9,446)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(5,311)</u>	<u>(982)</u>	<u>(15,736)</u>	<u>(16,908)</u>
Cash and cash equivalents at beginning of the period~	21,658	33,089	32,106	48,931
Effect of exchange rate fluctuations on cash and cash equivalents	35	(1)	12	83
<b>Cash and cash equivalents at end of the period~</b>	<u>16,382</u>	<u>32,106</u>	<u>16,382</u>	<u>32,106</u>
<b>Significant non-cash transactions during the period</b>				
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	404	–	7,158	15,138

~As adjusted for deposits pledged

~Cash and cash equivalents consist of the following:	3 Months	3 Months	12 Months	12 Months
	Ended 31 Dec 2016 S\$'000	Ended 31 Dec 2015 S\$'000	Ended 31 Dec 2016 S\$'000	Ended 31 Dec 2015 S\$'000
Cash at bank and in hand	4,338	9,860	4,338	9,860
Fixed deposits	15,751	22,944	15,751	22,944
Cash and cash equivalents	20,089	32,804	20,089	32,804
Deposits pledged	(3,707)	(698)	(3,707)	(698)
Cash and cash equivalents in the statements of cash flows	16,382	32,106	16,382	32,106

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	Merger deficit	Currency translation reserve	Revaluation reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2015</b>						
<b>As at 1 January 2015</b>	74,409	(32,763)	23	–	56,383	98,052
<b>Total comprehensive loss for the year</b>						
Loss for the year	–	–	–	–	(4,934)	(4,934)
<b>Other comprehensive income/Total other comprehensive income</b>						
Translation differences relating to financial statements of foreign operations	–	–	245	–	–	245
<b>Total comprehensive loss for the year</b>	–	–	245	–	(4,934)	(4,689)
<b>Transactions with owners/Distribution to owners</b>						
Dividends	–	–	–	–	(3,550)	(3,550)
<b>Total transactions with owners</b>	–	–	–	–	(3,550)	(3,550)
<b>As at 31 December 2015</b>	74,409	(32,763)	268	–	47,899	89,813
<b>2016</b>						
<b>As at 1 January 2016</b>	74,409	(32,763)	268	–	47,899	89,813
<b>Total comprehensive loss for the year</b>						
Loss for the year	–	–	–	–	(17,828)	(17,828)
<b>Other comprehensive income/Total other comprehensive income</b>						
Revaluation of property, plant and equipment	–	–	–	25,863	–	25,863
Related tax	–	–	–	(4,397)	–	(4,397)
Translation differences relating to financial statements of foreign operations	–	–	25	–	–	25
<b>Total comprehensive loss for the year</b>	–	–	25	21,466	(17,828)	3,663
<b>Transaction with owners/Distribution to owners</b>						
Dividends	–	–	–	–	(2,130)	(2,130)
<b>Total transactions with owners</b>	–	–	–	–	(2,130)	(2,130)
<b>As at 31 December 2016</b>	74,409	(32,763)	293	21,466	27,941	91,346



Company	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
<b>2015</b>				
As at 1 January 2015	74,409	–	9,016	83,425
<b>Total comprehensive income for the year</b>				
Profit for the year	–	–	441	441
<b>Total comprehensive income for the year</b>	–	–	441	441
<b>Transactions with owners/Distribution to owners</b>				
Dividends	–	–	(3,550)	(3,550)
<b>Total transactions with owners</b>	–	–	(3,550)	(3,550)
<b>As at 31 December 2015</b>	<b>74,409</b>	<b>–</b>	<b>5,907</b>	<b>80,316</b>
<b>2016</b>				
As at 1 January 2016	74,409	–	5,907	80,316
<b>Total comprehensive income for the year</b>				
Profit for the year	–	–	472	472
<b>Total comprehensive income for the year</b>	–	–	472	472
<b>Transactions with owners/Distribution to owners</b>				
Dividends	–	–	(2,130)	(2,130)
<b>Total transactions with owners</b>	–	–	(2,130)	(2,130)
<b>As at 31 December 2016</b>	<b>74,409</b>	<b>–</b>	<b>4,249</b>	<b>78,658</b>

**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 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.**

	Number of Shares	Issued and paid-up share capital (S\$)
<b>Issued and fully paid ordinary shares</b>		
Balance at 1 October 2016 and 31 December 2016	710,000,000	74,408,757

There were no outstanding convertibles or treasury shares held by the Company as at 31 December 2016 and 31 December 2015.

**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 Dec 2016	As at 31 Dec 2015
<b>Total issued shares</b>	710,000,000	710,000,000

There were no outstanding options, convertibles or treasury shares held by the Company as at 31 December 2016 and 31 December 2015.

**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.**

Not applicable, as the Company does not have any treasury shares.

**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.**

During the year, the Group changed its accounting policy on land and buildings from cost to revaluation model in accordance with FRS16 Property, Plant and Equipment. This has resulted in the recognition of a revaluation surplus (net of tax) of S\$21.4 million and a corresponding increase in the Group’s net asset as at 31 December 2016. No restatement to comparatives is required. All the other accounting policies and methods of computation in the preparation of the financial statements for the 3-months financial period ended 31 December 2016 and financial year ended 31 December 2016 remain the same as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2015. A number of new standards, amendments to standards and interpretations are effective for the financial year beginning 1 January 2016. The adoption of these new/revised Singapore Financial Reporting Standards has no significant impact on the Group’s financial statements.

**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)/Earnings per share (“LPS/EPS”) is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	<b>3 Months Ended 31 Dec 2016 ("4Q2016")</b>	<b>3 Months Ended 31 Dec 2015 ("4Q2015")</b>	<b>12 Months 1 Jan 2016 to 31 Dec 2016 ("FY2016")</b>	<b>12 Months 1 Jan 2015 to 31 Dec 2015 ("FY2015")</b>
Net loss attributable to equity holders of the Company (S\$'000)	(12,954)	(1,474)	(17,828)	(4,934)
Weighted average number of ordinary shares outstanding for (loss)/earnings per share	710,000,000	710,000,000	710,000,000	710,000,000
Basic and fully diluted (loss)/earnings per share (cents per share)	(1.8)	(0.2)	(2.5)	(0.7)

The diluted and basic LPS/EPS are the same for each of 4Q2016, 4Q2015, FY2016 and FY2015 as the Company has no dilutive equity instruments as at 31 December 2016 and 31 December 2015.

**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:**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 2016</b>	<b>As at 31 Dec 2015</b>	<b>As at 31 Dec 2016</b>	<b>As at 31 Dec 2015</b>
Net asset value per ordinary share (cents)	12.9*	12.6	11.1	11.3
Number of ordinary shares used in calculating net asset value per ordinary share	710,000,000	710,000,000	710,000,000	710,000,000

\*Based on revaluation of land and buildings.

**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**

##### **4Q2016 vs 4Q2015**

Revenue for 4Q2016 decreased by S\$6.2 million or 45.3%, from S\$13.7 million for 4Q2015 to S\$7.5 million for 4Q2016 due to the following:

- (a) a decrease in revenue of S\$4.3 million from the Offshore Rig Services and Supply Chain Management segment mainly due to low demand for maintenance of rigs and related goods and services from our customers as oil prices remained low in 4Q2016; and
- (b) a decrease in revenue of S\$1.9 million from the Vessel Sales and Newbuild segment due to there having been no projects undertaken in 4Q2016.

##### **FY2016 vs FY2015**

Revenue for FY2016 decreased by S\$20.4 million or 39.4%, from S\$51.8 million for FY2015 to S\$31.4 million for FY2016 due to the following:

- (a) a decrease in revenue of S\$13.6 million from the Offshore Rig Services and Supply Chain Management segment mainly due to delays in projects and low demand for maintenance of rigs and related goods and services from our customers as oil prices remain low; and
- (b) a decrease in revenue of S\$6.8 million from the Vessel Sales and Newbuild segment mainly due to there having been no new build projects undertaken in FY2016. The decrease was in line with the downturn of the industry.

#### **Cost of sales, gross profit and gross profit margin**

##### **4Q2016 vs 4Q2015**

Cost of sales decreased by S\$2.2 million or 24.6%, from S\$8.9 million in 4Q2015 to S\$6.7 million in 4Q2016 due to lower sales volume.

Gross profit decreased by S\$4.0 million or 83.8%, from S\$4.8 million in 4Q2015 to S\$0.8 million in 4Q2016.

Gross profit margin decreased from 35% for 4Q2015 to 10% for 4Q2016 mainly due to:

- (a) a decrease in contribution from the Group's higher margin businesses such as vessel newbuild and equipment rental; and
- (b) a decrease in gross profit margin from chartering business due to pricing pressure.

##### **FY2016 vs FY2015**

Cost of sales decreased by S\$15.2 million or 39.9%, from S\$38.2 million in FY2015 to S\$23.0 million in FY2016 in line with the decrease in revenue. As a result, gross profit decreased by S\$5.2 million or 38.0%, from S\$13.6 million in FY2015 to S\$8.4 million in FY2016.

Gross profit margin increased from 26% for FY2015 to 27% for FY2016. The increase in gross profit margin was mainly due to an increase in contribution from the Group's higher margin businesses such as marine offshore support services and equipment rental, which increased the Group's overall margins in FY2016.

## **Other income**

### **4Q2016 vs 4Q2015**

Other income decreased by S\$0.6 million or 99.3%, from S\$0.6 million in 4Q2015 to S\$0.1 in 4Q2016, mainly due to lower interest income from bank deposits and miscellaneous income. The decrease was partially offset by higher exchange gain in 4Q2016 as compared to an exchange loss in 4Q2015.

### **FY2016 vs FY2015**

Other income decreased by S\$2.3 million or 75.0%, from S\$3.1 million in FY2015 to S\$0.8 million in FY2016, mainly due to lower exchange gains, interest income from bank deposits and miscellaneous income in FY2016 as compared to FY2015.

## **Distribution expenses**

### **4Q2016 vs 4Q2015**

Distribution expenses decreased by S\$0.4 million or 76.2%, from S\$0.5 million in 4Q2015 to S\$0.1 million in 4Q2016, mainly due to decreases in advertising and promotion expenses, and travelling and accommodation expenses.

### **FY2016 vs FY2015**

Distribution expenses decreased by S\$0.9 million or 45.8%, from S\$2.0 million in FY2015 to S\$1.1 million in FY2016, mainly due to lesser brokerage and commission fees paid in line with the decrease in revenue, and the decrease in advertising and promotion expenses.

## **Administrative expenses**

### **4Q2016 vs 4Q2015**

Administrative expenses increased by S\$0.5 million or 16.5%, from S\$3.0 million in 4Q2015 to S\$3.5 million in 4Q2016, mainly due to higher property tax and professional fees.

### **FY2016 vs FY2015**

Administrative expenses decreased by S\$1.0 million or 7.0%, from S\$14.6 million in FY2015 to S\$13.6 million in FY2016, mainly due to lower professional fees, staff costs and other administrative expenses.

## **Other operating expenses**

### **4Q2016 vs 4Q2015**

Other operating expenses increased by S\$6.9 million or 232.9%, from S\$3.0 million in 4Q2015 to S\$9.9 million in 4Q2016. This was mainly due to impairment loss for property, plant and equipment and higher depreciation of property, plant and equipment. This was partially offset by lower provision for doubtful debt (in respect of trade receivables) and other expenses in 4Q2016 as compared to 4Q2015.

### **FY2016 vs FY2015**

Other operating expenses increased by S\$7.2 million or 170.9%, from S\$4.2 million in FY2015 to S\$11.4 million in FY2016. This was mainly due to impairment loss for property, plant and equipment in FY2016, higher depreciation of property, plant and equipment, provision for stock obsolescence, insurance, and other expenses in FY2016, as compared to FY2015. This was partially offset by lower provision for doubtful debts in FY2016 as compared to FY2015.

## **Finance costs**

### **4Q2016 vs 4Q2015**

Finance costs increased by S\$0.03 million or 20.3%, from S\$0.16 million in 4Q2015 to S\$0.19 million in 4Q2016, mainly due to new loans and borrowings obtained in 4Q2016 for the purchase of property, plant and equipment.

### **FY2016 vs FY2015**

Finance costs increased by S\$0.4 million or 68.0%, from S\$0.5 million in FY2015 to S\$0.9 million in FY2016, mainly due to new loans and borrowings obtained in FY2016 for the purchase of property, plant and equipment.

## **Income tax expense**

### **4Q2016 vs 4Q2015**

Income tax expenses decreased from S\$0.2 million in 4Q2015 to nil tax expense in 4Q2016 due to a loss reported in 4Q2016.

### **FY2016 vs FY2015**

Income tax expense decreased by S\$0.2 million or 93.4%, from S\$0.2 million for FY2015 to S\$0.01 million for FY2016.

## **Net profit**

### **4Q2016 vs 4Q2015**

As a result of the above, the Group incurred a loss of S\$12.9 million in 4Q2016 as compared to a loss of S\$1.5 million in 4Q2015.

### **FY2016 vs FY2015**

As a result of the above, the Group incurred a loss for the year of S\$17.8 million in FY2016 as compared to a loss for the year of S\$4.9 million in FY2015.

## **Statement of Financial Position**

### **Non-current assets**

Non-current assets increased by S\$24.4 million, from S\$84.0 million as at 31 December 2015 to S\$108.4 million as at 31 December 2016. This was mainly due to revaluation of property and purchase of vessel, partially offset by impairment loss for plant and equipment.

### **Current assets**

Current assets decreased by S\$20.5 million from S\$49.1 million as at 31 December 2015 to S\$28.6 million as at 31 December 2016. This was mainly due to decreases in cash and cash equivalents, trade and other receivables and inventories of S\$12.7 million, S\$7.7 million and S\$0.1 million respectively.

Cash and cash equivalents decreased from S\$32.8 million as at 31 December 2015 to S\$20.1 million as at 31 December 2016. This was mainly due to cash used in investing and financing activities.

Trade and other receivables decreased from S\$15.5 million as at 31 December 2015 to S\$7.8 million as at 31 December 2016. This was mainly due to lower trade receivables in line with lower revenue, and lower GST receivables and nil down payment for purchase of property, plant and equipment in FY2016.

Inventories decreased from S\$0.8 million as at 31 December 2015 to S\$0.6 million as at 31 December 2016. This was mainly due to consumption of materials for vessel-related works amounting to S\$0.4 million, partially offset by increase in inventory materials of \$0.2 million.

### **Non-current liabilities**

Non-current liabilities increased by S\$5.7 million, from S\$22.1 million as at 31 December 2015 to S\$27.8 million as at 31 December 2016, mainly due to the increase in deferred tax liabilities related to revaluation of property and new loans and borrowings obtained for the purchase of property, plant and equipment.

### **Current liabilities**

Current liabilities decreased by S\$3.4 million from S\$21.2 million as at 31 December 2015 to S\$17.8 million as at 31 December 2016. This was mainly due to lower trade and other payables.

### **Shareholders' equity**

Shareholders' equity amounted to S\$89.8 million and S\$91.3 million as at 31 December 2015 and 31 December 2016 respectively. The increase was mainly due to revaluation surplus of land and building of S\$21.4 million (net of tax), partially offset by the net loss incurred in FY2016 of S\$17.8 million and dividends paid during the financial year of S\$2.1 million.

### **Consolidated Statement of Cash flows**

#### **4Q2016 vs 4Q2015**

In 4Q2016, net cash used in operating activities before changes in working capital amounted to S\$2.9 million. Net cash from working capital amounted to S\$3.7 million. This was mainly due to decrease in inventories and trade and other receivables, partially offset by a decrease in trade and other payables. The net cash generated from operating activities amounted to S\$0.8 million.

Net cash used in investing activities of S\$2.0 million in 4Q2016 was mainly from purchase of property, plant and equipment, partially offset by proceeds from disposal of property, plant and equipment and interest received.

Net cash used in financing activities of S\$4.1 million in 4Q2016 was mainly due to the repayment of obligations under term loans and finance leases, deposits pledged 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\$5.3 million in our cash and cash equivalents (as adjusted for bank overdrafts and deposits pledged).

#### **FY2016 vs FY2015**

In FY2016, net cash used in operating activities before changes in working capital amounted to S\$3.9 million. Net cash from working capital amounted to S\$6.1 million. This was mainly due to decrease in trade and other receivables and inventories, partially offset by decrease in trade and other payables. Total income tax of S\$0.3 million was paid during the year. The net cash generated from operating activities amounted to S\$2.0 million.

Net cash used in investing activities of S\$4.5 million in FY2016 was mainly for the purchase of property, plant and equipment, partially offset by proceeds from disposal of plant and equipment and interest received.

Net cash used in financing activities of S\$13.3 million in FY2016 was mainly due to (i) the repayment of obligations under term loans and finance leases; (ii) payment of dividends to shareholders; (iii) payment of interest; and (iv) deposits pledged.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$15.7 million in our cash and cash equivalents (as adjusted for bank overdrafts and deposits pledged).

**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.**

As oil prices remain low, downward pressure on offshore exploration activities has not alleviated and the demand for maintenance of rigs and related goods and services has not picked up. Given the current conditions in our operating environment, we expect our business to remain challenging in the next 12 months. We continue to actively explore diversification opportunities into the maritime, marine infrastructure and other sector.

The Group has implemented cost cutting measures and will continue to manage the cash flow prudently. Moving forward, the Group will continue to assess potential merger and acquisition opportunities. The Group's healthy cash position allows us to undertake expansion activities and additional projects, which will put the Group in good stead to capitalise on the attractive valuations of prospective targets.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

The following final dividend is recommended for shareholders' approval at the 2017 annual general meeting of the Company ("2017 AGM") to be convened.

<b>Name of dividend</b>	<b>Recommended final dividend for FY2016</b>
Dividend type	Ordinary
Dividend rate	S\$0.0007 tax exempt (one-tier) per ordinary share
Tax rate	Tax exempt (one-tier)

**(b) Previous corresponding period**

The following dividend was declared and paid in respect of FY2015.

<b>Name of dividend</b>	<b>Final dividend for FY2015</b>
Dividend type	Ordinary
Dividend rate	S\$0.003 tax exempt (one-tier) per ordinary share
Tax rate	Tax exempt (one-tier)

**(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)**

The dividend is tax exempt and not taxable in the hands of shareholders.

**(d) Date Payable**

To be announced, subject to shareholders' approval at the 2017 AGM.



**(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**

To be announced, subject to shareholders' approval at the 2017 AGM.

**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.**

The Group has not obtained a general mandate from shareholders for interested person transactions.

**14. Confirmation by the Issuer under Rule 720(1) of the Catalist Rules.**

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

**15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statement, with comparative information for the immediately preceding year.**

FY2015	Offshore Rig Services and Supply Chain Management S\$'000	Vessels Sales and Newbuild S\$'000	Total S\$'000
Total revenue from external customers	44,434	7,323	51,757
Inter-segment revenue	4,842	–	4,842
Total segment revenue	49,276	7,323	56,599
Other income	3,060	–	3,060
Finance costs	(510)	–	(510)
Segment results	(6,771)	2,049	(4,722)
Income tax expense			(212)
Profit for the year			(4,934)
<b>Other Information</b>			
Segment assets	133,142	–	133,142
Segment liabilities	43,329	–	43,329
Capital Expenditure	29,189	–	29,189
Significant Non-Cash Expenses			
- Depreciation	4,457	–	4,457
- Reversal of allowance for inventory obsolescence	(2)	–	(2)
- Provision for doubtful debts recognised in relation to trade and other receivables	3,104	–	3,104

FY2016	Offshore Rig Services and Supply Chain Management	Vessels Sales and Newbuild	Total
	S\$'000	S\$'000	S\$'000
Total revenue from external customers	30,879	485	31,364
Inter-segment revenue	3,275	–	3,275
Total segment revenue	34,154	485	34,639
Other income	766	–	766
Finance costs	(857)	–	(857)
Segment results	(18,166)	352	(17,814)
Income tax expense			(14)
Loss for the year			(17,828)
<b>Other Information</b>			
Segment assets	136,980	–	136,980
Segment liabilities	45,634	–	45,634
Capital Expenditure	12,386	–	12,386
Significant Non-Cash Expenses			
- Depreciation	5,013	–	5,013
- Provision of allowance for inventory obsolescence	141	–	141
- Provision for doubtful debts recognised in relation to trade and other receivables	884	–	884

#### Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	Group	
	2016 \$'000	2015 \$'000
<b>Revenue</b>		
Total revenue for reportable segments	34,639	56,599
Elimination of inter-segment revenue	(3,275)	(4,842)
Consolidated revenue	31,364	51,757
<b>Other material items</b>		
Other income for reportable segments	1,085	4,632
Adjustments	(319)	(1,572)
Consolidated other income	766	3,060

The Group's operations are mainly in the region of Southeast Asia, Australasia (comprising mainly Australia, Marshall Islands and Papua New Guinea), Middle East, Europe and North America. In presenting information on geographical segments, segment revenue are based on the delivery order address of customers. Segment assets, based on the geographical location of the assets, are all in Singapore.

	Group	
	2016 \$'000	2015 \$'000
<b>Revenue</b>		
Australia	2,164	4,079
Indonesia	440	2,087
Malaysia	870	1,125
Papua New Guinea	1,242	7,943
Portugal	149	215
Singapore	18,143	15,951
United Arab Emirates	38	102
United States of America	5,006	9,153
Others	3,312	11,102
	31,364	51,757

	Singapore \$'000	The Group \$'000
<b>Non-current assets</b>		
<b>31 December 2015</b>	84,050	84,050
<b>31 December 2016</b>	108,431	108,431

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to Section 8.

17. A breakdown of sales as follows:

Group	FY2016 S\$'000	FY2015 S\$'000	% Change + / -
<b><u>First Half</u></b>			
Revenue reported for the first half-year	16,477	27,485	(40)
Operating loss after tax reported for the first half-year	(3,140)	(1,730)	82
<b><u>Second Half</u></b>			
Revenue reported for the second half-year	14,887	24,272	(39)
Operating loss after tax reported for the second half-year	(14,688)	(3,204)	358

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	FY2016 (S\$'000)	FY2015 (S\$'000)
Ordinary	497*	2,130
Preference	–	–
<b>Total</b>	<b>497</b>	<b>2,130</b>

\*The tax exempt (one-tier) final dividend is subject to shareholder's approval at the 2017 AGM.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Keng Hoe Melvin	53	Brother of Mr. Thomas Tan, CEO & Chairman	Commercial and Operations Director*  To oversee the business and commercial aspects of the Group.  *Mr. Melvin Tan was redesignated as Commercial and Operations Director with effect from 18 January 2017. For more details, please refer to the announcement dated 18 January 2017.	Prior to 18 January 2017, Mr. Melvin Tan was the General Manager – Supply Chain Management. He was responsible for supervising and managing of materials and logistics of the Group since May 2010.
Tan Peck Ling Jocelyn	33	Daughter of Mr. Thomas Tan, CEO & Chairman	Head of Corporate Services  Responsible for corporate services and strategic planning for the Group and overseeing the coordination and allocation of Group resources for the achievement of the Group's strategic objectives since September 2014.	N.A.
Tan Peck Ching Jeliane	32	Daughter of Mr. Thomas Tan, CEO & Chairman	Head of Supply Chain*  Responsible for identifying and screening procurement suppliers, negotiating terms and conditions, standardizing business and procurement best practice processes since April 2006.  *Ms Jeliane Tan was redesignated as Head of Supply Chain with effect from 18 January 2017.	There is no change to her job scope pursuant to the redesignation as the Head of Supply Chain from Senior Purchasing Manager.

Tan Wen Hao Justin Anderson	26	Son of Mr. Thomas Tan, CEO & Chairman	General Manager  Oversee the planning and control of the Group's operations as well as business development since October 2015.	N.A.
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## 19. Use of Proceeds

Intended usage in accordance with the Offer Document	Allocation \$'000	Re- allocation \$'000	Revised Allocation \$'000	Amount utilised \$'000	Amount unutilised \$'000
1 CAPEX for yard facilities enhancement and fleet expansion	20,000	(5,000)	15,000	(6,500)	8,500
2 Expansion of business scope (M&A)	7,000	–	7,000	–	7,000
3 General working capital	9,400	5,110	14,510	(11,960)	2,550
4 IPO Expenses	3,600	(110)	3,490	(3,490)	–
	<u>40,000</u>	<u>–</u>	<u>40,000</u>	<u>(21,950)</u>	<u>18,050</u>

The above use of the net proceeds is in accordance with the re-allocation of the IPO proceeds as stated in the announcement dated 20 October 2016. Please refer to the announcement made on 20 October 2016 for more details on the re-allocation of proceeds from the Company's Initial Public Offering.

The Company will make periodic announcements via SGXNET on the utilisation of the reallocated IPO proceeds as and when they are materially disbursed.

## BY ORDER OF THE BOARD

Tan Keng Siong Thomas  
Executive Chairman and CEO  
22 February 2017

Yeo Seh Hong  
Executive Director and COO