

Second Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 30 June 2017

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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					
	2Q 2017 S\$'000	2Q 2016 S\$'000	Change %	1H 2017 S\$'000	1H 2016 S\$'000	Change %
Revenue	8,967	9,080	(1)	18,526	23,601	(22)
Cost of sales	(5,398)	(6,530)	(17)	(10,514)	(15,757)	(33)
Gross Profit	3,569	2,550	40	8,012	7,844	2
Other income	122	212	(42)	207	319	(35)
Interest income	2	1	100	3	2	50
Marketing and distribution expenses	(118)	(86)	37	(181)	(157)	15
Administrative expenses	(3,046)	(3,630)	(16)	(6,030)	(7,489)	(19)
Other operating expenses	(2,038)	(522)	290	(5,613)	(2,259)	148
Finance costs	(698)	(1,019)	(32)	(1,434)	(2,015)	(29)
Loss before tax	(2,207)	(2,494)	(12)	(5,036)	(3,755)	34
Taxation	25	83	(70)	50	80	(38)
Loss for the period	(2,182)	(2,411)	(9)	(4,986)	(3,675)	36
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	(156)	(210)	(26)	(1,025)	(1,109)	(8)
Net change in fair value reserve of available-for-sale financial assets	(57)	(100)	NM	(31)	(534)	(94)
Other comprehensive income for the period, net of tax	(213)	(310)	(12)	(1,056)	(1,643)	(36)
Total comprehensive income for the period	(2,395)	(2,721)	NM	(6,042)	(5,318)	14
Loss attributable to:						
Owners of the company						
- Loss after tax	(2,182)	(2,411)	NM	(4,986)	(3,675)	NM
	(2,182)	(2,411)	NM	(4,986)	(3,675)	NM
Total comprehensive income attributable to:						
Owners of the company						
- Loss after tax	(2,395)	(2,721)	NM	(6,042)	(5,318)	NM
	(2,395)	(2,721)	NM	(6,042)	(5,318)	NM

Note

Loss before tax is derived at after

Crediting/(charging) :

Depreciation of property, plant and equipment	(566)	(568)	(0)	(1,135)	(1,147)	(1)
Amortisation of intangible assets	(6)	(174)	(97)	(11)	(348)	(97)
Gain on disposal of plant and equipment	8	37	(78)	5	49	(90)
(Loss)/Gain on foreign exchange	(304)	208	NM	(994)	(716)	39
Impairment loss on trade receivables	(1,124)	-	NM	(3,382)	-	NM
Inventories written down	(49)	(20)	145	(97)	(25)	288
(Gain)/Loss on derivative	-	38	(100)	-	(16)	(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		The Company	
	S\$'000		S\$'000	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
Equity attributable to equity holders of the company				
Share capital	99,396	97,844	99,396	97,844
Treasury shares	(528)	(526)	(528)	(526)
Reserves	(28,472)	(22,429)	(42,101)	(40,762)
Total equity	70,396	74,889	56,767	56,556
Non-current assets				
Property, plant and equipment	24,416	25,487	9	22
Investment in subsidiaries	-	-	68,546	68,546
Investment in associates	15,404	15,404	-	-
Quoted equity investments	240	271	240	271
Intangible assets	13,540	13,552	-	-
Finance lease receivables	27,946	32,459	-	-
Deferred tax assets	40	13	-	-
	81,586	87,186	68,795	68,839
Current assets				
Inventories	10,677	10,744	-	-
Trade receivables	25,378	26,118	-	-
Due from customers for contracts work-in-progress	6,720	9,198	-	-
Prepayments	1,570	1,902	32	44
Other receivables and deposits	3,447	2,184	341	48
Finance lease receivables	4,889	4,464	-	-
Cash and cash equivalents	6,350	4,694	1,305	193
	59,031	59,304	1,678	285
Total assets	140,617	146,490	70,473	69,124
Current liabilities				
Trade payables	4,379	4,222	-	-
Due to customers for contracts work-in-progress	3,146	2,311	-	-
Other payables and accruals	25,466	25,840	2,154	2,004
Tax payable	27	20	-	-
Finance lease obligations	32	32	-	-
Term loans	15,553	18,771	862	1,992
Derivative liability	174	174	174	174
Redeemable exchangeable bonds	2,698	2,465	-	-
Due to subsidiaries	-	-	9,379	7,594
	51,475	53,835	12,569	11,764
Non-current liabilities				
Term loans	14,045	13,151	1,137	804
Redeemable exchangeable bonds	3,196	3,042	-	-
Deferred tax liabilities	1,452	1,504	-	-
Finance lease obligations	53	69	-	-
	18,746	17,766	1,137	804
Total liabilities	70,221	71,601	13,706	12,568
Net assets	70,396	74,889	56,767	56,556

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 June 2017		As at 31 December 2016	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
18,283	-	21,268	-

Amount repayable after one year

As at 30 June 2017		As at 31 December 2016	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
17,294	-	16,262	-

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	
	2Q 2017 S\$'000	2Q 2016 S\$'000	1H 2017 S\$'000	1H 2016 S\$'000
Cash flows from operating activities:				
Loss before tax	(2,207)	(2,494)	(5,036)	(3,755)
Adjustments for:				
Amortisation of intangible assets	6	174	11	348
Depreciation of property, plant and equipment	566	568	1,135	1,147
Inventories written down	49	20	97	25
Employee share-based expense	-	15	-	59
Impairment loss on trade receivables	1,124	-	3,382	-
Gain on disposal of plant and equipment	(8)	(37)	(5)	(49)
Interest expense	698	1,019	1,434	2,015
Interest income	(2)	(1)	(3)	(2)
Unrealised gain on derivative	-	(105)	-	9
Unrealised gain	283	110	805	940
Operating profit/(loss) before working capital changes	509	(731)	1,820	737
Changes in working capital:				
Inventories	(189)	931	(30)	1,464
Trade receivables	(1,175)	2,342	(2,513)	792
Due from customers for contracts work-in-progress	3,957	737	2,478	3,429
Other receivables, deposits and prepayments	(634)	539	(931)	1,140
Finance lease receivables	1,371	727	3,679	3,650
Trade payables	271	(3,407)	48	(5,592)
Due to customers for contracts work-in-progress	295	263	835	(146)
Other payables and accruals	583	(47)	(330)	(4,384)
Cash flows from operations	4,988	1,354	5,056	1,090
Interest received	2	1	3	2
Income taxes received/(paid)	4	(5)	5	(15)
Net cash flows from operating activities	4,994	1,350	5,064	1,077
Cash flows from investing activities				
Purchase of property, plant and equipment	(48)	(124)	(71)	(175)
Proceeds from disposal of plant and equipment	-	38	-	67
Cash flows used in investing activities	(48)	(86)	(71)	(108)
Cash flows from financing activities				
Interest paid	(321)	(232)	(658)	(516)
Repayment of loans and borrowings	(2,772)	(2,057)	(4,614)	(2,842)
Purchase of treasury shares	-	(26)	(2)	(79)
Proceeds from loans and borrowings	750	300	1,950	4,101
Payment of finance lease obligations	(8)	(7)	(16)	(15)
Cash flows (used in)/from financing activities	(2,351)	(2,022)	(3,340)	649
Net increase/(decrease) in cash and cash equivalents	2,595	(758)	1,653	1,618
Effect of exchange rate changes on cash and cash equivalents	(27)	(4)	2	(111)
Cash and cash equivalents at beginning of financial period	3,782	9,779	4,694	7,510
Cash and cash equivalents at end of financial period	6,350	9,017	6,350	9,017

- 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.

1H ended 30 June 2016

Balance as at 1 January 2016

Profit for the period

Other comprehensive income

Net change in fair value reserve of

available-for-sale financial assets

Foreign currency translation

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 June 2016

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
97,844	(591)	1,727	220	(8,834)	90,366
-	-	-	-	(3,675)	(3,675)
-	-	-	(534)	-	(534)
-	-	(1,109)	-	-	(1,109)
-	-	(1,109)	(534)	-	(1,643)
-	-	(1,109)	(534)	(3,675)	(5,318)
-	(79)	-	-	-	(79)
-	165	-	(165)	-	-
-	-	-	59	-	59
-	86	-	(106)	-	(20)
97,844	(505)	618	(420)	(12,509)	85,028

1H ended 30 June 2017

Balance as at 1 January 2017

Loss for the period

Other comprehensive income

Net change in fair value reserve of

available-for-sale financial assets

Foreign currency translation

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

Contributions by and distribution to owners

Issuance of shares pursuant to the exercise of redeemable exchangeable bond

Share issuance expense

Purchase of treasury shares

Share options lapsed

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 June 2017

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
97,844	(526)	1,802	522	(24,753)	74,889
-	-	-	-	(4,986)	(4,986)
-	-	-	(32)	-	(32)
-	-	(1,025)	-	-	(1,025)
-	-	(1,025)	(32)	-	(1,057)
-	-	(1,025)	(32)	(4,986)	(6,043)
1,552	-	-	-	-	1,552
-	-	-	-	-	-
-	(2)	-	-	-	(2)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,552	(2)	-	-	-	1,550
99,396	(528)	777	490	(29,739)	70,396

2Q ended 30 June 2016

Balance as at 1 April 2016

Profit for the period

Other comprehensive income

Net change in fair value reserve of

available-for-sale financial assets

Foreign currency translation

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 June 2016

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
97,844	(644)	828	(170)	(10,098)	87,760
-	-	-	-	(2,411)	(2,411)
-	-	-	(100)	-	(100)
-	-	(210)	-	-	(210)
-	-	(210)	(100)	-	(310)
-	-	(210)	(100)	(2,411)	(2,721)
-	(26)	-	-	-	(26)
-	165	-	(165)	-	-
-	-	-	15	-	15
-	139	-	(150)	-	(11)
97,844	(505)	618	(420)	(12,509)	85,028

2Q ended 30 June 2017

Balance as at 1 April 2017

Loss for the period

Other comprehensive income

Net change in fair value reserve of

available-for-sale financial assets

Foreign currency translation

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

Contributions by and distribution to owners

Issuance of shares pursuant to the exercise of redeemable exchangeable bond

Total transactions with owners in their capacity as owners

Balance as at 30 June 2017

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
97,844	(528)	933	548	(27,557)	71,240
-	-	-	-	(2,182)	(2,182)
-	-	-	(58)	-	(58)
-	-	(156)	-	-	(156)
-	-	(156)	(58)	-	(214)
-	-	(156)	(58)	(2,182)	(2,396)
1,552	-	-	-	-	1,552
-	-	-	-	-	-
1,552	-	-	-	-	1,552
99,396	(528)	777	490	(29,739)	70,396

1H ended 30 June 2016

Balance as at 1 January 2016

Loss for the period

Other comprehensive incomeNet 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 June 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
-	-	-	(1,432)	(1,432)
-	-	(505)	-	(505)
-	-	(505)	-	(505)
-	-	(505)	(1,432)	(1,937)
-	(79)	-	-	(79)
-	165	(165)	-	-
-	-	59	-	59
-	86	(106)	-	(20)
97,844	(505)	(377)	(25,698)	71,264

1H ended 30 June 2017

Balance as at 1 January 2017

Loss for the period

Other comprehensive incomeNet 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

Issuance of shares pursuant to the conversion of redeemable exchangeable bonds

Total transactions with owners in**their capacity as owners****Balance as at 30 June 2017**

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
97,844	(526)	523	(41,285)	56,556
-	-	-	(1,308)	(1,308)
-	-	(31)	-	(31)
-	-	(31)	-	(31)
-	-	(31)	(1,308)	(1,339)
-	(2)	-	-	(2)
1,552	-	-	-	1,552
1,552	(2)	-	-	1,550
99,396	(528)	492	(42,593)	56,767

2Q ended 30 June 2016

Balance as at 1 April 2016

Loss for the period

Other comprehensive incomeNet 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 June 2016**

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
97,844	(644)	(147)	(24,991)	72,062
-	-	-	(707)	(707)
-	-	(80)	-	(80)
-	-	(80)	-	(80)
-	-	(80)	(707)	(787)
-	(26)	-	-	(26)
-	165	(165)	-	-
-	-	15	-	15
-	139	(150)	-	(11)
97,844	(505)	(377)	(25,698)	71,264

2Q ended 30 June 2017

Balance as at 1 April 2017

Loss for the period

Other comprehensive incomeNet 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

Issuance of shares pursuant to the exercise of redeemable exchangeable bond

Total transactions with owners in**their capacity as owners****Balance as at 30 June 2017**

The Company				
Share capital	Treasury shares	Other reserves	Accumulated profits	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
97,844	(528)	549	(41,916)	55,949
-	-	-	(677)	(677)
-	-	(57)	-	(57)
-	-	(57)	-	(57)
-	-	(57)	(677)	(734)
1,552	-	-	-	1,552
1,552	-	-	-	1,552
99,396	(528)	492	(42,593)	56,767

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Changes in Company's share capital:

	Quantity	Share capital S\$'000
Balance as at 1 April 2017	862,792,553	97,844
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	48,906,302	1,552
Balance as at 30 June 2017	911,698,855	99,396

During the second quarter of 2017, no Warrants were converted into ordinary shares (April to June 2016: Nil). The Company has 119,113,066 outstanding Warrants as at 30 June 2017 (30 June 2016: 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 June 2016: 13,179,464) outstanding employee share options as at 30 June 2017. Each share option can be used to subscribe for an ordinary shares at S\$0.1043 (30 June 2016: S\$0.1043 per share option).

The Company has Nil outstanding share awards as at 30 June 2017 under the Viking Long Term Incentive Plan (30 June 2016: 2,300,000).

48,906,302 ordinary shares at an issue price of S\$0.03173 per share were issued and allotted to Luminor Pacific Fund 1 Ltd. in the capital of the Company after the shareholders' approval had been obtained at the annual general meeting of the Company for the Supplemental Agreement and the issuance of the Settlement Shares to Luminor Pacific Fund 1 Ltd..

As at 30 June 2017, the total number of ordinary shares in issue was 911,698,855 of which 7,961,500 were held by the Company as treasury shares (30 June 2016: 862,792,553 ordinary shares and 7,268,300 treasury shares).

There were no subsidiary holdings as at the end of the current financial period reported on.

Save for the foregoing, there are no other changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 31 March 2017.

The Company had completed its Rights cum Warrants Issue (as defined in its announcement dated 18 May 2017) on 5 July 2017 and the resultant changes in the Company's share capital and convertibles will be reflected in the Company's 3Q 2017 results announcement.

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

	As at 30 June 2017		As at 31 December 2017	
	No. of shares	S\$'000	No. of shares	S\$'000
Total number of issued shares at the end of the financial period	862,792,553	97,844	862,792,553	97,844
Issuance of shares pursuant to the exercise of redeemable exchangeable bond	48,906,302	1,552	-	-
Number of Treasury Shares at the end of the financial period	(7,961,500)	(528)	(7,891,500)	(526)
Net number of issued shares at the end of the financial period	903,737,355	98,868	854,901,053	97,318

1(d) (iv) A statement showing all sales, transfers, 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 31 March 2017 and 30 June 2017	7,961,500	528

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidiary holdings as at the end of the current financial period reported on.

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 2016, 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

	2Q 2017 cents	2Q 2016 cents	1H 2017 cents	1H 2016 cents
Earnings per ordinary share				
(i) Based on the weighted average number of ordinary share on issue	(0.24)	(0.28)	(0.55)	(0.43)
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.24)	(0.28)	(0.55)	(0.43)
Earnings per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share on issue	(0.24)	(0.28)	(0.55)	(0.43)
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.24)	(0.28)	(0.55)	(0.43)
Computed based on the following weighted average number of shares				
Basic	903,741,996	855,169,342	903,741,996	854,986,100
Diluted	903,741,996	855,169,342	903,741,996	854,986,100

As at 30 June 2017, 13,179,464 (30 June 2016: 13,179,464) share options granted to employees under the existing employee share option plans and warrants of 119,113,066 (30 June 2016: 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 year reported on; and
(b) immediately preceding financial year.

	Group		Company	
	S\$		S\$	
	30.6.17	31.12.16	30.6.17	31.12.16
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.08	0.09	0.06	0.07

Footnote:

Net asset value per ordinary share is based on 903,737,355 ordinary shares as at 30 June 2017 (31 December 2016: 854,901,053 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 1H-2017 revenue was lower compared to the prior year's corresponding period due to the lesser revenue generated from the offshore and marine services, and systems engineering projects. This revenue segment continued to be impacted by the project delays from customers and deferrals of execution of the carried forward order book. The industry-wide lack of new build orders and the longer order decision process further affected order intake for the Group, thereby reducing new revenue streams for the period. The Group also terminated the contract of the second rig hence reducing charter revenue during this period compared to the prior period.

The gross profit and gross profit margin increased due to the revenue mix where a higher proportion of revenue recognised were for the asset chartering segment which yielded higher margins. While the revenue and associated profits related to the land rig chartering contracts were recognised, the Group also impaired the corresponding receivables as the charter payments have been in arrears. The accounting effect nullifies the recognition of the land rig charter revenue and is consistent with the treatment in the prior year when the revenue was suspended. This explains the increase in other operating expenses where approximately S\$3.4 million of trade receivables relating to the land rig chartering contracts were impaired. Concurrent to seeking alternative deployment of the asset as well as working with the charterers on repayment arrangement, the Group has commenced arbitration and legal proceeds against the charterers.

Excluding the non-cash items of impairment of trade receivables from the chartering of land rigs and foreign exchange losses from translation, the total expenses in 1H-2017 were approximately 21% lower year-on-year. General and Administration Expenses declined year-on-year due to the lower business activities, tighter spending discipline and rightsizing of manpower. These cost rationalisation measures were necessary to cope with the difficult industry business condition and low activity level. The foreign exchange loss incurred during the period was due to the translation differences on US Dollar denominated current assets.

Finance cost decreased as the Group continues to pare down its loans and borrowings. The tax credit recognised was due to reversal of deferred tax liability arising from fair value adjustment of the Group's property asset.

Financial Position

Net Assets for the Group of S\$70.2 million as at 30 June 2017 was lower compared to that in 31 December 2016 due to the net loss incurred and the reduction in reserves from foreign currency translation during the period. The reduction was partially offset by the increase in share capital as a result of the allotment of shares to a bondholder in line with the terms and conditions of the bond agreement.

The reduction in non-current assets was mainly due to amortisation of the finance lease receivable and depreciation of property, plant and equipment.

The decrease in net amount due from customer contracts was a result of billing of projects which were subsequently collected. Prepayment, other receivables and deposits increased due to downpayment made for new projects secured. The Group continued to repay its loans which resulted in the decrease in term loans. The increase in redeemable exchangeable bonds was due to the accrual of interests.

Cashflow

The Group ended the first half of the year with a higher cash balance compared to the preceding quarter-end and beginning of the year. The overall cash balance improvement was mainly due to better cash flows from operating activities. The positive net cash flows generated from operating activities were mainly due to the billing of projects and subsequent collection from receivables for the offshore and marine segment.

Cash flows used in financing activities were due to the repayment of loans and borrowings during the period.

- 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 outlook of the industry is expected to stay challenging with the continued oil price volatility and uncertain climate. This prolonged industry downturn impacted the business activity of the Group with delays to existing projects, a trend which is expected to continue. Sales order intake during the period remains as weak as the prior period 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 had and will continue to diversify its customer base towards non-oil and gas, and extend to onshore requirements. These initiatives will take time to develop and are not likely to fully cover shortfall in our traditional business segments.

The Group's asset chartering business was impacted as the assets deployed were not utilised by the charterers. This resulted from the charterers' upstream customer cancellation of their contract. The key focus of the Group is on executing the payment restructuring plan on receivables collection, including the disposing of collateralised assets and the necessary legal and recovery actions. The Group reached an in-principle agreement with the bondholders on bond maturity extension, subject to contract formality. These bonds were primarily used to fund the asset chartering business. The Group had also raised capital from the conclusion of Rights cum Warrants Issue in July 2017.

The Group will continue to aggressively pursue cost management and resource optimisation to extract efficiency and savings. While cost saving measures are in place, further cost cutting actions have been formulated and will be initiated if the outlook continues to be challenging.

- 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 second quarter ended 30 June 2017 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR LOW JOOI KOK
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

7 August 2017
Singapore