



Company Registration No. 201311482K

KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**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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1 (a)(i) 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

	6 Months			12 Months		
	1 Jul 2020 to 31 Dec 2020	1 Jul 2019 to 31 Dec 2019	+ / (-)	1 Jan 2020 to 31 Dec 2020	1 Jan 2019 to 31 Dec 2019	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	19,959	25,385	(21)	37,643	58,080	(35)
Cost of sales	(17,206)	(16,524)	4	(30,217)	(42,482)	(29)
Gross profit	2,753	8,861	(69)	7,426	15,598	(52)
Gross profit margin	14%	35%		20%	27%	
Other income	1,432	427	>100	3,108	748	>100
Distribution expenses	(620)	(610)	2	(978)	(1,090)	(10)
Administrative expenses	(6,047)	(5,961)	1	(11,448)	(12,015)	(5)
Other operating expenses	(3,661)	(5,774)	(37)	(5,032)	(7,950)	(37)
Finance costs	(911)	(1,122)	(19)	(1,784)	(2,040)	(13)
Loss before tax	(7,054)	(4,179)	69	(8,708)	(6,749)	29
Tax credit/(expense)	1,566	(843)	N.M.	1,535	(197)	N.M.
Loss for the period/year	(5,488)	(5,022)	9	(7,173)	(6,946)	3
Other comprehensive loss, net of tax						
Translation differences relating to financial statements of foreign operations	(577)	(92)	>100	(367)	(118)	>100
Total comprehensive loss for the period/year	(6,065)	(5,114)	19	(7,540)	(7,064)	7
Net (loss)/ profit attributable to:						
Owners of the Company	(4,059)	(5,782)	(30)	(5,264)	(7,756)	(32)
Non-Controlling Interests	(1,429)	760	N.M.	(1,909)	810	N.M.
	(5,488)	(5,022)		(7,173)	(6,946)	
EBITDA	(2,310)	1,370	N.M.	627	4,276	(85)
EBITDA^	(410)	3,974	N.M.	2,527	6,880	N.M.

N.M. – not meaningful

^ excluding one-off non-cash impairment of S\$1.9 million for the reclassification of property at 48 Penjuru Road as per our announcements dated 6 October 2020.

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. (Continued)

(ii) Loss for the period/year is arrived at after charging/ (crediting) the following:

	6 Months			12 Months		
	1 Jul 2020 to 31 Dec 2020	1 Jul 2019 to 31 Dec 2019	+ / (-)	1 Jan 2020 to 31 Dec 2020	1 Jan 2019 to 31 Dec 2019	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from bank deposits	-	-	-	(7)	(7)	-
Miscellaneous income	(1,630)	(427)	>100	(3,101)	(741)	>100
Loss on disposal of property, plant and equipment	252	416	(39)	54	619	(91)
Impairment loss on property, plant and equipment	2,138	3,106	(31)	2,138	3,106	(31)
Currency translations losses / (gains) - net	(146)	(153)	(5)	201	40	>100
Interest on loans & borrowings	911	1,122	(19)	1,784	2,040	(13)
Depreciation of property, plant and equipment & right-of-use assets	3,833	4,427	(13)	7,551	8,985	(16)
Impairment on trade and other receivables	274	762	(64)	274	762	(64)
Allowance for stock obsolesces	-	28	N.M.	-	26	N.M.
Adjustment for over provision of tax in respect of prior years	-	-	N.M.	-	(646)	N.M.

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 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	88,667	62,386	–	–
Right-of-use assets	9,336	8,421	–	–
Club memberships	63	57	–	–
Investment in subsidiaries	–	–	77,453	80,127
	<u>98,066</u>	<u>70,864</u>	<u>77,453</u>	<u>80,127</u>
Current assets				
Inventories	465	242	–	–
Trade and other receivables	12,037	13,856	1,681	1,823
Cash and cash equivalents	6,226	3,063	31	124
Assets held-for-sale	5,323	27,807	–	–
	<u>24,051</u>	<u>44,968</u>	<u>1,712</u>	<u>1,947</u>
Total assets	<u>122,117</u>	<u>115,832</u>	<u>79,165</u>	<u>82,074</u>
EQUITY				
Share capital	74,409	74,409	74,409	74,409
Treasury shares	(140)	(120)	(140)	(120)
Reserves	(33,324)	(32,957)	–	–
Accumulated profits	14,454	19,718	1,125	3,657
Equity attributable to owners of the Company	<u>55,399</u>	<u>61,050</u>	<u>75,394</u>	<u>77,946</u>
Non-Controlling interests	3,999	830	–	–
Total Equity	<u>59,398</u>	<u>61,880</u>	<u>75,394</u>	<u>77,946</u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	29,029	10,707	2,732	3,038
Lease liabilities	6,506	2,845	–	–
Deferred tax liabilities	1,523	3,397	–	–
	<u>37,058</u>	<u>16,949</u>	<u>2,732</u>	<u>3,038</u>
Current liabilities				
Bank overdrafts	1,176	–	–	–
Loans and borrowings	11,528	17,983	835	784
Lease liabilities	1,816	6,736	–	–
Trade and other payables	11,084	12,127	204	306
Current tax payable	57	157	–	–
	<u>25,661</u>	<u>37,003</u>	<u>1,039</u>	<u>1,090</u>
Total liabilities	<u>62,719</u>	<u>53,952</u>	<u>3,771</u>	<u>4,128</u>
Total equity and liabilities	<u>122,117</u>	<u>115,832</u>	<u>79,165</u>	<u>82,074</u>

1 (b)(ii) Aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one (1) year or less, or on demand

	As at 31 Dec 2020	As at 31 Dec 2019
	Secured S\$'000	Secured S\$'000
Bank overdrafts	1,176	–
Loans and borrowings	11,528	17,983
Lease liabilities	1,816	6,736

Amount repayable after one (1) year

	As at 31 Dec 2020	As at 31 Dec 2019
	Secured S\$'000	Secured S\$'000
Loans and borrowings	29,029	10,707
Lease liabilities	6,506	2,845

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$33.8 million are pledged as collaterals for secured term loans;
- Fixed deposits of approximately S\$0.6 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\$77.4 million to secure outstanding term loan/facilities and finance lease liabilities of S\$44.7million.

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.

	Group			
	6 Months Ended 31 Dec 2020 S\$'000	6 Months Ended 31 Dec 2019 S\$'000	12 Months Ended 31 Dec 2020 S\$'000	12 Months Ended 31 Dec 2019 S\$'000
Cash flows from operating activities				
Loss before income tax	(7,054)	(4,179)	(8,708)	(6,749)
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	3,833	4,452	7,551	9,010
Loss on disposal of property, plant and equipment	252	491	54	694
Impairment loss on property, plant and equipment	2,138	3,106	2,138	3,106
Interest income	–	–	(7)	(7)
Interest expense	911	1,122	1,784	2,040
	80	4,992	2,812	8,094
Changes in working capital:				
Inventories	(78)	(14)	(223)	(74)
Trade and other receivables	(4,268)	5,748	747	(3,627)
Trade and other payables	5,551	(4,383)	305	643
Cash generated from operations	1,285	6,343	3,641	5,036
Income tax paid	(10)	(99)	(33)	(99)
Net cash generated from operating activities	1,275	6,244	3,608	4,937
Cash flows from investing activities				
Purchase of property, plant and equipment	(6,055)	(1,296)	(10,706)	(1,608)
Deposits pertaining to purchase of property, plant and equipment	211	20	(319)	–
Proceeds from disposal of property, plant and equipment and asset held-for-sale	3,669	43	5,880	6,136
Acquisition of club memberships	(6)	–	(6)	–
Interest received	–	–	7	7
Net cash (used in)/generated from investing activities	(2,181)	(1,233)	(5,144)	4,535
Cash flows from financing activities				
Interest paid	(911)	(1,122)	(1,784)	(2,040)
Purchase of treasury shares	(10)	–	(20)	(10)
Repayment of finance lease liabilities – net	(131)	(470)	(1,314)	(1,899)
Repayment of term loans	(1,811)	(2,976)	(3,662)	(6,096)
Proceeds from trust receipts	235	247	(529)	235
Proceeds from term loans	3,000	–	5,600	1,500
Proceeds from issuance of shares in subsidiary company to non-controlling interests	2,774	–	5,329	–
Deposits (pledged)/withdrawn	(238)	2	(303)	(10)
Net cash generated from/(used in) financing activities	2,908	(4,319)	3,317	(8,320)
Net increase in cash and cash equivalents	2,002	692	1,781	1,152
Cash and cash equivalents at beginning of the period/year	2,607	2,115	2,771	1,685
Effect of exchange rate fluctuations on cash and cash equivalents	(154)	(36)	(97)	(66)
Cash and cash equivalents at end of the period/year	4,455	2,771	4,455	2,771
Significant non-cash transactions during the period/year:				
Acquisition of vessels	4,163		9,234	
Acquisition of other plant and equipment	–		1,279	

~Cash and cash equivalents consist of the following:	6 Months Ended 31 Dec 2020 S\$'000	6 Months Ended 31 Dec 2019 S\$'000	12 Months Ended 31 Dec 2020 S\$'000	12 Months Ended 31 Dec 2019 S\$'000
Cash at bank and in hand	5,631	2,771	5,631	2,771
Fixed deposits	595	292	595	292
Cash and cash equivalents	<u>6,226</u>	<u>3,063</u>	<u>6,226</u>	<u>3,063</u>
Bank overdrafts	(1,176)		(1,176)	
Deposits pledged	<u>(595)</u>	<u>(292)</u>	<u>(595)</u>	<u>(292)</u>
Cash and cash equivalents in the statements of cash flows	<u>4,455</u>	<u>2,771</u>	<u>4,455</u>	<u>2,771</u>

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	Treasury shares	Merger deficit	Currency translation reserve	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2019								
As at 1 January 2019	74,409	(110)	(32,763)	(76)	27,474	68,934	20	68,954
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	(7,756)	(7,756)	810	(6,946)
Other comprehensive loss								
Translation differences relating to financial statements of foreign operations	–	–	–	(118)	–	(118)	–	(118)
Total other comprehensive loss for the year	–	–	–	(118)	–	(118)	–	(118)
Total comprehensive loss for the year	–	–	–	(118)	(7,756)	(7,874)	810	(7,064)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	(10)	–	–	–	(10)	–	(10)
Total transactions with owners	–	(10)	–	–	–	(10)	–	(10)
As at 31 December 2019	74,409	(120)	(32,763)	(194)	19,718	61,050	830	61,880

Group	Share capital	Treasury shares	Merger deficit	Currency translation reserve	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2020								
As at 1 January 2020	74,409	(120)	(32,763)	(194)	19,718	61,050	830	61,880
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	(5,264)	(5,264)	(1,909)	(7,173)
Other comprehensive loss								
Translation differences relating to financial statements of foreign operations	–	–	–	(367)	–	(367)	(252)	(619)
Total other comprehensive loss for the year	–	–	–	(367)	–	(367)	(252)	(619)
Total comprehensive loss for the year	–	–	–	(367)	(5,264)	(5,631)	(2,161)	(7,792)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	(20)	–	–	–	(20)	–	(20)
Issuance of shares	–	–	–	–	–	–	5,330	5,330
Total transactions with owners	–	(20)	–	–	–	(20)	5,330	5,310
As at 31 December 2020	74,409	(140)	(32,763)	(561)	14,454	55,399	3,999	59,398

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total equity S\$'000
2019				
As at 1 January 2019	74,409	(110)	3,448	77,747
Total comprehensive profit for the financial year				
Profit for the financial year	–	–	209	209
Transaction with owners				
Purchase of treasury shares	–	(10)	–	(10)
Total transaction with owners	–	(10)	209	199
As at 31 December 2019	74,409	(120)	3,657	77,946
2020				
As at 1 January 2020	74,409	(120)	3,657	77,946
Total comprehensive profit for the financial year				
Loss for the financial year	–	–	(2,532)	(2,532)
Transaction with owners				
Purchase of treasury shares	–	(20)	–	(20)
Total transaction with owners	–	(20)	(2,532)	(2,552)
As at 31 December 2020	74,409	(140)	1,125	75,394

1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 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.

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and fully paid ordinary shares		
Balance at 31 December 2019	710,000,000	76,133,121
Balance at 31 December 2020	710,000,000	76,133,121

During the half year ended 31 December 2020 (“2H2020”), there was a share buyback by the Company of 300,000 shares by way of market acquisition and held as treasury shares.

Treasury shares

The number of treasury shares held by the Company as at 31 December 2020 is 2,092,700 representing 0.3% of the total number of shares outstanding as at 31 December 2020 (31 December 2019: 1,317,700 representing 0.19% of the total number of shares outstanding as at 31 December 2019.)

There were no outstanding options, convertibles held by the Company as at 31 December 2020 and 31 December 2019.

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 2020	As at 31 Dec 2019
Total issued shares excluding treasury shares	707,907,300	708,682,300

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.

For FY2020, there were no sale, cancellation and/or use of treasury shares.

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.

Not applicable. The Company has no subsidiary holdings.

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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 preparation of the financial statements for the financial year ended 31 December 2020 ("FY2020") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2019 ("FY2019").

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 per share ("LPS") is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period/year.

	6 Months		12 Months	
	1 Jul 2020 to 31 Dec 2020	1 Jul 2019 to 31 Dec 2019	1 Jan 2020 to 31 Dec 2020	1 Jan 2019 to 31 Dec 2019
Net loss attributable to equity holders of the Company (S\$'000)	(4,059)	(5,782)	(5,264)	(7,756)
Weighted average number of ordinary shares outstanding for loss per share	708,023,693	708,682,300	708,216,300	708,768,743
Basic and fully diluted loss per share (cents per share)	(0.6)	(0.8)	(0.7)	(1.1)

The diluted and basic LPS are the same for each of 2H2020, 2H2019, FY2020 and FY2019 as the Company has no dilutive equity instruments as at 31 December 2020 and 31 December 2019.

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	
	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
Net asset value per ordinary share (cents)	8.4	8.7	10.7	11.0
Number of ordinary shares used in calculating net asset value per ordinary share	707,907,300	708,682,300	707,907,300	708,682,300

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

2H2020 vs 2H2019

Revenue for 2H2020 decreased by S\$5.4 million or 21%, from S\$25.4 million in 2H2019 to S\$20 million in 2H2020 mainly due to following:

- a) decrease in revenue of S\$3.8 million from chartering of vessels;
- b) decrease in revenue of S\$3.1 million from material sales; offset by
- c) increase in revenue of S\$1.3 million and S\$0.2 million from marine offshore support services and equipment rental respectively.

FY2020 vs FY2019

Revenue decreased by S\$20.4 million or 35.2%, from S\$58.0 million in FY2019 to S\$37.6 million in FY2020 as the Group recorded decrease in revenue for offshore rig services and supply chain management segment which includes material sales, marine offshore support services, chartering of vessels and equipment during FY2020 due to the delay in projects as a result of restrictions imposed by COVID-19 pandemic.

Cost of sales, gross profit and gross profit margin

2H2020 vs 2H2019

Cost of sales for 2H2020 increased by S\$0.7 million or 4.1%, from S\$16.5 million in 2H2019 to S\$17.2 million in 2H2020 mainly due to following:

- a) increase in cost of sales of S\$1.8 million from marine support services due to higher revenue for Taiwan project;
- b) increase in cost of sales of S\$1.7 million from chartering of vessels due to higher crew and fuel costs for new vessels purchased, offset by
- c) decrease in cost of sales of S\$2.8 million from material purchases.

Gross profit decreased by S\$6.1 million or 68.9% from S\$8.9 million in 2H2020 to S\$2.8 million in 2H2019, in line with the decrease in revenue from chartering of vessels.

Gross profit margin decreased from 34.9% in 2H2019 to 13.8% in 2H2020 mainly due to decrease in revenue from chartering of vessels and an increase in cost of sales.

FY2020 vs FY2019

In line with the decrease in revenue, cost of sales decreased by S\$12.3 million or 28.9%, from S\$42.5 million in FY2019 to S\$30.2 million in FY2020.

Gross profit decreased by S\$8.2 million or 52.4%, from S\$15.6 million in FY2019 to S\$7.4 million in FY2020.

Gross profit margin decreased from 26.9% in FY2019 to 19.7% in FY2020. The decrease in gross profit margin was mainly due to a decrease in contribution from the Group's higher margin businesses such as vessel chartering activities with higher crew and fuel costs for new vessels purchased.

Other income

2H2020 vs 2H2019

Other income increased by S\$1.0 million, from S\$0.4 million in 2H2019 to S\$1.4 million in 2H2020, mainly due to government grants and incentives under Jobs Support Scheme and foreign worker levy rebates for COVID-19 pandemic of approximately S\$1.3 million, partially offset by services-office rental income being ceased on 1H2020 and lower insurance compensation of S\$0.2 million and S\$0.1 million respectively.

FY2020 vs FY2019

Other income increased by S\$2.3 million from S\$0.8 million in FY2019 to S\$3.1 million in FY2020 with the same reason as stated above.

Distribution expenses

2H2020 vs 2H2019

Distribution expenses increased by S\$0.01 million or 1.7% from S\$0.61 million in 2H2019 to S\$0.62 million in 2H2020 mainly due to increase advertisement and promotion expenses.

FY2020 vs FY2019

Distribution expenses decreased by S\$0.1 million or 10.3%, from S\$1.1 million in FY2019 to S\$1 million in FY2020 mainly due to lower brokerage fees.

Administrative expenses

2H2020 vs 2H2019

Administrative expenses increased by S\$0.09 million or 1.4% from S\$5.96 million in 2H2019 to S\$6.05 million in 2H2020 mainly due to increase in professional fees, partially offset by lower utilities & telecommunication expenses and property tax.

FY2020 vs FY2019

Administrative expenses decreased by S\$0.6 million or 4.7%, from S\$12.0 million in FY2019 to S\$11.4 million in FY2020 mainly due to lower staff costs mainly resulting from a reduction in headcount as well as the foreign worker levy waiver granted by the government.

Other operating expenses

2H2020 vs 2H2019

Other operating expenses decreased by S\$2.1 million or 36.6% from S\$5.8 million in 2H2019 to S\$3.7 million in 2H2020 mainly due to lower impairment loss on property plant and equipment and depreciation, where the Group recorded an impairment of S\$2.6 million on the property at 48 Penjuru Road (**the “Property”**) due to revaluation of the Property for intended sale in 2H2019 as compared to an impairment of S\$1.9 million for the reclassification of Property in 2H2020. In addition, it is also due to lower provision for doubtful debts as compared to 2H2019.

FY2020 vs FY2019

Other operating expenses decreased by S\$2.9 million or 36.7%, from S\$8.0 million in FY2019 to S\$5.1 million in FY2020 with the same reason as stated above.

Finance costs

2H2020 vs 2H2019

Finance costs decreased by S\$0.2 million or 18.8%, from S\$1.1 million in 2H2019 to S\$0.9 million in 2H2020, mainly due to lower bank overdrafts & trust receipts interest.

FY2020 vs FY2019

Finance costs decreased by S\$0.3 million or 12.6%, from S\$2.0 million in FY2019 to S\$1.7 million in FY2020 with the same reason as stated above.

Income tax expense

2H2020 vs 2H2019

Income tax expenses decreased by S\$2.4 million from S\$0.84 million in 2H2019 to S\$1.6 million tax credit in 2H2020 mainly due to reversal of provision made for deferred tax liabilities in prior years.

FY2020 vs FY2019

Income tax expense decreased by S\$1.7 million from S\$0.2 million in FY2019 to S\$1.5 million tax credit in FY2020 with the same reason as stated above.

Net Loss for the period/ year

2H2020 vs 2H2019

As a result of the above, the Group incurred a net loss of S\$5.5 million in 2H2020, a 9.3% increase as compared to a net loss of S\$5.0 million in 2H2019.

FY2020 vs FY2019

As a result of the above, the Group incurred a net loss of S\$7.2 million in FY2020, a 3.3% increase as compared to a net loss of S\$6.9 million in FY2019.

EBITDA

The Group achieved an EBITDA of S\$0.6 million in FY2020 as compared to S\$4.3 million in FY2019.

Statement of Financial Position

Non-current assets

Non-current assets increased by S\$27.2 million, from S\$70.9 million as at 31 December 2019 to S\$98.1 million as at 31 December 2020. This was mainly due to reclassification of the Property from asset held for sale in current assets to non-current assets, arising from the cancellation of the proposed sale of the Property as stated in the Company's announcement dated 6 October 2020. In addition, there was purchase of new vessels and plant & equipment in FY2020.

Current assets

Current assets decreased by S\$20.9 million from S\$45.0 million as at 31 December 2019 to S\$24.1 million as at 31 December 2020. This was mainly due to reclassification from assets held for sales to non-current as mentioned above.

Cash and cash equivalents increased by S\$3.1 million from S\$3.1 million as at 31 December 2019 to S\$6.2 million as at 31 December 2020. This was mainly due to receipt of payment from trade receivables and cash generated from financial activities.

Trade and other receivables decreased by S\$1.8 million from S\$13.9 million as at 31 December 2019 to S\$12.1 million as at 31 December 2020 mainly due to lower accrued revenue for FY2020.

Receivables turnover day increased from 66 days as at 31 December 2019 to 112 days as at 31 December 2020 mainly due to lower revenue for FY2020 and slower collection from the customers due to the continuing COVID-19 pandemic.

Non-current liabilities

Non-current liabilities increased by S\$20.1 million, from S\$16.9 million as at 31 December 2019 to S\$37.0 million as at 31 December 2020, mainly due to the reclassification of property loan in respect of the Property from current liabilities to non-current liabilities arising from the cancellation of the proposed sale of the Property as stated in the Company's announcement dated 6 October 2020. In addition, there were new loans drawn down for purchase of vessels and equipment.

Current liabilities

Current liabilities decreased by S\$11.3 million from S\$37.0 million as at 31 December 2019 to S\$25.7 million as at 31 December 2020. The decrease was mainly due to reclassification of property loan in respect of the Property as explained above.

Trade payables decreased by S\$1.0 million from S\$12.1 million as at 31 December 2019 to S\$11.1 million as at 31 December 2020. The decrease in payables is in tandem with lower sales activities in FY2020 due to COVID-19 pandemic.

Payable turnover days increased from 87 days as at 31 December 2019 to 126 days as at 31 December 2020 mainly due to slower payment collection caused by COVID-19 circuit breaker imposed during FY2020.

Although the Group is in a net current liability position of S\$1.6 million as at 31 December 2020, the Board is of the opinion the Group will be able to meet its short-term obligations as and when they fall due by reason of the availability of surplus unencumbered vessels and cranes for sale when and if required to improve its liquidity.

Shareholders' equity

Shareholders' equity amounted to S\$61.1 million and S\$55.4 million as at 31 December 2019 and 31 December 2020 respectively. The decrease was mainly due to net loss incurred in FY2020.

Non-Controlling interests

Non-controlling interests increased by S\$3.2 million from S\$0.8 million to S\$4.0 million mainly due to the issuance of shares to the non-controlling interest of Bridgewater Offshore Pte. Ltd. and Bridgewater Marine (Taiwan) Limited, which were incorporated during FY2020, partially offset by non-controlling interests share of losses for FY2020.

Consolidated Statement of Cash flows

2H2020 vs 2H2019

In 2H2020, net cash generated from operating activities before changes in working capital amounted to S\$0.08 million due to a loss before income tax of S\$7.1 million, and adjustments in working capital which mainly comprise of depreciation of property, plant and equipment of S\$3.8 million, impairment loss on property, plant and equipment of S\$2.4 million as well as interest expense of S\$0.9 million. The overall net cash generated from operating activities, after changes in working capital and income tax paid, amounted to S\$1.3 million.

Net cash used in investing activities of S\$2.2 million in 2H2020 was mainly for purchase of property, plant and equipment, which was partially offset by proceeds from disposal of property, plant and equipment.

Net cash generated from financing activities of S\$2.9 million in 2H2020 was mainly due to proceeds from term loans and issuance of shares to non-controlling interest of newly incorporated subsidiaries, partially offset by interest payment and repayment of obligations under trust receipt, lease finance liabilities and term loans.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net increase of S\$2.0 million in our cash and cash equivalents (as adjusted for deposits pledged) in 2H2020.

FY2020 vs FY2019

In FY2020, net cash generated from operating activities before changes in working capital amounted to S\$2.8 million due to a loss before income tax of S\$8.7 million, and adjustments for working capital which mainly comprise of depreciation of property, plant and equipment of S\$7.6 million, impairment loss on property, plant and equipment of S\$2.2 million, loss on disposal of property, plant and equipment as well as interest expense. The overall net cash generated from operating activities after changes in working capital and income tax paid, amounted to S\$3.6 million.

Net cash used in investing activities of S\$5.1 million in FY2020 was mainly due to purchase of property, plant and equipment, which was partially offset by proceeds from disposal of property, plant and equipment.

Net cash generated from financing activities of S\$3.3 million in FY2020 was mainly due to proceeds from term loans and issuance of shares to non-controlling interest of newly incorporated subsidiaries, partially offset by interest payment and repayment of obligations under trust receipt, lease finance liabilities and term loans.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net increase of S\$1.7 million in our cash and cash equivalents (as adjusted for deposits pledged) in FY2020.

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.

The broader market in the offshore and shipping industries will continue to face uncertainties and challenges due to COVID-19 pandemic. However, we have seen more opportunities in certain segments such as offshore windfarm renewable energy in the regions that we operate in, and we have taken active steps to capitalize on them. Apart from our home market in Singapore, we will also continue with our overseas efforts to explore new related markets segments.

As announced on 21 May 2020, the Group had, during the year, through its 51% owned subsidiary Bridgewater Offshore Pte Ltd acquired 3 units of 12,500 horsepower and 1 unit of 13,400 horsepower of anchor handling tug (“AHT”) from Posh Terasea liquidation. Additionally, 2 units of Anchor handling tug supply vessel were also acquired.

With these acquisitions, the current fleet size of AHT had increased from 5 to 11. We are optimistic in relation to our chartering business with our Anchor Handling Tugs, as the utilization and chartering rates have improved.

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

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

No dividend was declared or recommended for FY2020.

(b) Previous corresponding period

No dividend was declared or recommended for FY2019.

(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)

Not applicable.

(d) Date Payable

Not applicable.

(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

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend was declared or recommended for FY2020 as the Group has been incurring losses for FY2020. It is the Group’s intention to conserve cash for working capital and business expansion purposes.

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 Catalyst 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 Catalyst Rules) under Rule 720(1) of the Catalyst Rules.

Disclosure on Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalyst Rules

During 2H2020,

- (i) the Company's wholly-owned subsidiary, Kim Heng Offshore & Marine Pte Ltd ("KHOMPL") incorporated the following 100% owned companies:

Name of company	:	Zale Offshore Response Pte Ltd
Incorporation date	:	24 August 2020
Issued and paid-up shares capital	:	S\$1,000
Percentage of issued and paid-up share capital held by KHOMPL	:	100%
Principal activity	:	Salvaging of distressed vessels and cargos

Please refer to the announcement dated 11 September 2020 for more information.

Name of company	:	Solid Facility Maintenance Pte Ltd
Incorporation date	:	5 January 2021
Issued and paid-up shares capital	:	S\$1,000
Percentage of issued and paid-up share capital held by KHOMPL	:	100%
Principal activity	:	Other cleaning services N.E.C.

- (ii) the Company's wholly-owned subsidiary, Alpine Progress Shipping Pte Ltd ("APS") incorporated the following branch in Taiwan:

Name of company	:	Alpine Progress Shipping Pte. Ltd. (Taiwan Branch)
Incorporation date	:	6 October 2020
Issued and paid-up shares capital	:	NTD500,000
Percentage of issued and paid-up share capital held by APS	:	100%
Principal activity	:	Charter vessels to customers in Taiwan

- (iii) the Company's wholly-owned subsidiary, Kim Heng Marine & Oilfield Pte Ltd ("KHMO") increase its shareholding interest in the following joint venture company:

Name of company	:	Thaitan International PTe Ltd f.k.a. Mazu Land & Marine Works Pte Ltd
Effective date of change in interest	:	28 December 2020
Issued and paid-up shares capital	:	S\$200,000
Percentage of issued and paid-up share capital held by KHMO	:	50%
Principal activity	:	Marine Construction (e.g harbours, piers, docks, wharves)

Please refer to the announcement dated 23 October 2020 for more information.

- (iv) the Company's joint venture company, Bridgewater Offshore Pte Ltd ("**BWOPL** ") incorporated the following 100% owned companies:

Name of company	:	Bridgewater 108 Pte Ltd
Incorporation date	:	24 September 2020
Issued and paid-up shares capital	:	US\$40,000
Percentage of issued and paid-up share capital held by BWOPL	:	100%
Principal activity	:	Undertake ownership, management and operation of vessels

Name of company	:	Bridgewater Offshore Sdn Bhd
Incorporation date	:	11 September 2020
Issued and paid-up shares capital	:	MYR1
Percentage of issued and paid-up share capital held by BWOPL	:	100%
Principal activity	:	Undertake ownership, management and operation of vessels

Please refer to the announcement dated 18 February 2021 for more information.

- (v) the company's indirect wholly owned subsidiary, Bridgewater Offshore Sdn Bhd ("**BWOSB**") incorporated the following joint venture company:

Name of company	:	RUHM Bridgewater Offshore Sdn Bhd
Incorporation date	:	7 January 2021
Issued and paid-up shares capital	:	MYR1,000
Percentage of issued and paid-up share capital held by BWOSB	:	49%
Principal activity	:	Vessel chartering services

Please refer to the announcement dated 18 February 2021 for more information.

- (vi) the company's indirect joint venture company, RUHM Bridgewater Offshore Sdn Bhd ("**RUHM BWOSB**") incorporated the following 100% owned company:

Name of company	:	Bridgewater 63 Sdn Bhd
Incorporation date	:	22 January 2021
Issued and paid-up shares capital	:	MYR1
Percentage of issued and paid-up share capital held by RUHMBWOSB	:	100%
Principal activity	:	Vessel chartering services

Please refer to the announcement dated 18 February 2021 for more information.

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.

	Offshore Rig Services and Supply Chain Management	Vessels Sales and Newbuild	Total
FY2019	S\$'000	S\$'000	S\$'000
Total revenue from external customers	58,080	–	58,080
Inter-segment revenue	10,641	–	10,641
Total segment revenue	68,721	–	68,721
Other income	748	–	748
Finance costs	(2,040)	–	(2,040)
Segment results	(6,749)	–	(6,749)
Income tax expense			(197)
Loss for the year			<u>(6,946)</u>
Other Information			
Segment assets	115,832	–	115,832
Segment liabilities	53,952	–	53,952
Capital Expenditure	1,582	–	1,582
Other material non-cash items:			
- Depreciation on property, plant and equipment	8,985	–	8,985
- Loss on disposal of property, plant and equipment	619	–	619
- Impairment loss on trade and other receivables	762	–	762
- Impairment loss on property, plant and trade and equipment	3,106	–	3,106
FY2020			
Total revenue from external customers	37,643	–	37,643
Inter-segment revenue	7,558	–	7,558
Total segment revenue	45,201	–	45,201
Other income	3,108	–	3,108
Finance costs	(1,784)	–	(1,784)
Segment results	(8,708)	–	(8,708)
Income tax (expense)/credit			1,535
Loss for the year			<u>(7,173)</u>
Other Information			
Segment assets	122,117	–	122,117
Segment liabilities	62,719	–	62,719
Capital Expenditure	10,706	–	10,706
Other material non-cash items:			
- Depreciation of property, plant and equipment and right-of-use assets	7,551	–	7,551
- Loss on disposal of property, plant and equipment	54	–	54

- Impairment loss on trade and other receivables	274	-	274
Impairment loss on plant and equipment	2,138	-	2,138

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

	Group	
	2020 S\$'000	2019 S\$'000
Revenue		
Total revenue for reportable segments	45,201	68,721
Elimination of inter-segment revenue	(7,558)	(10,641)
Consolidated revenue	37,643	58,080

The Group's operations are mainly in the region of Taiwan, 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	
	2020 S\$'000	2019 S\$'000
Revenue		
Australia	644	501
Bangladesh	-	2,021
India	1,213	-
Malaysia	6,431	16,635
Singapore	10,403	23,226
Taiwan	11,925	-
United Arab Emirates	1,168	1,613
United States of America	339	7,493
Europe	3,709	1,946
Others	1,811	4,645
	37,643	58,080

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	FY2020 S\$'000	FY2019 S\$'000	% Change + / -
<u>First Half</u>			
Revenue reported for the first half-year	17,684	32,695	(46)
Operating loss after tax reported for the first half-year	(1,685)	(1,924)	(12)
<u>Second Half</u>			
Revenue reported for the second half-year	19,959	25,385	(15)
Operating loss after tax reported for the second half-year	(5,488)	(5,022)	9

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

	FY2020 (S\$'000)	FY2019 (S\$'000)
Ordinary	—	—
Preference	—	—
Total	—	—

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	58	Brother of Mr. Thomas Tan, CEO & Chairman	Chief Technical Officer To oversee the engineering division of the Group.	N.A.
Tan Peck Ling Jocelyn	38	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	36	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.	N.A.
Tan Wen Hao Justin Anderson	30	Son of Mr. Thomas Tan, CEO & Chairman	Chief Operating Officer – Offshore & Marine Oversee the Group's shipyard operations, heavy equipment business, the marine & offshore vessel charter & operations and the Group's business in the offshore windfarm sector and horizontal directional drilling.	N.A.

BY ORDER OF THE BOARD

Tan Keng Siong Thomas
Executive Chairman and CEO
23 February 2021