Viking Offshore & Marine Limited
Registration No. 199307300M

First Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 31 March 2015

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore branch ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document.

The document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

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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		
	1Q 2015 S$'000	**1Q 2014 S$'000**	**Change %**
Revenue	21,432	15,349	40
Cost of sales	(15,117)	(10,139)	49
Gross Profit	6,315	5,210	21
Other income	997	551	81
Interest income	1	1	0
Marketing and distribution expenses	(182)	(327)	(44)
Administrative expenses	(4,851)	(4,462)	9
Other operating expenses	(624)	(689)	(9)
Finance costs	(783)	(59)	1227
Profit before tax	873	225	288
Income tax (expense)/credit	46	54	(15)
Profit for the year	919	279	229
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	555	(145)	(483)
Net change in fair value reserve of available-for-sale	(196)	729	(127)
Other comprehensive income for the year, net of tax	359	584	(39)
Total comprehensive income for the year	1,278	863	48
Profit attributable to:			
Owners of the company			
- Profit after tax	919	279	229
	919	279	229
Total comprehensive income attributable to:			
Owners of the company			
- Profit after tax	1,278	863	48
	1,278	863	48

Note

	The Group		
	1Q 2015 S$'000	**1Q 2014 S$'000**	**Change %**
Profit before tax is derived at after			
Crediting/(charging) :			
Depreciation of property, plant and equipment	(347)	(358)	(3)
Amortisation of intangible assets	(182)	(282)	(35)
Gain on disposal of plant and equipment	61	13	369
Gain/(Loss) on foreign exchange	780	(12)	(6600)
Property, plant and equipment written off	-	(2)	(100)
Impairment loss on other receivables	(70)	-	NM
Inventories written down	(24)	(31)	(23)
Reversal of foreseeable losses	-	24	(100)
Derivative gain	15	-	NM

NM: Not meaningful

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

	The Group S$'000		The Company S$'000	
	31 Mar 2015	31-Dec-14	31 Mar 2015	31-Dec-14
Equity attributable to equity holders of the company				
Share capital	94,844	94,844	94,844	94,844
Treasury shares	(759)	(543)	(759)	(543)
Reserves	4,961	3,575	(14,185)	(13,181)
Total equity	**99,046**	**97,876**	**79,900**	**81,120**
Non-current assets				
Property, plant and equipment	25,961	24,983	64	70
Investment in subsidiaries	-	-	90,653	90,653
Investment in associated companies	13,736	13,736	-	-
Quoted equity investments	1,361	1,557	1,357	1,552
Intangible assets	33,078	33,257	-	-
Finance lease receivables	19,488	19,445	-	-
Deferred tax assets	45	33	-	-
Derivative asset	14	-	-	-
	93,683	93,011	92,074	92,275
Current assets				
Inventories	14,736	14,751	-	-
Trade receivables	18,120	18,175	-	-
Due from customers for contracts work-in-progress	13,310	14,297	-	-
Prepayments	178	216	59	67
Other receivables and deposits	6,310	5,172	1,052	1,119
Finance lease receivables	2,604	2,339	-	-
Cash and cash equivalents	9,492	8,726	121	204
	64,750	63,676	1,232	1,390
Total assets	**158,433**	**156,687**	**93,306**	**93,665**
Current liabilities				
Trade payables	9,620	11,153	-	-
Due to customers for contracts work-in-progress	5,405	4,022	-	-
Other payables and accruals	7,412	10,519	1,347	1,565
Tax payable	986	950	-	-
Finance lease obligations	9	9	-	-
Term loans	5,828	3,095	-	-
Derivative liability	1,575	1,575	1,575	1,575
Due to subsidiaries	-	-	10,459	9,380
	30,835	31,323	13,381	12,520
Non-current liabilities				
Term loans	14,047	13,453	-	-
Redeemable exchangeable bonds	11,535	11,028	-	-
Deferred tax liabilities	2,951	2,986	25	25
Finance lease obligations	19	21	-	-
	28,552	27,488	25	25
Total liabilities	**59,387**	**58,811**	**13,406**	**12,545**
Net assets	**99,046**	**97,876**	**79,900**	**81,120**

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

Amount repayable in one year or less, or on demand

As at 31 March 2015		As at 31 December 2014	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
5,837	-	3,104	-

Amount repayable after one year

As at 31 March 2015		As at 31 December 2014	
S$'000 Secured	S$'000 Unsecured	S$'000 Secured	S$'000 Unsecured
25,601	-	24,502	-

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	
	1Q 2015 S$'000	**1Q 2014 S$'000**
Cash flows from operating activities:		
Profit before tax from continuing operations	873	225
Adjustments for:		
Amortisation of intangible assets	182	282
Amortisation of deferred rental	-	(33)
Depreciation of property, plant and equipment	347	358
Property, plant and equipment written off	-	2
Inventories written down	24	31
Employee share-based expense	108	94
(Gain)/Loss on disposal of plant and equipment	(61)	(13)
Impairment loss on other receivables	70	-
Interest expense	783	59
Interest income	(1)	(1)
Reversal of foreseeable losses	-	(24)
Derivative (gain)/loss	(15)	-
Unrealised exchange (gain)/loss	(654)	15
Operating profit before working capital changes	1,656	995
Changes in working capital:		
Inventories	(10)	364
Trade receivables	258	6,476
Due from customers for contracts work-in-progress	987	(1,473)
Other receivables, deposits and prepayments	(1,168)	574
Finance lease receivables	262	-
Trade payables	(1,811)	(4,451)
Due to customers for contracts work-in-progress	1,383	847
Other payables and accruals	(2,811)	(758)
Cash flows (used in)/from operations	(1,254)	2,574
Interest paid	(77)	(59)
Interest received	1	1
Income taxes received	19	317
Net cash flows (used in)/from operating activities	(1,311)	2,833
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,363)	(1,559)
Proceeds from disposal of plant and equipment	110	40
Investment in associated companies	-	(13,740)
Cash used in investing activities	(1,253)	(15,259)
Cash flows from financing activities		
Repayment of loans and borrowings	(618)	(370)
Proceeds from issuance of shares pursuant to private placement	-	3,200
Share issuance expense	-	(8)
Purchase of treasury shares	(216)	-
Proceeds from exercise of share options	-	87
Proceeds from loans and borrowings	3,945	-
Payment of finance lease obligations	(2)	(6)
Cash from financing activities	3,109	2,903
Net increase/(decrease) in cash and cash equivalents	545	(9,523)
Effect of exchange rate changes on cash and cash equivalents	221	(4)
Cash and cash equivalents at beginning of financial year	8,726	19,039
Cash and cash equivalents at end of financial year	9,492	9,512

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year.

	The Group					
	Share capital	Treasury shares	Translation reserve	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
1Q ended 31 March 2014						
Balance as at 1 January 2014	91,660	(795)	4	483	1,823	93,175
Profit for the year	-	-	-	-	279	279
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	729	-	729
Foreign currency translation	-	-	(145)	-	-	(145)
Other comprehensive income for the year, net of tax	-	-	(145)	729	-	584
Total comprehensive income for the year	-	-	(145)	729	279	863
Contributions by and distribution to owners						
Issuance of shares pursuant to private placement	3,200	-	-	-	-	3,200
Share issuance expense	(8)	-	-	-	-	(8)
Share options lapsed	-	-	-	(8)	8	-
Treasury shares reissued pursuant to share options plan	-	84	-	3	-	87
Employee share-based expense	-	-	-	94	-	94
Total transactions with owners in their capacity as owners	3,192	84	-	89	8	3,373
Balance as at 31 March 2014	**94,852**	**(711)**	**(141)**	**1,301**	**2,110**	**97,411**

	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
1Q ended 31 March 2015						
Balance as at 1 January 2015	94,844	(543)	1,106	820	1,649	97,876
Profit for the year	-	-	-	-	919	919
Other comprehensive income						
Net change in fair value reserve of available-for-sale financial assets	-	-	-	(196)	-	(196)
Foreign currency translation	-	-	555	-	-	555
Other comprehensive income for the year, net of tax	-	-	555	(196)	-	359
Total comprehensive income for the year	-	-	555	(196)	919	1,278
Contributions by and distribution to owners						
Purchase of treasury shares	-	(216)	-	-	-	(216)
Employee share-based expense	-	-	-	108	-	108
Total transactions with owners in their capacity as owners	-	(216)	-	108	-	(108)
Balance as at 31 March 2015	**94,844**	**(759)**	**1,661**	**732**	**2,568**	**99,046**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1Q ended 31 March 2014					
Balance as at 1 January 2014	91,660	(795)	518	(14,157)	77,226
Profit for the year	-	-	-	435	435
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	732	-	732
Other comprehensive income for the year, net of tax	-	-	732	-	732
Total comprehensive income for the year	-	-	732	435	1,167
Contributions by and distribution to owners					
Issuance of shares pursuant to private placement	3,200	-	-	-	3,200
Share issuance expense	(8)	-	-	-	(8)
Share options lapsed			(8)	8	-
Treasury shares reissued pursuant to share options plan	-	84	3	-	87
Employee share-based expense	-	-	94	-	94
Total transactions with owners in their capacity as owners	3,192	84	89	8	3,373
Balance as at 31 March 2014	**94,852**	**(711)**	**1,339**	**(13,714)**	**81,766**

	The Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
1Q ended 31 March 2015					
Balance as at 1 January 2014	94,844	(543)	860	(14,041)	81,120
Profit for the year	-	-	-	(917)	(917)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	(195)	-	(195)
Other comprehensive income for the year, net of tax	-	-	(195)	-	(195)
Total comprehensive income for the year	-	-	(195)	(917)	(1,112)
Contributions by and distribution to owners					
Purchase of treasury shares	-	(216)	-	-	(216)
Employee share-based expense	-	-	108	-	108
Total transactions with owners in their capacity as owners	-	(216)	108	-	(108)
Balance as at 31 March 2015	**94,844**	**(759)**	**773**	**(14,958)**	**79,900**

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

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

Changes in company's share capital:

	Quantity	Share capital S$'000
Balance as at 31 December 2014 and 31 March 2015	801,405,199	94,844

During the first quarter of 2015, no Warrants were converted into ordinary shares (January to March 2014: 1,000). The Company has 119,113,066 outstanding Warrants as at 31 March 2015 (31 March 2014: 119,113,266). Each Warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.138 for each new ordinary share and is exercisable during a five year period from the date of issue.

The Company has 15,288,178 (31 March 2014: 14,500,000) outstanding employee share options as at 31 March 2015. Each share option can be used to subscribe for an ordinary shares ranging from S$0.1043 to S$0.1897 (31 March 2014: S$0.11 to S$0.20 per share option).

The Company has 3,300,000 outstanding share awards as at 31 March 2015 under the Viking Long Term Incentive Plan (31 March 2014: 3,300,000).

On 13 October 2014, a subsidiary of the Company has entered into 2 year redeemable exchangeable bonds (the "Bonds") agreement with an investor. The Investor shall be entitled to exchange all or any part of the principal amount and any accrued and unpaid Interest in respect of the Bonds for the shares of the Company (the “Shares”) at S$0.175 or a discount of 10% to the price based on the average of the volume weighted average price of the Shares traded on Catalist over the period of 30 trading days immediately prior to the date of the exercise notice, at any time during the period after the 12th month of the Bonds issue date and before the maturity date, whichever is lower. Assuming that the Investor exchanges all the Bonds in the principal amount for the Shares at the maximum exchange price of S$0.175, the Company will be required to issue an aggregate of 71,428,571 Shares (the "Exchange Shares").

As at 31 March 2015, the number of ordinary shares in issue was 801,405,199 of which 8,617,000 were held by the Company as treasury shares. (31 March 2014: 801,404,999 ordinary shares and 6,728,000 treasury shares)

Save for the foregoing, there are no other changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 31 December 2014.

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

	As at 31 March 2015		As at 31 December 2014	
	No. of shares	S$'000	No. of shares	S$'000
Total number of issued shares at the end of the financial year	801,405,199	94,844	801,405,199	94,844
Number of Treasury Shares at the end of the financial year	(8,617,000)	(759)	(5,628,000)	(543)
Net number of issued shares at the end of the financial year	792,788,199	94,085	795,777,199	94,301

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	No. of share	S$'000
Balance as at 1 January 2015	5,628,000	543
Purchase of treasury shares	2,989,000	216
Balance as at 31 March 2015	8,617,000	759

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 2014, 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 2015. 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

	1Q 2015 cents	1Q 2014 cents
Earnings per ordinary share		
(i) Based on the weighted average number of ordinary share on issue	0.12	0.04
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.12	0.04
Earnings per ordinary share from continuing operations		
(i) Based on the weighted average number of ordinary share on issue	0.12	0.04
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	0.12	0.04
Computed based on the following weighted average number of shares		
Basic	797,137,963	771,421,950
Diluted	797,137,963	793,843,955

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	S$		S$	
	31.03.15	31.12.14	31.03.15	31.12.14
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.12	0.12	0.10	0.10

Footnote:

Net asset value per ordinary share is based on 792,788,199 ordinary shares as at 31 March 2015 (31 December 2014: 795,777,199 shares).

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

Financial Performance

The Group's Revenue of S$21.4 million for the quarter ending 31 March 2015 ("1Q-2015") increased by 40% compared to the the corresponding quarter last year. The increase in revenue contribution is due to the better order book backlog carried forward from last year, spearheaded by the heating, ventilation, air-conditioning and refrigeration systems segment and winches business. In addition, the asset chartering business contributed revenue for 1Q-2015 since the contract inception in September 2014.

Gross Profit increased in tandem with the higher revenue, but Gross Profit Margin declined period-on-period due to business mix. The lower margin in offshore and marine services is partially offset by the higher margin asset chartering business segment.

Other Income for 1Q-2015 increased largely due to favourable exchange gains from the strengthening of US Dollars. However, this is offset by the absence of rental income after the end of a long-term sub-letting lease for a building during the corresponding quarter last year.

Total Expenses for 1Q-2015 eased off due to timing of expenditure resulting in lower marketing and distribution expenses. Finance Costs increased as a result of costs incurred for bank loans and redeemable exchangeable bonds related to the funding of the asset chartering business.

Considering the above, the Group recorded Net Profit Before Tax for 1Q-2015 of S$0.9 million, higher than that recorded for the same period in the prior year.

Financial Position

The Net Assets for the Group stood at S$99.5 million as at 31 March 2015, higher compared to that as at 31 December 2014 due to earnings contribution for the period.

The is no major movement in the balance sheet, however, the increase in the term loan resulted from loan draw down to finance the construction of the new building.

Cashflow

The net cashflow used in operations was mainly due to a general slowdown in project billings due to customer delay in light of the current subdued industry climate.

Cash inflow from financing activities is higher due to the proceeds from bank loans for the funding of construction of the new building as opposed to the proceeds from a private placement share subscription in the prior year. The cash inflow is partially offset by the repayment of loans and borrowing and purchase of treasury shares.

Overall, there is a net cash increase in 1Q-2015 as a result of the above.

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

Not applicable

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

The offshore and marine ("O&M") industry remains challenging amidst a backdrop of increasing margin pressures and intense competition. Despite the bottoming and gradual recovery of global oil prices, oil prices remain volatile and the continued subdued activity level and spending in the upstream businesses will invariably impact the industry and our customers.

In view of the conditions in the O&M industry, the Group continues to exercise prudence when evaluating potential projects contracts. The early success of the chartering services which contributed revenue to the Group since September 2014 alleviates margin pressure and the Group intends to further grow this business segment going forward.

The Group enters the financial year with a higher order book amount for the O&M services compared to the preceding year, keeping in mind that potential delays to existing projects and slow down to potential projects are inherent challenges as a result of the current climate. The Group will however, continue to leverage on under-served markets and engage in areas less impacted by the slowdown in oil and gas sector.

The Group continues to be on the lookout for similar opportunities to acquire earnings-accretive O&M and related assets, which offer a recurring revenue stream, as part of its efforts to enhance its asset portfolio and diversify revenue mix.

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 first quarter ended 31 March 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR ONG CHOO GUAN
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

8 May 2015
Singapore