



Company Registration No. 201311482K

KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Background

Kim Heng Offshore & Marine Holdings Limited ("**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 22 January 2014. The initial public offering ("**IPO**") of the Company was sponsored by Canaccord Genuity Singapore Pte. Ltd.

The Company was incorporated in the Republic of Singapore on 29 April 2013 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries ("**Group**") were formed pursuant to a restructuring exercise ("**Restructuring Exercise**") which involved acquisition and rationalisation of the Group's corporate and shareholding structure prior to the IPO and the Company's listing on Catalist. Please refer to the Company's offer document dated 14 January 2014 ("**Offer Document**") for further details of the Restructuring Exercise.

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

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

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

The contact person for the Sponsor is Ms Leong Huey Miin, Director, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 Months		+ / (-)	12 Months		+ / (-)
	Ended 31 Dec 2015	Ended 31 Dec 2014		1 Jan 2015 to 31 Dec 2015	1 Jan 2014 to 31 Dec 2014	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	13,658	20,491	(33)	51,757	77,978	(34)
Cost of sales	(8,876)	(14,386)	(38)	(38,207)	(51,014)	(25)
Gross profit	4,782	6,105	(22)	13,550	26,964	(50)
Gross profit margin	35%	30%		26%	35%	
Other income	600	1,362	(56)	3,060	2,448	25
Distribution expenses	(479)	(263)	82	(1,950)	(1,985)	(2)
Administrative expenses	(3,032)	(5,173)	(41)	(14,647)	(16,617)	(12)
Other operating expenses	(2,970)	(3,900)	(24)	(4,225)	(4,574)	(8)
Finance costs	(163)	(109)	50	(510)	(422)	21
(Loss)/Profit before income tax	(1,262)	(1,978)	(36)	(4,722)	5,814	N.M.
Tax (expense)/credit	(212)	961	N.M.	(212)	(197)	8
(Loss)/Profit for the period/year	(1,474)	(1,017)	45	(4,934)	5,617	N.M.
Other comprehensive (loss)/income, net of tax						
Translation differences relating to financial statements of foreign operations	(100)	190	N.M.	245	209	17
Total comprehensive (loss)/income	(1,574)	(827)	90	(4,689)	5,826	N.M.

N.M. – not meaningful

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

	3 Months		+ / (-)	12 Months		
	Ended 31 Dec 2015	Ended 31 Dec 2014		1 Jan 2015 to 31 Dec 2015	1 Jan 2014 to 31 Dec 2014	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other income</u>						
Interest income from bank deposits	(124)	(85)	46	(347)	(297)	17
Miscellaneous income	(298)	(93)	220	(911)	(521)	75
Gain on disposal of property, plant and equipment	(431)	(696)	(38)	(923)	(1,069)	(14)
Currency translations losses/(gains) - net	253	(488)	N.M.	(879)	(561)	57
Interest on loans & borrowings	163	109	50	510	422	21
Depreciation of property, plant and equipment	1,179	1,011	17	4,457	4,031	11
Provision for doubtful debts for trade receivables	2,813	3,695	(24)	3,104	3,748	(17)
Reversal of inventories obsolescence	(2)	(96)	(98)	(2)	(246)	(99)
Adjustment for under/(over)provision of tax in respect of prior years	212	(676)	N.M.	212	(676)	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 2015	As at 31 Dec 2014	As at 31 Dec 2015	As at 31 Dec 2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	84,004	63,206	2	4
Club memberships	46	89	–	–
Investments in subsidiaries	–	–	36,133	36,133
	84,050	63,295	36,135	36,137
Current assets				
Inventories	779	2,232	–	–
Trade and other receivables	15,509	14,625	19,407	15,716
Cash and cash equivalents	32,804	49,894	25,479	32,168
	49,092	66,751	44,886	47,884
Total assets	133,142	130,046	81,021	84,021
EQUITY				
Share capital	74,409	74,409	74,409	74,409
Other reserves	(32,495)	(32,740)	–	–
Accumulated profits	47,899	56,383	5,907	9,016
Equity attributable to owners of the Company	89,813	98,052	80,316	83,425
LIABILITIES				
Non-current liabilities				
Loans and borrowings	16,239	4,730	–	–
Deferred tax liabilities	5,889	5,843	–	–
	22,128	10,573	–	–
Current liabilities				
Loans and borrowings	7,615	3,397	–	–
Trade and other payables	13,284	17,814	455	484
Current tax payable	302	210	250	112
	21,201	21,421	705	596
Total liabilities	43,329	31,994	705	596
Total equity and liabilities	133,142	130,046	81,021	84,021

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

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

	As at 31 Dec 2015		As at 31 Dec 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	7,615	–	3,397	–

Amount repayable after one (1) year

	As at 31 Dec 2015		As at 31 Dec 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	16,239	–	4,730	–

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$17.7 million are pledged as collaterals for secured term loans;
- Fixed deposits of approximately S\$0.7 million are pledged as security deposits for the operating lease of office premises and warehouse as well as to secure term loans and finance lease liabilities; and
- Corporate guarantees by the Company amounting to S\$35.1 million.

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	3 Months Ended 31 Dec 2015 S\$'000	3 Months Ended 31 Dec 2014 S\$'000	12 Months Ended 31 Dec 2015 S\$'000	12 Months Ended 31 Dec 2014 S\$'000
Cash flows from operating activities				
(Loss)/Profit before income tax	(1,262)	(1,978)	(4,722)	5,814
Adjustments for:				
Depreciation of property, plant and equipment	1,179	1,011	4,457	4,031
Gain on disposal of property, plant and equipment	(431)	(696)	(923)	(1,069)
Interest income	(124)	(85)	(347)	(297)
Interest expense	163	109	510	422
	(475)	(1,639)	(1,025)	8,901
Changes in working capital:				
Inventories	1,153	(63)	1,461	(1,542)
Trade and other receivables	3,725	8,054	745	14,241
Trade and other payables	(3,373)	694	1,435	2,457
Cash generated from operations	1,030	7,046	2,616	24,057
Income tax refund/(paid)	370	(358)	(481)	(3,308)
Net cash from operating activities	1,400	6,688	2,135	20,749
Cash flows (used in)/from investing activities				
Deposits pertaining to purchase of property, plant and equipment	-	-	(795)	(680)
Purchase of property, plant and equipment	(2,848)	(2,146)	(14,051)	(7,720)
Proceeds from disposal of other non-current assets	-	-	45	-
Proceeds from disposal of property, plant and equipment	1,997	2,637	4,857	5,029
Acquisition of club membership	-	(45)	-	(45)
Interest received	124	85	347	297
Net cash (used in)/from investing activities	(727)	531	(9,597)	(3,119)
Cash flows (used in)/from financing activities				
Interest paid	(163)	(109)	(510)	(422)
Dividend paid	-	-	(3,550)	(3,550)
Repayment of finance lease liabilities - net	(952)	(527)	(2,625)	(2,196)
Repayment of term loans - net	(842)	(1,505)	(3,025)	(3,557)
Proceeds from issue of share capital	-	-	-	38,445
Payment of shares issue expenses	-	-	-	(169)
Deposits withdrawn/(pledged)	302	(293)	264	206
Net cash (used in)/from financing activities	(1,655)	(2,434)	(9,446)	28,757
Net (decrease)/increase in cash and cash equivalents	(982)	4,785	(16,908)	46,387
Cash and cash equivalents at beginning of the period~	33,089	43,956	48,931	2,335
Effect of exchange rate fluctuations on cash and cash equivalents	(1)	190	83	209
Cash and cash equivalents at end of the period~	32,106	48,931	32,106	48,931
Significant non-cash transactions during the period				
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	6,238	1,193	21,376	5,697

~As adjusted for deposits pledged

	3 Months Ended 31 Dec 2015 S\$'000	3 Months Ended 31 Dec 2014 S\$'000	12 Months Ended 31 Dec 2015 S\$'000	12 Months Ended 31 Dec 2014 S\$'000
~Cash and cash equivalents consist of the following:				
Cash at bank and in hand	9,860	23,701	9,860	23,701
Fixed deposits	22,944	26,193	22,944	26,193
Cash and cash equivalents	32,804	49,894	32,804	49,894
Deposits pledged	(698)	(963)	(698)	(963)
Cash and cash equivalents in the statements of cash flows	32,106	48,931	32,106	48,931

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

Group	Share capital	Merger deficit	Currency translation reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2014					
As at 1 January 2014	36,133	(32,763)	(186)	54,316	57,500
Total comprehensive income for the year					
Profit for the year	–	–	–	5,617	5,617
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	–	–	209	–	209
Total comprehensive income for the year	–	–	209	5,617	5,826
Transactions with owners/Distribution to owners					
Dividends	–	–	–	(3,550)	(3,550)
Issuance of shares, net of shares issue expenses	38,276	–	–	–	38,276
Total transactions with owners	38,276	–	–	(3,550)	34,726
As at 31 December 2014	74,409	(32,763)	23	56,383	98,052
2015					
As at 1 January 2015	74,409	(32,763)	23	56,383	98,052
Total comprehensive loss for the year					
Loss for the year	–	–	–	(4,934)	(4,934)
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	–	–	245	–	245
Total comprehensive income/(loss) for the year	–	–	245	(4,934)	(4,689)
Transaction with owners/Distribution to owners					
Dividends	–	–	–	(3,550)	(3,550)
Total transactions with owners	–	–	–	(3,550)	(3,550)
As at 31 December 2015	74,409	(32,763)	268	47,899	89,813

Company	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
2014				
As at 1 January 2014	36,133	–	4,000	40,133
Total comprehensive income for the year				
Profit for the year	–	–	8,566	8,566
Total comprehensive income for the year	–	–	8,566	8,566
Transactions with owners/Distribution to owners				
Dividends	–	–	(3,550)	(3,550)
Issuance of shares, net of shares issue expenses	38,276	–	–	38,276
Total transactions with owners	38,276	–	(3,550)	34,726
As at 31 December 2014	74,409	–	9,016	83,425
2015				
As at 1 January 2015	74,409	–	9,016	83,425
Total comprehensive income for the year				
Profit for the year	–	–	441	441
Total comprehensive income for the year	–	–	441	441
Transactions with owners/Distribution to owners				
Dividends	–	–	(3,550)	(3,550)
Total transactions with owners	–	–	(3,550)	(3,550)
As at 31 December 2015	74,409	–	5,907	80,316

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

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and fully paid ordinary shares		
Balance at 1 October 2015 and 31 December 2015	710,000,000	74,408,757

There were no outstanding convertibles or treasury shares held by the Company as at 31 December 2015 and 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 Dec 2015	As at 31 Dec 2014
Total issued shares	710,000,000	710,000,000

There were no outstanding options, convertibles or treasury shares held by the Company as at 31 December 2015 and 31 December 2014.

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

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

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the 3-months financial period ended 31 December 2015 and financial year ended 31 December 2015 as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2014. A number of new standards, amendments to standards and interpretations are effective for the financial year beginning 1 January 2015. The adoption of these new/revised Singapore Financial Reporting Standards has no significant impact on the Group's financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to paragraph 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

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

	3 Months Ended 31 Dec 2015 ("4Q2015")	3 Months Ended 31 Dec 2014 ("4Q2014")	12 Months	
			1 Jan 2015 to 31 Dec 2015 ("FY2015")	1 Jan 2014 to 31 Dec 2014 ("FY2014")
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(1,474)	(1,017)	(4,934)	5,617
Weighted average number of ordinary shares outstanding for (loss)/earnings per share	710,000,000	710,000,000	710,000,000	700,794,521
Basic and fully diluted (loss)/earnings per share (cents per share)	(0.2)	(0.1)	(0.7)	0.8

The diluted and basic LPS/EPS are the same for each of 4Q2015, 4Q2014, FY2015 and FY2014 as the Company has no dilutive equity instruments as at 31 December 2015 and 31 December 2014.

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 2015	As at 31 Dec 2014	As at 31 Dec 2015	As at 31 Dec 2014
Net asset value per ordinary share (cents)	12.6	13.8	11.3	11.8
Number of ordinary shares used in calculating net asset value per ordinary share	710,000,000	710,000,000	710,000,000	710,000,000

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

4Q2015 vs 4Q2014

Revenue for 4Q2015 decreased by S\$6.8 million or 33.3%, from S\$20.5 million for 4Q2014 to S\$13.7 million for 4Q2015 due to the following:

- (a) a decrease in revenue of S\$4.8 million from the Offshore Rig Services and Supply Chain Management segment mainly due to lower demand for maintenance of rigs and related goods and services from our customers as oil prices remained low in 4Q2015; and
- (b) a decrease in revenue of S\$2.0 million from the Vessel Sales and Newbuild segment due to no vessel sale in 4Q2015. This decrease was partially offset by the newbuild projects undertaken in 4Q2015.

FY2015 vs FY2014

Revenue for FY2015 decreased by S\$26.2 million or 33.6%, from S\$78.0 million for FY2014 to S\$51.8 million for FY2015. This was due to (a) a decrease in revenue of S\$24.9 million from the Offshore Rig Services and Supply Chain Management segment mainly due to delays in projects and low demand for maintenance of rigs and related goods and services from our customers as oil prices remain low; and (b) a decrease in revenue of S\$1.3 million from the Vessel Sales and Newbuild segment mainly due to no vessel sale and lower value new build projects undertaken in FY2015. The decrease was in line with the downturn of the industry.

Cost of sales, profit margin and gross profit margin

4Q2015 vs 4Q2014

Cost of sales decreased by S\$5.5 million or 38.3%, from S\$14.4 million in 4Q2014 to S\$8.9 million in 4Q2015 in line with the decrease in revenue. Gross profit decreased by S\$1.3 million or 21.7%, from S\$6.1 million in 4Q2014 to S\$4.8 million in 4Q2015.

Gross profit margin increased from 30% for 4Q2014 to 35% for 4Q2015 mainly due to an increase in contribution from the Group's higher margin businesses such as vessel newbuild and equipment rental in 4Q2015.

FY2015 vs FY2014

Cost of sales decreased by S\$12.8 million or 25.1%, from S\$51.0 million in FY2014 to S\$38.2 million in FY2015 in line with the decrease in revenue. As a result, gross profit decreased by S\$13.4 million or 49.7%, from S\$27.0 million in FY2014 to S\$13.6 million in FY2015.

Gross profit margin dropped from 35% for FY2014 to 26% for FY2015. The decrease in gross profit margin was mainly due to a decrease in contribution from the Group's higher margin businesses such as marine offshore support services and chartering and towage services, which lowered the Group's overall margins in FY2015.

Other income

4Q2015 vs 4Q2014

Other income decreased by S\$0.8 million or 55.9%, from S\$1.4 million in 4Q2014 to S\$0.6 million in 4Q2015, mainly due to lower gain on sale of property, plant and equipment, and an exchange loss in 4Q2015 as compared to an exchange gain in 4Q2014. The decrease was partially offset by write back of liabilities of S\$0.3 million in 4Q2015.

FY2015 vs FY2014

Other income increased by S\$0.6 million or 25.0%, from S\$2.4 million in FY2014 to S\$3.1 million in FY2015, mainly due to higher exchange gains in FY2015 as compared to FY2014 and write back of liabilities of S\$0.3 million in FY2015.

Distribution expenses

4Q2015 vs 4Q2014

Distribution expenses increased by S\$0.2 million or 82.1%, from S\$0.3 million in 4Q2014 to S\$0.5 million in 4Q2015, mainly due to increases in advertising and promotion expenses.

FY2015 vs FY2014

Distribution expenses remained stable at S\$2.0 million for FY2014 and FY2015.

Administrative expenses

4Q2015 vs 4Q2014

Administrative expenses decreased by S\$2.2 million or 41.4%, from S\$5.2 million in 4Q2014 to S\$3.0 million in 4Q2015, mainly due to lower professional fees incurred and lower staff costs.

FY2015 vs FY2014

Administrative expenses decreased by S\$2.0 million or 11.9%, from S\$16.6 million in FY2014 to S\$14.6 million in FY2015, mainly due to lower professional fees incurred and lower staff costs.

Other operating expenses

4Q2015 vs 4Q2014

Other operating expenses decreased by S\$0.9 million or 23.8%, from S\$3.9 million in 4Q2014 to S\$3.0 million in 4Q2015. This was mainly due to lower provision for doubtful debt (in respect of trade receivables) in 4Q2015 as compared to 4Q2014. This was partially offset by lower reversal of allowance for inventory obsolescence in 4Q2015 as compared to 4Q2014.

FY2015 vs FY2014

Other operating expenses decreased by S\$0.4 million or 7.6%, from S\$4.6 million in FY2014 to S\$4.2 million in FY2015. This was mainly due to lower provision for doubtful debts (in respect of trade receivables) in FY2015, as compared to FY2014. This was partially offset by lower reversal of allowance for inventory obsolescence in FY2015 as compared to FY2014.

Finance costs

4Q2015 vs 4Q2014

Finance costs increased by S\$0.1 million or 49.5%, from S\$0.1 million in 4Q2014 to S\$0.2 million in 4Q2015, mainly due to new loans and borrowings obtained in 4Q2015 for the purchase of property, plant and equipment.

FY2015 vs FY2014

Finance costs increased by S\$0.1 million or 20.9%, from S\$0.4 million in FY2014 to S\$0.5 million in FY2015, mainly due to new loans and borrowings obtained in FY2015 for the purchase of property, plant and equipment.

Income tax expense

4Q2015 vs 4Q2014

We had an income tax credit of S\$1.0 million in 4Q2014 compared to a tax expense of S\$0.2 million in 4Q2015. This was mainly due to under provision of tax in prior year of S\$0.2 million recorded in 4Q2015 as compared to a reversal of overprovision of tax in prior year of S\$0.7 million in 4Q2014.

FY2015 vs FY2014

Income tax expense remained at S\$0.2 million for FY2014 and FY2015.

Net profit

4Q2015 vs 4Q2014

As a result of the above, our net loss increased by S\$0.5 million or 44.9%, from S\$1.0 million in 4Q2014 to S\$1.5 million in 4Q2015.

FY2015 vs FY2014

As a result of the above, we incurred a loss for the year of S\$4.9 million in FY2015 as compared to a profit for the year of S\$5.6 million in FY2014.

Statement of Financial Position

Non-current assets

Non-current assets increased by S\$20.8 million, from S\$63.3 million as at 31 December 2014 to S\$84.1 million as at 31 December 2015. This was mainly due to purchase of new machineries and yard development at 48 Penjuru Road.

Current assets

Current assets decreased by S\$17.7 million from S\$66.8 million as at 31 December 2014 to S\$49.1 million as at 31 December 2015. This was mainly due to decreases in cash and cash equivalents and inventories of S\$17.1 million and S\$1.4 million respectively, partially offset by an increase in trade and other receivables of S\$0.9 million.

Cash and cash equivalents decreased from S\$49.9 million as at 31 December 2014 to S\$32.8 million as at 31 December 2015. This was mainly due to cash used in investing and financing activities. Inventories decreased from S\$2.2 million as at 31 December 2014 to S\$0.8 million as at 31 December 2015, due mainly to inventories amounting to S\$0.9 million used in a project that was subsequently completed in January 2015 and consumption of materials for vessel-related works amounting to S\$0.6 million.

Trade and other receivables increased from S\$14.6 million as at 31 December 2014 to S\$15.5 million as at 31 December 2015. This was mainly due to higher GST receivables in FY2015 and loan to employee.

Non-current liabilities

Non-current liabilities increased by S\$11.5 million, from S\$10.6 million as at 31 December 2014 to S\$22.1 million as at 31 December 2015, mainly due to new loans obtained for the purchase of property, plant and equipment.

Current liabilities

Current liabilities decreased by S\$0.2 million from S\$21.4 million as at 31 December 2014 to S\$21.2 million as at 31 December 2015. This was due to a decrease in trade and other payables of S\$4.5 million, partially offset by an increase in loans and borrowings of S\$4.2 million and an increase in current tax payable of S\$0.1 million.

Shareholders' equity

Shareholders' equity amounted to S\$98.1 million and S\$89.8 million as at 31 December 2014 and 31 December 2015 respectively. The decrease was mainly due to a net loss incurred in the year of S\$4.9 million and dividends paid during the financial year of S\$3.6 million.

Consolidated Statement of Cash flows

4Q2015 vs 4Q2014

In 4Q2015, net cash used in operating activities before changes in working capital amounted to S\$0.5 million. Net cash from working capital amounted to S\$1.5 million. This was mainly due to decreases in inventories and trade and other receivables, partially offset by a decrease in trade and other payables. We received income tax refund of S\$0.4 million during 4Q2015. The net cash generated from operating activities amounted to S\$1.4 million.

Net cash used in investing activities of S\$0.7 million in 4Q2015 was mainly from purchase of property, plant and equipment, partially offset by the proceeds from disposal of property, plant and equipment and interest received.

Net cash used in financing activities of S\$1.7 million in 4Q2015 was mainly due to the repayment of obligations under term loans and finance leases and interest payment, partially offset by pledged deposits withdrawn.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$1.0 million in our cash and cash equivalents (as adjusted for bank overdrafts and deposits pledged).

FY2015 vs FY2014

In FY2015, net cash used in operating activities before changes in working capital amounted to S\$1.0 million. Net cash from working capital amounted to S\$3.6 million. This was mainly due to decreases in inventories, trade and other receivables; and the increase in trade and other payables. We paid income tax of S\$0.5 million during the year. The net cash generated from operating activities amounted to S\$2.1 million.

Net cash used in investing activities of S\$9.6 million in FY2015 was mainly for the purchase of property, plant and equipment and deposits placed for the acquisition of property, plant and equipment, partially offset by proceeds from disposal of plant and equipment and interest received from fixed deposits.

Net cash used in financing activities of S\$9.4 million in FY2015 was mainly due to (i) the repayment of obligations under term loans and finance leases; (ii) payment of dividends to shareholders; and (iii) payment of interest, partially offset by pledged deposits withdrawn.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$16.9 million in our cash and cash equivalents (as adjusted for bank overdrafts and deposits pledged).

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

Not applicable. No forecast or prospect statement has been made.

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

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

Yard development at 48 Penjuru Road is ongoing and completion is expected to be in the first half of the financial year ending 31 December 2016. In addition, the Group has reached an agreement with Jurong Town Corporation (“JTC”) to extend the lease of its yard at 9 Pandan Crescent by 20 years commencing on 1 January 2016.

Moving forward, the Group will continue to assess potential merger and acquisition opportunities. The Group’s current strong cash position allows us to undertake expansion activities and additional projects, which will put the Group in good stead to capitalise on the attractive valuations of prospective targets.

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

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

The following final dividend is recommended for shareholders’ approval at the 2016 annual general meeting of the Company (“**2016 AGM**”) to be convened.

Name of dividend	Recommended final dividend for FY2015
Dividend type	Ordinary
Dividend rate	S\$0.003 tax exempt (one-tier) per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Previous corresponding period

The following dividend was declared and paid in respect of FY2014.

Name of dividend	Final dividend for FY2014
Dividend type	Ordinary
Dividend rate	S\$0.005 tax exempt (one-tier) per ordinary share
Tax rate	Tax exempt (one-tier)

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

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

(d) Date Payable

To be announced, subject to shareholders' approval at the 2016 AGM.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

To be announced, subject to shareholders' approval at the 2016 AGM.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

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

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

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

FY2014	Offshore Rig Services and Supply Chain Management	Vessels Sales and Newbuild	Total
	S\$'000	S\$'000	S\$'000
Total revenue from external customers	69,332	8,646	77,978
Inter-segment revenue	4,031	–	4,031
Total segment revenue	<u>73,363</u>	<u>8,646</u>	<u>82,009</u>
Other income	2,448	–	2,448
Finance costs	(422)	–	(422)
Segment results	4,778	1,036	5,814
Income tax expense			<u>(197)</u>
Profit for the year			<u>5,617</u>
Other Information			
Segment assets	130,046	–	130,046
Segment liabilities	31,994	–	31,994
Capital Expenditure	13,417	–	13,417
Significant Non-Cash Expenses			
- Depreciation	4,031	–	4,031
- Reversal of allowance for inventory obsolescence	(246)	–	(246)
- Provision for doubtful debts recognised in relation to trade and other receivables	3,748	–	3,748

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

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

	Group	
	2015 \$'000	2014 \$'000
Revenue		
Total revenue for reportable segments	56,599	82,009
Elimination of inter-segment revenue	(4,842)	(4,031)
Consolidated revenue	51,757	77,978
Other material items		
Other income for reportable segments	4,632	2,671
Adjustments	(1,572)	(223)
Consolidated other income	3,060	2,448

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

	Group	
	2015 \$'000	2014 \$'000
Revenue		
Australia	4,079	2,754
Indonesia	2,087	2,032
Malaysia	1,125	2,724
Papua New Guinea	7,943	-
Portugal	215	794
Singapore	15,951	45,629
United Arab Emirates	102	2,809
United States of America	9,153	10,843
Others	11,102	10,393
	51,757	77,978

	Singapore \$'000	The Group \$'000
Non-current assets		
31 December 2014	63,295	63,295
31 December 2015	84,050	84,050

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	FY2015 S\$'000	FY2014 S\$'000	% Change + / -
<u>First Half</u>			
Revenue reported for the first half-year	27,485	43,718	(37)
Operating (loss)/profit after tax reported for the first half-year	(1,730)	5,480	N.M.
<u>Second Half</u>			
Revenue reported for the second half-year	24,272	34,260	(29)
Operating (loss)/profit after tax reported for the second half-year	(3,204)	137	N.M.

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

	FY2015 (S\$'000)	FY2014 (S\$'000)	
Ordinary	2,130*	3,550	
Preference	–	–	
Total	2,130	3,550	

*The tax exempt (one-tier) final dividend is subject to shareholder's approval at the 2016 AGM.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Keng Hoe Melvin	53	Brother of Thomas Tan, CEO & Chairman	General Manager - Supply Chain Management. Responsible for supervising and managing of materials and logistics of the Group since May 2010.	N.A.
Tan Peck Ling Jocelyn	32	Daughter of 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	31	Daughter of Thomas Tan, CEO & Chairman	Senior Purchasing Manager 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	26	Son of Thomas Tan, CEO & Chairman	General Manager Oversee the planning and control of the Group's operations as well as business development since October 2015.	Corporate Strategy and Investment Associate Perform valuations, financial analysis and due diligence on acquisition targets. Assist with

				the expansion of company into regional countries via joint ventures or partnership since 2014.
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BY ORDER OF THE BOARD

Tan Keng Siong Thomas
Executive Chairman and CEO
23 February 2016

Yeo Seh Hong
Executive Director and COO