



Company Registration No. 201311482K

## KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

### UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 of the SGX-ST. 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.*

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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			9 Months		
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	+/-	1 Jan 2015 to 30 Sep 2015	1 Jan 2014 to 30 Sep 2014	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	10,614	13,769	(23)	38,099	57,487	(34)
Cost of sales	(7,756)	(8,799)	(12)	(29,331)	(36,628)	(20)
<b>Gross profit</b>	<u>2,858</u>	<u>4,970</u>	(42)	<u>8,768</u>	<u>20,859</u>	(58)
<b>Gross profit margin</b>	27%	36%		23%	36%	
Other income	1,176	505	133	2,460	1,086	127
Distribution expenses	(646)	(192)	236	(1,471)	(1,722)	(15)
Administrative expenses	(4,384)	(3,505)	25	(11,615)	(11,444)	1
Other operating expenses	(577)	(328)	76	(1,255)	(674)	86
Finance costs	(157)	(100)	57	(347)	(313)	11
(Loss)/profit before income tax	<u>(1,730)</u>	<u>1,350</u>	N.M.	<u>(3,460)</u>	<u>7,792</u>	N.M.
Income tax expense	-	(196)	N.M.	-	(1,158)	N.M.
<b>(Loss)/profit for the period</b>	<u>(1,730)</u>	<u>1,154</u>	N.M.	<u>(3,460)</u>	<u>6,634</u>	N.M.
<b>Other comprehensive income, net of tax</b>						
Translation differences relating to financial statements of foreign operations	280	76	268	345	19	1,716
<b>Total comprehensive (loss)/income</b>	<u>(1,450)</u>	<u>1,230</u>	N.M.	<u>(3,115)</u>	<u>6,653</u>	N.M.

N.M. – not meaningful

**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)**

(i) (Loss)/profit for the period is arrived at after charging/ (crediting) the following:

	3 Months			9 Months		
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	+/-	1 Jan 2015 to 30 Sep 2015	1 Jan 2014 to 30 Sep 2014	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other income</u>						
Interest income from bank deposits	(90)	(86)	5	(223)	(212)	5
Miscellaneous income	(251)	(89)	182	(613)	(428)	43
Gain on disposal of property, plant and equipment	(48)	(124)	(61)	(492)	(373)	32
Currency translation gains – net	(787)	(206)	282	(1,132)	(73)	N.M.
Interest on loans and borrowings	157	100	57	347	313	11
Depreciation of property, plant and equipment	1,153	1,014	14	3,278	3,020	9
Impairment in relation to trade receivables	235	30	683	291	53	449
Reversal of inventories obsolescence	-	-	-	-	(150)	(100)

*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 30 Sep 2015	As at 31 Dec 2014	As at 30 Sep 2015	As at 31 Dec 2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	83,901	63,206	3	4
Club memberships	46	89	-	-
Investments in subsidiaries	-	-	36,133	36,133
	<u>83,947</u>	<u>63,295</u>	<u>36,136</u>	<u>36,137</u>
<b>Current assets</b>				
Inventories	1,930	2,232	-	-
Trade and other receivables	19,744	14,625	17,805	15,716
Cash and cash equivalents	34,090	49,894	25,590	32,168
	<u>55,764</u>	<u>66,751</u>	<u>43,395</u>	<u>47,884</u>
<b>Total assets</b>	<b>139,711</b>	<b>130,046</b>	<b>79,531</b>	<b>84,021</b>
<b>EQUITY</b>				
Share capital	74,409	74,409	74,409	74,409
Other reserves	(32,395)	(32,740)	-	-
Accumulated profits	49,373	56,383	4,563	9,016
<b>Equity attributable to owners of the Company</b>	<b>91,387</b>	<b>98,052</b>	<b>78,972</b>	<b>83,425</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	12,874	4,730	-	-
Deferred tax liabilities	5,889	5,843	-	-
	<u>18,763</u>	<u>10,573</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Loans and borrowings	6,534	3,397	-	-
Trade and other payables	22,904	17,814	488	484
Current tax payable	123	210	71	112
	<u>29,561</u>	<u>21,421</u>	<u>559</u>	<u>596</u>
<b>Total liabilities</b>	<b>48,324</b>	<b>31,994</b>	<b>559</b>	<b>596</b>
<b>Total equity and liabilities</b>	<b>139,711</b>	<b>130,046</b>	<b>79,531</b>	<b>84,021</b>

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

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

	<b>As at 30 September 2015</b>		<b>As at 31 December 2014</b>	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	6,534	-	3,397	-

Amount repayable after one (1) year

	<b>As at 30 September 2015</b>		<b>As at 31 December 2014</b>	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	12,874	-	4,730	-

**Details of any collateral**

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$17.9 million are pledged as collaterals for secured term loans;
- Fixed deposits of approximately S\$1.0 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\$25.7 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 30 Sep 2015 S\$'000	3 months ended 30 Sep 2014 S\$'000	9 months ended 30 Sep 2015 S\$'000	9 months ended 30 Sep 2014 S\$'000
<b>Cash flows from operating activities</b>				
(Loss)/profit before income tax	(1,730)	1,350	(3,460)	7,792
Adjustments for:				
Depreciation of property, plant and equipment	1,153	1,014	3,278	3,020
Gain on disposal of property, plant and equipment	(48)	(124)	(492)	(373)
Interest income	(90)	(86)	(223)	(212)
Interest expense	157	100	347	313
	(558)	2,254	(550)	10,540
<b>Changes in working capital:</b>				
Inventories	(1,078)	(1,418)	308	(1,479)
Trade and other receivables	317	4,236	(2,980)	9,321
Trade and other payables	4,599	1,863	4,808	1,763
Cash generated from operations	3,280	6,935	1,586	20,145
Income tax paid	(347)	(711)	(851)	(2,950)
<b>Net cash from operating activities</b>	2,933	6,224	735	17,195
<b>Cash flows from investing activities</b>				
Deposits pertaining to purchase of property, plant and equipment	-	(127)	(795)	(3,983)
Purchase of property, plant and equipment	(5,774)	(3,057)	(11,203)	(5,574)
Proceeds from disposal of other non-current assets	-	-	45	-
Proceeds from disposal of property, plant and equipment	248	158	2,860	2,392
Interest received	90	86	223	212
<b>Net cash used in investing activities</b>	(5,436)	(2,940)	(8,870)	(6,953)
<b>Cash flows from financing activities</b>				
Interest paid	(157)	(100)	(347)	(313)
Dividend paid	-	-	(3,550)	(3,550)
Repayment of finance lease liabilities - net	(586)	(549)	(1,673)	(1,669)
Repayment of term loans - net	(909)	(723)	(2,183)	(2,052)
Proceeds from issue of share capital	-	-	-	38,445
Deposits pledged	(38)	(8)	(38)	499
<b>Net cash (used in)/from financing activities</b>	(1,690)	(1,380)	(7,791)	31,360
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(4,193)</b>	<b>1,904</b>	<b>(15,926)</b>	<b>41,602</b>
Cash and cash equivalents at beginning of the period~	37,240	41,983	48,931	2,335
Effect of exchange rate fluctuations on cash and cash equivalents	42	69	84	19
<b>Cash and cash equivalents at end of the period~</b>	<b>33,089</b>	<b>43,956</b>	<b>33,089</b>	<b>43,956</b>
<b>Significant non-cash transactions during the period</b>				
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	9,076	980	15,138	4,504

<b>~Cash and cash equivalents consist of the following:</b>	<b>3 months ended 30 Sep 2015 S\$'000</b>	<b>3 months ended 30 Sep 2014 S\$'000</b>	<b>9 months ended 30 Sep 2015 S\$'000</b>	<b>9 months ended 30 Sep 2014 S\$'000</b>
Cash at bank and in hand	7,912	18,795	7,912	18,795
Fixed deposits	26,178	25,831	26,178	25,831
Cash and cash equivalents	34,090	44,626	34,090	44,626
Deposits pledged	(1,001)	(670)	(1,001)	(670)
Cash and cash equivalents in the statements of cash flows	33,089	43,956	33,089	43,956

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 S\$'000	Merger deficit S\$'000	Currency translation reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
<b>2014</b>					
<b>As at 1 January 2014</b>	36,133	(32,763)	(186)	54,316	57,500
<b>Total comprehensive income for the financial period</b>					
Profit for the financial period	-	-	-	3,893	3,893
<b>Other comprehensive income/Total other comprehensive income</b>					
Translation differences relating to financial statements of foreign operations	-	-	(21)	-	(21)
<b>Total comprehensive (loss)/income for the financial period</b>	-	-	(21)	3,893	3,872
<b>Transactions with owners/Distribution to owners</b>					
Issuance of shares, net of shares issue expenses	38,368	-	-	-	38,368
<b>Total transactions with owners</b>	38,368	-	-	-	38,368
<b>As at 31 March 2014</b>	74,501	(32,763)	(207)	58,209	99,740
<b>As at 1 April 2014</b>	74,501	(32,763)	(207)	58,209	99,740
<b>Total comprehensive income for the financial period</b>					
Profit for the financial period	-	-	-	1,587	1,587
<b>Other comprehensive income/Total other comprehensive income</b>					
Translation differences relating to financial statements of foreign operations	-	-	(36)	-	(36)
<b>Total comprehensive (loss)/ income for the financial period</b>	-	-	(36)	1,587	1,551
<b>Transactions with owners/Distribution to owners</b>					
Adjustment pursuant to restructuring exercise	(92)	-	-	-	(92)
Dividends	-	-	-	(3,550)	(3,550)
<b>Total transactions with owners</b>	(92)	-	-	(3,550)	(3,642)
<b>As at 30 June 2014</b>	74,409	(32,763)	(243)	56,246	97,649
<b>As at 1 July 2014</b>	74,409	(32,763)	(243)	56,246	97,649
<b>Total comprehensive income for the financial period</b>					
Profit for the financial period	-	-	-	1,154	1,154
<b>Other comprehensive income/Total other comprehensive income</b>					
Translation differences relating to financial statements of foreign operations	-	-	76	-	76
<b>Total comprehensive income for the financial period</b>	-	-	76	1,154	1,230
<b>As at 30 September 2014</b>	74,409	(32,763)	(167)	57,400	98,879



Group	Share capital	Merger deficit	Currency translation reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2015</b>					
<b>As at 1 January 2015</b>	74,409	(32,763)	23	56,383	98,052
<b>Total comprehensive income for the financial period</b>					
Profit for the financial period	-	-	-	1,105	1,105
<b>Other comprehensive income/Total other comprehensive income</b>					
Translation differences relating to financial statements of foreign operations	-	-	168	-	168
<b>Total comprehensive income for the financial period</b>	-	-	168	1,105	1,273
<b>As at 31 March 2015</b>	74,409	(32,763)	191	57,488	99,325
<b>As at 1 April 2015</b>	74,409	(32,763)	191	57,488	99,325
<b>Total comprehensive income for the financial period</b>					
Loss for the financial period	-	-	-	(2,835)	(2,835)
<b>Other comprehensive income/Total other comprehensive income</b>					
Translation differences relating to financial statements of foreign operations	-	-	(103)	-	(103)
<b>Total comprehensive loss for the financial period</b>	-	-	(103)	(2,835)	(2,938)
<b>Transactions with owners/Distribution to owners</b>					
Dividends	-	-	-	(3,550)	(3,550)
<b>Total transactions with owners</b>	-	-	-	(3,550)	(3,550)
<b>As at 30 June 2015</b>	74,409	(32,763)	88	51,103	92,837
<b>As at 1 July 2015</b>	74,409	(32,763)	88	51,103	92,837
<b>Total comprehensive income for the financial period</b>					
Loss for the financial period	-	-	-	(1,730)	(1,730)
<b>Other comprehensive income/Total other comprehensive income</b>					
Translation differences relating to financial statements of foreign operations	-	-	280	-	280
<b>Total comprehensive income/(loss) for the financial period</b>	-	-	280	(1,730)	(1,450)
<b>As at 30 September 2015</b>	74,409	(32,763)	368	49,373	91,387

<b>Company</b>	<b>Share capital</b>	<b>Capital reserve</b>	<b>Accumulated profits/(losses)</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>2014</u></b>				
<b>As at 1 January 2014</b>	36,133	-	4,000	40,133
Total comprehensive loss for the financial period	-	-	(311)	(311)
Issuance of shares, net of shares issue expenses	38,368	-	-	38,368
<b>As at 31 March 2014</b>	<b>74,501</b>	<b>-</b>	<b>3,689</b>	<b>78,190</b>
<b>As at 1 April 2014</b>	74,501	-	3,689	78,190
Total comprehensive loss for the financial period	-	-	(161)	(161)
<b>Transactions with owners/Distribution to owners</b>				
Adjustment pursuant to capitalized expenses	(92)	-	-	(92)
Dividends	-	-	(3,550)	(3,550)
<b>Total transactions with owners</b>	<b>(92)</b>	<b>-</b>	<b>(3,550)</b>	<b>(3,642)</b>
<b>As at 30 June 2014</b>	<b>74,409</b>	<b>-</b>	<b>(22)</b>	<b>74,387</b>
<b>As at 1 July 2014</b>	74,409	-	(22)	74,387
Total comprehensive loss for the financial period	-	-	(114)	(114)
<b>As at 30 September 2014</b>	<b>74,409</b>	<b>-</b>	<b>(136)</b>	<b>74,273</b>
<b><u>2015</u></b>				
<b>As at 1 January 2015</b>	74,409	-	9,016	83,425
Total comprehensive loss for the financial period	-	-	(234)	(234)
<b>As at 31 March 2015</b>	<b>74,409</b>	<b>-</b>	<b>8,782</b>	<b>83,191</b>
<b>As at 1 April 2015</b>	74,409	-	8,782	83,191
Total comprehensive loss for the financial period	-	-	(320)	(320)
<b>Transactions with owners/Distribution to owners</b>				
Dividends	-	-	(3,550)	(3,550)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(3,550)</b>	<b>(3,550)</b>
<b>As at 30 June 2015</b>	<b>74,409</b>	<b>-</b>	<b>4,912</b>	<b>79,321</b>
<b>As at 1 July 2015</b>	74,409	-	4,912	79,321
Total comprehensive loss for the financial period	-	-	(349)	(349)
<b>As at 30 September 2015</b>	<b>74,409</b>	<b>-</b>	<b>4,563</b>	<b>78,972</b>

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

	Number of Shares	Issued and paid-up share capital (S\$)
<b>Issued and fully paid ordinary shares</b>		
Balance at 30 September 2015 and 30 June 2015	710,000,000	74,408,757

There were no outstanding convertibles or treasury shares held by the Company as at 30 September 2015 and 30 September 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 30 September 2015	As at 31 December 2014
<b>Total issued shares</b>	710,000,000	710,000,000

As at 30 September 2015 and 31 December 2014, the Company has no treasury shares.

**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 30 September 2015 ("**3Q2015**") and 9-months financial period ended 30 September 2015 ("**9M2015**") 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 based on the weighted average number of ordinary shares on issue:**

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

	3Q - 3 Months		9M - 9 Months	
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	1 Jan 2015 to 30 Sep 2015	1 Jan 2014 to 30 Sep 2014
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(1,730)	1,154	(3,460)	6,634
Weighted average number of ordinary shares outstanding	710,000,000	710,000,000	710,000,000	697,692,308
Basic and fully diluted (loss)/earnings per share (cents)	(0.2)	0.2	(0.5)	1.0

The diluted and basic (loss)/earnings per share are similar for each of 3Q2015, 3Q2014, 9M2015 and 9M2014 as the Company has no dilutive equity instruments as at 30 September 2015 and 30 September 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 30 September 2015	As at 31 December 2014	As at 30 September 2015	As at 31 December 2014
Net asset value per ordinary share (cents)	12.9	13.8	11.1	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**

Revenue for 3Q2015 decreased by S\$3.2 million or 22.9%, from S\$13.8 million in 3Q2014 to S\$10.6 million in 3Q2015 due to the following:-

- (i) the decrease in revenue from the Offshore Rig Services and Supply Chain Management segment of S\$5.6 million mainly due to delays in projects and continued low demand for maintenance of rigs and related goods and services from our customers as oil prices remain low; partially offset by
- (ii) the increase in revenue from the Vessel Sales and Newbuild segment of S\$2.4 million due to new built projects undertaken in 3Q2015. There was no new built project in 3Q2014.

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

Cost of sales decreased by S\$1.0 million or 11.9%, from S\$8.8 million in 3Q2014 to S\$7.8 million in 3Q2015 in line with the decrease in revenue.

Gross profit decreased by S\$2.1 million or 42.5%, from S\$5.0 million in 3Q2014 to S\$2.9 million in 3Q2015 and gross profit margin decreased from 36.1% for 3Q2014 to 26.9% for 3Q2015. The decreases in gross profit and gross profit margin were due to lower margin projects which the Group had undertaken in 3Q2015.

#### **Other income**

Other income increased by S\$0.7 million or 132.9%, from S\$0.5 million in 3Q2014 to S\$1.2 million in 3Q2015, mainly due to exchange gains, sale of scrap materials and insurance claim, partially offset by lower gain on sale of fixed assets.

#### **Distribution expenses**

Distribution expenses increased by S\$0.4 million or 236.5%, from S\$0.2 million in 3Q2014 to S\$0.6 million in 3Q2015, due to higher brokerage and commission fees paid for projects undertaken and certain completed projects in previous quarters.

#### **Administrative expenses**

Administrative expenses increased by S\$0.9 million or 25.1%, from S\$3.5 million in 3Q2014 to S\$4.4 million in 3Q2015, due to higher staff costs attributable to additional headcount from a new subsidiary incorporated in 2Q2015 and increase in professional fees.

#### **Other operating expenses**

Other operating expenses increased by S\$0.3 million or 75.9%, from S\$0.3 million in 3Q2014 to S\$0.6 million in 3Q2015, mainly due to the increase in depreciation costs and impairment loss recognized in relation to trade receivables in 3Q2015.

### **Finance costs**

Finance costs increased by S\$0.1 million or 57.1%, from S\$0.1 million in 3Q2014 to S\$0.2 million in 3Q2015 due to new loans and borrowings obtained in 3Q2015 for purchase of property, plant and equipment.

### **Income tax expenses**

Income tax expenses decreased from S\$0.2 million in 3Q2014 to nil in 3Q2015 as the Group reported a loss for 3Q2015.

### **Net (loss)/profit**

As a result of the above, our net profit decreased by S\$2.9 million from S\$1.2 million in 3Q2014 to a loss of S\$1.7 million in 3Q2015.

### **Statement of Financial Position**

#### **Non-current assets**

Non-current assets increased by S\$20.6 million, from S\$63.3 million as at 31 December 2014 to S\$83.9 million as at 30 September 2015. This was mainly due to purchase of new machineries and yard development at 48 Penjuru Road.

#### **Current assets**

Current assets decreased by S\$11.0 million, from S\$66.8 million as at 31 December 2014 to S\$55.8 million as at 30 September 2015. This was mainly due to decreases in cash and cash equivalents and inventories, partially offset by an increase in trade and other receivables.

Trade and other receivables increased by S\$5.1 million, from S\$14.6 million as at 31 December 2014 to S\$19.7 million as at 30 September 2015. This was mainly due to deposits paid for the purchase of fixed assets and increase in billings made to customers towards the end of the period.

Inventories decreased by S\$0.3 million, from S\$2.2 million as at 31 December 2014 to S\$1.9 million as at 30 September 2015 mainly due to sale of inventories.

Cash and cash equivalents decreased by S\$15.8 million, from S\$49.9 million as at 31 December 2014 to S\$34.1 million as at 30 September 2015 due mainly to cash used in financing and investing activities.

#### **Non-current liabilities**

Non-current liabilities increased by S\$8.2 million, from S\$10.6 million as at 31 December 2014 to S\$18.8 million as at 30 September 2015, mainly due to new loans obtained for the purchase of plant and equipment.

#### **Current liabilities**

Current liabilities increased by S\$8.2 million, from S\$21.4 million as at 31 December 2014 to S\$29.6 million as at 30 September 2015, mainly due to an increase in trade and other payables as well as loans and borrowings. This was mainly due to yard development at 48 Penjuru Road and new loans obtained for the purchase of plant and equipment respectively.

## **Consolidated Statement of Cash flows**

In 3Q2015, net cash used in operating activities before changes in working capital was S\$0.5 million. Net cash from working capital amounted to S\$3.3 million. This was mainly due to increases in trade and other receivables and trade and other payables, partially offset by decrease in inventories. We paid income tax of S\$0.3 million during the period. Net cash generated from operating activities amounted to S\$2.9 million.

Net cash used in investing activities of S\$5.4 million in 3Q2015 were for the purchase of plant and equipment, partially offset by proceeds from disposal of plant and equipment as well as interest received.

Net cash used in financing activities of S\$1.7 million in 3Q2015 were due to repayment of obligations under finance leases and term loans, and interest payment.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$4.2 million in our cash and cash equivalents (as adjusted for 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 reached an agreement with Jurong Town Corporation ("JTC") to extend the lease of its yard at 9 Pandan Crescent by 20 years commencing from 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)**

No dividend has been declared or recommended for 3Q2015.

#### **(b) Previous corresponding period**

No dividend was declared or recommended for 3Q2014.

#### **(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.**

No dividend has been declared or recommended for 3Q2015.

**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 Board pursuant to Rule 705(5) of the Catalist Rules.**

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to its attention which may render the interim financial results for the third quarter and nine months ended 30 September 2015 to be false or misleading in any material aspect.

**15. 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.

**BY ORDER OF THE BOARD**

Thomas Tan Keng Siong  
Executive Chairman and CEO  
11 November 2015

Yeo Seh Hong  
Executive Director and COO