



Company Registration No. 201311482K

## KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

### UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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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	3 Months	+ / (-)	12 Months		+ / (-)
	Ended 31 Dec 2017	Ended 31 Dec 2016		1 Jan 2017 to 31 Dec 2017	1 Jan 2016 to 31 Dec 2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	5,211	7,467	(30)	27,438	31,364	(13)
Cost of sales	(5,190)	(6,694)	(22)	(21,976)	(22,961)	(4)
<b>Gross profit</b>	21	773	(97)	5,462	8,403	(35)
<b>Gross profit margin</b>	0%	10%	N.M.	20%	27%	
Other income	547	4	N.M.	2,352	766	N.M.
Distribution expenses	(245)	(114)	N.M.	(787)	(1,056)	(25)
Administrative expenses	(3,189)	(3,533)	(10)	(12,208)	(13,622)	(10)
Other operating expenses	(5,373)	(9,888)	(46)	(8,265)	(11,448)	(28)
Finance costs	(275)	(196)	40	(878)	(857)	2
Loss before income tax	(8,514)	(12,954)	(34)	(14,324)	(17,814)	(20)
Tax expense	(452)	–	N.M.	(988)	(14)	N.M.
<b>Loss for the period/year</b>	(8,966)	(12,954)	(31)	(15,312)	(17,828)	(14)
<b>Other comprehensive (loss)/income, net of tax</b>						
Revaluation of property, plant and equipment	1,095	25,863	(96)	1,095	25,863	(96)
Tax on revaluation surplus	(186)	(4,397)	(96)	(186)	(4,397)	(96)
Translation differences relating to financial statements of foreign operations	(21)	91	N.M.	(109)	25	N.M.
<b>Total comprehensive (loss)/income</b>	(8,078)	8,603	N.M.	(14,512)	3,663	N.M.
<b>EBITDA</b>				(6,300)	(11,944)	(47)

N.M. – not meaningful

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

	3 Months	3 Months	+ / (-)	12 Months		+ / (-)
	Ended 31 Dec 2017	Ended 31 Dec 2016		1 Jan 2017 to 31 Dec 2017	1 Jan 2016 to 31 Dec 2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from bank deposits	(5)	(44)	(89)	(80)	(278)	(71)
Miscellaneous income	(558)	(127)	339	(1,639)	(553)	196
Loss/(Gain) on disposal of property, plant and equipment	16	216	(93)	(633)	114	N.M.
Currency translations (gains)/losses - net	(17)	(292)	(94)	523	(49)	N.M.
Interest on loans & borrowings	275	196	40	878	857	2
Depreciation of property, plant and equipment	1,887	1,429	32	7,146	5,013	43
Provision for doubtful debts for trade receivables	642	884	(27)	642	884	(27)
Provision of inventories obsolescence	–	140	N.M.	–	140	N.M.
Impairment recognized in relation to property, plant and equipment	3,601	8,258	(56)	3,601	8,258	(56)
Adjustment for under provision of tax in respect of prior years	452	–	N.M.	988	14	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**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 2017</b>	<b>As at 31 Dec 2016</b>	<b>As at 31 Dec 2017</b>	<b>As at 31 Dec 2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	100,454	108,385	–	–
Club memberships	46	46	–	–
Investments in subsidiaries	–	–	36,133	36,133
	100,500	108,431	36,133	36,133
<b>Current assets</b>				
Inventories	193	630	–	–
Trade and other receivables	8,753	7,830	42,174	30,152
Assets held for sale	11,707	–	–	–
Cash and cash equivalents	4,405	20,089	182	12,636
	25,058	28,549	42,356	42,788
<b>Total assets</b>	<b>125,558</b>	<b>136,980</b>	<b>78,489</b>	<b>78,921</b>
<b>EQUITY</b>				
Share capital	74,409	74,409	74,409	74,409
Treasury shares	(92)	–	(92)	–
Other reserves	(10,204)	(11,004)	–	–
Accumulated profits	12,132	27,941	3,920	4,249
<b>Equity attributable to owners of the Company</b>	<b>76,245</b>	<b>91,346</b>	<b>78,237</b>	<b>78,658</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	17,893	17,553	–	–
Deferred tax liabilities	10,472	10,286	–	–
	28,365	27,839	–	–
<b>Current liabilities</b>				
Loans and borrowings	11,510	7,474	–	–
Trade and other payables	8,933	10,279	252	263
Current tax payable	505	42	–	–
	20,948	17,795	252	263
<b>Total liabilities</b>	<b>49,313</b>	<b>45,634</b>	<b>252</b>	<b>263</b>
<b>Total equity and liabilities</b>	<b>125,558</b>	<b>136,980</b>	<b>78,489</b>	<b>78,921</b>

### 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 2017		As at 31 Dec 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	11,510	–	7,474	–

Amount repayable after one (1) year

	As at 31 Dec 2017		As at 31 Dec 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	17,893	–	17,553	–

#### Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$35.8 million are pledged as collaterals for secured term loans;
- Fixed deposits of approximately S\$0.68 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\$56.5 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 2017 S\$'000	3 Months Ended 31 Dec 2016 S\$'000	12 Months Ended 31 Dec 2017 S\$'000	12 Months Ended 31 Dec 2016 S\$'000
<b>Cash flows from operating activities</b>				
Loss before income tax	(8,514)	(12,954)	(14,324)	(17,814)
Adjustments for:				
Depreciation of property, plant and equipment	1,887	1,429	7,146	5,013
Loss/(Gain) on disposal of property, plant and equipment	16	216	(633)	114
Impairment loss for property, plant and equipment	3,601	8,258	3,601	8,258
Interest income	(5)	(44)	(80)	(278)
Interest expense	275	196	878	857
	(2,740)	(2,899)	(3,412)	(3,850)
<b>Changes in working capital:</b>				
Inventories	22	1,624	437	149
Trade and other receivables	1,094	3,824	(1,271)	7,770
Trade and other payables	(974)	(1,795)	(871)	(1,789)
Cash generated from operations	(2,598)	754	(5,117)	2,280
Income tax (paid)/refund	(510)	2	(524)	(274)
<b>Net cash (used in)/ from operating activities</b>	(3,108)	756	(5,641)	2,006
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(22)	(2,071)	(13,190)	(5,228)
Proceeds from disposal of property, plant and equipment	2	38	2,736	484
Interest received	5	44	80	278
<b>Net cash used in investing activities</b>	(15)	(1,989)	(10,374)	(4,466)
<b>Cash flows from financing activities</b>				
Interest paid	(275)	(196)	(878)	(857)
Dividend paid	-	-	(497)	(2,130)
Purchase of treasury shares	(92)	-	(92)	-
Repayment of finance lease liabilities – net (Repayment of)/proceeds from term loans – net	(650)	(779)	(4,541)	(3,501)
Deposits withdrawn/(pledged)	1,004	(2,018)	3,030	(3,009)
<b>Net cash (used in)/from financing activities</b>	(229)	(4,078)	3,405	(13,276)
<b>Net decrease in cash and cash equivalents</b>	(3,352)	(5,311)	(12,610)	(15,736)
Cash and cash equivalents at beginning of the period~	7,091	21,658	16,382	32,106
Effect of exchange rate fluctuations on cash and cash equivalents	(11)	35	(44)	12
<b>Cash and cash equivalents at end of the period~</b>	3,728	16,382	3,728	16,382
<b>Significant non-cash transactions during the period</b>				
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	-	404	7,390	7,158

~As adjusted for deposits pledged

~Cash and cash equivalents consist of the following:	3 Months	3 Months	12 Months	12 Months
	Ended 31 Dec 2017 S\$'000	Ended 31 Dec 2016 S\$'000	Ended 31 Dec 2017 S\$'000	Ended 31 Dec 2016 S\$'000
Cash at bank and in hand	3,716	4,338	3,716	4,338
Fixed deposits	689	15,751	689	15,751
Cash and cash equivalents	4,405	20,089	4,405	20,089
Deposits pledged	(677)	(3,707)	(677)	(3,707)
Cash and cash equivalents in the statements of cash flows	3,728	16,382	3,728	16,382

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

Group	Share capital	Treasury Shares	Merger deficit	Currency translation reserve	Revaluation reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2016</b>							
<b>As at 1 January 2016</b>	74,409	–	(32,763)	268	–	47,899	89,813
<b>Total comprehensive loss for the year</b>							
Loss for the year	–	–	–	–	–	(17,828)	(17,828)
<b>Other comprehensive income/Total other comprehensive income</b>							
Revaluation of property, plant and equipment	–	–	–	–	25,863	–	25,863
Tax on revaluation surplus	–	–	–	–	(4,397)	–	(4,397)
Translation differences relating to financial statements of foreign operations	–	–	–	25	–	–	25
<b>Total comprehensive income/(loss) for the year</b>	–	–	–	25	21,466	(17,828)	3,663
<b>Transaction with owners/Distribution to owners</b>							
Dividends	–	–	–	–	–	(2,130)	(2,130)
<b>Total transactions with owners</b>	–	–	–	–	–	(2,130)	(2,130)
<b>As at 31 December 2016</b>	74,409	–	(32,763)	293	21,466	27,941	91,346
<b>2017</b>							
<b>As at 1 January 2017</b>	74,409	–	(32,763)	293	21,466	27,941	91,346
<b>Total comprehensive loss for the year</b>							
Loss for the year	–	–	–	–	–	(15,312)	(15,312)
<b>Other comprehensive income/Total other comprehensive income</b>							
Revaluation of property, plant and equipment	–	–	–	–	1,095	–	1,095
Tax on revaluation surplus	–	–	–	–	(186)	–	(186)
Translation differences relating to financial statements of foreign operations	–	–	–	(109)	–	–	(109)
<b>Total comprehensive (loss)/income for the year</b>	–	–	–	(109)	909	(15,312)	(14,512)
<b>Transactions with owners/Distribution to owners</b>							
Purchase of treasury shares	–	(92)	–	–	–	–	(92)
Dividends	–	–	–	–	–	(497)	(497)
<b>Total transactions with owners</b>	–	–	–	–	–	(497)	(589)
<b>As at 31 December 2017</b>	74,409	(92)	(32,763)	184	22,375	12,132	76,245



Company	Share capital S\$'000	Treasury Shares S\$'000	Accumulated profits S\$'000	Total equity S\$'000
<b>2016</b>				
As at 1 January 2016	74,409	–	5,907	80,316
<b>Total comprehensive income for the year</b>				
Profit for the year			472	472
<b>Total comprehensive income for the year</b>	–	–	472	472
<b>Transactions with owners/Distribution to owners</b>				
Dividends	–	–	(2,130)	(2,130)
<b>Total transactions with owners</b>	–	–	(2,130)	(2,130)
<b>As at 31 December 2016</b>	<b>74,409</b>	<b>–</b>	<b>4,249</b>	<b>78,658</b>
<b>2017</b>				
As at 1 January 2017	74,409	–	4,249	78,658
<b>Total comprehensive income for the year</b>				
Profit for the year	–	–	168	168
<b>Total comprehensive income for the year</b>	–	–	168	168
<b>Transactions with owners/Distribution to owners</b>				
Purchase of treasury shares	–	(92)	–	(92)
Dividends	–	–	(497)	(497)
<b>Total transactions with owners</b>	–	(92)	(497)	(589)
<b>As at 31 December 2017</b>	<b>74,409</b>	<b>(92)</b>	<b>3,920</b>	<b>78,237</b>

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

	Number of Shares	Issued and paid-up share capital (S\$)
<b>Issued and fully paid ordinary shares</b>		
Balance at 1 October 2017	710,000,000	74,408,757
Balance at 31 December 2017	709,050,800	74,408,757

During the quarter ended 31 December 2017, there has been no increase in the issued and paid up share capital of the Company.

Treasury shares

During the quarter ended 31 December 2017, the Company has purchased 949,200 shares to be held as treasury shares. The number of treasury shares held by the Company as at 31 December 2017 is 949,200 (31 December 2016: Nil)

**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 2017	As at 31 Dec 2016
<b>Total issued shares</b>	709,050,800	710,000,000

There were no outstanding options or convertibles held by the Company as at 31 December 2017 and 31 December 2016.

**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.**

During the quarter and the financial year ended 31 December 2017, there were no sales, disposal, cancellation and/or use of treasury shares.

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

Not applicable.

**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.**

On 1 January 2017, the Group adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and mandatory for application from that date. The adoption of these new/revised FRS 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 per share ("LPS") is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period/year.

	<b>3 Months</b>	<b>3 Months</b>	<b>12 Months</b>	
	<b>Ended</b>	<b>Ended</b>	<b>1 Jan 2017 to</b>	<b>1 Jan 2016 to</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>("4Q2017")</b>	<b>("4Q2016")</b>	<b>("FY2017")</b>	<b>("FY2016")</b>
Net loss attributable to equity holders of the Company (S\$'000)	(8,966)	(12,954)	(15,312)	(17,828)
Weighted average number of ordinary shares outstanding for loss per share	709,525,067	710,000,000	709,880,291	710,000,000
Basic and fully diluted loss per share (cents per share)	(1.3)	(1.8)	(2.2)	(2.5)

The diluted and basic LPS are the same for each of 4Q2017, 4Q2016, FY2017 and FY2016 as the Company has no dilutive equity instruments as at 31 December 2017 and 31 December 2016.

**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:**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
Net asset value per ordinary share (cents)	10.8*	12.9*	11.0	11.1
Number of ordinary shares used in calculating net asset value per ordinary share	709,050,800	710,000,000	709,050,800	710,000,000

\*Based on revaluation of land and buildings.

**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**

##### **4Q2017 vs 4Q2016**

Revenue for 4Q2017 decreased by S\$2.3 million or 30.2%, from S\$7.5 million for 4Q2016 to S\$5.2 million for 4Q2017 mainly due to the following:

- a) Reversal of revenue of S\$0.7 million from the Offshore Rig Services and Supply Chain Management segment due to a long overdue customer balance where it is not probable that the economic benefits associated with the transaction will flow to the entity.
- b) Decrease in the equipment rental & materials sales to customers.

##### **FY2017 vs FY2016**

Revenue for FY2017 decreased by S\$4.0 million or 12.5%, from S\$31.4 million for FY2016 to S\$27.4 million for FY2017 due to the following:

- a) A decrease in revenue of S\$3.4 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\$0.5 million from the Vessel Sales and Newbuild segment mainly due to the lack of new build projects undertaken in FY2017. The decrease was due to the downturn of the industry.

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

##### **4Q2017 vs 4Q2016**

Cost of sales decreased by S\$1.5 million or 22.5%, from S\$6.7 million in 4Q2016 to S\$5.2 million in 4Q2017 due to lower sales volume.

Gross profit decreased by S\$0.8 million or 97.3%, from S\$0.8 million in 4Q2016 to S\$0.021 million in 4Q2017. This was mainly due to the reversal of revenue recognized for FY2017 of S\$0.7 million.

In absence of the reversal of the revenue of S\$0.7 million, the gross profit margin for 4Q2017 would be approximately 12% as compared to 4Q2016 of 10%.

##### **FY2017 vs FY2016**

Cost of sales decreased by S\$1.0 million or 4.3%, from S\$23.0 million in FY2016 to S\$22.0 million in FY2017 in line with the decrease in revenue. As a result, gross profit decreased by S\$2.9 million or 35%, from S\$8.4 million in FY2016 to S\$5.5 million in FY2017.

Gross profit margin decreased from 27% for FY2016 to 20% for FY2017. The decrease in gross profit margin in FY2017 was mainly due to a decrease in contribution from the Group's higher margin businesses such as marine offshore support services and chartering income.

## **Other income**

### **4Q2017 vs 4Q2016**

Other income increased by S\$0.5 million from S\$0.004 million in 4Q2016 to S\$0.5 million in 4Q2017, mainly due to prior year accruals written back in 4Q2017.

### **FY2017 vs FY2016**

Other income increased by S\$1.6 million, from S\$0.8 million in FY2016 to S\$2.4 million in FY2017, mainly due to time barred accounts payables written off, prior year accruals written back and gain on disposal of vessels.

## **Distribution expenses**

### **4Q2017 vs 4Q2016**

Distribution expenses increased by S\$0.13 million from S\$0.11 million in 4Q2016 to S\$0.24 million in 4Q2017, mainly due to increase in advertising and promotion expenses, and travelling and accommodation expenses.

### **FY2017 vs FY2016**

Distribution expenses decreased by S\$0.27 million or 25.5%, from S\$1.06 million in FY2016 to S\$0.79 million in FY2017, mainly due to lesser brokerage and commission fees paid, which is in line with the decrease in revenue, and decrease in advertising and promotion expenses.

## **Administrative expenses**

### **4Q2017 vs 4Q2016**

Administrative expenses decreased by S\$0.3 million or 9.7%, from S\$3.5 million in 4Q2016 to S\$3.2 million in 4Q2017, mainly due to lower staff costs and property tax.

### **FY2017 vs FY2016**

Administrative expenses decreased by S\$1.4 million or 10.4%, from S\$13.6 million in FY2016 to S\$12.2 million in FY2017, mainly due to lower professional fees, staff costs and other administrative expenses.

## **Other operating expenses**

### **4Q2017 vs 4Q2016**

Other operating expenses decreased by S\$4.5 million or 45.7%, from S\$9.9 million in 4Q2016 to S\$5.4 million in 4Q2017. This was mainly due to lower impairment loss for property, plant and equipment and lower provision for doubtful debt (in respect of trade receivables). This was partially offset by higher depreciation of property, plant and equipment and other expenses in 4Q2017 as compared to 4Q2016.

### **FY2017 vs FY2016**

Other operating expenses decreased by S\$3.1 million or 27.8%, from S\$11.4 million in FY2016 to S\$8.3 million in FY2017. This was mainly due to lower impairment loss for property, plant and equipment partially offset by higher depreciation of property, plant and equipment and other expenses in FY2017.

## **Finance costs**

### **4Q2017 vs 4Q2016**

Finance costs increased by S\$0.08 million or 40.3%, from S\$0.20 million in 4Q2016 to S\$0.28 million in 4Q2017, mainly due to new loans and borrowings obtained in 4Q2017 for the purchase of property, plant and equipment.

### **FY2017 vs FY2016**

Finance costs increased by S\$0.02 million or 2.5%, from S\$0.86 million in FY2016 to S\$0.88 million in FY2017, mainly due to new loans and borrowings obtained in FY2017 for the purchase of property, plant and equipment.

## **Income tax expense**

### **4Q2017 vs 4Q2016**

Income tax expenses increased from nil tax expense in 4Q2016 to S\$0.45 million in 4Q2017 due to under provision of prior year tax expenses.

### **FY2017 vs FY2016**

Income tax expense increased by S\$0.98 million from S\$0.01 million for FY2016 to S\$0.99 million for FY2017 mainly due to under provision of prior year tax expenses.

## **Net Loss**

### **4Q2017 vs 4Q2016**

As a result of the above, the Group incurred a loss of S\$9.0 million in 4Q2017 as compared to a loss of S\$13.0 million in 4Q2016.

### **FY2017 vs FY2016**

As a result of the above, the Group incurred a loss for the year of S\$15.3 million in FY2017 as compared to a loss for the year of S\$17.8 million in FY2016.

EBITDA for FY2017 was negative S\$6.3 million as compared to negative S\$11.9 million in FY2016, mainly due to lower impairment loss of property, plant and equipment.

## **Statement of Financial Position**

### **Non-current assets**

Non-current assets decreased by S\$7.9 million, from S\$108.4 million as at 31 December 2016 to S\$100.5 million as at 31 December 2017. This was mainly due to impairment loss for plant and equipment and reclassification of non-current assets to assets held for sale partially offset by purchase of vessels. The Group is looking into disposing its non-core crane business.

### **Current assets**

Current assets decreased by S\$3.5 million from S\$28.5 million as at 31 December 2016 to S\$25.0 million as at 31 December 2017. This was mainly due to decreases in cash and cash equivalents and inventories of S\$15.7 million, and S\$0.4 million respectively. The decrease was partially offset by reclassification of non-currents to assets held for sale of S\$11.7million and increase in trade and other receivables of S\$0.9 million.

Cash and cash equivalents decreased from S\$20.1 million as at 31 December 2016 to S\$4.4 million as at 31 December 2017. This was mainly due to purchase of vessels, payment of dividends and repayment of bank loans.

Trade and other receivables increased from S\$7.8 million as at 31 December 2016 to S\$8.8 million as at 31 December 2017. This was mainly due to deposits for bidding of vessels and higher group sales towards the end of 4Q2017 that resulted in higher trade receivables being recorded.

Receivables turnover day decreased from 105 days as at 31 December 2016 to 76 days as at 31 December 2017 mainly due to better credit control.

Inventories decreased from S\$0.6 million as at 31 December 2016 to S\$0.2 million as at 31 December 2017. This was mainly due to the consumption of materials for vessel-related works amounting to S\$0.4 million.

### **Non-current liabilities**

Non-current liabilities increased by S\$3.0 million, from S\$27.8 million as at 31 December 2016 to S\$28.3 million as at 31 December 2017, mainly due to the increase in deferred tax liabilities related to revaluation of property, as well as new loans and borrowings obtained for the purchase of property, plant and equipment.

### **Current liabilities**

Current liabilities increased by S\$3.1 million from S\$17.8 million as at 31 December 2016 to S\$20.9 million as at 31 December 2017. This was mainly due to new loans and borrowings obtained for the purchase of property, plant and equipment, as well as reclassification of loan from non-current to current liabilities for assets held for sale partially offset by lower payables. Payable turnover days decreased from 106 days as at 31 December 2016 to 90 days as at 31 December 2017.

### **Shareholders' equity**

Shareholders' equity amounted to S\$91.3 million and S\$76.2 million as at 31 December 2016 and 31 December 2017 respectively. The decrease was mainly due to net loss incurred in FY2017 of S\$15.3 million and dividends paid during the financial year partially offset by the revaluation surplus of land and building of S\$0.9 million (net of tax).

### **Consolidated Statement of Cash flows**

#### **4Q2017 vs 4Q2016**

In 4Q2017, net cash used in operating activities before changes in working capital amounted to S\$2.7 million. The net cash used in operating activities amounted to S\$3.1 million. This was mainly due to a decrease in trade and other payables, partially offset by decrease in inventories and trade and other receivables.

Net cash used in investing activities of S\$0.015 million in 4Q2017 was mainly for purchase of property, plant and equipment, partially offset by proceeds from disposal of property, plant and equipment and interest received.

Net cash used in financing activities of S\$0.23 million in 4Q2017 was mainly due to the repayment of obligations under term loans and finance leases and interest payment partially offset by loan proceeds.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$3.4 million in our cash and cash equivalents (as adjusted for bank overdrafts and deposits pledged).

## **FY2017 vs FY2016**

In FY2017, net cash used in operating activities before changes in working capital amounted to S\$3.4 million. The net cash used in operating activities amounted to S\$5.6 million. This was mainly due to decrease in trade and other payables and increase in trade and other receivables. Total income tax of S\$0.5 million was paid during the year.

Net cash used in investing activities of S\$10.4 million in FY2017 was mainly for the purchase of property, plant and equipment, partially offset by proceeds from disposal of plant and equipment and interest received.

Net cash from financing activities of S\$3.4 million in FY2017 was mainly due to proceeds from term loan partially offset by (i) the repayment of obligations under term loans and finance leases; (ii) payment of dividends to shareholders; (iii) payment of interest.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$12.6 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.**

Oil prices have risen in recent months with a corresponding, noticeable increase in activity in the global offshore Oil & Gas ("O&G") market which will benefit the Group. The Group's activities in offshore rig maintenance, rig supply chain management, ship repair, marine salvage and oil spill response and heavy equipment sale and rental are expected to improve in the next 12 months. The Group's two shipyards in Singapore are valuable assets that will enable the Group to swiftly provide vessel and rig activation and maintenance work opportunities. At the same time, we have also diversified into defense and infrastructure projects that are synergistic to our core business to improve overall revenue.

The Group also intends to further expand and improve its vessel owning and operating capabilities to offer full scale offshore activities solutions. During the financial year, the Group has already acquired three 10,800 BHP Anchor Handling Tug Supply Vessels ("AHTS Vessels") and is in the process to acquire more vessels which will also improve economies of scale. So far, the Group has been awarded spot charters of its three AHTS from various leading drilling contractors to perform rigs towage and other offshore related activities.

On 7 November 2017, the Group has signed a joint venture agreement with RUHM Marine Sdn Bhd to form a joint venture company called RUHM Mazu Sdn Bhd ("JVC"). The JVC is intended to expand the Group's offshore marine business into Malaysia and will undertake marketing, operating, maintaining and chartering vessels to customers for use in Malaysian territory. With this joint venture, the Group is well positioned for expected eventual upturn of the O&G industry in anticipation to deploy more of the Group's vessels in the future.

Moving forward, the Group will be continually looking for new growth opportunities, set new goals and strategies, while remaining prudent in managing its cash flow and cautious against overleveraging.



**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 2018 annual general meeting of the Company ("2018 AGM") to be convened.

<b>Name of dividend</b>	<b>Recommended final dividend for FY2017</b>
Dividend type	Ordinary
Dividend rate	S\$0.0007 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 FY2016.

<b>Name of dividend</b>	<b>Final dividend for FY2016</b>
Dividend type	Ordinary
Dividend rate	S\$0.0007 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 2018 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 2018 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.**

	Offshore Rig Services and Supply Chain Management	Vessels Sales and Newbuild	Total
<b>FY2016</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Total revenue from external customers	30,879	485	31,364
Inter-segment revenue	3,275	–	3,275
Total segment revenue	<u>34,154</u>	<u>485</u>	<u>34,639</u>
Other income	766	–	766
Finance costs	(857)	–	(857)
Segment results	(18,166)	352	(17,814)
Income tax expense			(14)
Loss for the year			<u>(17,828)</u>
<b>Other Information</b>			
Segment assets	136,980	–	136,980
Segment liabilities	45,634	–	45,634
Capital Expenditure	12,386	–	12,386
Significant Non-Cash Expenses			
- Depreciation	5,013	–	5,013
- Loss on disposal of property, plant and equipment	114	–	114
- Provision for inventory obsolescence	140	–	140
- Provision for doubtful debts recognised in relation to trade and other receivables	884	–	884
<b>FY2017</b>			
Total revenue from external customers	27,438	–	27,438
Inter-segment revenue	1,210	–	1,210
Total segment revenue	<u>28,648</u>	<u>–</u>	<u>28,648</u>
Other income	2,352	–	2,352
Finance costs	(878)	–	(878)
Segment results	(14,324)	–	(14,324)
Income tax expense			(988)
Loss for the year			<u>(15,312)</u>
<b>Other Information</b>			
Segment assets	125,558	–	125,558
Segment liabilities	49,313	–	49,313
Capital Expenditure	20,580	–	20,580
Significant Non-Cash Expenses			
- Depreciation	7,146	–	7,146
- Gain on disposal of property, plant and equipment	(633)	–	(633)
- Provision for doubtful debts recognised in relation to trade and other receivables	642	–	642

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Total revenue for reportable segments	28,648	34,639
Elimination of inter-segment revenue	(1,210)	(3,275)
Consolidated revenue	27,438	31,364

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.

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Australia	3,030	2,164
Indonesia	839	440
Malaysia	2,338	870
Papua New Guinea	-	1,242
Portugal	-	149
Singapore	13,762	18,143
United Arab Emirates	240	38
United States of America	3,464	5,006
Others	3,765	3,312
	27,438	31,364

	<b>Singapore</b>	<b>The Group</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>		
<b>31 December 2016</b>	108,431	108,431
<b>31 December 2017</b>	100,500	100,500

**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:**

<b>Group</b>	<b>FY2017 S\$'000</b>	<b>FY2016 S\$'000</b>	<b>% Change + / -</b>
<b><u>First Half</u></b>			
Revenue reported for the first half-year	15,903	16,477	(3)
Operating loss after tax reported for the first half-year	(2,449)	(3,140)	(22)
<b><u>Second Half</u></b>			
Revenue reported for the second half-year	11,535	14,887	(23)
Operating loss after tax reported for the second half-year	(12,863)	(14,688)	(12)

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

	<b>FY2017 (S\$'000)</b>	<b>FY2016 (S\$'000)</b>
Ordinary	496	497
Preference	–	–
<b>Total</b>	<b>496</b>	<b>497</b>

\*The tax exempt (one-tier) final dividend is subject to shareholder's approval at the 2018 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.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Tan Keng Hoe Melvin	55	Brother of Mr. Thomas Tan, CEO & Chairman	Commercial and Operations Director*  To oversee the business and commercial aspects of the Group.  *Mr. Melvin Tan was redesignated as Commercial and Operations Director with effect from 18 January 2017. For more details, please refer to the announcement dated 18 January 2017.	Prior to 18 January 2017, Mr. Melvin Tan was the General Manager – Supply Chain Management. He was responsible for supervising and managing of materials and logistics of the Group since May 2010.
Tan Peck Ling Jocelyn	35	Daughter of Mr. Thomas Tan, CEO & Chairman	Head of Corporate Services  Responsible for corporate services and strategic planning for the Group and overseeing the coordination and allocation of Group resources for the achievement of the Group’s strategic objectives since September 2014.	N.A.
Tan Peck Ching Jeliane	33	Daughter of Mr. Thomas Tan, CEO & Chairman	Head of Supply Chain*  Responsible for identifying and screening procurement suppliers, negotiating terms and conditions, standardizing business and procurement best practice processes since April 2006.  *Ms Jeliane Tan was redesignated as Head of Supply Chain with effect from 18 January 2017.	There is no change to her job scope pursuant to the redesignation as the Head of Supply Chain from Senior Purchasing Manager.
Tan Wen Hao Justin Anderson	27	Son of Mr. Thomas Tan, CEO & Chairman	General Manager  Oversee the planning and control of the Group’s operations as well as business development since October 2015.	N.A.

## 19. Use of Proceeds

Intended usage in accordance with the Offer Document	Allocation \$'000	Re-allocation \$'000	Revised Allocation \$'000	Amount utilised as of 2 February 2018 \$'000
1 CAPEX for yard facilities enhancement and fleet expansion	20,000	(5,000)	15,000	(15,000)
2 Expansion of business scope (M&A)	7,000	(7,000)	–	–
3 General working capital	9,400	12,110	21,510	(21,510) <sup>1</sup>
4 IPO Expenses	3,600	(110)	3,490	(3,490)
	<u>40,000</u>	<u>–</u>	<u>40,000</u>	<u>(40,000)</u>

### Notes:

1. The amount is mainly used for purchase of materials for trading purposes.

The above use of the net proceeds is in accordance with the re-allocation of the IPO proceeds as stated in the announcement dated 20 October 2016. Please refer to the announcements made on 20 October 2016, 12 June 2017, 11 July 2017 and 8 November 2017 for more details on the re-allocation of proceeds and usage of the proceeds from the Company's Initial Public Offering.

### BY ORDER OF THE BOARD

Tan Keng Siong Thomas  
Executive Chairman and CEO  
23 February 2018