



Company Registration No. 201311482K

KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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. ("**Sponsor**").

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 rationalization 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.

For the purpose of this announcement, the comparative results of the Group for the financial year ended 31 December 2013 ("**FY2013**") represented a combination or aggregation of the financial statements of the Company and its subsidiaries after the Restructuring Exercise, and have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2013.

*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		+ / (-)	12 Months		+ / (-)
	Ended 31 Dec 2014	Ended 31 Dec 2013		1 Jan 2014 to 31 Dec 2014	1 Jan 2013 to 31 Dec 2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	20,491	25,956	(21)	77,978	84,813	(8)
Cost of sales	(14,386)	(14,614)	(2)	(51,014)	(48,359)	5
Gross profit	6,105	11,342	(46)	26,964	36,454	(26)
Gross profit margin	30%	44%		35%	43%	
Other income	1,362	(130)	N.M.	2,448	842	191
Distribution expenses	(263)	(483)	(46)	(1,985)	(1,601)	24
Administrative expenses	(5,173)	(4,790)	8	(16,617)	(16,258)	2
Other operating expenses	(3,900)	1,739	N.M.	(4,574)	1,631	N.M.
Finance costs	(109)	(132)	(17)	(422)	(722)	(42)
(Loss)/Profit before income tax	(1,978)	7,546	(126)	5,814	20,346	(71)
Tax expense	961	(1,543)	(162)	(197)	(3,253)	(94)
(Loss)/Profit for the period/year	(1,017)	6,003	(117)	5,617	17,093	(67)
Other comprehensive income, net of tax						
Translation differences relating to financial statements of foreign operations	190	37	414	209	49	327
Total comprehensive (loss)/income	(827)	6,040	(114)	5,826	17,142	(66)

N.M. – not meaningful

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

	3 Months	3 Months	+ / (-)	12 Months		+ / (-)
	Ended 31 Dec 2014	Ended 31 Dec 2013		1 Jan 2014 to 31 Dec 2014	1 Jan 2013 to 31 Dec 2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from bank deposits	(85)	(1)	N.M.	(297)	(3)	N.M.
Miscellaneous income	(93)	(142)	(35)	(521)	(1,077)	(52)
(Gain)/loss on disposal of property, plant and equipment	(696)	273	N.M.	(1,069)	238	N.M.
Currency translations (gains)/losses	(488)	(100)	388	(561)	102	N.M.
Interest on loans & borrowings	109	132	(17)	422	722	(42)
Depreciation of property, plant and equipment	1,011	1,058	(4)	4,031	4,427	(9)
Provision for doubtful debts for trade receivables	3,695	195	N.M.	3,748	422	N.M.
Reversal of inventories obsolescence	(96)	(2,426)	(96)	(246)	(3,998)	(94)

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 2014 S\$'000	As at 31 Dec 2013 S\$'000	As at 31 Dec 2014 S\$'000	As at 31 Dec 2013 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	63,206	57,779	4	-
Club memberships	89	44	-	-
Investments in subsidiaries	-	-	36,133	36,133
	63,295	57,823	36,137	36,133
Current assets				
Inventories	2,232	691	-	-
Trade and other receivables	14,625	28,187	15,716	4,242
Cash and cash equivalents	49,894	3,504	32,168	-
Non-current assets held-for-sale	-	1,792	-	-
	66,751	34,174	47,884	4,242
Total assets	130,046	91,997	84,021	40,375
EQUITY				
Share capital	74,409	36,133	74,409	36,133
Other reserves	(32,740)	(32,949)	-	-
Accumulated profits	56,383	54,316	9,016	4,000
Equity attributable to owners of the Companies	98,052	57,500	83,425	40,133
LIABILITIES				
Non-current liabilities				
Loans and borrowings	4,730	3,991	-	-
Deferred tax liabilities	5,843	5,872	-	-
	10,573	9,863	-	-
Current liabilities				
Loans and borrowings	3,397	4,192	-	-
Trade and other payables	17,814	17,149	484	242
Current tax payable	210	3,293	112	-
	21,421	24,634	596	242
Total liabilities	31,994	34,497	596	242
Total equity and liabilities	130,046	91,997	84,021	40,375

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 2014		As at 31 Dec 2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Loans and borrowings	3,397	-	4,192	-

Amount repayable after one (1) year

	As at 31 Dec 2014		As at 31 Dec 2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Loans and borrowings	4,730	-	3,991	-

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$12.5 million are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- 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 amounted to S\$17.4 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 2014 S\$'000	3 Months Ended 31 Dec 2013 S\$'000	12 Months Ended 31 Dec 2014 S\$'000	12 Months Ended 31 Dec 2013 S\$'000
Cash flows (used in)/from operating activities				
(Loss)/Profit before income tax	(1,978)	7,546	5,814	20,346
Adjustments for:				
Depreciation of property, plant and equipment	1,011	1,058	4,031	4,427
(Gain)/loss on disposal of property, plant and equipment	(696)	273	(1,069)	238
Interest income	(85)	(1)	(297)	(3)
Interest expense	109	132	422	722
	(1,639)	9,008	8,901	25,730
Changes in working capital:				
Inventories	(63)	131	(1,542)	752
Trade and other receivables	8,054	(3,929)	14,241	(4,602)
Trade and other payables	694	(2,213)	2,457	(838)
Amounts due to directors	-	-	-	(120)
Cash generated from operations	7,046	2,997	24,057	20,922
Income tax paid	(358)	(132)	(3,308)	(723)
Net cash from operating activities	6,688	2,865	20,749	20,199
Cash flows from investing activities				
Deposits pertaining to purchase of property, plant and equipment	-	-	(680)	(497)
Purchase of property, plant and equipment	(2,146)	(1,894)	(7,720)	(3,111)
Proceeds from disposal of property, plant and equipment	2,637	4,600	5,029	7,564
Acquisition of club membership	(45)	-	(45)	-
Interest received	85	1	297	3
Net cash from/(used in) investing activities	531	2,707	(3,119)	3,959
Cash flows from financing activities				
Interest paid	(109)	(132)	(422)	(722)
Dividend paid	-	(1,942)	(3,550)	(4,753)
Repayment of finance lease liabilities - net	(527)	(955)	(2,196)	(6,138)
Repayment of trust receipts	-	(1)	-	(1,233)
Repayment of term loans	(1,505)	(913)	(3,557)	(6,468)
Proceeds from issue of share capital	-	-	38,445	-
Payment of shares issue expenses	-	-	(169)	-
Deposits pledged	(293)	(3)	206	(264)
Net cash (used in)/ from financing activities	(2,434)	(3,946)	28,757	(19,578)
Net increase in cash and cash equivalents	4,785	1,626	46,387	4,580
Cash and cash equivalents at beginning of the period~	43,956	675	2,335	(2,281)
Effect of exchange rate fluctuations on cash and cash equivalents	190	34	209	36
Cash and cash equivalents at end of the period~	48,931	2,335	48,931	2,335
Significant non-cash transactions during the period				
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	1,193	816	5,697	5,781
b. Issuance of restructuring shares	-	-	-	36,133

~As adjusted for bank overdrafts and deposits pledged

	3 Months Ended 31 Dec 2014 S\$'000	3 Months Ended 31 Dec 2013 S\$'000	12 Months Ended 31 Dec 2014 S\$'000	12 Months Ended 31 Dec 2013 S\$'000
~Cash and cash equivalents consist of the following:				
Cash at bank and in hand	23,701	2,335	23,701	2,335
Fixed deposits	26,193	1,169	26,193	1,169
Cash and cash equivalents	49,894	3,504	49,894	3,504
Bank overdrafts	-	-	-	-
Deposits pledged	(963)	(1,169)	(963)	(1,169)
Cash and cash equivalents in the statements of cash flows	48,931	2,335	48,931	2,335

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
2013					
As at 1 January 2013	3,370	–	(235)	40,226	43,361
Total comprehensive income for the year					
Profit for the year	–	–	–	17,093	17,093
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	–	–	49	–	49
Total comprehensive income for the year	–	–	49	17,093	17,142
Transactions with owners/Distribution to owners					
Adjustment pursuant to restructuring exercise	(3,370)	(32,763)		(3)	(36,136)
Dividends	–	–	–	(3,000)	(3,000)
Issuance of restructuring shares	36,133	–	–	–	36,133
Total transactions with owners	32,763	(32,763)	–	(3,003)	(3,003)
As at 31 December 2013	36,133	(32,763)	(186)	54,316	57,500

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 financial 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

Company	Share capital S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
2013				
As at 29 April 2013 (Being the date of incorporation)	*	-	-	*
Total comprehensive income for the financial period				
Profit for the financial period	-	-	4,000	4,000
Total comprehensive income for the financial period	-	-	4,000	4,000
Transactions with owners/Distribution to owners				
Adjustment pursuant to restructuring exercise	5,584	-	-	5,584
Issuance of restructuring shares	30,549	-	-	30,549
Total transactions with owners	36,133	-	-	36,133
As at 31 December 2013	36,133	-	4,000	40,133
2014				
As at 1 January 2014	36,133	-	4,000	40,133
Total comprehensive income for the financial year				
Profit for the financial year	-	-	8,566	8,566
Total comprehensive income for the financial 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

*- The Company was incorporated on 29 April 2013 and its issued share capital was S\$1 comprising one (1) ordinary share.

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 2014 and 31 December 2014	710,000,000	74,408,757

There were no outstanding convertibles or treasury shares held by the Company as at 31 December 2014 and 31 December 2013.

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 2014	As at 31 Dec 2013
Total issued shares	710,000,000	550,000,000

As at 31 December 2014, the Company has no outstanding options, convertibles or 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 31 December 2014 ("4Q2014") and financial year ended 31 December 2014 ("FY2014") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2013. A number of new standards, amendments to standards and interpretations are effective for the financial year beginning 1 January 2014. 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:

Earnings per share based on the weighted average number of ordinary shares in issue:

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.

	3 Months	3 Months	12 Months	
	Ended 31 Dec 2014	Ended 31 Dec 2013	1 Jan 2014 to 31 Dec 2014	1 Jan 2013 to 31 Dec 2013
Net profit attributable to equity holders of the Company (S\$'000)	(1,017)	6,003	5,617	17,093
Weighted average number of ordinary shares outstanding for earnings per share	710,000,000	550,000,000 [^]	700,794,521	550,000,000 [^]
Basic and fully diluted earnings per share (cents per share)	(0.1)	1.1	0.8	3.1

[^] - Adjusted for the sub-division of every one (1) share into 550 shares pursuant to the Restructuring Exercise. Please refer to the Offer Document for further details.

The diluted and basic EPS are the same for 4Q2014, 4Q2013, FY2014 and FY2013 as the Company has no dilutive equity instruments as at 31 December 2014 and 31 December 2013.

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 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Net asset value per ordinary share (cents)	13.8	10.5	11.8	7.3
Number of ordinary shares used in calculating net asset value per ordinary share	710,000,000	550,000,000	710,000,000	550,000,000

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

4Q2014 vs 4Q2013

Revenue for 4Q2014 decreased by S\$5.5 million or 21.1%, from S\$26.0 million for 4Q2013 to S\$20.5 million for 4Q2014 due to the decrease in revenue from the Offshore Rig Services and Supply Chain Management segment of S\$9.4 million, partially offset by an increase in revenue from the Vessel Sales and Newbuild segment of S\$3.9 million.

Revenue in the Offshore Rig Services and Supply Chain Management segment decreased mainly due to decreases in (i) sale of materials of S\$3.2 million, from S\$6.3 million in 4Q2013 to S\$3.1 million in 4Q2014; (ii) marine offshore support services income of S\$2.4 million, from S\$8.9 million in 4Q2013 to S\$6.5 million in 4Q2014; (iii) chartering and towage income of S\$2.1 million, from S\$8.1 million in 4Q2013 to S\$6.0 million in 4Q2014; and (iv) equipment rental income of S\$1.7 million, from S\$2.6 million in 4Q2013 to S\$0.9 million in 4Q2014. The overall decrease in this segment was mainly due to lower demand for maintenance of rigs and related goods and services from our customers as oil prices fell in 4Q2014.

Revenue in the Vessel Sales and Newbuild segment increased due to the sale of a barge in 4Q2014. There was no such sale in 4Q2013.

FY2014 vs FY2013

Revenue for FY2014 decreased by S\$6.8 million or 8.1%, from S\$84.8 million for FY2013 to S\$78.0 million for FY2014 due to the decrease in revenue from the Offshore Rig Services and Supply Chain Management segment of S\$14.5 million, partially offset by an increase in revenue from the Vessel Sales and Newbuild segment of S\$7.7 million.

Revenue in the Offshore Rig Services and Supply Chain Management segment decreased mainly due to decreases in (i) sale of materials of S\$12.9 million, from S\$27.3 million in FY2013 to S\$14.4 million in FY2014; (ii) marine offshore support services income of S\$3.8 million, from S\$30.0 million in FY2013 to S\$26.2 million in FY2014; and (iii) equipment rental income of S\$2.8 million, from S\$9.2 million in FY2013 to S\$6.4 million in FY2014; partially offset by an increase in chartering and towage income of S\$5.0 million, from S\$17.3 million in FY2013 to S\$22.3 million in FY2014. The overall decrease in this segment was mainly due to lower demand for maintenance of rigs and related goods and services from our customers.

Revenue in the Vessel Sales and Newbuild segment increased by S\$7.7 million from S\$1.0 million in FY2013 to S\$8.7 million in FY2014 due to an increase in the number of vessels sold in FY2014.

Cost of sales, profit margin and gross profit margin

4Q2014 vs 4Q2013

Cost of sales decreased by S\$0.2 million, or 1.6% from S\$14.6 million in 4Q2013 to S\$14.4 million in 4Q2014. This was mainly due to decreases in (i) cost of materials of S\$2.9 million; (ii) vessels-related costs of S\$0.2 million; and (iii) equipment rental costs of S\$0.5 million; partially offset by an increase in costs incurred on

vessel sales of S\$3.4 million. As a result, gross profit decreased by S\$5.2 million or 46.2%, from S\$11.3 million in 4Q2013 to S\$6.1 million in 4Q2014.

Gross profit margin dropped from 43.7% for 4Q2013 to 29.8% for 4Q2014. 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 in 4Q2014.

FY2014 vs FY2013

Cost of sales increased by S\$2.7 million, or 5.5% from S\$48.4 million in FY2013 to S\$51.0 million in FY2014. This was mainly due to increases in (i) costs incurred on vessel sales of S\$6.9 million; and (ii) vessels-related costs of S\$3.7 million; partially offset by decreases in (i) costs of materials of S\$7.4 million; and (ii) equipment rental costs of S\$0.6 million. As a result, gross profit decreased by S\$9.5 million or 26.0%, from S\$36.5 million in FY2013 to S\$27.0 million in FY2014.

Gross profit margin dropped from 43.0% for FY2013 to 34.6% for FY2014. 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 an increase in vessel sales, which derived lower margins.

Other income

4Q2014 vs 4Q2013

We recorded other income of S\$1.4million in 4Q2014, mainly due to (i) gains on disposal of property, plant and equipment of S\$0.7 million; (ii) exchange gains of S\$0.5 million; and (iii) an increase in interest income from bank deposits of S\$0.1 million.

FY2014 vs FY2013

Other income increased by S\$1.6 million mainly due to (i) gains on disposal of property, plant and equipment of S\$1.1 million in FY2014 compared to a loss of S\$0.2 million in FY2013; and (ii) exchange gains of S\$0.6 million in FY2014 compared to a loss of S\$0.1 million in FY2013.

Distribution expenses

4Q2014 vs 4Q2013

Distribution expenses decreased by S\$0.2 million, from S\$0.5 million in 4Q2013 to S\$0.3 million in 4Q2014, mainly due to decreases in travelling, advertising and promotion expenses of S\$0.1 million.

FY2014 vs FY2013

Distribution expenses increased by S\$0.4 million, from S\$1.6 million in FY2013 to S\$2.0 million in FY2014 mainly due to advertising costs incurred in relation to the Group's listing exercise and marketing and promotion expenses incurred in exploring new business opportunities in FY2014.

Other operating expenses

4Q2014 vs 4Q2013

Other operating expenses increased by S\$5.6 million mainly due to (i) a provision for doubtful debt for trade receivables of S\$3.3 million in 4Q2014 in relation to a customer involved in a towage contract compared to total provision for doubtful debts for trade receivables of S\$0.2 million in 4Q2013; and (ii) reversal of allowance for inventory obsolescence of S\$2.4 million in 4Q2013 as we had managed to sell the inventory subsequently compared to less than S\$0.1 million in 4Q2014.

FY2014 vs FY2013

Other operating expenses increased by S\$6.2 million mainly due to (i) reversal of allowance for inventory obsolescence of S\$4.0 million in FY2013 as we had managed to sell the inventory subsequently compared to S\$0.2 million in FY2014; and (ii) provision for doubtful debts for trade receivables of S\$3.7 million in FY2014, in particular a doubtful debt of S\$3.3 million provided in 4Q2014 in relation to a customer involved in a towage contract, compared to total provision for doubtful debts for trade receivables of S\$0.4 million in FY2013.

Income tax expense

4Q2014 vs 4Q2013

Income tax expense decreased by S\$2.5 million or 162%, from S\$1.5 million expense in 4Q2013 to a S\$1.0 million tax credit in 4Q2014 mainly due to a reversal of overprovision in prior year of S\$0.7 million in 4Q2014.

FY2014 vs FY2013

Income tax expense decreased S\$3.1 million or 93.9%, from S\$3.3 million in FY2013 to S\$0.2 million in FY2014, in line with the decrease in our taxable profits and a reversal of overprovision in prior year of S\$0.7 million in 4Q 2014.

Net profit

4Q2014 vs 4Q2013

As a result of the above, our net profit decreased by S\$7.0 million from S\$6.0 million in 4Q2013 to a loss of S\$1.0 million in 4Q2014.

FY2014 vs FY2013

As a result of the above, our net profit decreased by S\$11.5 million or 67.1%, from S\$17.1 million in FY2013 to S\$5.6 million in FY2014. Excluding the provision for doubtful debts for trade receivables of S\$3.7 million in 4Q2014, our profit for 4Q2014 is better than 3Q2014 as previously mentioned in the Group's 3Q2014 results announcement.

Statement of Financial Position

Current assets

Current assets increased by S\$32.6 million from S\$34.2 million as at 31 December 2013 to S\$66.8 million as at 31 December 2014 mainly due to increases in cash and cash equivalents and inventories of S\$46.4 million and S\$1.5 million respectively, which was partially offset by a decrease in trade and other receivables of S\$13.6 million and a decrease in non-current assets held-for-sale of S\$1.8 million.

Cash and cash equivalents increased from S\$3.5 million as at 31 December 2013 to S\$49.9 million as at 31 December 2014 due mainly to the proceeds from the Company's IPO on Catalist in January 2014 and collections from customers during the period. Inventories increased from S\$0.7 million as at 31 December 2013 to S\$2.2 million as at 31 December 2014 due mainly to inventories amounting to S\$0.9 million relating to a project that was subsequently completed in January 2015 and materials for vessels-related works amounting to S\$0.6 million.

Trade and other receivables decreased from S\$28.2 million as at 31 December 2013 to S\$14.6 million as at 31 December 2014 mainly due to collections from customers and provision for doubtful debts for trade receivables of S\$3.7 million during the financial year. The non-current assets held-for-sale as at 31 December 2013 was sold during FY2014 and there are no non-current assets held-for-sale as at 31 December 2014.

Current liabilities

Current liabilities decreased by S\$3.2 million from S\$24.6 million as at 31 December 2013 to S\$21.4 million as at 31 December 2014 due to reversal of overprovision of tax in prior year of S\$0.7 million, and a decrease in current tax payables of S\$2.4 million as a result of lower profits for the financial year.

Shareholders' equity

Shareholders' equity amounted to S\$57.5 million and S\$98.1 million as at 31 December 2013 and 31 December 2014 respectively. The increase was due to an increase in (i) share capital of S\$38.3 million from the issuance of new shares pursuant to the IPO of the Company on Catalist; and (ii) profit for the period of S\$5.6 million, partially offset by dividends paid during in the financial year of S\$3.6 million.

Consolidated Statement of Cash flows

4Q2014 vs 4Q2013

In 4Q2014, net cash used in operating activities before changes in working capital amounted to S\$1.6 million. Net cash from working capital amounted to S\$8.7 million. This was mainly due to a decrease in trade and other receivables of S\$8.1 million and an increase in trade and other payables of S\$0.7 million. We paid income tax of S\$0.4 million during the period. The net cash generated from operating activities amounted to S\$6.7 million.

Net cash from investing activities of S\$0.5 million in 4Q2014 was mainly from the proceeds from disposal of plant and equipment of S\$2.6 million, partially offset by purchase of plant and equipment of S\$2.1 million.

Net cash used in financing activities of S\$2.4 million in 4Q2014 were mainly due to (i) the repayment of obligations under term loans and finance lease amounting to S\$1.5 million and S\$0.5 million respectively; and (ii) reduction in pledged deposits amounting to S\$0.3 million.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net increase of S\$4.8 million in our cash and cash equivalents (as adjusted for bank overdrafts and deposits pledged).

FY2014 vs FY2013

In FY2014, we generated net cash from operating activities before changes in working capital of S\$8.9 million. Net cash from working capital amounted to S\$15.2 million. This was mainly due to a decrease in trade and other receivables of S\$14.2 million and an increase in trade and other payables of S\$2.5 million. We paid income tax of S\$3.3 million during the year. The net cash generated from operating activities amounted to S\$20.7 million.

Net cash used in investing activities of S\$3.1 million in FY2014 was mainly for the purchase of and deposits placed for the acquisition of plant and equipment of S\$8.4 million, partially offset by proceeds from disposal of plant and equipment of S\$5.0 million and interest received from fixed deposits of S\$0.3 million.

Net cash from financing activities of S\$28.8 million in FY2014 were mainly due to the proceeds from the IPO of the Company on the Catalist of S\$38.4 million, partially offset by (i) the repayment of obligations under term loans and finance lease amounting to S\$3.6 million and S\$2.2 million respectively; (ii) payment of dividends to shareholders of S\$3.6 million; and (iii) payment of interest amounting to S\$0.4 million.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net increase of S\$46.4 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.

Excluding the provision for doubtful debts for trade receivables of S\$3.7 million in 4Q2014, our profit for 4Q2014 is better than 3Q2014 as previously mentioned in the Group's 3Q2014 results announcement.

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

The decline in oil prices to its lowest level in more than five years has put a downward pressure on offshore exploration activities. The number of utilized rigs in Asia is also on a downward trend, resulting in a decrease in demand for maintenance of rigs and related goods and services. Given the recent developments in our operating environment, we expect our business to be volatile and challenging through 2015.

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 expected within the energy sector.

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 Annual General Meeting of the Company to be convened.

Name of dividend	Recommended 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)

(b) Previous corresponding period

The following dividend was declared and paid in respect of FY2013.

Name of dividend	Final dividend for FY2013
Dividend type	Ordinary [†]
Dividend rate	S\$0.005 tax exempt (one-tier) per ordinary share
Tax rate	Tax exempt (one-tier)

[†]Based on post-listing 710,000,000 shares

(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 Company's Annual General Meeting.

(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 Company's Annual General Meeting.

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. 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
FY2013			
Total revenue from external customers	83,852	961	84,813
Inter-segment revenue	4,166	–	4,166
Total segment revenue	88,018	961	88,979
Other income	969	–	969
Finance costs	(719)	(3)	(722)
Segment results	20,065	281	20,346
Income tax expense			(3,253)
Profit for the year			17,093
Other Information			
Segment assets	91,997	–	91,997
Segment liabilities	34,497	–	34,497
Capital Expenditure	9,389	–	9,389
Significant Non-Cash Expenses			
- Depreciation	4,427	–	4,427
- Reversal of allowance for inventory obsolescence	(3,998)	–	(3,998)
- Provision for doubtful debts recognised in relation to trade and other receivables	422	–	422
FY2014			
	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	73,363	8,646	82,009
Other income	2,448	–	2,448
Finance costs	(422)	–	(422)
Segment results	4,778	1,036	5,814

Income tax expense			(197)
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

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

	Group	
	2014	2013
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	82,009	88,979
Elimination of inter-segment revenue	(4,031)	(4,166)
Consolidated revenue	<u>77,978</u>	<u>84,813</u>
Other material items		
Other income for reportable segments	2,448	969
Adjustments	(223)	(127)
Consolidated other income	<u>2,225</u>	<u>842</u>

The Group's operations are mainly in the region of Southeast Asia, Australasia (comprising mainly Australia and Marshall Islands), 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	
	2014	2013
	\$'000	\$'000
Revenue		
Australia	2,754	1,430
Indonesia	2,032	7,753
Malaysia	2,724	1,766
Portugal	794	536
Qatar	–	22
Singapore	45,629	50,241
United Arab Emirates	2,809	6,307
United States of America	10,843	5,478
Others	10,393	11,280
	<u>77,978</u>	<u>84,813</u>

	Singapore \$'000	The Group \$'000
Non-current assets		
31 December 2013	57,823	57,823
31 December 2014	63,295	63,295

15. 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.

16. A breakdown of sales as follows:

Group	FY2014 S\$'000	FY2013 S\$'000	% Change + / -
<u>First Half</u>			
Revenue reported for the first half-year	43,718	40,956	7
Operating profit after tax reported for the first half-year	5,480	8,029	(32)
<u>Second Half</u>			
Revenue reported for the second half-year	34,260	43,857	(22)
Operating profit after tax reported for the second half-year	137	9,064	(98)

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

	FY2014 (S\$'000)	FY2013 (S\$'000)
Ordinary	3,550*	6,550
Preference	-	-
Total	3,550	6,550

*The tax exempt (one-tier) final dividend is subject to shareholder's approval at the Company's Annual General Meeting.

18. 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	52	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	31	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 2014.	Corporate Development Manager Responsible for corporate services and strategic planning for the Group.
Tan Peck Ching Jeliane	30	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.

BY ORDER OF THE BOARD

Tan Keng Siong Thomas
Executive Chairman and CEO
27 February 2015

Yeo Seh Hong
Executive Director and COO