



Company Registration No. 201311482K

KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**") SAC Advisors Private Limited, 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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SAC Advisors Private Limited is a wholly-owned subsidiary of SAC Capital Private Limited.

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 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	+/-	1 Jan 2016 to 30 Sep 2016	1 Jan 2015 to 30 Sep 2015	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	7,420	10,614	(30)	23,897	38,099	(37)
Cost of sales	(5,266)	(7,756)	(32)	(16,267)	(29,331)	(45)
Gross profit	<u>2,154</u>	<u>2,858</u>	(25)	<u>7,630</u>	<u>8,768</u>	(13)
Gross profit margin	29%	27%		32%	23%	
Other income	146	1,176	(88)	762	2,460	(69)
Distribution expenses	(434)	(646)	(33)	(942)	(1,471)	(36)
Administrative expenses	(2,899)	(4,384)	(34)	(10,089)	(11,615)	(13)
Other operating expenses	(471)	(577)	(18)	(1,560)	(1,255)	24
Finance costs	(216)	(157)	38	(661)	(347)	90
Loss before income tax	<u>(1,720)</u>	<u>(1,730)</u>	<(1)	<u>(4,860)</u>	<u>(3,460)</u>	40
Income tax expense	(14)	–	N.M.	(14)	–	N.M.
Loss for the period	<u>(1,734)</u>	<u>(1,730)</u>	<1	<u>(4,874)</u>	<u>(3,460)</u>	41
Other comprehensive income, net of tax						
Translation differences relating to financial statements of foreign operations	12	280	(96)	(66)	345	N.M.
Total comprehensive loss	<u>(1,722)</u>	<u>(1,450)</u>	19	<u>(4,940)</u>	<u>(3,115)</u>	59

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 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	+/-	1 Jan 2016 to 30 Sep 2016	1 Jan 2015 to 30 Sep 2015	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Other income</u>						
Interest income from bank deposits	(47)	(90)	(48)	(234)	(223)	5
Miscellaneous income	(111)	(251)	(56)	(426)	(613)	(31)
Loss/(gain) on disposal of property, plant and equipment	12	(48)	N.M.	(102)	(492)	(79)
Currency translation gains – net	(83)	(787)	(89)	243	(1,132)	N.M.
Interest on loans and borrowings	216	157	38	661	347	90
Depreciation of property, plant and equipment	1,385	1,153	20	3,584	3,278	9
Impairment in relation to trade receivables	–	235	N.M.	–	291	N.M.
Adjustment for under/(over) provision of tax in respect of prior years	14	–	N.M.	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

	Group		Company	
	As at 30 Sep 2016	As at 31 Dec 2015	As at 30 Sep 2016	As at 31 Dec 2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	89,987	84,004	1	2
Club memberships	45	46	–	–
Investments in subsidiaries	–	–	36,133	36,133
	<u>90,032</u>	<u>84,050</u>	<u>36,134</u>	<u>36,135</u>
Current assets				
Inventories	2,254	779	–	–
Trade and other receivables	11,390	15,509	26,889	19,407
Cash and cash equivalents	23,348	32,804	14,912	25,479
	<u>36,992</u>	<u>49,092</u>	<u>41,801</u>	<u>44,886</u>
Total assets	<u>127,024</u>	<u>133,142</u>	<u>77,935</u>	<u>81,021</u>
EQUITY				
Share capital	74,409	74,409	74,409	74,409
Other reserves	(32,561)	(32,495)	–	–
Accumulated profits	40,895	47,899	3,189	5,907
Equity attributable to owners of the Company	<u>82,743</u>	<u>89,813</u>	<u>77,598</u>	<u>80,316</u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	18,417	16,239	–	–
Deferred tax liabilities	5,889	5,889	–	–
	<u>24,306</u>	<u>22,128</u>	<u>–</u>	<u>–</u>
Current liabilities				
Loans and borrowings	8,070	7,615	–	–
Trade and other payables	11,865	13,284	337	455
Current tax payable	40	302	–	250
	<u>19,975</u>	<u>21,201</u>	<u>337</u>	<u>705</u>
Total liabilities	<u>44,281</u>	<u>43,329</u>	<u>337</u>	<u>705</u>
Total equity and liabilities	<u>127,024</u>	<u>133,142</u>	<u>77,935</u>	<u>81,021</u>

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 30 September 2016		As at 31 December 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	8,070	–	7,615	–

Amount repayable after one (1) year

	As at 30 September 2016		As at 31 December 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Loans and borrowings	18,417	–	16,239	–

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$34.3 million are pledged as collaterals for secured term loans;
- Fixed deposits of approximately S\$1.7 million are pledged as security deposits for the operating lease of office premises and warehouse as well as to secure term loans and finance lease liabilities; and
- Corporate guarantees by the Company amounting to S\$35.9 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 2016 S\$'000	3 months ended 30 Sep 2015 S\$'000	9 months ended 30 Sep 2016 S\$'000	9 months ended 30 Sep 2015 S\$'000
Cash flows from operating activities				
Loss before income tax	(1,720)	(1,730)	(4,860)	(3,460)
Adjustments for:				
Depreciation of property, plant and equipment	1,385	1,153	3,584	3,278
Loss/(Gain) on disposal of property, plant and equipment	12	(48)	(102)	(492)
Interest income	(47)	(90)	(234)	(223)
Interest expense	216	157	661	347
	(154)	(558)	(951)	(550)
Changes in working capital:				
Inventories	(419)	(1,078)	(1,475)	308
Trade and other receivables	(1,959)	317	3,946	(2,980)
Trade and other payables	1,540	4,599	6	4,808
Cash generated from operations	(992)	3,280	1,526	1,586
Income tax paid	(12)	(347)	(276)	(851)
Net cash (used in)/from operating activities	(1,004)	2,933	1,250	735
Cash flows from investing activities				
Deposits pertaining to purchase of property, plant and equipment	-	-	-	(795)
Purchase of property, plant and equipment	(1,053)	(5,774)	(3,157)	(11,203)
Proceeds from disposal of other non-current assets	-	-	-	45
Proceeds from disposal of property, plant and equipment	330	248	446	2,860
Interest received	47	90	234	223
Net cash used in investing activities	(676)	(5,436)	(2,477)	(8,870)
Cash flows from financing activities				
Interest paid	(216)	(157)	(661)	(347)
Dividend paid	-	-	(2,130)	(3,550)
Repayment of finance lease liabilities - net	(1,152)	(586)	(2,722)	(1,673)
Repayment of term loans - net	(1,123)	(909)	(2,694)	(2,183)
Deposits pledged	(1,002)	(38)	(991)	(38)
Net cash used in financing activities	(3,493)	(1,690)	(9,198)	(7,791)
Net decrease in cash and cash equivalents	(5,173)	(4,193)	(10,425)	(15,926)
Cash and cash equivalents at beginning of the period~	26,826	37,240	32,106	48,931
Effect of exchange rate fluctuations on cash and cash equivalents	5	42	(23)	84
Cash and cash equivalents at end of the period~	21,658	33,089	21,658	33,089
Significant non-cash transactions during the period				
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	-	9,076	6,754	15,138

~Cash and cash equivalents consist of the following:	3 months ended 30 Sep 2016 S\$'000	3 months ended 30 Sep 2015 S\$'000	9 months ended 30 Sep 2016 S\$'000	9 months ended 30 Sep 2015 S\$'000
Cash at bank and in hand	7,152	7,912	7,152	7,912
Fixed deposits	16,196	26,178	16,196	26,178
Cash and cash equivalents	23,348	34,090	23,348	34,090
Deposits pledged	(1,690)	(1,001)	(1,690)	(1,001)
Cash and cash equivalents in the statements of cash flows	21,658	33,089	21,658	33,089

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
2015					
As at 1 January 2015	74,409	(32,763)	23	56,383	98,052
Total comprehensive income for the financial period					
Profit for the financial period	–	–	–	1,105	1,105
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	–	–	168	–	168
Total comprehensive income for the financial period	–	–	168	1,105	1,273
As at 31 March 2015	74,409	(32,763)	191	57,488	99,325
As at 1 April 2015	74,409	(32,763)	191	57,488	99,325
Total comprehensive income for the financial period					
Loss for the financial period	–	–	–	(2,835)	(2,835)
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	–	–	(103)	–	(103)
Total comprehensive loss for the financial period	–	–	(103)	(2,835)	(2,938)
Transactions with owners/Distribution to owners					
Dividends	–	–	–	(3,550)	(3,550)
Total transactions with owners	–	–	–	(3,550)	(3,550)
As at 30 June 2015	74,409	(32,763)	88	51,103	92,837
As at 1 July 2015	74,409	(32,763)	88	51,103	92,837
Total comprehensive income for the financial period					
Loss for the financial period	–	–	–	(1,730)	(1,730)
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	–	–	280	–	280
Total comprehensive loss for the financial period	–	–	280	(1,730)	(1,450)
As at 30 September 2015	74,409	(32,763)	368	49,373	91,387

Group	Share capital	Merger deficit	Currency translation reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2016					
As at 1 January 2016	74,409	(32,763)	268	47,899	89,813
Total comprehensive income for the financial period					
Loss for the financial period	–	–	–	(1,719)	(1,719)
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	–	–	(84)	–	(84)
Total comprehensive loss for the financial period	–	–	(84)	(1,719)	(1,803)
As at 31 March 2016	74,409	(32,763)	184	46,180	88,010
As at 1 April 2016	74,409	(32,763)	184	46,180	88,010
Total comprehensive income for the financial period					
Loss for the financial period	–	–	–	(1,421)	(1,421)
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	–	–	6	–	6
Total comprehensive loss for the financial period	–	–	6	(1,421)	(1,415)
Transactions with owners/Distribution to owners					
Dividends	–	–	–	(2,130)	(2,130)
Total transactions with owners	–	–	–	(2,130)	(2,130)
As at 30 June 2016	74,409	(32,763)	190	42,629	84,465
As at 1 July 2016	74,409	(32,763)	190	42,629	84,465
Total comprehensive income for the financial period					
Loss for the financial period	–	–	–	(1,734)	(1,734)
Other comprehensive income/Total other comprehensive income					
Translation differences relating to financial statements of foreign operations	–	–	12	–	12
Total comprehensive loss for the financial period	–	–	12	(1,734)	(1,722)
As at 30 September 2016	74,409	(32,763)	202	40,895	82,743

Company	Share capital	Capital reserve	Accumulated profits/(losses)	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>2015</u>				
As at 1 January 2015	74,409	–	9,016	83,425
Total comprehensive loss for the financial period	–	–	(234)	(234)
As at 31 March 2015	74,409	–	8,782	83,191
As at 1 April 2015	74,409	–	8,782	83,191
Total comprehensive loss for the financial period	–	–	(320)	(320)
Transactions with owners/Distribution to owners				
Dividends	–	–	(3,550)	(3,550)
Total transactions with owners	–	–	(3,550)	(3,550)
As at 30 June 2015	74,409	–	4,912	79,321
As at 1 July 2015	74,409	–	4,912	79,321
Total comprehensive loss for the financial period	–	–	(349)	(349)
As at 30 September 2015	74,409	–	4,563	78,972
<u>2016</u>				
As at 1 January 2016	74,409	–	5,907	80,316
Total comprehensive loss for the financial period	–	–	(344)	(344)
As at 31 March 2016	74,409	–	5,563	79,972
As at 1 April 2016	74,409	–	5,563	79,972
Total comprehensive loss for the financial period	–	–	(199)	(199)
Transactions with owners/Distribution to owners				
Dividends	–	–	(2,130)	(2,130)
Total transactions with owners	–	–	(2,130)	(2,130)
As at 30 June 2016	74,409	–	3,234	77,643
As at 1 July 2016	74,409	–	3,234	77,643
Total comprehensive loss for the financial period	–	–	(45)	(45)
As at 30 September 2016	74,409	–	3,189	77,598

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 30 September 2016 and 30 June 2016	710,000,000	74,408,757

There were no outstanding convertibles or treasury shares held by the Company as at 30 September 2016 and 30 September 2015.

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 2016	As at 31 December 2015
Total issued shares	710,000,000	710,000,000

As at 30 September 2016 and 31 December 2015, 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 2016 ("**3Q2016**") and 9-months financial period ended 30 September 2016 ("**9M2016**") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2015. A number of new standards, amendments to standards and interpretations are effective for the financial year beginning 1 January 2016. 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 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	1 Jan 2016 to 30 Sep 2016	1 Jan 2015 to 30 Sep 2015
Net loss attributable to equity holders of the Company (S\$'000)	(1,734)	(1,730)	(4,874)	(3,460)
Weighted average number of ordinary shares outstanding	710,000,000	710,000,000	710,000,000	710,000,000
Basic and fully diluted loss per share (cents)	(0.2)	(0.2)	(0.7)	(0.5)

The diluted and basic loss per share are similar for each of 3Q2016, 3Q2015, 9M2016 and 9M2015 as the Company has no dilutive equity instruments as at 30 September 2016 and 30 September 2015.

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 2016	As at 31 December 2015	As at 30 September 2016	As at 31 December 2015
Net asset value per ordinary share (cents)	11.7	12.6	10.9	11.3
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 3Q2016 decreased by S\$3.2 million or 30.1%, from S\$10.6 million in 3Q2015 to S\$7.4 million in 3Q2016 due to the following:-

- (i) the decrease in revenue from the Offshore Rig Services and Supply Chain Management segment of S\$0.8 million mainly due to continued low demand for maintenance of rigs and related goods and services from our customers as oil prices remained low; and
- (ii) the decrease in revenue from the Vessel Sales and Newbuild segments of S\$2.4 million due to no projects in 3Q2016.

Cost of sales, gross profit and gross profit margin

Cost of sales decreased by S\$2.5 million or 32.1%, from S\$7.8 million in 3Q2015 to S\$5.3 million in 3Q2016 in line with the decrease in revenue.

Gross profit decreased by S\$0.7 million or 24.6%, from S\$2.9 million in 3Q2015 to S\$2.2 million in 3Q2016 and gross profit margin increased from 26.9% for 3Q2015 to 29.0% for 3Q2016. Despite a decrease in gross profit amount, the gross profit margin improved as lower margin projects which the Group had undertaken in 3Q2015 were not recurring in 3Q2016.

Other income

Other income decreased by S\$1.0 million or 87.6%, from S\$1.2 million in 3Q2015 to S\$0.1 million in 3Q2016, due to lower exchange gains, interest income from bank deposits, gain on sale of fixed assets and miscellaneous income.

Distribution expenses

Distribution expenses decreased by S\$0.2 million or 32.8%, from S\$0.6 million in 3Q2015 to S\$0.4 million in 3Q2016, due to lesser brokerage and commission fees paid in line with the decrease in revenue.

Administrative expenses

Administrative expenses decreased by S\$1.5 million or 33.9%, from S\$4.4 million in 3Q2015 to S\$2.9 million in 3Q2016, mainly due to a decrease in foreign worker salary & levy, staff and directors' remuneration, professional fees and other administration expenses.

Other operating expenses

Other operating expenses decreased by S\$0.1 million or 18.4%, from S\$0.6 million in 3Q2015 to S\$0.5 million in 3Q2016, mainly due to higher provision for doubtful debts in 3Q2015.

Finance costs

Finance costs increased by S\$0.1 million or 37.6%, from S\$0.1 million in 3Q2015 to S\$0.2 million in 3Q2016 due to interest expenses incurred for new loans and borrowings obtained in 3Q2016 for purchase of vessels, property, plant and equipment.

Income tax expenses

Income tax expenses increased by \$0.01 million, from nil in 3Q2015 to S\$0.01 million in 3Q2016 due to an under provision of tax for the prior year of S\$0.01 million recorded in 3Q2016.

Net loss

As a result of the above, the Group incurred a loss of S\$1.7 million in 3Q2016 as compared to S\$1.7 million in 3Q2015.

Statement of Financial Position

Non-current assets

Non-current assets increased by S\$6.0 million, from S\$84.0 million as at 31 December 2015 to S\$90.0 million as at 30 September 2016. This was mainly due to the completion of yard development at 48 Penjuru Road.

Current assets

Current assets decreased by S\$12.1 million, from S\$49.1 million as at 31 December 2015 to S\$37.0 million as at 30 September 2016. This was mainly due to decreases in cash and cash equivalents, and trade and other receivables, partially offset by an increase in inventories.

Cash and cash equivalents decreased by S\$9.5 million, from S\$32.8 million as at 31 December 2015 to S\$23.3 million as at 30 September 2016 mainly due to cash used in investing and financing activities.

Trade and other receivables decreased by S\$4.1 million, from S\$15.5 million as at 31 December 2015 to S\$11.4 million as at 30 September 2016. This was mainly due to collection from customers and lower revenue generated.

Inventories increased by S\$1.5 million, from S\$0.8 million as at 31 December 2015 to S\$2.3 million as at 30 September 2016 mainly due to an increase in vessels under construction.

Non-current liabilities

Non-current liabilities increased by S\$2.2 million, from S\$22.1 million as at 31 December 2015 to S\$24.3 million as at 30 September 2016, mainly due to new loans obtained for the purchase of vessels, property, plant and equipment.

Current liabilities

Current liabilities decreased by S\$1.2 million, from S\$21.2 million as at 31 December 2015 to S\$20.0 million as at 30 September 2016, mainly due to a decrease in trade and other payables and current tax payable, partially offset by an increase in loans and borrowings.

Consolidated Statement of Cash flows

In 3Q2016, net cash used in operating activities before changes in working capital was S\$0.1 million. Net cash used in working capital amounted to S\$0.9 million. Net cash used in operating activities amounted to S\$1.0 million.

Net cash used in investing activities of S\$0.7 million in 3Q2016 was for the purchase of property, plant and equipment, partially offset by proceeds from the disposal of plant and equipment and interest received.

Net cash used in financing activities of S\$3.5 million in 3Q2016 were due to the repayment of obligations under finance leases and term loans, deposits pledged 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\$5.2 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, marine infrastructure and other sectors.

Yard development at 48 Penjuru Road was completed in June 2016.

The Group has implemented cost cutting measures and will continue to manage the cash flow prudently. Moving forward, the Group will continue to assess potential merger and acquisition opportunities. The Group's healthy 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 3Q2016.

(b) Previous corresponding period

No dividend was declared or recommended for 3Q2015.

(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 3Q2016.

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 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 ended 30 September 2016 to be false or misleading in any material aspect.

15. Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

The Board of Directors confirms that they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

16. Use of Proceeds

On 20 October 2016, the Company announced via SGXNET an update on and reallocation of the use of proceeds raised from its initial public offering. Please refer to the announcement of 20 October 2016 for more information.

BY ORDER OF THE BOARD

Thomas Tan Keng Siong
Executive Chairman and CEO
11 November 2016

Yeo Seh Hong
Executive Director and COO