



Company Registration No. 201311482K

## KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

### UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

*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)(i) 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 2018	Ended 31 Dec 2017		1 Jan 2018 to 31 Dec 2018	1 Jan 2017 to 31 Dec 2017 (Restated)	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	12,764	5,211	> 100	38,060	27,438	39
Cost of sales	(11,226)	(5,190)	> 100	(32,688)	(21,976)	49
<b>Gross profit</b>	<u>1,538</u>	<u>21</u>	> 100	<u>5,372</u>	<u>5,462</u>	(2)
<b>Gross profit margin</b>	12%	0%		14%	20%	
Other income	161	547	(71)	1,155	2,352	(51)
Distribution expenses	(334)	(245)	36	(1,056)	(787)	34
Administrative expenses	(3,202)	(3,189)	N.M.	(12,277)	(12,208)	1
Other operating expenses	(1,377)	(5,373)	(74)	(4,339)	(8,265)	(48)
Finance costs	(437)	(275)	59	(1,448)	(878)	65
Loss before income tax	<u>(3,651)</u>	<u>(8,514)</u>	(57)	<u>(12,593)</u>	<u>(14,324)</u>	(12)
Tax expense	(650)	(452)	44	(915)	(988)	(7)
<b>Loss for the period/year</b>	<u>(4,301)</u>	<u>(8,966)</u>	(52)	<u>(13,508)</u>	<u>(15,312)</u>	(12)
<b>Other comprehensive loss, net of tax</b>						
Translation differences relating to financial statements of foreign operations	(3)	(21)	(86)	33	(109)	N.M.
<b>Total comprehensive loss for the period/year</b>	<u>(4,304)</u>	<u>(8,987)</u>	(52)	<u>(13,475)</u>	<u>(15,421)</u>	(13)
<b>EBITDA</b>				<u>(4,270)</u>	<u>(6,300)</u>	(32)
<b>Net profit/(loss) attributable to:</b>						
Owners of the Company	(4,509)	(8,966)	(50)	(13,528)	(15,312)	(12)
Non-Controlling Interests	208	–	N.M.	20	–	N.M.
	<u>(4,301)</u>	<u>(8,966)</u>		<u>(13,508)</u>	<u>(15,312)</u>	

N.M. – not meaningful

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

	3 Months	3 Months	+ / (-)	12 Months		+ / (-)
	Ended 31 Dec 2018	Ended 31 Dec 2017		1 Jan 2018 to 31 Dec 2018	1 Jan 2017 to 31 Dec 2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from bank deposits	–	(5)	N.M.	(5)	(80)	(94)
Miscellaneous income	(192)	(558)	(66)	(812)	(1,639)	(50)
(Gain)/Loss on disposal of property, plant and equipment	(183)	16	N.M.	(89)	(633)	(86)
Impairment loss on property, plant and equipment	–	3,601	N.M.	–	3,601	N.M.
Currency translations losses/ (gains) - net	31	(17)	N.M.	(338)	523	N.M.
Interest on loans & borrowings	437	275	59	1,448	878	65
Depreciation of property, plant and equipment	1,704	1,887	(10)	6,875	7,146	(4)
Impairment on trade and other receivables	736	1,360	(46)	736	1,360	(46)
Adjustment for under provision of tax in respect of prior years	650	452	44	915	988	(7)

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 2018	As at 31 Dec 2017 Restated*	As at 31 Dec 2018	As at 31 Dec 2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	102,488	99,359	–	–
Club memberships	57	46	–	–
Investments in subsidiaries	–	–	36,133	36,133
	102,545	99,405	36,133	36,133
<b>Current assets</b>				
Inventories	168	193	–	–
Trade and other receivables	10,229	8,753	46,378	42,174
Assets held for sale	3,843	11,707	–	–
Cash and cash equivalents	1,967	4,405	20	182
	16,207	25,058	46,398	42,356
<b>Total assets</b>	118,752	124,463	82,531	78,489
<b>EQUITY</b>				
Share capital	74,409	74,409	74,409	74,409
Reserves	(32,949)	(32,964)	(110)	(92)
Accumulated profits	19,867	33,891	3,448	3,920
<b>Equity attributable to owners of the Company</b>	61,327	75,336	77,747	78,237
Non-controlling interests	20	–	–	–
	61,347	75,336	77,747	78,237
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	22,474	17,893	3,822	–
Deferred tax liabilities	10,885	10,286	–	–
	33,359	28,179	3,822	–
<b>Current liabilities</b>				
Loans and borrowings	12,384	11,510	738	–
Trade and other payables	11,484	8,933	224	252
Current tax payable	178	505	–	–
	24,046	20,948	962	252
<b>Total liabilities</b>	57,405	49,127	4,784	252
<b>Total equity and liabilities</b>	118,752	124,463	82,531	78,489

\* Refer to Section 4 for more details on the restated statement of financial position as at 31 December 2017.

**1 (b)(ii) Aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**

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

	<b>As at 31 Dec 2018</b>	<b>As at 31 Dec 2017</b>
	<b>Secured</b>	<b>Secured</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Loans and borrowings	12,384	11,510

Amount repayable after one (1) year

	<b>As at 31 Dec 2018</b>	<b>As at 31 Dec 2017</b>
	<b>Secured</b>	<b>Secured</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Loans and borrowings	22,474	17,893

The Group has no unsecured borrowings as at 31 December 2018 and 31 December 2017.

**Details of any collateral**

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$32.4 million are pledged as collaterals for secured term loans;
- Fixed deposits of approximately S\$0.28 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\$63.0 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.**

	<b>Group</b>			
	<b>3 Months Ended 31 Dec 2018 S\$'000</b>	<b>3 Months Ended 31 Dec 2017 S\$'000</b>	<b>12 Months Ended 31 Dec 2018 S\$'000</b>	<b>12 Months Ended 31 Dec 2017 S\$'000</b>
<b>Cash flows from operating activities</b>				
Loss before income tax	(3,651)	(8,514)	(12,593)	(14,324)
Adjustments for:				
Depreciation of property, plant and equipment	1,704	1,887	6,875	7,146
(Gain)/Loss on disposal of property, plant and equipment	(183)	16	(89)	(633)
Allowance for impairment loss on plant and equipment	–	3,601	–	3,601
Interest income	–	(5)	(5)	(80)
Interest expense	437	275	1,448	878
	<u>(1,693)</u>	<u>(2,740)</u>	<u>(4,364)</u>	<u>(3,412)</u>
<b>Changes in working capital:</b>				
Inventories	214	22	25	437
Trade and other receivables	762	1,094	(1,316)	(1,271)
Trade and other payables	1,704	(974)	4,085	(871)
Cash generated/(used in) from operations	987	(2,598)	(1,570)	(5,117)
Income tax paid	(27)	(511)	(643)	(525)
<b>Net cash from/(used in) operating activities</b>	<u>960</u>	<u>(3,109)</u>	<u>(2,213)</u>	<u>(5,642)</u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(673)	(21)	(3,938)	(13,189)
Proceeds from disposal of property, plant and equipment	456	2	2,242	2,736
Acquisition of club memberships	–	–	(11)	–
Interest received	–	5	5	80
<b>Net cash used in investing activities</b>	<u>(217)</u>	<u>(14)</u>	<u>(1,702)</u>	<u>(10,373)</u>
<b>Cash flows from financing activities</b>				
Interest paid	(437)	(275)	(1,448)	(878)
Dividend paid	–	–	(496)	(497)
Purchase of treasury shares	–	(92)	(18)	(92)
Repayment of finance lease liabilities – net	(652)	(650)	(2,608)	(4,541)
Repayment of term loans	(3,042)	(2,716)	(8,977)	(6,117)
Proceeds from term loans	–	2,500	15,000	12,500
Deposits withdrawn	–	1,004	394	3,030
<b>Net cash (used in)/from financing activities</b>	<u>(4,131)</u>	<u>(229)</u>	<u>1,847</u>	<u>3,405</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(3,388)</u>	<u>(3,352)</u>	<u>(2,068)</u>	<u>(12,610)</u>
Cash and cash equivalents at beginning of the period/year~	5,149	7,091	3,728	16,382
Effect of exchange rate fluctuations on cash and cash equivalents	(76)	(11)	25	(44)
<b>Cash and cash equivalents at end of the period/year~</b>	<u>1,685</u>	<u>3,728</u>	<u>1,685</u>	<u>3,728</u>
<b>Significant non-cash transactions during the period</b>				
a. Purchase of property, plant and equipment under finance leases, term loans and deposits	50	–	50	7,390

~As adjusted for deposits pledged

~Cash and cash equivalents consist of the following:	3 Months	3 Months	12 Months	12 Months
	Ended	Ended	Ended	Ended
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and in hand	1,676	3,716	1,676	3,716
Fixed deposits	291	689	291	689
Cash and cash equivalents	1,967	4,405	1,967	4,405
Deposits pledged	(282)	(677)	(282)	(677)
Cash and cash equivalents in the statements of cash flows	1,685	3,728	1,685	3,728

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 attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2017</b>									
As at 1 January 2017	74,409	–	(32,763)	293	21,466	27,941	91,346	–	91,346
Effects of adopting SFRS(I) 1	–	–	–	(293)	(21,466)	21,759	–	–	–
Restated as at 1 January 2017	74,409	–	(32,763)	–	–	49,700	91,346	–	91,346
<b>Total comprehensive income for the year</b>									
Loss for the year	–	–	–	–	–	(15,312)	(15,312)	–	(15,312)
<b>Other comprehensive income</b>									
Translation differences relating to financial statements of foreign operations	–	–	–	(109)	–	–	(109)	–	(109)
<b>Total other comprehensive loss for the year</b>	–	–	–	(109)	–	–	(109)	–	(109)
<b>Total comprehensive loss for the year</b>	–	–	–	(109)	–	(15,312)	(15,421)	–	(15,421)
<b>Transactions with owners/Distribution to owners</b>									
Dividends	–	–	–	–	–	(497)	(497)	–	(497)
Purchase of treasury shares	–	(92)	–	–	–	–	(92)	–	(92)
<b>Total transactions with owners</b>	–	(92)	–	–	–	–	(589)	–	(589)
<b>As at 31 December 2017</b>	74,409	(92)	(32,763)	(109)	–	33,891	75,336	–	75,336



Group	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Currency translation reserve S\$'000	Revaluation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>2018</b>									
As at 1 January 2018	74,409	(92)	(32,763)	184	22,375	12,132	76,245	–	76,245
Effects of adopting SFRS(I) 1	–	–	–	(293)	(21,466)	21,759	–	–	–
Adjustment due to adoption of SFRS(I) 1	–	–	–	–	(909)	–	(909)	–	(909)
Restated as at 1 January 2018	74,409	(92)	(32,763)	(109)	–	33,891	75,336	–	75,336
<b>Total comprehensive income for the year</b>									
Loss/(Profit) for the year	–	–	–	–	–	(13,528)	(13,528)	20	(13,508)
<b>Other comprehensive income</b>									
Translation differences relating to financial statements of foreign operations	–	–	–	33	–	–	33	–	33
<b>Total other comprehensive income for the year</b>	–	–	–	33	–	–	33	–	33
<b>Total comprehensive income/(loss) for the year</b>	–	–	–	33	–	(13,528)	(13,495)	20	(13,475)
<b>Transactions with owners, recognised directly in equity</b>									
Purchase of treasury shares	–	(18)	–	–	–	–	(18)	–	(18)
Dividends	–	–	–	–	–	(496)	(496)	–	(496)
<b>Total transactions with owners</b>	–	(18)	–	–	–	(496)	(514)	–	(514)
<b>As at 31 December 2018</b>	74,409	(110)	(32,763)	(76)	–	19,867	61,327	20	61,347

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total equity S\$'000
<b>2017</b>				
<b>As at 1 January 2017</b>	74,409	–	4,249	78,658
<b>Total comprehensive profit for the financial year</b>				
Profit for the financial year	–	–	168	168
<b>Transaction with owners</b>				
Purchase of treasury shares	–	(92)	–	(92)
Dividends	–	–	(497)	(497)
<b>Total transaction with owners</b>	–	(92)	(497)	(589)
<b>As at 31 December 2017</b>	74,409	(92)	3,920	78,237
<b>As at 1 January 2018</b>	74,409	(92)	3,920	78,237
<b>Total comprehensive profit for the financial year</b>				
Profit for the financial year	–	–	24	24
<b>Transaction with owners</b>				
Purchase of treasury shares	–	(18)	–	(18)
Dividends	–	–	(496)	(496)
<b>Total transaction with owners</b>	–	(18)	(496)	(514)
<b>As at 31 December 2018</b>	74,409	(110)	3,448	77,747

**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 30 September 2018	708,832,300	74,408,757
Balance at 31 December 2018	708,832,300	74,408,757

During the quarter ended 31 December 2018, there has been no change in the issued and paid up share capital of the Company.

There were no outstanding options, convertibles and subsidiary holdings held by the Company as at 31 December 2018 and 31 December 2017.

Treasury shares

The number of treasury shares held by the Company as at 31 December 2018 is 1,167,700 representing 0.16% of the total number of shares outstanding as at 31 December 2018 (31 December 2017: 949,200 representing 0.13% of the total number of shares outstanding as at 31 December 2017.)

**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 2018	As at 31 Dec 2017
<b>Total issued shares excluding treasury shares</b>	708,832,300	709,050,800

**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 2018, there were no sales, transfers, 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.**

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 2018 ("4Q2018") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2017 except for the adoption of accounting standards and interpretations applicable for the financial period beginning 1 January 2018. The adoption of these new/revised Singapore Financial Reporting Standards have no significant impact on the Group's financial statements except as described below:

The Group elected the optional exemption in SFRS(I) 1 to measure the leasehold lands and buildings held by the Group at the date of transition to SFRS (I) at fair value and use that fair value as its deemed costs. The retained earnings of the Group increased by S\$21,466,000 and the revaluation reserves decreased by S\$21,466,000 as at 1 January 2017.

The Group elected the optional exemption in SFRS(I) to reset its cumulative currency translation reserves for all foreign operations to zero at the date of transition and reclassify the cumulative currency translation reserves of S\$293,000 as at 1 January 2017 to accumulated profits.

**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 Ended 31 Dec 2018 ("4Q2018")</b>	<b>3 Months Ended 31 Dec 2017 ("4Q2017")</b>	<b>12 Months 1 Jan 2018 to 31 Dec 2018 ("FY2018")</b>	<b>12 Months 1 Jan 2017 to 31 Dec 2017 ("FY2017")</b>
Net loss attributable to equity holders of the Company (S\$'000)	(4,509)	(8,966)	(13,528)	(15,312)
Weighted average number of ordinary shares outstanding for loss per share	708,832,300	709,525,067	708,948,280	709,880,291
Basic and fully diluted loss per share (cents per share)	(0.6)	(1.3)	(1.9)	(2.2)

The diluted and basic LPS are the same for each of 4Q2018, 4Q2017, FY2018 and FY2017 as the Company has no dilutive equity instruments as at 31 December 2018 and 31 December 2017.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year:**

	Group		Company	
	As at 31 Dec 2018	As at 31 Dec 2017 (Restated)	As at 31 Dec 2018	As at 31 Dec 2017
Net asset value per ordinary share (cents)	8.7	10.6	11.0	11.0
Number of ordinary shares used in calculating net asset value per ordinary share	708,832,300	709,050,800	708,832,300	709,050,800

**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**

##### **4Q2018 vs 4Q2017**

Revenue for 4Q2018 increased by S\$7.6 million, from S\$5.2 million for 4Q2017 to S\$12.8 million for 4Q2018 mainly due to the following:

- a) Increase in revenue of S\$2.5 million from trading of vessels;
- b) Increase in revenue of S\$4.0 million from the equipment rental & materials sales to customers;
- c) Increase in revenue of S\$1.2 million from chartering of vessels.

##### **FY2018 vs FY2017**

Revenue for FY2018 increased by S\$10.6 million or 38.7%, from S\$27.4 million for FY2017 to S\$38.0 million for FY2018 mainly due to the following:

- a) An increase in revenue of S\$3.5 million from the Vessel Sales and Newbuild segment as a result of increased trading vessels sales;
- b) An increase in revenue of S\$7.0 million from the Marine & Offshore Support segment mainly due to materials sales to customers and chartering activities.

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

##### **4Q2018 vs 4Q2017**

Cost of sales increased by S\$6.0 million, from S\$5.2 million in 4Q2017 to S\$11.2 million in 4Q2018 due to higher sales volume.

Gross profit increased by S\$1.5 million from S\$0.02 million in 4Q2017 to S\$1.5 million in 4Q2018. This was mainly due to increase in revenue from higher margin business of sale of trading vessels and equipment rental for 4Q2018.

#### **FY2018 vs FY2017**

Cost of sales increased by S\$10.7 million or 48.7%, from S\$22.0 million in FY2017 to S\$32.7 million in FY2018.

Gross profit decreased by S\$0.09 million or 1.7%, from S\$5.5 million in FY2017 to S\$5.4 million in FY2018.

Gross profit margin decreased from 20% for FY2017 to 14% for FY2018. The decrease in gross profit margin in FY2018 was mainly due to a decrease in contribution from the Group's higher margin businesses such as marine offshore support services.

#### **Other income**

##### **4Q2018 vs 4Q2017**

Other income decreased by S\$0.3 million from S\$0.5 million in 4Q2017 to S\$0.2 million in 4Q2018, mainly due to prior year accruals written back in 4Q2017.

##### **FY2018 vs FY2017**

Other income decreased by S\$1.2 million, from S\$2.4 million in FY2017 to S\$1.2 million in FY2018, mainly due to time barred accounts payables written off, prior year accruals written back and gain on disposal of vessels in FY2017.

#### **Distribution expenses**

##### **4Q2018 vs 4Q2017**

Distribution expenses increased by S\$0.09 million or 36.3% from S\$0.24 million in 4Q2017 to S\$0.33 million in 4Q2018, mainly due to increase in vessel brokerage and travelling and accommodation expenses, partially offset by decrease in entertainment and advertising and promotion expenses

##### **FY2018 vs FY2017**

Distribution expenses increased by S\$0.27 million or 34.1%, from S\$0.79 million in FY2017 to S\$1.06 million in FY2018, mainly due to higher brokerage and commission fees and travelling and accommodation expenses, which is in line with the increase in revenue and sales activity.

#### **Administrative expenses**

##### **4Q2018 vs 4Q2017**

Administrative expenses marginally increased by S\$13,000 in 4Q2018, mainly due to higher staff costs partially offset by decrease in professional fees.

##### **FY2018 vs FY2017**

Administrative expenses increased by S\$0.07 million or 0.6%, from S\$12.2 million in FY2017 to S\$12.27 million in FY2018, mainly due to higher staff costs partially offset by decrease in professional fees.

## **Other operating expenses**

### **4Q2018 vs 4Q2017**

Other operating expenses decreased by S\$4.0 million or 74.4%, from S\$5.4 million in 4Q2017 to S\$1.4 million in 4Q2018. This was mainly due to lower impairment loss on plant and equipment compared to 4Q2017 where the Group recorded an impairment of S\$3.6 million on plant and equipment. This was partially offset by higher depreciation of property, plant and equipment in 4Q2018 as compared to 4Q2017.

### **FY2018 vs FY2017**

Other operating expenses decreased by S\$4.0 million or 47.5%, from S\$8.3 million in FY2017 to S\$4.3 million in FY2018. This was mainly due to lower impairment loss on plant and equipment as stated above and partially offset by higher depreciation of property, plant and equipment in FY2018.

## **Finance costs**

### **4Q2018 vs 4Q2017**

Finance costs increased by S\$0.16 million or 58.9%, from S\$0.28 million in 4Q2017 to S\$0.44 million in 4Q2018, mainly due to new loans and borrowings obtained in FY2018.

### **FY2018 vs FY2017**

Finance costs increased by S\$0.57 million or 64.9%, from S\$0.88 million in FY2017 to S\$1.45 million in FY2018, mainly due to new loans and borrowings obtained in FY2018.

## **Income tax expense**

### **4Q2018 vs 4Q2017**

Income tax expenses increased by S\$0.2 million or 43.8%, from S\$0.45 million in 4Q2017 to S\$0.65 million in 4Q2018 due to under provision of prior year tax expenses.

### **FY2018 vs FY2017**

Income tax expense decreased by S\$0.07 million from S\$0.99 million for FY2017 to S\$0.92 million for FY2018 mainly due to lower under provision of prior year tax expenses.

## **Net Loss**

### **4Q2018 vs 4Q2017**

As a result of the above, the Group incurred a loss of S\$4.3 million in 4Q2018, a 52.0% decrease as compared to a loss of S\$9.0 million in 4Q2017.

### **FY2018 vs FY2017**

As a result of the above, the Group incurred a loss for the year of S\$13.5 million in FY2018, a 11.8% decrease as compared to a loss for the year of S\$15.3 million in FY2017.

EBITDA for FY2018 was negative S\$4.3 million as compared to negative S\$6.3 million in FY2017, mainly due to lower impairment loss on plant and equipment.

## **Statement of Financial Position**

### **Non-current assets**

Non-current assets increased by S\$3.1 million, from S\$99.4 million as at 31 December 2017 to S\$102.5 million as at 31 December 2018. This was mainly due to reclassification of assets held for sale, comprising 14 cranes and 2 luffing jobs, from current assets back to non-current assets. The increase is partially offset by depreciation for FY2018.

### **Current assets**

Current assets decreased by S\$8.9 million from S\$25.1 million as at 31 December 2017 to S\$16.2 million as at 31 December 2018. This was mainly due to reclassification of assets held for sale to non-current assets of S\$7.9 million and decreases in cash and cash equivalents and inventories of S\$2.4 million, and S\$0.03 million respectively. The decrease was partially offset by increase in trade and other receivables of S\$1.5 million.

Cash and cash equivalents decreased from S\$4.4 million as at 31 December 2017 to S\$2.0 million as at 31 December 2018. This was mainly due to payment of interest on borrowings, repayment of bank loans and purchase of property, plant and equipment.

Trade and other receivables increased from S\$8.8 million as at 31 December 2017 to S\$10.2 million as at 31 December 2018. This was mainly due to higher group sales in 4Q2018 that resulted in higher trade receivables being recorded as at financial year end.

Receivables turnover day decreased from 76 days as at 31 December 2017 to 61 days as at 31 December 2018 mainly due to better credit control.

### **Non-current liabilities**

Non-current liabilities increased by S\$5.2 million, from S\$28.2 million as at 31 December 2017 to S\$33.4 million as at 31 December 2018, mainly due to the increase in deferred tax liabilities as well as new loans and borrowings obtained in FY2018.

### **Current liabilities**

Current liabilities increased by S\$3.1 million from S\$20.9 million as at 31 December 2017 to S\$24.0 million as at 31 December 2018. This was mainly due to new loans and borrowings obtained and increase in trade payables.

Trade payables increased by S\$2.6 million from S\$8.9 million as at 31 December 2017 to S\$11.5 million as at 31 December 2018. The increase in payables is in tandem with higher sales activities in FY2018.

However, payable turnover days decreased from 90 days as at 31 December 2017 to 62 days as at 31 December 2018 as the Group has been paying off trade suppliers on a timely basis to avoid business disruption.

### **Working capital**

Although the Group is in a net current liabilities position of S\$7.8 million as at 31 December 2018, the Board is of the opinion that the Group would be able to meet its short-term obligations as and when they fall due taking into consideration that the Board and management have assessed the cash flow forecast of the Group for the next twelve months, considering the following sources of liquidity and funding available to the Group:-

- I. Future cash inflows from the Group's operating activities for the financial year ending 31 December 2019;
- II. The ability to obtain additional financing;
- III. The ability to realise its property, plant and equipment to fund financial obligations of the Group, when required; and
- IV. The Company's controlling shareholder has undertaken to provide a loan of up to S\$5 million to the Group, if required.



## **Shareholders' equity**

Shareholders' equity amounted to S\$75.3 million and S\$61.3 million as at 31 December 2017 and 31 December 2018 respectively. The decrease was mainly due to net loss incurred in FY2018 of S\$13.5 million and dividends paid during the financial year.

## **Consolidated Statement of Cash flows**

### **4Q2018 vs 4Q2017**

In 4Q2018, net cash used in operating activities before changes in working capital amounted to S\$1.7 million. The overall net cash generated from operating activities amounted to S\$1.0 million. This was mainly due to an increase in trade and other payables, decrease in inventories and trade and other receivables.

Net cash used in investing activities of S\$0.22 million in 4Q2018 was mainly for purchase of property, plant and equipment, partially offset by proceeds from disposal of property, plant and equipment.

Net cash used in financing activities of S\$4.1 million in 4Q2018 was mainly due to the repayment of obligations under term loans and finance leases 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\$3.4 million in our cash and cash equivalents (as adjusted for bank overdrafts and deposits pledged).

### **FY2018 vs FY2017**

In FY2018, net cash used in operating activities before changes in working capital amounted to S\$4.4 million. The overall net cash used in operating activities amounted to S\$2.2 million. This was mainly due to increase in trade and other receivables partially offset by increase in trade and other payables. Total income tax of S\$0.6 million was paid during the year.

Net cash used in investing activities of S\$1.7 million in FY2018 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\$1.8 million in FY2018 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 on loans.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$2.1 million in our cash and cash equivalents (as adjusted for bank overdrafts and deposits pledged).

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

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

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

As oil prices recovered and stabilized, the Group has seen the gradual increase in drilling activities which lifted the demand for the offshore and marine industry. We believe we are well positioned for the eventual upturn in the oil industry. Barring any unforeseen circumstances, the Group is cautiously optimistic that the financial performance may improve in next twelve months.

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

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

No dividend was declared or recommended for FY2018.

**(b) Previous corresponding period**

The following dividend was declared and paid in respect of FY2017.

<b>Name of dividend</b>	<b>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)

**(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 and the reason(s) for the decision.**

No dividend was declared or recommended for FY2018 as the Group has been incurring losses and experiencing operating cash outflows for FY2018. It is the Group's intention to conserve cash for working capital and business expansion purposes.

**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>FY2017 (Restated)</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Total revenue from external customers	27,438	–	27,438
Inter-segment revenue	1,210	–	1,210
Total segment revenue	28,648	–	28,648
Other income	2,352	–	2,352
Finance costs	(878)	–	(878)
Segment results	(14,324)	–	(14,324)
Income tax expense			(988)
Loss for the year			(15,312)
<b>Other Information</b>			
Segment assets	124,463	–	124,463
Segment liabilities	49,127	–	49,127
Capital Expenditure	15,723	–	15,723
Other material non-cash items:			
- Depreciation on property, plant and equipment	7,146	–	7,146
- Gain on disposal of property, plant and equipment	(633)	–	(633)
- Impairment loss on trade and other receivables	1,360	–	1,360
- Impairment loss on plant and equipment	3,601	–	3,601
<b>FY2018</b>			
Total revenue from external customers	38,060	–	38,060
Inter-segment revenue	3,891	–	3,891
Total segment revenue	41,951	–	41,951
Other income	1,155	–	1,155
Finance costs	(1,448)	–	(1,448)
Segment results	(12,593)	–	(12,593)
Income tax expense			(915)
Loss for the year			(13,508)
<b>Other Information</b>			
Segment assets	118,752	–	118,752
Segment liabilities	57,405	–	57,405
Capital Expenditure	3,988	–	3,988
Other material non-cash items:- Depreciation of property, plant and equipment	6,875	–	6,875
- Gain on disposal of property, plant and equipment	(89)	–	(89)
- Impairment loss on trade and other receivables	736	–	736

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

	Group	
	2018 \$'000	2017 \$'000
<b>Revenue</b>		
Total revenue for reportable segments	41,951	28,648
Elimination of inter-segment revenue	(3,891)	(1,210)
Consolidated revenue	38,060	27,438

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

	Group	
	2018 \$'000	2017 \$'000
<b>Revenue</b>		
Australia	1,070	3,030
Indonesia	889	839
Malaysia	7,570	2,338
Papua New Guinea	488	-
Singapore	17,994	13,762
United Arab Emirates	438	240
United States of America	4,957	3,464
Others	4,654	3,765
	38,060	27,438

**16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to Section 8.

**17. A breakdown of sales as follows:**

Group	FY2018 S\$'000	FY2017 S\$'000	% Change + / -
<b><u>First Half</u></b>			
Revenue reported for the first half-year	16,070	15,903	1
Operating loss after tax reported for the first half-year	(5,805)	(2,449)	>100
<b><u>Second Half</u></b>			
Revenue reported for the second half-year	21,990	11,535	91
Operating loss after tax reported for the second half-year	(7,703)	(12,863)	(40)

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

	FY2018 (S\$'000)	FY2017 (S\$'000)
Ordinary	–	496
Preference	–	–
<b>Total</b>	–	<b>496</b>

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Keng Hoe Melvin	56	Brother of Mr. Thomas Tan, CEO & Chairman	Commercial and Operations Director  To oversee the business and commercial aspects of the Group.	N.A.
Tan Peck Ling Jocelyn	36	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	34	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.	N.A.

Tan Wen Hao Justin Anderson	28	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.
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**BY ORDER OF THE BOARD**

Tan Keng Siong Thomas  
Executive Chairman and CEO  
28 February 2019