

Second Quarter Financial Statements And Dividend Announcement for the Financial Period Ended 30 June 2020

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst ("Catalist Rules"), the Company is required by the SGX-ST to continue to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company's auditors in the latest audited financial statements for the financial year ended 31 December 2019.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("Sponsor"), in accordance with Rule 226(2)(b) of the Catalyst Rules.

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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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

- 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.

	The Group					
	2Q 2020	2Q 2019	Change	1H 2020	1H 2019	Change
	S\$'000	S\$'000		S\$'000	S\$'000	
(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%	
Revenue	3,924	4,690	(16)	7,960	9,561	(17)
Cost of sales	(2,734)	(2,646)	3	(5,187)	(5,813)	(11)
Gross Profit	1,190	2,044	(42)	2,773	3,748	(26)
Other income	664	53	1,153	1,748	154	1,035
Interest income	2	6	(67)	3	10	(70)
Marketing and distribution expenses	(29)	(77)	(62)	(67)	(100)	(33)
Administrative expenses	(1,907)	(2,182)	(13)	(3,866)	(4,217)	(8)
Other operating expenses	(920)	(554)	66	(722)	(1,325)	(46)
Finance costs	(797)	(618)	29	(1,573)	(1,265)	24
Loss before tax	(1,797)	(1,328)	35	(1,704)	(2,995)	(43)
Income tax credit	(10)	20	NM	(10)	40	NM
Loss for the period	(1,807)	(1,308)	38	(1,714)	(2,955)	(42)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	793	801	(1)	(654)	896	NM
Net change in fair value reserve of available-for-sale financial assets	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	793	801	(1)	(654)	896	NM
Total comprehensive income for the period	(1,014)	(507)	100	(2,368)	(2,059)	15
Loss attributable to:						
- Owners of the Company	(1,747)	(1,308)	34	(1,676)	(2,955)	(43)
- Non-controlling interests	(60)	-	NM	(38)	-	NM
	(1,807)	(1,308)	38	(1,714)	(2,955)	(42)
Total comprehensive income attributable to:						
- Owners of the Company	(954)	(507)	88	(2,330)	(2,059)	13
- Non-controlling interests	(60)	-	NM	(38)	-	NM
	(1,014)	(507)	100	(2,368)	(2,059)	15

Note

Loss before tax is derived at after

Crediting/(charging):

	The Group					
	2Q 2020	2Q 2019	Change	1H 2020	1H 2019	Change
	S\$'000	S\$'001		S\$'000	S\$'000	
(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%	
Depreciation of property, plant and equipment and right-of-use assets	(349)	(471)	(26)	(706)	(975)	(28)
Amortisation of intangible assets	(3)	(4)	(25)	(6)	(9)	(33)
(Loss)/Gain on foreign exchange	(560)	(55)	918	1,004	(283)	NM
Reversal of impairment loss on trade receivables	-	(30)	(100)	-	-	-
Inventories written down	(7)	(23)	(70)	(7)	(54)	(87)

NM: 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.

	The Group S\$'000		The Company S\$'000	
	30-Jun-20 (Unaudited)	31-Dec-19 (Audited)	30-Jun-20 (Unaudited)	31-Dec-19 (Audited)
<b>Equity attributable to owners of the Company</b>				
Share capital	102,605	102,605	102,605	102,605
Treasury shares	(528)	(528)	(528)	(528)
Reserves	(99,557)	(97,218)	(100,711)	(100,718)
	2,520	4,859	1,366	1,359
Non-controlling interests	(48)	(11)	-	-
<b>Total equity</b>	<b>2,472</b>	<b>4,848</b>	<b>1,366</b>	<b>1,359</b>
<b>Non-current assets</b>				
Property, plant and equipment	18,795	19,427	1	1
Investment in subsidiaries	-	-	29,505	29,505
Quoted equity investments	40	40	40	40
Intangible assets	7,201	7,207	-	-
Right-of-use assets	1,381	1,441	-	-
	27,417	28,115	29,546	29,546
<b>Current assets</b>				
Inventories	12,862	13,137	-	-
Trade receivables	21,042	24,117	-	-
Contract assets	3,160	4,836	-	-
Prepayments	27	39	17	14
Other receivables and deposits	1,123	1,069	85	67
Due from subsidiaries (non-trade)	-	-	-	36
Cash and cash equivalents	3,508	2,365	36	25
	41,722	45,563	138	142
<b>Total assets</b>	<b>69,139</b>	<b>73,678</b>	<b>29,684</b>	<b>29,688</b>
<b>Current liabilities</b>				
Trade payables	3,120	5,667	-	-
Contract liabilities	2,355	2,732	-	-
Other payables and accruals	26,075	24,923	1,133	997
Tax payable	5	11	-	-
Finance lease obligations	6	15	-	-
Term loans	25,555	25,922	-	-
Redeemable exchangeable bonds	7,156	7,155	-	-
Due to subsidiaries (non-trade)	-	-	27,185	27,332
	64,272	66,425	28,318	28,329
<b>Non-current liabilities</b>				
Lease liabilities	1,520	1,520	-	-
Deferred tax liabilities	875	885	-	-
	2,395	2,405	-	-
<b>Total liabilities</b>	<b>66,667</b>	<b>68,830</b>	<b>28,318</b>	<b>28,329</b>
<b>Net assets</b>	<b>2,472</b>	<b>4,848</b>	<b>1,366</b>	<b>1,359</b>

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

	As at 30 June 2020		As at 31 December 2019	
	S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
Amount repayable in one year or less, or on demand				
- Term loans	25,555	-	25,922	-
- Redeemable exchangeable bonds	7,156	-	7,155	-
- Finance lease obligations	6	-	15	-
Amount repayable after one year	-	-	-	-

**Details of any collateral**

The Group's borrowings are secured by the following:

- a first legal mortgage on a subsidiary's leasehold property;
- fixed and floating charge over the subsidiary's assets; and
- corporate guarantees.

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.

	The Group		The Group	
	2Q 2020 S\$'000 (Unaudited)	2Q 2019 S\$'000 (Unaudited)	1H 2020 S\$'000 (Unaudited)	1H 2019 S\$'000 (Unaudited)
<b>Cash flows from operating activities:</b>				
<b>Loss before tax</b>	(1,797)	(1,328)	(1,704)	(2,995)
<b>Adjustments for:</b>				
Amortisation of intangible assets	3	4	6	9
Depreciation of property, plant and equipment and right-of-use assets	349	471	706	975
Inventories written down	7	23	7	54
Reversal of impairment loss on trade receivables	-	30	-	-
Interest expense	797	618	1,573	1,265
Interest income	(2)	(6)	(3)	(10)
Unrealised exchange loss/(gain)	198	(533)	(128)	(285)
<b>Operating (loss)/profit before working capital changes</b>	(445)	(721)	457	(987)
<b>Changes in working capital:</b>				
Inventories	716	(3,302)	269	(2,584)
Trade receivables	2,434	3,982	3,080	3,505
Due from customers for contracts work-in-progress	826	(12)	1,676	266
Other receivables, deposits and prepayments	(48)	(208)	(150)	(227)
Finance lease receivables	-	92	-	92
Trade payables	(1,650)	(60)	(2,550)	440
Due to customers for contracts work-in-progress	(459)	(562)	(377)	61
Other payables and accruals	(703)	1,582	(239)	684
<b>Cash flows (used in)/from operations</b>	671	791	2,166	1,250
Interest received	2	6	3	10
Income taxes paid	-	(1)	(11)	(1)
<b>Net cash flows from operating activities</b>	673	796	2,158	1,259
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(15)	(13)	(15)	(13)
Proceeds from disposal of plant and equipment	-	43	-	43
<b>Cash flows (used in)/from investing activities</b>	(15)	30	(15)	30
<b>Cash flows from financing activities</b>				
Interest paid	-	(294)	(262)	(427)
Repayment of loans and borrowings	(137)	(287)	(566)	(753)
Payment of principal portion of lease liabilities	(24)	-	(142)	-
Payment of finance lease obligations	(3)	(7)	(9)	(13)
<b>Cash flows from/(used in) financing activities</b>	(164)	(588)	(979)	(1,193)
<b>Net increase in cash and cash equivalents</b>	494	238	1,164	96
Effect of exchange rate changes on cash and cash equivalents	(3)	(71)	(21)	(190)
<b>Cash and cash equivalents at beginning of period</b>	3,017	3,343	2,365	3,604
<b>Cash and cash equivalents at end of period</b>	3,508	3,510	3,508	3,510

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 year.

	The Group						Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Non-controlling interest S\$'000	
<b>1H ended 30 June 2019</b>							
Balance as at 1 January 2019	102,605	(528)	(1,344)	114	(63,833)	-	37,014
Loss for the period	-	-	-	-	(2,954)	-	(2,954)
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	896	-	-	-	896
<b>Other comprehensive income for the period, net of tax</b>	-	-	896	-	-	-	896
<b>Total comprehensive income for the period</b>	-	-	896	-	(2,954)	-	(2,058)
<b>Balance as at 30 June 2019</b>	<b>102,605</b>	<b>(528)</b>	<b>(448)</b>	<b>114</b>	<b>(66,787)</b>	<b>-</b>	<b>34,956</b>

	The Group						Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Non-controlling interest S\$'000	
<b>1H ended 30 June 2020</b>							
Balance as at 1 January 2020	102,605	(528)	(1,540)	114	(95,792)	(11)	4,848
Loss for the period	-	-	-	-	(1,676)	(38)	(1,714)
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	(654)	-	-	-	(654)
<b>Other comprehensive income for the period, net of tax</b>	-	-	(654)	-	-	-	(654)
<b>Total comprehensive income for the period</b>	-	-	(654)	-	(1,676)	(38)	(2,368)
<b>Balance as at 30 June 2020</b>	<b>102,605</b>	<b>(528)</b>	<b>(2,194)</b>	<b>114</b>	<b>(97,468)</b>	<b>(49)</b>	<b>2,480</b>

	The Group						Total S\$'001
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Non-controlling interest S\$'000	
<b>2Q ended 30 June 2019</b>							
Balance as at 1 April 2019	102,605	(528)	(1,249)	114	(65,480)	-	35,462
Loss for the period	-	-	-	-	(1,307)	-	(1,307)
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	801	-	-	-	801
<b>Other comprehensive income for the period, net of tax</b>	-	-	801	-	-	-	801
<b>Total comprehensive income for the period</b>	-	-	801	-	(1,307)	-	(506)
<b>Balance as at 30 June 2019</b>	<b>102,605</b>	<b>(528)</b>	<b>(448)</b>	<b>114</b>	<b>(66,787)</b>	<b>-</b>	<b>34,956</b>

	The Group						Total S\$'001
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Non-controlling interest S\$'000	
<b>2Q ended 30 June 2020</b>							
Balance as at 1 April 2020	102,605	(528)	(2,987)	114	(95,721)	11	3,494
Loss for the period	-	-	-	-	(1,747)	(60)	(1,807)
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	793	-	-	-	793
<b>Other comprehensive income for the period, net of tax</b>	-	-	793	-	-	-	793
<b>Total comprehensive income for the period</b>	-	-	793	-	(1,747)	(60)	(1,014)
<b>Balance as at 30 June 2020</b>	<b>102,605</b>	<b>(528)</b>	<b>(2,194)</b>	<b>114</b>	<b>(97,468)</b>	<b>(49)</b>	<b>2,480</b>

	The Company				Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	
<b>1H ended 30 June 2019</b>					
Balance as at 1 January 2019	102,605	(528)	114	(59,105)	43,086
Loss for the period	-	-	-	(328)	(328)
<b>Total comprehensive income for the period</b>	-	-	-	(328)	(328)
<b>Balance as at 30 June 2019</b>	<b>102,605</b>	<b>(528)</b>	<b>114</b>	<b>(59,433)</b>	<b>42,758</b>

	The Company				Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	
<b>1H ended 30 June 2020</b>					
Balance as at 1 January 2020	102,605	(528)	114	(100,832)	1,359
Profit for the period	-	-	-	7	7
<b>Total comprehensive income for the period</b>	-	-	-	7	7
<b>Balance as at 30 June 2020</b>	<b>102,605</b>	<b>(528)</b>	<b>114</b>	<b>(100,825)</b>	<b>1,366</b>

	Share capital	Treasury shares	The Company Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2Q ended 30 June 2019</b>					
Balance as at 1 April 2019	102,605	(528)	114	(59,433)	42,758
Loss for the period	-	-	-	(351)	(351)
<b>Total comprehensive income for the period</b>	-	-	-	(351)	(351)
<b>Balance as at 30 June 2019</b>	<b>102,605</b>	<b>(528)</b>	<b>114</b>	<b>(59,784)</b>	<b>42,407</b>

	Share capital	Treasury shares	The Company Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2Q ended 30 June 2020</b>					
Balance as at 1 April 2020	102,605	(528)	114	(100,842)	1,349
Profit for the period	-	-	-	17	17
<b>Total comprehensive income for the period</b>	-	-	-	17	17
<b>Balance as at 30 June 2020</b>	<b>102,605</b>	<b>(528)</b>	<b>114</b>	<b>(100,825)</b>	<b>1,366</b>

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

- 1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, 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.

**Changes in Company's share capital:**

	No. of shares	Share capital S\$'000
Balance as at 31 March 2020 and 30 June 2020	1,106,681,074	102,605

On 3 July 2017, the Company allotted and issued 194,982,219 new ordinary shares ("Rights Shares") at an issue price of S\$0.018 for each Rights Share and 97,491,109 free detachable warrants ("2017 Warrants") pursuant to a renounceable and non-underwritten rights cum warrants issue. Each 2017 Warrant carries the right to subscribe for two new ordinary shares in the capital of the Company at an exercise price of S\$0.025 for each new ordinary share and is exercisable during a five year period from the date of issue.

As at 30 June 2020, the total number of ordinary shares in issue was 1,106,681,074 of which 7,961,500 (0.7% of total number of issued shares) were held by the Company as treasury shares (30 June 2019: 1,106,681,074 ordinary shares and 7,961,500 treasury shares (0.7% of total number of issued shares)).

	As at 30 June 2020	As at 30 June 2019
No. of shares that may be issued upon conversion of all outstanding convertibles	194,982,218	194,982,218

There were no subsidiary holdings as at the end of the current financial period reported on and as at the end of the immediately preceding financial period.

- 1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

	As at 30 June 2020		As at 31 December 2019	
	No. of shares	S\$'000	No. of shares	S\$'000
Total number of issued shares	1,106,681,074	102,605	1,106,681,074	102,605
Number of treasury shares	(7,961,500)	(528)	(7,961,500)	(528)
Net number of issued shares	<u>1,098,719,574</u>	<u>102,077</u>	<u>1,098,719,574</u>	<u>102,077</u>

- 1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	No. of shares	S\$'000
Number of treasury shares as at 31 March 2020 and 30 June 2020	7,961,500	528

- 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.

There were no subsidiary holdings during and as at the end of the current financial period reported on.

- 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 Group's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

- 3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

- (a) Updates on the efforts taken to resolve each outstanding audit issue.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2019 included a disclaimer of opinion on material uncertainty relating to going concern.

- 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 financial statements for the current financial year as compared with the most recent audited financial statements for the financial year ended 31 December 2019, except for those disclosed under Paragraph 5.

- 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.

The Group has adopted all the new standards, amendments to standards and interpretations that are relevant to the Group and the Company, and which are effective from the annual periods beginning on 1 January 2020. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

- 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

	2Q 2020 cents	2Q 2019 cents	1H 2020 cents	1H 2019 cents
<b>Loss per ordinary share</b>				
(i) Based on the weighted average number of ordinary share in issue	(0.16)	(0.12)	(0.15)	(0.27)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	(0.16)	(0.12)	(0.15)	(0.27)
<b>Loss per ordinary share from continuing operations</b>				
(i) Based on the weighted average number of ordinary share in issue	(0.16)	(0.12)	(0.15)	(0.27)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	(0.16)	(0.12)	(0.15)	(0.27)
Computed based on the following weighted average number of shares				
Basic	1,098,719,574	1,098,719,574	1,098,719,574	1,098,719,574
Diluted	1,098,719,574	1,098,719,574	1,098,719,574	1,098,719,574

As at 30 June 2020, warrants of 97,491,109 (30 June 2019: 97,491,109) have not been included in the calculation of diluted loss per share because they are anti-dilutive.

- 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 year reported on; and  
(b) immediately preceding financial year.

	Group cents		Company cents	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.23	0.44	0.12	0.12

**Footnote:**

Net asset value per ordinary share is based on 1,098,719,574 ordinary shares as at 30 June 2020 (31 December 2019: 1,098,719,574 shares), excluding treasury shares.

- 8 **A review of the performance of the group to the extent necessary for a reasonable understanding of the 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.**

**Financial Performance**

The 2Q2020 quarter is exactly into the peak period of COVID-19 global pandemic outbreak, where strict safety and pandemic management measures were implemented around the world, Singapore included. Against this backdrop, the Group's businesses were adversely affected.

Revenue in 2Q2020 was comparable to the prior quarter 1Q2020 but 16% lower as compared to 2Q2019. This was due to lower revenue generated from the offshore and marine services largely as a result of lower order book carried forward coupled with project delays from stop work order from COVID-19 safety management measures.

Compared to 2Q2019, the decrease in Gross Profit was in tandem with the lower revenue for the quarter. This decrease was further caused by the lower Gross Profit Margin due to lesser service-related revenues which generate higher yield higher margins.

Increase in Other Income was mainly due to the government support grant under the COVID-19 relief measures and a one-time gain from settlement of customer dispute. These elements were absent in the prior year comparative.

Marketing and Distribution Expenses, and Administrative Expenses declined quarter-on-quarter due to managed spending from the lower business activities. Finance Costs increased compared to the preceding period as the interests to the Group's borrowings continue to be accrued despite the moratorium.

The higher Other Operating Expenses compared to prior quarter was due to higher foreign currency translation losses. This loss was a result of the translation differences on US Dollar denominated current assets from the weakening US Dollar vis-à-vis the Singapore Dollar as of 31 March 2020, as opposed to a minimal currency fluctuation in 2Q2019.

Considering the above factors, the Group registered a Net Loss Before and After Tax of approximately S\$1.8 million for 2Q2020.

**Financial Position**

The Net Assets for the Group stood at S\$2.4 million as at 30 June 2020. This was lower as compared to that as at 31 December 2019 due to the losses for the period.

The reduction in Non-Current Assets was mainly due to the depreciation of property, plant and equipment.

Except for Cash and Cash Equivalents, the reduction in Current Assets, was mainly due to the sales drawdown of inventories, collection of trade receivables and the lower billings from delays in project delivery. In addition, the lower Trade Receivables and the higher cash balances was mainly due to the cash proceeds from a out-of-court settlement of a trade dispute with a customer.

Trade Payables decreased due to the shorter payment cycle to suppliers coupled with lesser purchases from project delays. Other Payables and Accruals increased largely as a result of foreign exchange translation for payables denominated in US Dollar as a result of the stronger US Dollar as compared to that as of 31 December 2019.

**Cashflow**

The net cash flows generated from operating activities were mainly due to the lower net working capital additions as a result of low business volumes, coupled with cash proceeds from a settlement of trade receivables dispute.

There were no major acquisition or disposal of capital assets due to the low business activity and climate, which accounted for the minimal movement in the cash flows used in investing activities.

There was minimal cash flows used in financing activities as compared to 2Q2019 as the Company is currently undergoing a debt moratorium.

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

Not applicable

- 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 COVID-19 pandemic has created one of the most volatile periods in history for most businesses, and added further pressure to an already challenging oil and gas and offshore and marine industry. As with most economic sectors, the industry outlook continued to be uncertain. As with most businesses, similar business impact is also felt by the Group in carrying out its business activities due to the restrictive measures instituted at workplace and project delays from these uncertainties. As shared in Note 8, the Covid-19 pandemic affected the financial performance of the Group due to project delays and other restrictive control measures during the circuit breaker and subsequent periods. Despite safety measures being less stringent now in phase 2 of the circuit breaker, the Group still expects there to be delays to projects, as businesses begin to cautiously open up and the Group expects this to continue for the rest of the year. There are some positive signs with more new tenders and subsequently order intakes expected in the second half of 2020.

The Group will continue to monitor the situation closely and adjust its operating capacity in accordance with the fluid uncertain situation and when there is more clarity on the market development. The Group continues to look for opportunities to monetise its capital assets in order to improve its liquidity position, repay its debts and strengthen its working capital.

As shared in the regular monthly update announcements pertaining to the Moratorium, the placement agreement between the Company and its investors had lapsed and ceased as the conditions precedent in the agreement were not fulfilled as at the agreement long stop date. While the Company continues to be in discussion with the investors, it is also engaged in exploratory talks with other investors with a view to enter into an investment agreement.

The Company continues to undergo a court-supervised restructuring process with its moratoria extended by the court to 30 October 2020. During such time, the Company continues to engage any potential investors in relation to potential rescue financing as well as its key creditors in relation to a potential settlement or arrangement of its liabilities thereto. Concurrently, the Company is actively looking to sell its mortgaged property to address the related mortgage repayment, which was a key condition precedent in the earlier placement agreement with the investors.

The Group will place its effort in maintaining viability of its offshore and marine business, and to successful exit the moratoria process and reaching settlement with its creditors. This will allow the Group to deleverage the balance sheet and improve the financial capacity of the Group. The Group hopes to emerge from the eventual successful restructuring and the execution of the plans by potential strategic investors which will allow a renewed lease of life for the business.

- 11 **Dividend**

**(a) Current Financial Period Reported On**

**Any dividend recommended for the current financial period report on?**

No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No

**(c) Date payable**

Not applicable

**(d) 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 has been declared or recommended for the financial period reported on due to the current financial position of the Company.

- 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.**

No IPT mandate has been obtained.

- 14 **Confirmation By Directors Pursuant to Rule 705(5) of the Listing Manual of SGX-ST**

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the second quarter ended 30 June 2020 to be false or misleading in any material aspect.

- 15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalyst Rules**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalyst Rules.

BY ORDER OF THE BOARD

MR ANDY LIM  
CHAIRMAN AND EXECUTIVE DIRECTOR

MR NG YEAP CHONG  
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

14 August 2020  
Singapore