

First Quarter Financial Statements And Dividend Announcement for the Financial Period Ended 31 March 2020

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("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 2018.

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 Catalist 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.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

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		Change %
	1Q 2020 S\$'000 (Unaudited)	1Q 2019 S\$'000 (Unaudited)	
Revenue	4,036	4,871	(17)
Cost of sales	(2,453)	(3,167)	(23)
Gross Profit	1,583	1,704	(7)
Other income	1,644	101	1,528
Interest income	1	4	(75)
Marketing and distribution expenses	(38)	(23)	65
Administrative expenses	(1,959)	(2,035)	(4)
Other operating expenses	(362)	(771)	(53)
Finance costs	(776)	(647)	20
Profit/(Loss) before tax	93	(1,667)	NM
Income tax credit	-	20	(100)
Profit/(Loss) for the period	93	(1,647)	NM
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	(1,447)	95	NM
Net change in fair value reserve of available-for-sale financial assets	-	-	-
Other comprehensive income for the period, net of tax	(1,447)	95	NM
Total comprehensive income for the period	(1,354)	(1,552)	(13)
Profit/(Loss) attributable to:			
- Owners of the Company	71	(1,647)	NM
- Non-controlling interests	22	-	NM
	93	(1,647)	NM
Total comprehensive income attributable to:			
- Owners of the Company	(1,376)	(1,552)	(11)
- Non-controlling interests	22	-	NM
	(1,354)	(1,552)	(13)

Note

	The Group		Change %
	1Q 2020 S\$'000 (Unaudited)	1Q 2019 S\$'000 (Unaudited)	
Profit/(Loss) before tax is derived at after			
Crediting/(charging):			
Depreciation of property, plant and equipment and right-of-use assets	(357)	(504)	(29)
Amortisation of intangible assets	(3)	(5)	(40)
Gain/(Loss) on foreign exchange	1,564	(228)	NM
Reversal of impairment loss on trade receivables	-	30	(100)
Inventories written down	-	(31)	(100)

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		The Company	
	S\$'000		S\$'000	
	31-Mar-20 (Unaudited)	31-Dec-19 (Unaudited)	31-Mar-20 (Unaudited)	31-Dec-19 (Unaudited)
Equity attributable to owners of the Company				
Share capital	102,605	102,605	102,605	102,605
Treasury shares	(528)	(528)	(528)	(528)
Reserves	(98,594)	(97,218)	(100,728)	(100,718)
	3,483	4,859	1,349	1,359
Non-controlling interests	11	(11)	-	-
Total equity	3,494	4,848	1,349	1,359
Non-current assets				
Property, plant and equipment	19,100	19,427	1	1
Investment in subsidiaries	-	-	29,505	29,505
Quoted equity investments	40	40	40	40
Intangible assets	7,204	7,207	-	-
Right-of-use assets	1,411	1,441	-	-
Deferred tax assets	-	-	-	-
	27,755	28,115	29,546	29,546
Current assets				
Inventories	13,585	13,137	-	-
Trade receivables	23,475	24,117	-	-
Contract assets	3,986	4,836	-	-
Prepayments	50	39	31	14
Other receivables and deposits	1,055	1,069	123	67
Due from subsidiaries (non-trade)	-	-	-	36
Cash and cash equivalents	3,017	2,365	18	25
	45,168	45,563	172	142
Total assets	72,923	73,678	29,718	29,688
Current liabilities				
Trade payables	4,770	5,667	-	-
Contract liabilities	2,814	2,732	-	-
Other payables and accruals	26,801	24,923	1,099	997
Tax payable	3	11	-	-
Finance lease obligations	10	15	-	-
Term loans	25,493	25,922	-	-
Redeemable exchangeable bonds	7,155	7,155	-	-
Due to subsidiaries (non-trade)	-	-	27,270	27,332
	67,046	66,425	28,369	28,329
Non-current liabilities				
Lease liabilities	1,498	1,520	-	-
Deferred tax liabilities	885	885	-	-
	2,383	2,405	-	-
Total liabilities	69,429	68,830	28,369	28,329
Net assets	3,494	4,848	1,349	1,359

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

	As at 31 March 2020		As at 31 December 2019	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand				
- Term loans	25,493	-	25,922	-
- Redeemable exchangeable bonds	7,155	-	7,155	-
- Finance lease obligations	10	-	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	
	1Q 2020	1Q 2019
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Profit/(Loss) before tax	93	(1,667)
Adjustments for:		
Amortisation of intangible assets	3	5
Depreciation of property, plant and equipment and right-of-use assets	357	504
Inventories written down	-	31
Reversal of impairment loss on trade receivables	-	(30)
Interest expense	776	647
Interest income	(1)	(4)
Unrealised exchange (gain)/loss	(326)	248
Operating profit/(loss) before working capital changes	902	(266)
Changes in working capital:		
Inventories	(447)	718
Trade receivables	646	(477)
Due from customers for contracts work-in-progress	850	278
Other receivables, deposits and prepayments	(102)	(19)
Trade payables	(900)	500
Due to customers for contracts work-in-progress	82	623
Other payables and accruals	464	(898)
Cash flows from operations	1,495	459
Interest received	1	4
Income taxes paid	(11)	-
Net cash flows from operating activities	1,485	463
Cash flows from financing activities		
Interest paid	(262)	(133)
Repayment of loans and borrowings	(429)	(466)
Payment of principal portion of lease liabilities	(118)	-
Payment of finance lease obligations	(6)	(6)
Cash flows used in financing activities	(815)	(605)
Net increase/(decrease) in cash and cash equivalents	670	(142)
Effect of exchange rate changes on cash and cash equivalents	(18)	(119)
Cash and cash equivalents at beginning of period	2,365	3,604
Cash and cash equivalents at end of period	3,017	3,343

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	
1Q ended 31 March 2019							
Balance as at 1 January 2019	102,605	(528)	(1,344)	114	(63,833)	-	37,014
Profit/(Loss) for the period	-	-	-	-	(1,647)	-	(1,647)
Other comprehensive income							
Foreign currency translation	-	-	95	-	-	-	95
Other comprehensive income for the period, net of tax	-	-	95	-	-	-	95
Total comprehensive income for the period	-	-	95	-	(1,647)	-	(1,552)
Contributions by and distribution to owners							
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-
Balance as at 31 March 2019	102,605	(528)	(1,249)	114	(65,480)	-	35,462

	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	
1Q ended 31 March 2020							
Balance as at 1 January 2020	102,605	(528)	(1,540)	114	(95,792)	(11)	4,848
Profit/(Loss) for the period	-	-	-	-	71	22	93
Other comprehensive income							
Foreign currency translation	-	-	(1,447)	-	-	-	(1,447)
Other comprehensive income for the period, net of tax	-	-	(1,447)	-	-	-	(1,447)
Total comprehensive income for the period	-	-	(1,447)	-	71	22	(1,354)
Contributions by and distribution to owners							
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-
Balance as at 31 March 2020	102,605	(528)	(2,987)	114	(95,721)	11	3,494

	The Company				Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	
1Q ended 31 March 2019					
Balance as at 1 January 2019	102,605	(528)	114	(59,105)	43,086
Profit/(Loss) for the period	-	-	-	(328)	(328)
Total comprehensive income for the period	-	-	-	(328)	(328)
Contributions by and distribution to owners					
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 31 March 2019	102,605	(528)	114	(59,433)	42,758

	The Company				Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	
1Q ended 31 March 2020					
Balance as at 1 January 2020	102,605	(528)	114	(100,832)	1,359
Profit/(Loss) for the period	-	-	-	(10)	(10)
Other comprehensive income					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(10)	(10)
Contributions by and distribution to owners					
Total transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 31 March 2020	102,605	(528)	114	(100,842)	1,349

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 December 2019 and 31 March 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 share 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 31 March 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 (31 March 2019: 1,106,681,074 ordinary shares and 7,961,500 treasury shares (0.7% of total number of issued shares)).

	As at 31 March 2020	As at 31 March 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.

Save for the foregoing, there are no other changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 31 December 2019.

- 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 31 March 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	1,098,719,574	102,077	1,098,719,574	102,077

- 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 December 2019 and 31 March 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 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 2018 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 2018, 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 Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter. As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the financial year ended 31 December 2018. The adoption of new SFRS(I) did not result in substantial change to the Group's and Company's accounting policies and did not have material impact on the amounts reported for the current or prior financial years.

- 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

	1Q 2020 cents	1Q 2019 cents
Profit/(Loss) per ordinary share		
(i) Based on the weighted average number of ordinary share on issue	0.01	(0.15)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	0.01	(0.15)
Profit/(Loss) per ordinary share from continuing operations		
(i) Based on the weighted average number of ordinary share on issue	0.01	(0.15)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	0.01	(0.15)
Computed based on the following weighted average number of shares		
Basic	1,098,719,574	1,098,719,574
Diluted	1,098,719,574	1,098,719,574

As at 31 March 2020, warrants of 97,491,109 (31 March 2019: 97,491,109) have not been included in the calculation of diluted profit/(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	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.32	0.44	0.12	0.12

Footnote:

Net asset value per ordinary share is based on 1,098,719,574 ordinary shares as at 31 March 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

Revenue in 1Q2020 was lower as compared to 1Q2019 due to the lower revenue generated from the offshore and marine services, and systems engineering projects largely as a result of lower order book carried forward.

The increase in gross profit margin of 4.3% was due to the revenue mix where a higher proportion of revenue recognised were for the power winches segment which yielded higher margins.

Increase in other income and decrease in other operating expenses were largely due to foreign exchange gain of S\$1.5 million. This gain was a result of the translation differences on US Dollar denominated current assets from the strengthening US Dollars, as opposed to a foreign exchange loss of S\$0.2 million in 1Q2019. Administrative Expenses declined quarter-on-quarter due to the lower business activities. Finance cost increased compared to the preceding period as the interests to the Group's borrowings continue to be accrued despite the moratorium.

Considering the above factors, the Group registered a net profit before and after tax of approximately S\$0.093 million for 1Q2020.

Financial Position

The Net Assets for the Group stood at S\$3.5 million as at 31 March 2020. This was lower compared to that as at 31 December 2019 due to the negative total comprehensive income for the period.

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

The decrease in net amount Due from Customer Contracts was a result of timing of project billing milestones. Trade payables decreased due to the shorter payment cycle to suppliers. Other payables and accruals increased largely as a result of foreign exchange translation for payables denominated in US Dollar as a result of the strengthening of US Dollars.

Cashflow

The net cash flows generated from operating activities were mainly due to the customer project milestone billing and favourable currency effect from US Dollar denominated current assets.

Cash flows used in financing activities were due to the repayment of loans, interests and lease liabilities during the quarter.

- 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 industry was showing signs of gradual recovery in 2019. The Group saw an increase in customer enquiries and tender invitations in 2019 and worked diligently to secure the contracts for the offshore and marine business. This gradually improved trend was disrupted by both the COVID-19 pandemic, as well as the oil price volatility triggered by the price-volume war between the major oil producing countries and plummeting demand.

The COVID-19 pandemic has created one of the most volatile periods in history for the upstream oil and gas industry with unprecedented challenges. As with most economic sectors, the industry outlook has certainly turned weaker and future developments difficult to assess. 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 by the governmental authorities. The timeline in terms of returning to work and reverberating impact from customer orders and project delays cannot be firmly determined.

To navigate in this challenging climate, 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.

Against the challenging macroeconomic backdrop the Group achieved some positive development in addressing some of the long outstanding legal matters. As previously reported in the last quarter, the Group managed to successfully negotiate settlement and the legal suit by the owners of the chemical tanker discontinued. The Group was also able to successfully make an application for enforcement to the Chinese court against the charterer of the land drilling rigs and will continue to pursue the enforcement process. And recently the Group also reached a settlement with Keppel Singmarine with regards to the legal proceedings involving the Company's wholly-owned subsidiary, Viking HVAC Pte. Ltd.

As previously shared in the monthly update announcements pertaining to the Moratorium, the Company has entered into a conditional placement agreement with Ruddin Advisory Limited and Blue Ocean Capital Partners Pte. Ltd. in relation to a proposed placement of shares in the Company. The Company continues to undergo a court-supervised restructuring process; and to engage both its 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. While the moratorium and debt restructuring process is still ongoing, the Group had managed to achieve progress in addressing the conditions precedent to the conditional placement agreement and addressing creditors' debt resolution.

The Group continues to place its effort in maintaining viability of its offshore and marine business, closing out the placement agreement with the potential investors, reaching a potential settlement or arrangement of the relevant liabilities with key creditors. The above actions 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 the strategic investors 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 first quarter ended 31 March 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

15 May 2020
Singapore