

First Quarter Financial Statement And Dividend Announcement for the Financial Period Ended 31 March 2019

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst (the "Catalist Rules").

The document has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

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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		
	1Q 2019 S\$'000	1Q 2018 S\$'000	Change %
Revenue	4,871	7,298	(33)
Cost of sales	(3,167)	(4,114)	(23)
Gross Profit	1,704	3,184	(46)
Other income	101	103	(2)
Interest income	4	2	100
Marketing and distribution expenses	(23)	(73)	(68)
Administrative expenses	(2,035)	(2,715)	(25)
Other operating expenses	(771)	(1,830)	(58)
Finance costs	(647)	(753)	(14)
Loss before tax	(1,667)	(2,082)	(20)
Income tax credit	20	20	0
Loss for the year	(1,647)	(2,062)	(20)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	95	(149)	NM
Other comprehensive income for the year, net of tax	95	(149)	NM
Total comprehensive income for the year	(1,552)	(2,211)	(30)
Loss attributable to:			
Owners of the company			
- Loss after tax	(1,647)	(2,062)	(20)
Total comprehensive income attributable to:			
Owners of the company			
- Loss after tax	(1,552)	(2,211)	(30)

Note

Profit/(Loss) before tax is derived at after

Crediting/(charging) :

	The Group		
	1Q 2019 S\$'000	1Q 2018 S\$'000	Change %
Depreciation of property, plant and equipment	(504)	(544)	(7)
Amortisation of intangible assets	(5)	(5)	0
Gain on disposal of plant and equipment	-	3	(100)
(Loss)/Gain on foreign exchange	(228)	(436)	(48)
Reversal of impairment loss on trade receivables	30	-	NM
Impairment loss on trade receivables	-	(835)	(100)
Inventories written down	(31)	3	NM
Net fair value gains on quoted equity investments	-	24	(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 S\$'000		The Company S\$'000	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
<b>Equity attributable to equity holders of the company</b>				
Share capital	102,605	102,605	102,605	102,605
Treasury shares	(528)	(528)	(528)	(528)
Reserves	(66,615)	(65,063)	(59,319)	(58,990)
<b>Total equity</b>	<b>35,462</b>	<b>37,014</b>	<b>42,758</b>	<b>43,087</b>
<b>Non-current assets</b>				
Property, plant and equipment	20,833	21,336	2	2
Investment in subsidiaries	-	-	54,111	54,111
Investment in associates	-	-	-	-
Quoted equity investments	50	50	50	50
Intangible assets	13,506	13,510	-	-
Deferred tax assets	6	6	-	-
	<u>34,395</u>	<u>34,902</u>	<u>54,163</u>	<u>54,163</u>
<b>Current assets</b>				
Inventories	24,824	25,573	-	-
Trade receivables	30,473	29,998	-	-
Contract assets	6,319	6,597	-	-
Prepayments	54	77	26	37
Other receivables and deposits	1,106	1,063	56	43
Due from subsidiaries	-	-	18,233	18,227
Cash and cash equivalents	3,343	3,604	61	50
	<u>66,119</u>	<u>66,912</u>	<u>18,376</u>	<u>18,357</u>
<b>Total assets</b>	<b>100,514</b>	<b>101,814</b>	<b>72,539</b>	<b>72,520</b>
<b>Current liabilities</b>				
Trade payables	3,621	3,118	-	-
Contract liabilities	2,996	2,374	-	-
Other payables and accruals	23,913	24,366	805	747
Tax payable	4	5	-	-
Finance lease obligations	19	26	-	-
Term loans	18,062	17,884	78	160
Redeemable exchangeable bonds	7,155	7,081	-	-
Due to subsidiaries	-	-	28,898	28,526
	<u>55,770</u>	<u>54,854</u>	<u>29,781</u>	<u>29,433</u>
<b>Non-current liabilities</b>				
Term loans	8,238	8,882	-	-
Deferred tax liabilities	1,029	1,049	-	-
Finance lease obligations	15	15	-	-
	<u>9,282</u>	<u>9,946</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b>65,052</b>	<b>64,800</b>	<b>29,781</b>	<b>29,433</b>
<b>Net assets</b>	<b>35,462</b>	<b>37,014</b>	<b>42,758</b>	<b>43,087</b>

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

Amount repayable in one year or less, or on demand

As at 31 March 2019		As at 31 December 2018	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
25,236	-	24,991	-

Amount repayable after one year

As at 31 March 2019		As at 31 December 2018	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
8,253	-	8,897	-

Details of any collateral

The Group's borrowings are secured by the followings:

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

	<b>The Group</b>	
	<b>1Q 2019</b>	<b>1Q 2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>		
<b>Loss before tax</b>	(1,667)	(2,082)
<b>Adjustments for:</b>		
Amortisation of intangible assets	5	5
Net fair value gains on quoted equity investments	-	(24)
Depreciation of property, plant and equipment	504	544
Inventories written down	31	(3)
Impairment loss on trade receivables	-	835
Gain on disposal of plant and equipment	-	(3)
Reversal of impairment loss on trade receivables	(30)	-
Impairment loss on quoted equity investments	-	10
Interest expense	647	753
Interest income	(4)	(2)
Unrealised exchange loss/(gain)	248	274
<b>Operating profit before working capital changes</b>	<b>(266)</b>	<b>307</b>
Changes in working capital:		
Inventories	718	537
Trade receivables	(477)	(1,913)
Due from customers for contracts work-in-progress	278	(484)
Other receivables, deposits and prepayments	(19)	(239)
Finance lease receivables	-	1,256
Trade payables	500	254
Due to customers for contracts work-in-progress	623	101
Other payables and accruals	(898)	(428)
<b>Cash flows from operations</b>	<b>459</b>	<b>(609)</b>
Interest received	4	2
Income taxes (paid)/refunded	-	4
<b>Net cash flows from operating activities</b>	<b>463</b>	<b>(603)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(2)
Proceeds from disposal of plant and equipment	-	6
Net proceeds on disposal of quoted equities	-	160
<b>Cash flows from/(used in) investing activities</b>	<b>-</b>	<b>164</b>
<b>Cash flows from financing activities</b>		
Interest paid	(133)	(488)
Repayment of loans and borrowings	(466)	(1,084)
Proceeds from loans and borrowings	-	750
Payment of finance lease obligations	(6)	(8)
<b>Cash flows used in financing activities</b>	<b>(605)</b>	<b>(830)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(142)</b>	<b>(1,269)</b>
Effect of exchange rate changes on cash and cash equivalents	(119)	48
<b>Cash and cash equivalents at beginning of year</b>	<b>3,604</b>	<b>6,051</b>
<b>Cash and cash equivalents at end of year</b>	<b>3,343</b>	<b>4,829</b>

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	
<b>1Q ended 31 March 2018</b>						
Balance as at 1 January 2018	102,605	(528)	300	111	(37,584)	64,904
Loss for the period	-	-	-	-	(2,059)	(2,059)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	(152)	-	-	(152)
<b>Other comprehensive income for the period, net of tax</b>	-	-	(152)	-	-	(152)
<b>Total comprehensive income for the period</b>	-	-	(152)	-	(2,059)	(2,211)
<b>Balance as at 31 March 2018</b>	<b>102,605</b>	<b>(528)</b>	<b>148</b>	<b>111</b>	<b>(39,643)</b>	<b>62,693</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	
<b>1Q ended 31 March 2019</b>						
Balance as at 1 January 2019	102,605	(528)	(1,344)	114	(63,833)	37,014
Loss for the period	-	-	-	-	(1,647)	(1,647)
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	95	-	-	95
<b>Other comprehensive income for the period, net of tax</b>	-	-	95	-	-	95
<b>Total comprehensive income for the period</b>	-	-	95	-	(1,647)	(1,552)
<b>Balance as at 31 March 2019</b>	<b>102,605</b>	<b>(528)</b>	<b>(1,249)</b>	<b>114</b>	<b>(65,480)</b>	<b>35,462</b>

	The Company				Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	
<b>1Q ended 31 March 2018</b>					
Balance as at 1 January 2018	102,605	(528)	115	(46,453)	55,739
Loss for the period	-	-	-	(367)	(367)
<b>Total comprehensive income for the period</b>	-	-	-	(367)	(367)
<b>Balance as at 31 March 2018</b>	<b>102,605</b>	<b>(528)</b>	<b>115</b>	<b>(46,820)</b>	<b>55,372</b>

	The Company				Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	
<b>1Q ended 31 March 2019</b>					
Balance as at 1 January 2019	102,605	(528)	114	(59,105)	43,086
Loss for the period	-	-	-	(328)	(328)
<u>Other comprehensive income</u>					
Net change in fair value reserve of available-for-sale financial assets	-	-	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	(328)	(328)
Contributions by and distribution to owners	-	-	-	-	-
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>102,605</b>	<b>(528)</b>	<b>114</b>	<b>(59,433)</b>	<b>42,758</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, 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:**

	Quantity	Share capital S\$'000
Balance as at 31 December 2018 and 31 March 2019	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 2019, the total number of ordinary shares in issue was 1,106,681,074 of which 7,961,500 were held by the Company as treasury shares (31 March 2018: 1,106,681,074 ordinary shares and 7,961,500 treasury shares).

	As at 31 March 2019	As at 31 March 2018
No of Shares that may be issued upon conversion of all outstanding convertibles	194,982,218	327,823,115

There were no subsidiary holdings as at the end of the current financial year reported on.

Save for the foregoing, there are no other changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 30 June 2018.

- 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 2019		As at 31 December 2018	
	No. of shares	S\$'000	No. of shares	S\$'000
Total number of issued shares at the end of the financial period	1,106,681,074	102,605	1,106,681,074	102,605
Number of Treasury Shares at the end of the financial period	(7,961,500)	(528)	(7,961,500)	(528)
Net number of issued shares at the end of the financial period	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 share	S\$'000
Balance as at 31 December 2018 and 31 March 2019	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 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 financial statements for the current financial year as compared with the unaudited financial statements for the year ended 31 December 2018, except for those disclosed under Paragraph 5.

The comparative figures of the Group are unaudited as at 31 December 2018. As announced on 18 April 2019 on SGXNet, the Group requires an extension of time to finalise, inter alia, its audited financial statements and annual report for the financial year ended 31 December 2018.

- 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. Subsequent to the last financial year end, 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 period 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 2019 cents	1Q 2018 cents
<b>Earnings per ordinary share</b>		
(i) Based on the weighted average number of ordinary share on issue	(0.15)	(0.19)
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.15)	(0.19)
<b>Earnings per ordinary share from continuing operations</b>		
(i) Based on the weighted average number of ordinary share on issue	(0.15)	(0.19)
(ii) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.15)	(0.19)
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 2019, Nil (31 December 2018: Nil) share options granted to employees under the existing employee share option plans and warrants of 97,491,109 (31 December 2018: 97,491,109), have not been included in the calculation of diluted earnings 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 S\$		Company S\$	
	31.3.19	31.12.18	31.3.19	31.12.18
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	0.03	0.03	0.04	0.04

**Footnote:**

Net asset value per ordinary share is based on 1,098,719,574 ordinary shares as at 31 March 2019 (31 December 2018: 1,098,719,574 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 1Q-2019 revenue was lower compared to the prior year's corresponding period due to the lesser revenue generated from the offshore and marine services, and systems engineering projects. In addition, there was no revenue recognised for the chartering services in 1Q-2019 compared to the prior year's corresponding period of approximately S\$0.8 million as the land rig chartering contract expired in 4Q-2018.

The gross profit decreased in tandem with the lower revenue recognised while gross profit margin decreased as there was lower revenue generated by the higher margin chartering services.

Marketing and distribution expenses, administration expenses declined quarter-on-quarter due to the tighter spending discipline and rightsizing of manpower which were carried out in the prior year. Other operating expenses also declined in line with the reduction in impairment loss as there was no chartering services revenue recognised. The foreign exchange loss of S\$0.2 million incurred during the period was largely due to the translation differences in US Dollar denominated current assets.

Considering the above factors, the Group registered a net loss of approximately S\$1.6 million for 1Q-2019.

**Financial Position**

Net assets for the Group of S\$35.5 million as at 31 March 2019 was lower compared to that in 31 December 2018 due to the net loss incurred during the period.

The reduction in non-current assets was mainly due to the depreciation of property, plant and equipment.

The decrease in net amount contract assets and contract liabilities was a result of timing of project billing milestones.

**Cashflow**

The net cash flow from operating activities were mainly due to the better billing and collection compared to the preceding period.

There were no cash flow from investing activities this period compared to the prior period when there were proceeds from disposal of quoted equities.

Cash flows used in financing activities were due to the repayment of loans and borrowings during the period.

- 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 is showing some signs of gradual recovery and increasing inquiries as the oil price gradually trended upwards during the first quarter of 2019. The Group has seen an increase in customer enquiries and tender invitations in 2019 and is working diligently on securing the contracts. The orders secured in the first quarter of 2019 exceeds that in preceding year.

In the asset management business, the current and potential yields remained economically not feasible for the Group to operate in. In this regard, the Group will be looking for opportunities to monetise its capital assets in order to improve its liquidity position, repay its debts and strengthen its working capital.

Cash and liquidity remained the primary priority focus for the Group. Specifically, the business outlook and sustainability for the Group hinges on its ability to successfully execute on the following major items:

1. The restructuring for the respective bonds and loans that are past due, which the Group is progressing in negotiation with the respective parties.
2. The continued support from the Group's principal bankers to support working capital requirements of its operating subsidiaries in the offshore and marine services. In view of the absence of additional banking facilities, the Group will have to seek new alternative source of working capital and project financing requirements.
3. The resolution of the winding up order made against the Company by Wang Qi for the loan amount of S\$800,000.
4. The outcome of the enforcement of award against the charterer of the land rigs and and the legal defence against the owner of the chemical tanker. The Group has successfully obtained a favourable arbitration award in Singapore against the charterer of the land rigs and the award is currently with the Chinese court for enforcement. The legal suit defence against the owners of the chemical tanker is still in-progress, and the Group is concurrently in discussion with the owner to pursue an amicable settlement.

The Group continued to stake its claim against Keppel Singmarine ("Keppel") for outstanding receivables and variation orders, and at the same time defend counterclaims from Keppel. The court hearing is set on December 2019.

In addition to the above actions, the Group has been actively seeking strategic investors and in talks with them for fresh sources of funds. This will allow the Group to deleverage the balance sheet and improve the financial capacity of the Group.

The Group will make further announcements on the above matters as and when there are material developments, as well as provide an update on its AGM when the timing is determined.

- 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) Books closure date**

Not applicable

- 12 **If no dividend has been declared / recommended, a statement to that effect.**

Not applicable

- 13 **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained.

- 14 **Use of proceeds from rights cum warrants issue**

As at 31 March 2019, all the net proceeds from the 2017 rights cum warrants issue have been fully utilised. The use of proceeds from the rights cum warrants issue is in accordance with the intended use.

- 15 **Confirmation By Directors Pursuant to Rule 705(5) of the Catalyst Rules**

The Board of Directors of the Company hereby confirms 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 2019 to be false or misleading in any material respect.

- 16 **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 2019  
Singapore