



## UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2013

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

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 INCOME STATEMENT

	Group		Incr/ (decr) %
	1st Qtr Ended 30/6/2013 S\$'000	30/6/2012 S\$'000	
<b>Revenue</b>	<b>19,775</b>	<b>18,447</b>	7.2
Cost of sales	(13,771)	(11,996)	14.8
<b>Gross profit</b>	<b>6,004</b>	<b>6,451</b>	(6.9)
Other income	32	29	10.3
Distribution costs	(761)	(569)	33.7
Administrative expenses	(1,940)	(1,283)	51.2
Other operating expenses	(354)	(72)	NM
Interest expense	(392)	(468)	(16.2)
<b>Profit before income tax</b>	<b>2,589</b>	<b>4,088</b>	(36.7)
Income tax expense	(248)	(805)	(69.2)
<b>Profit for the period</b>	<b>2,341</b>	<b>3,283</b>	(28.7)
Attributable to:			
Shareholders of the Company	2,340	3,283	(28.7)
Non-controlling interests	1	-	NM
	<b>2,341</b>	<b>3,283</b>	(28.7)
Gross profit margin	30.4%	35.0%	
Net profit margin	11.8%	17.8%	
EBITDA <sup>(1)</sup> (S\$'000)	3,379	4,999	(32.4)
EBITDA margin	17.1%	27.1%	
EPS <sup>(2)</sup>	0.54	1.09	(50.5)

<sup>(1)</sup> : Denotes earnings before interest, taxes, depreciation and amortization

<sup>(2)</sup> : Earnings per share

NM: Not meaningful

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Group</b>		
	<b>1st Qtr Ended</b>		
	<b>30/6/2013</b>	<b>30/6/2012</b>	<b>Incr/ (decr)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Profit for the period	2,341	3,283	(28.7)
<b>Other comprehensive loss</b>			
Translation loss arising on consolidation	(6)	(22)	(72.7)
<b>Other comprehensive loss for the period</b>	<u>(6)</u>	<u>(22)</u>	(72.7)
<b>Total comprehensive income for the period</b>	<u><b>2,335</b></u>	<u><b>3,261</b></u>	(28.4)
Total comprehensive income attributable to:			
Shareholders of the Company	2,334	3,261	(28.4)
Non-controlling interests	1	-	NM
	<u><b>2,335</b></u>	<u><b>3,261</b></u>	(28.4)

**1(a)(ii) Profit before income tax is arrived at after charging/(crediting) the following:**

	<b>Group</b>		<b>Incr/ (decr) %</b>
	<b>1st Qtr Ended</b>		
	<b>30/6/2013</b>	<b>30/6/2012</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
Doubtful trade receivables recovered	(7)	(28)	(75)
Depreciation	383	443	(14)
Amortisation of intangible asset	15	-	NM
Foreign exchange loss	352	72	NM
Gain on disposal of property, plant and equipment	(12)	-	NM
Interest income	(8)	(1)	NM
Interest expense	392	468	(16)

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

**STATEMENTS OF FINANCIAL POSITION**

	<b>Group</b>		<b>Company</b>	
	<b>30/6/2013</b>	<b>31/3/2013</b>	<b>30/6/2013</b>	<b>31/3/2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	23,717	21,408	19,893	20,056
Trade receivables	25,888	27,421	1,756	852
Other receivables and prepayments	1,543	860	26,137	26,774
Inventories	109,045	104,058	-	-
<b>Total current assets</b>	<b>160,193</b>	<b>153,747</b>	<b>47,786</b>	<b>47,682</b>
<b>Non-current assets</b>				
Property, plant and equipment	11,018	10,980	-	-
Club memberships	76	76	-	-
Intangible asset	210	225	-	-
Subsidiaries	-	-	5,702	5,500
<b>Total non-current assets</b>	<b>11,304</b>	<b>11,281</b>	<b>5,702</b>	<b>5,500</b>
<b>Total assets</b>	<b>171,497</b>	<b>165,028</b>	<b>53,488</b>	<b>53,182</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	15,352	16,417	-	-
Other payables	1,504	1,311	558	707
Current portion of bank borrowings	43,316	37,690	-	-
Current portion of finance leases	950	1,011	-	-
Income tax payable	1,692	1,956	149	105
<b>Total current liabilities</b>	<b>62,814</b>	<b>58,385</b>	<b>707</b>	<b>812</b>
<b>Non-current liabilities</b>				
Bank borrowings	15,552	15,758	-	-
Finance leases	838	927	-	-
Deferred tax liabilities	266	266	-	-
<b>Total non-current liabilities</b>	<b>16,656</b>	<b>16,951</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Share capital	47,224	47,224	47,224	47,224
Retained earnings	44,882	42,542	5,557	5,146
Translation reserve	(80)	(74)	-	-
Equity attributable to shareholders of the Company	92,026	89,692	52,781	52,370
Non-controlling interests	1	0	-	-
<b>Total equity</b>	<b>92,027</b>	<b>89,692</b>	<b>52,781</b>	<b>52,370</b>
<b>Total liabilities and equity</b>	<b>171,497</b>	<b>165,028</b>	<b>53,488</b>	<b>53,182</b>

1(b)(ii) In relation to the 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 year or less, or on demand**

	30/6/2013		31/3/2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	6,002	-	6,045	-
Money market loan	3,000	-	3,000	-
Bank bills payables	3,109	23,705	6,285	17,360
Finance leases	950	-	1,011	-
Time loans	-	5,000	-	5,000
Revolving credit loans	-	2,500	-	-
	<u>13,061</u>	<u>31,205</u>	<u>16,341</u>	<u>22,360</u>

**The amount repayable after one year**

	30/6/2013		31/3/2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	15,552	-	15,758	-
Finance leases	838	-	927	-
	<u>16,390</u>	<u>-</u>	<u>16,685</u>	<u>-</u>

**Details of any collaterals**

Certain bank borrowings are secured by a legal mortgage over the Group's leasehold land and buildings, joint and several personal guarantees of the executive directors and Chief Administrative Officer, a floating charge over certain inventories of the Group and corporate guarantees of the Company and a certain subsidiary.

Finance leases are secured by charges over the leased assets.

- 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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Group</b>	
	<b>1st Qtr Ended</b>	
	<b>30/6/2013</b>	<b>30/6/2012</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit before income tax	2,589	4,088
Adjustment for :		
Interest expense	392	468
Interest income	(8)	(1)
Depreciation	383	443
Amortisation of intangible asset	15	-
Doubtful trade receivables recovered	(7)	(28)
Gain on disposal of property, plant and equipment	(12)	-
Net foreign exchange loss (gain) - unrealised	106	(13)
Operating cash flows before movements in working capital	3,458	4,957
Trade receivables	1,630	(904)
Other receivables and prepayments	(681)	(121)
Inventories	(4,987)	(6,313)
Trade payables	(1,269)	(66)
Other payables	192	148
Bank bill payables	3,170	(250)
Cash from (used in) operations	1,513	(2,549)
Interest paid for bank bills	(175)	(190)
Interest received	8	1
Income tax paid	(511)	(681)
Net cash from (used in) operating activities	835	(3,419)
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	378	-
Purchases of property, plant and equipment	(461)	(409)
Net cash used in investing activities	(83)	(409)

<b>Group</b>	
<b>1st Qtr Ended</b>	
<b>30/6/2013</b>	<b>30/6/2012</b>
<b>S\$'000</b>	<b>S\$'000</b>

**Financing activities**

Interest paid for other borrowings	(217)	(278)
Repayment of obligations under finance leases	(476)	(231)
New bank loans obtained	2,500	1,000
Repayment of bank loans	(250)	(423)
Net cash from financing activities	<u>1,557</u>	<u>68</u>
Net increase (decrease) in cash and cash equivalents	2,309	(3,760)
Cash and cash equivalents at beginning of the period	<u>21,408</u>	<u>4,200</u>
Cash and cash equivalents at end of the period	<u><u>23,717</u></u>	<u><u>440</u></u>

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

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Retained earnings	Translation reserves	Total	Non- controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Group</u></b>						
Balance at 1 April 2013	47,224	42,542	(74)	89,692	0	89,692
Total comprehensive income for the period	-	2,340	(6)	2,334	1	2,335
Balance at 30 June 2013	47,224	44,882	(80)	92,026	1	92,027
Balance at 1 April 2012	3,000	32,051	(89)	34,962	-	34,962
Total comprehensive income for the period	-	3,283	(22)	3,261	-	3,261
Balance at 30 June 2012	3,000	35,334	(111)	38,223	-	38,223
<b><u>Company</u></b>						
Balance at 1 April 2013	47,224	5,146	-	52,370	-	52,370
Total comprehensive income for the period	-	411	-	411	-	411
Balance at 30 June 2013	47,224	5,557	-	52,781	-	52,781
Balance at 1 April 2012	3,000	2,164	-	5,164	-	5,164
Total comprehensive loss for the period	-	(569)	-	(569)	-	(569)
Balance at 30 June 2012	3,000	1,595	-	4,595	-	4,595



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Nil.

There were no outstanding convertibles which may be converted to shares. There were no treasury shares held.

**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.**

The total number of issued shares excluding treasury shares

30/6/2013	31/3/2013
432,000,000	432,000,000

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

Not applicable. There were no treasury shares 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 and/or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of**

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 Company has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 March 2013.

**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 effect, of the change**

Not applicable.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year after deducting any provision for preference dividends**

	<b>Group</b>	
	<b>1st Qtr Ended</b>	
	<b>30/6/2013</b>	<b>30/6/2012</b>
Net profit after tax attributable to shareholders of the Company (S\$'000)	2,340	3,283
Weighted average number of ordinary shares for calculation of ('000):		
- Basic earnings per share	432,000	300,000
- Diluted earnings per share	432,000	300,000
Earnings per share ("EPS") (cents/share)		
(a) Based on weighted average number of ordinary shares	0.54	1.09
(b) On a fully diluted basis	0.54	1.09

The Company has no dilutive equity instruments as at 30 June 2013.

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

	<b>Group</b>		<b>Company</b>	
	<b>30/6/2013</b>	<b>31/3/2013</b>	<b>30/6/2013</b>	<b>31/3/2013</b>
Net asset value (S\$'000)	92,027	89,692	52,781	52,370
Number of ordinary shares ('000)	432,000	432,000	432,000	432,000
Net asset value per ordinary share (cents)	21.30	20.76	12.22	12.12

## 8. Review of the Group's performance

### Revenue

For the first quarter ended 30 June 2013 ("1Q FY2014"), the Group's revenue was S\$19.8 million, 7.2% higher than the S\$18.4 million in the first quarter ended 30 June 2012 ("1Q FY2013"). The increase was mainly due to revenue contribution from Allseas Marine Services Pte Ltd ("Allseas Marine") of S\$3.0 million, which was partially offset by lower revenue from some of our key customers due to the project based nature of our business. Allseas Marine was acquired by the Group in the fourth quarter ended 31 March 2013 ("4Q FY2013").

### Gross profit

For 1Q FY2014, the gross profit was S\$6.0 million, 6.9% lower than the S\$6.5 million achieved in 1Q FY2013. The corresponding gross profit margin decreased from 35.0% to 30.4% mainly due to lower margin for ship supply segment which formed a higher proportion of the Group's revenue in 1Q FY2014 and higher staff-related cost as we increase headcount to support business expansion.

### Other income

Other income in 1Q FY2014 did not vary significantly from that of 1Q FY2013.

### Distribution costs

Distribution costs increased by S\$0.2 million or 33.7% in 1Q FY2014 as compared to 1Q FY2013 mainly due to increase in staff-related cost as we increase our headcount to support business expansion.

### Administrative expenses

Administrative expenses increased by S\$0.7 million or 51.2% in 1Q FY2014 as compared to 1Q FY2013 mainly due to: (i) an increase in staff-related cost of S\$0.6 million as we increase our headcount to support business expansion; (ii) an increase in donation of S\$0.1 million; and (iii) an increase in depreciation of S\$0.1 million, which was partially offset by a decrease in IPO expense of S\$0.3 million.

### Other operating expenses

Other operating expenses increased by S\$0.3 million in 1Q FY2014 as compared to 1Q FY2013 mainly due to higher foreign exchange loss incurred.

### Interest expense

Interest expense decreased by S\$0.1 million or 16.2% from S\$0.5 million in 1Q FY2013 to S\$0.4 million in 1Q FY2014 mainly due to lower average bank borrowings.

### Profit before income tax

As a result of the above reasons, profit for 1Q FY2014 decreased by S\$1.5 million or 36.7% from S\$4.1 million in 1Q FY2013 to S\$2.6 million in 1Q FY2014.

## **Review of statement of financial position and cash flows**

### **Current Assets**

The current assets increased by S\$6.4 million from S\$153.7 million as at 31 March 2013 to S\$160.2 million as at 30 June 2013. The increase was mainly due to (i) an increase in cash and bank balances of S\$2.3 million; (ii) increase in inventories of S\$5.0 million due to anticipated market demand; and (iii) higher other receivables of S\$0.7 million mainly due to advance payment for purchase of inventories, which was partially offset by lower trade receivables of S\$1.5 million mainly due to lower sales in 1Q FY2014 compared to that in 4Q FY2013.

### **Non-Current Assets**

The non-current assets remained stable at S\$11.3 million as at 31 March 2013 and as at 30 June 2013.

### **Current liabilities**

The current liabilities increased by S\$4.4 million from S\$58.4 million as at 31 March 2013 to S\$62.8 million as at 30 June 2013. The increase was mainly due to increase in bank borrowings of S\$5.6 million from bank bill payables of S\$3.2 million and short term loans of S\$2.4 million, which was partially offset by (i) a decline in trade payables of S\$1.1 million mainly due to lower purchases in 1Q FY2014 compared to that in 4Q FY2013; and (ii) lower income tax payable of S\$0.3 million.

### **Non-current liabilities**

Non-current liabilities decreased by S\$0.3 million from S\$17.0 million as at 31 March 2013 to S\$16.7 million as at 30 June 2013 mainly due to repayment of bank borrowings and finance leases.

### **Capital and reserves**

The increase in capital and reserves of S\$2.3 million was mainly attributable to profit earned during the period.

## **Cash Flows**

### **1Q FY2014 ended 30 June 2013**

#### **Net cash used in operating activities**

In 1Q FY2014, we generated net cash of S\$3.5 million from operating activities before changes in working capital.

Our net working capital outflow amounted to S\$2.6 million. This was mainly due to: (i) an increase in other receivables of S\$0.7 million mainly attributable to advance payment for purchase of inventories, (ii) an increase in inventories of S\$5.0 million due to anticipated market demand; and (iii) a decrease in trade payables of S\$1.3 million mainly due to lower purchases in 1Q FY2014 compared to that in 4Q FY2013.

The above increase was partially offset by (i) a decrease in trade receivables of S\$1.6 million mainly due to lower sales in 1Q FY2014 compared to that in 4Q FY2013; and (ii) an increase in bank bill payables of S\$3.2 million.

We paid income tax of S\$0.5 million and interest for bank bills of S\$0.2 million.

Overall our net cash from operating activities amounted to S\$0.8 million.

#### **Net cash used in investing activities**

Net cash used in investing activities amounted to S\$0.1 million in 1Q FY2014. This was mainly due to the purchase of plant and equipment of S\$0.5 million, which was partially offset by proceeds from disposal of plant and equipment of S\$0.4 million in 1Q FY2014.

#### **Net cash from financing activities**

Net cash from financing activities amounted to S\$1.6 million in 1Q FY2014. This was mainly due to new bank borrowings of S\$2.5 million for working capital purposes, which was partially offset by (i) the repayment of bank borrowings and related interest of S\$0.5 million; and (ii) the repayment of obligations under finance leases of S\$0.5 million.

**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**

Notwithstanding that the world economy remains uncertain, the Group is cautiously optimistic that the outlook on the oil and gas industries will be positive in the next 12 months. The demand for our products and services is generally driven by the level of activities in the exploration, development and production of oil and gas in the global offshore O&G industry.

As announced on 31 July 2013, the acquisition of Lv Yang (Tianjin) Offshore Equipment Co. Ltd has been completed.

The Group remains committed to expand our operations through acquisitions and strategic collaborations. These future plans, however, are subject to economic and market conditions.

**11. Dividend**

**11(a) Any dividend declared for the current financial period reported on?**

Nil

**11(b) Any dividend declared for the corresponding period of the immediately preceding financial year?**

No

**11(c) Date payable**

Not applicable.

**11(d) Books closure date**

Not applicable.

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

No dividend for the 3 months ended 30 June 2013 is declared or recommended.

**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.**

Not applicable as no IPT mandate has been obtained.

- 14 Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.

In accordance with the "Use of Proceeds and Listing Expenses" section of our IPO prospectus dated 17 October 2012, the net proceeds ("Net Proceeds") have been utilised as follows:

<b>Use of Net Proceeds</b>	<b>Allocation of Net Proceeds</b>	<b>Net Proceeds utilised as at 30 June 2013</b>	<b>Balance of Net Proceeds as at 30 June 2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Expansion of our operations into Asian and/or other markets	20,000	1,628	18,372
Expansion of our operations into Malaysia	2,000	836	1,164
General working capital	21,042	21,042	-
	<u>43,042</u>	<u>23,506</u>	<u>19,536</u>

**Breakdown of general working capital**

	<b>S\$'000</b>
Inventories	7,778
Trade and other payables	11,497
Income tax	1,767
	<u>21,042</u>

**15. Negative confirmation pursuant to Rule 705(5).**

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 3 months ended 30 June 2013 to be false or misleading in any material aspect.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**DESMOND TEO BEE CHIONG**

Executive Director and Chief Executive Officer

**TEO BEE KHENG**

Executive Director

**BY ORDER OF THE BOARD**

**DESMOND TEO BEE CHIONG**

Executive Director and Chief Executive Officer

12 August 2013

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CIMB Bank Berhad, Singapore Branch was the Issue Manager for the initial public offering and the listing of the Company's shares on the Main Board of the SGX-ST. The Issue Manager assumes no responsibility for the contents of this announcement.