



UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & 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			Group		
	2nd Qtr Ended 30/9/2013	30/9/2012	Incr/ (decr) %	6 months ended 30/9/2013	30/9/2012	Incr/ (decr) %
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Revenue</b>	<b>28,954</b>	<b>20,864</b>	38.8	<b>48,729</b>	<b>39,311</b>	24.0
Cost of sales	(20,304)	(14,321)	41.8	(34,075)	(26,317)	29.5
<b>Gross profit</b>	<b>8,650</b>	<b>6,543</b>	32.2	<b>14,654</b>	<b>12,994</b>	12.8
Other income	67	141	(52.5)	100	98	2.0
Distribution costs	(1,020)	(793)	28.6	(1,781)	(1,362)	30.8
Administrative expenses	(2,566)	(1,631)	57.3	(4,507)	(2,914)	54.7
Other operating expenses	(175)	(48)	264.6	(530)	(48)	NM
Interest expense	(411)	(503)	(18.3)	(803)	(971)	(17.3)
<b>Profit before income tax</b>	<b>4,545</b>	<b>3,709</b>	22.5	<b>7,133</b>	<b>7,797</b>	(8.5)
Income tax expense	(807)	(513)	57.3	(1,054)	(1,317)	(20.0)
<b>Profit for the period</b>	<b>3,738</b>	<b>3,196</b>	17.0	<b>6,079</b>	<b>6,480</b>	(6.2)
Attributable to:						
Shareholders of the Company	3,766	3,196	17.8	6,106	6,480	(5.8)
Non-controlling interests	(28)	-	NM	(27)	-	NM
	<b>3,738</b>	<b>3,196</b>	17.0	<b>6,079</b>	<b>6,480</b>	(6.2)
Gross profit margin	29.9%	31.4%		30.1%	33.1%	
Net profit margin	12.9%	15.3%		12.5%	16.5%	
EBITDA <sup>(1)</sup> (S\$'000)	5,389	4,665	15.5	8,768	9,664	(9.3)
EBITDA margin	18.6%	22.4%		18.0%	24.6%	
EPS <sup>(2)</sup>	0.87	1.07	(18.7)	1.41	2.16	(34.7)

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

<sup>(2)</sup> : Earnings per share ("EPS") (cents/share)

NM: Not meaningful

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Group			Group		
	2nd Qtr Ended		Incr/ (decr) %	6 months ended		Incr/ (decr) %
	30/9/2013	30/9/2012		30/9/2013	30/9/2012	
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit for the period	3,738	3,196	17.0	6,079	6,480	(6.2)
<b>Other comprehensive income</b>						
Item that may be reclassified to profit or loss:						
Translation gain arising on consolidation	19	53	(64.2)	13	30	(56.7)
<b>Other comprehensive income for the period</b>	<b>19</b>	<b>53</b>	(64.2)	<b>13</b>	<b>30</b>	(56.7)
<b>Total comprehensive income for the period</b>	<b>3,757</b>	<b>3,249</b>	15.6	<b>6,092</b>	<b>6,510</b>	(6.4)
Total comprehensive income attributable to:						
Shareholders of the Company	3,785	3,249	16.5	6,119	6,510	(6.0)
Non-controlling interests	(28)	-	NM	(27)	-	NM
	<b>3,757</b>	<b>3,249</b>	15.6	<b>6,092</b>	<b>6,510</b>	(6.4)

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

	Group			Group		
	2nd Qtr Ended		Incr/ (decr)	6 months Ended		Incr/ (decr)
	30/9/2013	30/9/2012		30/9/2013	30/9/2012	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Allowance for doubtful trade receivables	22	32	(31)	24	32	(25)
Trade receivables written off	-	16	(100)	-	16	(100)
Doubtful trade receivables recovered	-	-	NM	(7)	(28)	(75)
Depreciation	418	453	(8)	802	896	(10)
Amortisation of intangible asset	15	-	NM	30	-	NM
Foreign exchange loss (gain)	150	(116)	NM	502	(44)	NM
Gain on disposal of property, plant and equipment	(6)	(10)	(40)	(18)	(10)	80
Goodwill written off from acquisition of a subsidiary	3	-	NM	3	-	NM
Interest income	(12)	-	NM	(20)	(1)	NM
Interest expense	411	503	(18)	803	971	(17)
Inventory written back	-	(64)	(100)	-	(64)	(100)

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>30/9/2013</b>	<b>31/3/2013</b>	<b>30/9/2013</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	20,137	21,408	14,912	20,056
Trade receivables	32,422	27,421	1,184	852
Other receivables and prepayments	1,286	860	28,327	26,774
Inventories	110,327	104,058	-	-
<b>Total current assets</b>	<b>164,172</b>	<b>153,747</b>	<b>44,423</b>	<b>47,682</b>
<b>Non-current assets</b>				
Property, plant and equipment	14,212	10,980	-	-
Club memberships	76	76	-	-
Intangible asset	195	225	-	-
Goodwill	1,644	-	-	-
Subsidiaries	-	-	6,101	5,500
<b>Total non-current assets</b>	<b>16,127</b>	<b>11,281</b>	<b>6,101</b>	<b>5,500</b>
<b>Total assets</b>	<b>180,299</b>	<b>165,028</b>	<b>50,524</b>	<b>53,182</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	11,743	16,417	-	-
Other payables	3,299	1,311	379	707
Current portion of bank borrowings	51,475	37,690	-	-
Current portion of finance leases	802	1,011	-	-
Income tax payable	1,726	1,956	215	105
<b>Total current liabilities</b>	<b>69,045</b>	<b>58,385</b>	<b>594</b>	<b>812</b>
<b>Non-current liabilities</b>				
Bank borrowings	17,799	15,758	-	-
Finance leases	850	927	-	-
Deferred tax liabilities	263	266	-	-
<b>Total non-current liabilities</b>	<b>18,912</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	45,192	42,542	2,706	5,146
Translation reserve	(61)	(74)	-	-
Equity attributable to shareholders of the Company	92,355	89,692	49,930	52,370
Non-controlling interests	(13)	0	-	-
<b>Total equity</b>	<b>92,342</b>	<b>89,692</b>	<b>49,930</b>	<b>52,370</b>
<b>Total liabilities and equity</b>	<b>180,299</b>	<b>165,028</b>	<b>50,524</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**

	30/9/2013		31/3/2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	3,507	-	6,045	-
Money market loan	3,000	-	3,000	-
Bank bills payables	3,823	33,384	6,285	17,360
Finance leases	802	-	1,011	-
Time loans	-	5,000	-	5,000
Revolving credit loans	-	2,761	-	-
	<u>11,132</u>	<u>41,145</u>	<u>16,341</u>	<u>22,360</u>

**The amount repayable after one year**

	30/9/2013		31/3/2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	17,799	-	15,758	-
Finance leases	850	-	927	-
	<u>18,649</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

	Group		Group	
	2nd Qtr Ended		6 months ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
Profit before income tax	4,545	3,709	7,133	7,797
Adjustment for :				
Interest expense	411	503	803	971
Interest income	(12)	-	(20)	(1)
Depreciation	418	453	802	896
Amortisation of intangible asset	15	-	30	-
Allowance for doubtful trade receivables	22	32	24	32
Doubtful trade receivables recovered	-	-	(7)	(28)
Trade receivables written off	-	16	-	16
Gain on disposal of property, plant and equipment	(6)	(10)	(18)	(10)
Goodwill written off from acquisition of a subsidiary (Note A)	3	-	3	-
Net foreign exchange (gain) loss - unrealised	(158)	55	(51)	42
Inventory written back	-	(64)	-	(64)
Trade payables written back	(36)	-	(36)	-
Operating cash flows before movements in working capital	5,202	4,694	8,663	9,651
Trade receivables	(5,022)	(3,894)	(3,394)	(4,798)
Other receivables and prepayments	771	(186)	90	(308)
Inventories	(271)	(3,323)	(5,258)	(9,637)
Trade payables	(5,069)	533	(6,338)	467
Other payables	(1,296)	446	(1,104)	594
Bank bill payables	10,393	5,777	13,563	5,528
Cash from operations	4,708	4,047	6,222	1,497
Interest paid for bank bills	(209)	(220)	(384)	(409)
Interest received	12	-	20	1
Income tax paid	(775)	(957)	(1,287)	(1,638)
Net cash from (used in) operating activities	3,736	2,870	4,571	(549)
<b>Investing activities</b>				
Proceeds from disposal of property, plant and equipment	6	19	384	19
Purchases of property, plant and equipment	(2,222)	(499)	(2,683)	(908)
Purchase of club memberships	-	(76)	-	(76)
Acquisition of subsidiaries (Note A)	(1,200)	-	(1,200)	-
Net cash used in investing activities	(3,416)	(556)	(3,499)	(965)

	Group		Group	
	2nd Qtr Ended		6 months ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financing activities</b>				
Interest paid for other borrowings	(202)	(283)	(419)	(562)
Dividend paid	(3,456)	-	(3,456)	-
Repayment of obligations under finance leases	(271)	(228)	(747)	(459)
New bank loans obtained	261	-	2,761	1,000
Repayment of bank loans	(248)	(234)	(498)	(656)
Contributions from non-controlling interests	14	-	14	-
Net cash used in financing activities	<u>(3,902)</u>	<u>(745)</u>	<u>(2,345)</u>	<u>(677)</u>
Net (decrease) increase in cash and cash equivalents	(3,582)	1,569	(1,273)	(2,191)
Exchange difference on cash and cash equivalents	2	-	2	-
Cash and cash equivalents at beginning of the period	<u>23,717</u>	<u>440</u>	<u>21,408</u>	<u>4,200</u>
Cash and cash equivalents at end of the period	<u><u>20,137</u></u>	<u><u>2,009</u></u>	<u><u>20,137</u></u>	<u><u>2,009</u></u>

**Note A**

On 1 July 2013, the Group acquired 100% of the issued capital of Lv Yang (Tianjin) Offshore Equipment Co., Ltd <sup>(1)</sup>

Identifiable assets and liabilities at the date of acquisition	<b>Fair value</b>
	<b>S\$'000</b>
Cash and bank balances	2,410
Trade receivables	755
Other receivables	327
Inventories	1,011
Property, plant and equipment	1,171
Trade payables	(1,062)
Other payables	(2,743)
Net assets	<u>1,869</u>
Goodwill arising on acquisition	
Consideration transferred	3,513
Less: fair value of identifiable net assets acquired	<u>(1,869)</u>
Goodwill arising on acquisition	<u>1,644</u>
Net cash flow on acquisition	
Total consideration, satisfied by cash	3,513
Less: Cash and cash equivalents acquired	<u>(2,410)</u>
Net cash outflow on acquisition of a subsidiary	<u>1,103</u>

On 26 August 2013, the Group acquired 90% of the issued capital of Phoenix Offshore Co., Ltd.

Identifiable assets and liabilities at the date of acquisition	<b>Fair value</b>
	<b>S\$'000</b>
Cash and bank balances	31
Trade receivables	888
Other receivables	209
Property, plant and equipment	94
Trade payables	(700)
Other payables	(387)
Net assets	<u>135</u>
Goodwill written off from acquisition of a subsidiary	
Consideration transferred	125
Less: 90% of fair value of identifiable net assets acquired	<u>(122)</u>
Goodwill written off from acquisition of a subsidiary	<u>3</u>
Net cash flow on acquisition	
Total consideration, satisfied by cash	125
Less: Cash and cash equivalents acquired	<u>(28)</u>
Net cash outflow on acquisition of a subsidiary	<u>97</u>
Total net cash outflow on acquisition of subsidiaries	<u>1,200</u>

<sup>(1)</sup> The Group's effective interest in Lv Yang (Tianjin) Offshore Equipment Co., Ltd is 90% which is directly held by Lv Yang (Tianjin) Offshore Equipment Pte Ltd. Please refer to the announcement made on 19 March 2013 for further details.



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
Contribution from non-controlling interests	-	-	-	-	14	14
Dividend paid	-	(3,456)	-	(3,456)	-	(3,456)
Total comprehensive income for the period	-	6,106	13	6,119	(27)	6,092
Balance at 30 September 2013	47,224	45,192	(61)	92,355	(13)	92,342
Balance at 1 April 2012	3,000	32,051	(89)	34,962	-	34,962
Total comprehensive income for the period	-	6,480	30	6,510	-	6,510
Balance at 30 September 2012	3,000	38,531	(59)	41,472	-	41,472
<b><u>Company</u></b>						
Balance at 1 April 2013	47,224	5,146	-	52,370	-	52,370
Dividend paid	-	(3,456)	-	(3,456)	-	(3,456)
Total comprehensive income for the period	-	1,016	-	1,016	-	1,016
Balance at 30 September 2013	47,224	2,706	-	49,930	-	49,930
Balance at 1 April 2012	3,000	2,164	-	5,164	-	5,164
Total comprehensive loss for the period	-	(760)	-	(760)	-	(760)
Balance at 30 September 2012	3,000	1,404	-	4,404	-	4,404

**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

30/9/2013	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**

Except as disclosed below, the Company has adopted the same accounting policies and methods of computation in the announcement for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 March 2013. The Company has adopted the following applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 April 2013:

- Amendments to FRS 1 Presentation of Financial Statements-Amendments relating to Presentation of Items of Other Comprehensive Income
- FRS 113 Fair Value Measurement
- FRS 107 Financial Instruments: Disclosure-Offsetting Financial Assets and Financial Liabilities
- Annual Improvements to FRS 2012

The adoption of these new and revised FRSs has no material effect on the second quarter announcement for the current period.

**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**

Please refer to section 4.

**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**

	Group		Group	
	2nd Qtr Ended		6 months Ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
Net profit after tax attributable to shareholders of the Company (S\$'000)	3,766	3,196	6,106	6,480
Weighted average number of ordinary shares for calculation of ('000):				
- Basic earnings per share	432,000	300,000	432,000	300,000
- Diluted earnings per share	432,000	300,000	432,000	300,000
Earnings per share ("EPS") (cents/share)				
(a) Based on weighted average number of ordinary shares	0.87	1.07	1.41	2.16
(b) On a fully diluted basis	0.87	1.07	1.41	2.16

The Company has no dilutive equity instruments as at 30 September 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**

	Group		Company	
	30/9/2013	31/3/2013	30/9/2013	31/3/2013
Net asset value attributable to shareholders of the Company (S\$'000)	92,355	89,692	49,930	52,370
Number of ordinary shares ('000)	432,000	432,000	432,000	432,000
Net asset value per ordinary share (cents)	21.38	20.76	11.56	12.12

## 8. Review of the Group's performance

### Revenue

The Group's revenue for the six months ended 30 September 2013 ("HY FY2014") was S\$48.7 million with an increase of S\$9.4 million or 24.0% compared to S\$39.3 million for the corresponding period ended 30 September 2012 ("HY FY2013"). For the second quarter ended 30 September 2013 ("2Q FY2014"), the Group's revenue was S\$29.0 million, 38.8% higher than the S\$20.9 million in the second quarter ended 30 September 2012 ("2Q FY2013"). The increase was mainly due to (i) an increase of S\$4.8 million in HY FY2014 from ship supply segment resulting from the acquisition of Allseas Marine Services Pte Ltd; and (ii) a major project in 2Q FY2014.

### Gross profit

Gross profit increased by S\$1.7 million or 12.8% from S\$13.0 million in HY FY2013 to S\$14.7 million in HY FY2014. The corresponding gross profit margin decreased from 33.1% to 30.1%. For 2Q FY2014, the gross profit was S\$8.7 million, 32.2% higher than the S\$6.5 million achieved in 2Q FY2013. The corresponding gross profit margin decreased from 31.4% to 29.9%. The decrease was mainly due to an increase in sales of lower margin products which formed a higher proportion of the Group's revenue in HY FY2014.

### Other income

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

### Distribution costs

Distribution costs increased by S\$0.4 million or 30.8% in HY FY2014 as compared to HY 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\$1.6 million or 54.7% in HY FY2014 as compared to HY FY2013 mainly due to: (i) an increase in staff-related cost of S\$1.4 million as we increase our headcount to support business expansion; (ii) an increase in professional fees of S\$0.2 million; (iii) an increase in depreciation of S\$0.1 million, (iv) an increase in entertainment of S\$0.1 million; and (v) an increase in bank charges of S\$0.1 million, which was partially offset by a decrease in IPO expense of S\$0.5 million.

### Other operating expenses

Other operating expenses increased by S\$0.5 million in HY FY2014 as compared to HY FY2013 mainly due to higher foreign exchange loss incurred.

### Interest expense

Interest expense decreased by S\$0.2 million or 17.3% from S\$1.0 million in HY FY2013 to S\$0.8 million in HY FY2014 mainly due to lower average bank borrowings.

### Profit before income tax

As a result of the above reasons, profit for HY FY2014 decreased by S\$0.7 million or 8.5% from S\$7.8 million in HY FY2013 to S\$7.1 million in HY FY2014.

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

### **Current Assets**

The current assets increased by S\$10.4 million from S\$153.7 million as at 31 March 2013 to S\$164.1 million as at 30 September 2013. The increase was mainly due to (i) an increase in trade receivables of S\$5.0 million due to higher sales in 2Q FY2014, (ii) an increase in inventories of S\$6.3 million due to anticipated market demand; and (iii) higher other receivables of S\$0.4 million mainly due to acquisition of subsidiaries, which was partially offset by lower cash and bank balances of S\$1.3 million.

### **Non-Current Assets**

The non-current assets increased by S\$4.8 million from S\$11.3 million as at 31 March 2013 to S\$16.1 million as at 30 September 2013. The increase was mainly from higher fixed assets cost of S\$3.2 million and goodwill of S\$1.6 million resulting from the acquisition of Lv Yang (Tianjin) Offshore Equipment Co., Ltd.

### **Current liabilities**

The current liabilities increased by S\$10.7 million from S\$58.4 million as at 31 March 2013 to S\$69.1 million as at 30 September 2013. The increase was mainly due to (i) an increase in bank borrowings of S\$13.8 million from bank bill payables of S\$13.6 million and short bank loans of S\$0.2 million, (ii) an increase in other payables of S\$2.0 million mainly from higher other payables resulting from the acquisition of subsidiaries and accrual of staff-related expenses, which was partially offset by (i) a decline in trade payables of S\$4.7 million as we made payments in respect of a larger proportion of our trade payables; and (ii) lower income tax payable of S\$0.2 million.

### **Non-current liabilities**

Non-current liabilities increased by S\$1.9 million from S\$17.0 million as at 31 March 2013 to S\$18.9 million as at 30 September 2013 mainly due to refinancing of bank loan of a subsidiary.

### **Capital and reserves**

The increase in capital and reserves of S\$2.7 million was mainly attributable to profit earned during the period.

## **Cash Flows**

### **HY FY2014 ended 30 September 2013**

#### **Net cash from operating activities**

In HY FY2014, we generated net cash of S\$8.7 million from operating activities before changes in working capital.

Our net working capital outflow amounted to S\$4.1 million. This was mainly due to: (i) an increase in trade receivables of S\$3.4 million mainly due to higher sales in 2Q FY2014, (ii) an increase in inventories of S\$5.3 million due to anticipated market demand; (iii) a decrease in trade payables of S\$6.3 million as we made payments in respect of a larger proportion of our trade payables, and (iv) a decrease in other payables of S\$1.1 million due to intergroup transactions resulting from the acquisition of subsidiaries.

The above increase was partially offset by an increase in bank bill payables of S\$13.6 million.

We paid income tax of S\$1.3 million and interest for bank bills of S\$0.4 million.

Overall our net cash from operating activities amounted to S\$4.6 million.

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

Net cash used in investing activities amounted to S\$3.5 million in HY FY2014. This was mainly due to the purchase of plant and equipment of S\$2.7 million and acquisition of subsidiaries of S\$1.2 million, which was partially offset by proceeds from disposal of plant and equipment of S\$0.4 million.

#### **Net cash used in financing activities**

Net cash used in financing activities amounted to S\$2.3 million in HY FY2014. This was mainly due to: (i) dividend paid of S\$3.5 million, (ii) the repayment of bank borrowings and related interest of S\$0.9 million; and (iii) the repayment of obligations under finance leases of S\$0.7 million, which was partially offset by increase in bank borrowings of S\$2.8 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 27 August 2013, the Group has subscribed for 90% of the issued and paid up share capital of Phoenix Offshore Co., Ltd. This is in line with the Group's plans of growing its ship chandler's supply business.

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 6 months ended 30 September 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 September 2013</b>	<b>Balance of Net Proceeds as at 30 September 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	5,305	14,695
Expansion of our operations into Malaysia	2,000	1,742	258
General working capital	21,042	21,042	-
	<u>43,042</u>	<u>28,089</u>	<u>14,953</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 6 months ended 30 September 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

11 November 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.