

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017
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		Incr/ (decr) %
	1st Qtr Ended 30/06/2017 S\$'000	30/06/2016 S\$'000	
Revenue	18,406	20,621	(10.7)
Cost of sales	(14,888)	(16,101)	(7.5)
Gross profit	3,518	4,520	(22.2)
Other income	123	151	(18.5)
Distribution costs	(1,169)	(1,090)	7.2
Administrative expenses	(3,365)	(3,644)	(7.7)
Other operating expenses	(395)	(831)	(52.5)
Interest expense	(612)	(669)	(8.5)
Loss before income tax	(1,900)	(1,563)	21.6
Income tax (expense) benefit	(194)	42	NM
Loss for the period	(2,094)	(1,521)	37.7
Loss attributable to:			
Owners of the Company	(2,076)	(1,494)	39.0
Non-controlling interests	(18)	(27)	(33.3)
	(2,094)	(1,521)	37.7
Gross profit margin	19.1%	21.9%	(12.8)
Net loss margin	-11.4%	-7.4%	54.2
EBITDA ⁽¹⁾ (S\$'000)	(58)	214	NM
EBITDA margin	-0.3%	1.0%	NM

⁽¹⁾ : Denotes earnings before interest, taxes, depreciation and amortisation

NM: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	1st Qtr Ended	30/06/2016	Incr/ (decr)
	S\$'000	S\$'000	%
Loss for the period	(2,094)	(1,521)	37.7
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Translation loss arising on consolidation	(185)	(75)	146.7
Other comprehensive loss for the period, net of tax	(185)	(75)	146.7
Total comprehensive loss for the period	(2,279)	(1,596)	42.8
Total comprehensive loss attributable to:			
Owners of the Company	(2,258)	(1,565)	44.3
Non-controlling interests	(21)	(31)	(32.3)
	(2,279)	(1,596)	42.8

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

	Group		
	1st Qtr Ended		Incr/
	30/06/2017	30/06/2016	(decr)
	S\$'000	S\$'000	%
Allowance for doubtful trade receivables	-	734	(100.0)
Doubtful trade receivables recovered	(97)	(28)	246.4
Trade receivables written off	16	6	166.7
Depreciation	1,108	940	17.9
Amortisation of intangible assets	122	168	(27.4)
Foreign exchange loss	308	92	234.8
Loss (gain) on disposal of property, plant and equipment ("PPE")	71	(101)	NM
Interest income	(1)	(1)	-
Interest expense	612	669	(8.5)
Inventories written down to net realisable value	(2)	-	NM

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

	Group		Company	
	30/06/2017 S\$'000	31/03/2017 S\$'000	30/06/2017 S\$'000	31/03/2017 S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	3,009	6,602	15	35
Trade receivables	18,557	21,173	3,860	3,487
Other receivables	1,865	2,118	44,136	44,163
Income tax receivables	21	101	-	-
Inventories	125,348	127,924	-	-
Total current assets	148,800	157,918	48,011	47,685
Non-current assets				
Property, plant and equipment	34,543	35,523	549	604
Intangible assets	2,418	2,566	-	-
Other receivables	378	151	-	-
Deferred tax assets	256	266	-	-
Subsidiary corporations	-	-	6,019	6,019
Total non-current assets	37,595	38,506	6,568	6,623
Total assets	186,395	196,424	54,579	54,308
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	8,510	10,027	-	-
Other payables	7,629	7,554	191	188
Current portion of bank borrowings	47,610	77,879	-	-
Current portion of finance leases	675	664	5	5
Income tax payable	94	234	-	-
Total current liabilities	64,518	96,358	196	193
Non-current liabilities				
Bank borrowings	29,300	5,093	-	-
Finance leases	726	908	2	4
Deferred tax liabilities	130	135	101	101
Total non-current liabilities	30,156	6,136	103	105
Capital, reserves and non-controlling interests				
Share capital	50,587	50,587	50,587	50,587
Retained earnings	39,754	41,830	3,693	3,423
Translation reserve	1,297	1,479	-	-
Equity attributable to owners of the Company	91,638	93,896	54,280	54,010
Non-controlling interests	83	34	-	-
Total equity	91,721	93,930	54,280	54,010
Total liabilities and equity	186,395	196,424	54,579	54,308

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

	30/06/2017		31/03/2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	17,935	5,370	45,208	5,671
Short term loans	8,200	6,001	8,200	8,040
Bank bills payable	176	8,740	-	9,589
Finance leases	675	-	664	-
Overdrafts	796	392	690	481
	<u>27,782</u>	<u>20,503</u>	<u>54,762</u>	<u>23,781</u>

Amount repayable after one year

	30/06/2017		31/03/2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	29,300	-	5,093	-
Finance leases	726	-	908	-
	<u>30,026</u>	<u>-</u>	<u>6,001</u>	<u>-</u>

Details of any collaterals

Certain bank borrowings are secured by a legal mortgage over the Group's freehold & leasehold land and buildings, certain plant and machinery, a floating charge over certain inventories of the Group and corporate guarantees of the Company and certain subsidiaries.

Finance leases are secured by charges over the leased assets. Certain leases are guaranteed by a corporate guarantee by the Company.

Classification of bank borrowings

The Group's banking facilities are subject to the fulfilment of covenants relating to certain financial ratios and minimum level of net worth by the Group and its subsidiaries, as are commonly found in lending arrangements with financial institutions. If the Group and its subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand.

As at 30 June 2017, the Group had an outstanding instalment of S\$0.55 million under one loan to a bank which was unpaid. This loan also had a final instalment of S\$0.55 million due in July 2017. Such outstanding instalment and the remaining final instalment under that loan totalling S\$1.1 million were fully settled in July 2017 and no financial covenants were breached. Notwithstanding the foregoing, no facilities were recalled by the banks as at 30 June 2017 and as at the date of this announcement, all facilities continue to remain available.

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	
	1st Qtr Ended	
	30/06/2017	30/06/2016
	S\$'000	S\$'000
Operating activities		
Loss before income tax	(1,900)	(1,563)
Adjustments for :		
Interest expense	612	669
Interest income	(1)	(1)
Depreciation	1,108	940
Amortisation of intangible assets	122	168
Allowance for doubtful trade receivables	-	734
Doubtful trade receivables recovered	(97)	(28)
Trade receivables written off	16	6
Loss (gain) on disposal of property, plant and equipment	71	(101)
Net foreign exchange loss (gain) - unrealised	24	(16)
Inventories written down to net realisable value	(2)	-
Operating cash flows before movements in working capital	<u>(47)</u>	<u>808</u>
Trade receivables	2,535	(552)
Other receivables and prepayments	221	(54)
Inventories	2,339	3,470
Trade payables	(1,405)	(947)
Other payables	460	875
Bank bills payable	(670)	(5,047)
Cash generated from (used in) operations	<u>3,433</u>	<u>(1,447)</u>
Interest paid for bank bills	(69)	(224)
Interest received	1	1
Income tax (paid) refund	(250)	(51)
Net cash from (used in) operating activities	<u>3,115</u>	<u>(1,721)</u>
Investing activities		
Proceeds on disposal of property, plant and equipment	247	170
Purchases of property, plant and equipment	(892)	(470)
Net cash used in investing activities	<u>(645)</u>	<u>(300)</u>
Financing activities		
Interest paid for other borrowings	(551)	(526)
Repayment of obligations under finance leases	(170)	(200)
New bank loans obtained	-	3,624
Repayment of bank loans	(5,368)	(4,376)
Transaction costs for loans	(35)	-
Contribution from a non-controlling interest	70	-
Net cash used in financing activities	<u>(6,054)</u>	<u>(1,478)</u>
Net decrease in cash and cash equivalents	(3,584)	(3,499)
Effect of exchange rate changes on cash and cash equivalents	(26)	(11)
Cash and cash equivalents at beginning of the period	5,431	4,252
Cash and cash equivalents at end of the period	<u>1,821</u>	<u>742</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	3,009	2,151
Bank overdraft	(1,188)	(1,409)
	<u>1,821</u>	<u>742</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 reserve	Attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>						
At 1 April 2017	50,587	41,830	1,479	93,896	34	93,930
Total comprehensive loss for the period						
Loss for the period	-	(2,076)	-	(2,076)	(18)	(2,094)
Other comprehensive loss for the period	-	-	(182)	(182)	(3)	(185)
Total	-	(2,076)	(182)	(2,258)	(21)	(2,279)
Transactions with owners, recognised directly in equity						
Contribution from a non-controlling interest	-	-	-	-	70	70
At 30 June 2017	50,587	39,754	1,297	91,638	83	91,721
At 1 April 2016	50,587	53,185	971	104,743	81	104,824
Total comprehensive loss for the period						
Loss for the period	-	(1,494)	-	(1,494)	(27)	(1,521)
Other comprehensive loss for the period	-	-	(71)	(71)	(4)	(75)
Total	-	(1,494)	(71)	(1,565)	(31)	(1,596)
At 30 June 2016	50,587	51,691	900	103,178	50	103,228
<u>Company</u>						
At 1 April 2016	50,587	3,423	-	54,010	-	54,010
Profit for the period, representing total comprehensive income for the period	-	270	-	270	-	270
At 30 June 2017	50,587	3,693	-	54,280	-	54,280
At 1 April 2015	50,587	2,222	-	52,809	-	52,809
Profit for the period, representing total comprehensive income for the period	-	148	-	148	-	148
At 30 June 2016	50,587	2,370	-	52,957	-	52,957

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 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.

Nil.

There were no outstanding convertibles which may be converted to shares. There were no treasury shares and subsidiary holdings 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

	30/06/2017	31/03/2017
	438,000,000	438,000,000

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

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

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.

As at 30 June 2017, there were no sales, transfers, cancellation and / or use of subsidiary holdings.

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 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

Except as disclosed in paragraph 5, the group 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 2017 as well as all the applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 April 2017.

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

On 1 April 2017, the group adopted the following new/revised FRSs that are effective from that date and are relevant to its operations:-

- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above amendments to FRSs did not have any significant impact on the financial statements of the group.

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	
	1st Qtr Ended	
	30/06/2017	30/06/2016
Net loss after tax attributable to owners of the Company (S\$'000)	(2,076)	(1,494)
Weighted average number of ordinary shares for calculation of ('000):		
- Basic earnings per share	438,000	438,000
- Diluted earnings per share	438,000	438,000
Earnings per share ("EPS") (cents/share)		
(a) Based on weighted average number of ordinary shares	(0.47)	(0.34)
(b) On a fully diluted basis	(0.47)	(0.34)

The Company has no dilutive equity instruments as at 30 June 2017.

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	
	30/06/2017	31/03/2017	30/06/2017	31/03/2017
Net asset value attributable to shareholders of the Company (S\$'000)	91,638	93,896	54,280	54,010
Number of ordinary shares ('000)	438,000	438,000	438,000	438,000
Net asset value per ordinary share (cents)	20.92	21.44	12.39	12.33

8. Review of the Group's performance

Revenue

For the three months ended 30 June 2017 ("3M FY2018"), the Group's revenue was S\$18.4 million with a decrease of S\$2.2 million or 10.7% compared to S\$20.6 million for the corresponding period ended 30 June 2016 ("3M FY2017"). The decrease was mainly due to a decline of S\$3.4 million in the rigging and lifting segment due to the continued weakness in the oil and gas ("O&G") industry offset by the increase of S\$1.2 million in the ship chandling segment.

Gross profit

Gross profit decreased by S\$1.0 million or 22.2% from S\$4.5 million in 3M FY2017 to S\$3.5 million in 3M FY2018. The corresponding gross profit margin decreased from 21.9% to 19.1%. The decrease was mainly due to the tighter product margins.

Other income

3M FY2018 vs 3M FY2017

Other income in 3M FY2018 did not vary significantly from that of 3M FY2017.

Distribution costs

3M FY2018 vs 3M FY2017

Distribution costs increased by S\$0.1 million or 7.2% in 3M FY2018 compared to 3M FY2017 mainly due to an increase in freight and commission of S\$0.1 million.

Administrative expenses

3M FY2018 vs 3M FY2017

Administrative expenses decreased by S\$0.3 million or 7.7% in 3M FY2018 compared to 3M FY2017 mainly due to a decrease in staff related expenses of S\$0.3 million. This is in line with the Group's cost control measures.

Other operating expenses

3M FY2018 vs 3M FY2017

Other operating expenses decreased by S\$0.4 million or 52.5% in 3M FY2018 compared to 3M FY2017. The decrease was mainly due to lower allowance for doubtful trade receivables of S\$0.7 million which is offset by an increase of foreign exchange loss of S\$0.2 million in 3M FY2018.

Interest expense

3M FY2018 vs 3M FY2017

Interest expense in 3M FY2018 did not vary significantly from that of 3M FY2017.

Loss before income tax

As a result of the above reasons, loss before income tax was S\$1.9 million for 3M FY2018.

Review of statement of financial position and cash flows

Current assets

The current assets decreased by S\$9.1 million from S\$157.9 million as at 31 March 2017 to S\$148.8 million as at 30 June 2017. The decrease was mainly due to: (i) a decline in cash and cash equivalents of S\$3.6 million, (ii) a decline in trade receivables of S\$2.6 million due to lower sales in 3M FY2018, (iii) a decline in inventories of S\$2.6 million due to sales, and (iv) decrease in other receivables of S\$0.3 million in 3M FY2018 due to collection of remaining profit guarantee monies from the vendor.

Non-current assets

The non-current assets decreased by S\$0.9 million from S\$38.5 million as at 31 March 2017 to S\$37.6 million as at 30 June 2017. The decrease was mainly due to: (i) a drop in PPE of S\$1.0 million due to depreciation of S\$1.1 million and disposal of PPE with net book value of S\$0.3 million offset by additions of PPE of S\$0.7 million, and (ii) amortisation of intangible assets of S\$0.2 million.

Current liabilities

The current liabilities decreased by S\$31.8 million from S\$96.4 million as at 31 March 2017 to S\$64.5 million as at 30 June 2017. The decrease was mainly due to a decrease in bank borrowings of S\$30.3 million caused by a reclassification of bank borrowings of S\$24.3 million from current to non-current as the outstanding due in respect of the related loan was settled and the remaining balances were restructured, and repayment of S\$6 million. This was offset by a decrease in trade payables of S\$1.5 million due to lower purchases during the quarter.

Non-current liabilities

Non-current liabilities increased by S\$24.0 million from S\$6.1 million as at 31 March 2017 to S\$30.2 million as at 30 June 2017 mainly due to reclassification of bank borrowings as explained above.

Capital, reserves and non-controlling interests

The decrease in shareholder's equity of S\$2.3 million was mainly attributable to loss of S\$2.1 million during the period and decrease in translation reserve of S\$0.2 million.

Cash Flows

3M FY2018 ended 30 June 2017

Net cash from operating activities

In 3M FY2018, we have operating cash outflows of S\$0.1 million from operating activities before changes in working capital.

Our net working capital inflow amounted to S\$3.4 million. This was mainly due to: (i) a decrease in trade receivables of S\$2.5 million due to collections during the period, (ii) a decrease in inventories of S\$2.3 million due to sales, (iii) decrease in other receivables of S\$0.2 million, offset by (i) decrease in trade payable of S\$1.4 million and (ii) decrease in bank bills payable of S\$0.7 million due to repayment of bank borrowings.

We paid interest for bank bills of S\$0.1 million and income tax paid of S\$0.3 million.

Overall, our net cash generated from operating activities amounted to S\$3.1 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$0.6 million in 3M FY2018 mainly due to the payments for PPE of S\$0.9 million offset by proceeds on disposal of PPE of S\$0.2 million.

Net cash used in financing activities

Net cash used in financing activities amounted to S\$6.0 million in 3M FY2018. This was mainly due to: (i) the repayment of bank borrowings and related interest of S\$5.9 million, and (ii) the repayment of obligations under finance leases of S\$0.2 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. No forecast or prospect statement has been previously disclosed to shareholders.

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

Against a weak oil and gas ("O&G") backdrop, the operating climate remains challenging for the Group, whose products and services demands are generally driven by the overall performance of the O&G sector.

The Group believes its fundamentals remain intact and it is in a stable position to ride out this industry cycle. The Group will place its focus on operational efficiency and financial prudence, while it continues to build on its momentum and market higher value services in Europe which has seen encouraging results so far.

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.

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.

Not applicable as no IPT mandate has been obtained.

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1) of the Listing Manual.

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 2017 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 HOE

Executive Director

BY ORDER OF THE BOARD

DESMOND TEO BEE CHIONG

Executive Director and Chief Executive Officer

7 August 2017