BENG KUANG MARINE LIMITED

Registration No. 199400196M

Unaudited Financial Statement For The Year Ended 31 December 2018

PART I - 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.

Discontinued operations and subsidiary classified as held for sale:

On 23 January 2019, the Company announced that it has entered into a sale and purchase agreement in relation to the Company's proposed disposal of the entire issued and paid-up share capital of Asian Sealand Engineering Pte Ltd ("ASE"). Hence, ASE is classified as "Discontinued Operations" and prior year's comparative figures were restated.

	GROUP			GROUP		
	4th Qtr of 2018	4th Qtr of 2017	Increase / (Decrease)	FY 2018	FY 2017	Increase / (Decrease)
	S$'000	S$'000 Restated		S$'000	S$'000 Restated	
Continuing Operations						
Revenue	14,715	9,518	55%	55,316	45,245	22%
Cost of sales	(13,880)	(7,633)	82%	(45,722)	(33,149)	38%
Gross profit	835	1,885	(56%)	9,594	12,096	(21%)
Other (losses) / gains, net	(302)	(342)	(12%)	578	(1,037)	NM
Expenses						
- Selling and distribution	(167)	(313)	(47%)	(897)	(1,336)	(33%)
- Administrative	(5,182)	(3,651)	42%	(14,074)	(13,723)	3%
- Finance	(527)	(541)	(3%)	(2,186)	(2,189)	(0%)
Loss before income tax from Continuing Operations	(5,343)	(2,962)	80%	(6,985)	(6,189)	13%
Income tax credit / (expense)	227	(129)	(276%)	(98)	(336)	(71%)
Net loss from Continuing Operations	(5,116)	(3,091)	66%	(7,083)	(6,525)	9%
Discontinued Operations						
Net loss for the period from Discontinued Operation	(1,364)	(2,057)	(34%)	(4,449)	(4,992)	(11%)
Net loss	(6,480)	(5,148)	26%	(11,532)	(11,517)	0%
(Loss) / profit attributable to:						
Equity holders of the Company	(6,002)	(4,351)	38%	(11,661)	(10,977)	6%
Non-controlling interests	(478)	(797)	(40%)	129	(540)	NM
	(6,480)	(5,148)	26%	(11,532)	(11,517)	0%

NM - Not meaningful

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. (Cont'd)

	GROUP			GROUP		
	4th Qtr of 2018	4th Qtr of 2017	Increase / (Decrease)	FY 2018	FY 2017	Increase / (Decrease)
	S$'000	S$'000 Restated		S$'000	S$'000 Restated	
Net loss after tax	(6,480)	(5,148)	26%	(11,532)	(11,517)	0%
Currency translation differences arising from consolidation	170	(1,763)	NM	(130)	(1,976)	(93%)
Other comprehensive income / (loss), net of income tax	170	(1,763)	NM	(130)	(1,976)	(93%)
Total comprehensive loss	(6,310)	(6,911)	(9%)	(11,662)	(13,493)	(14%)
Total comprehensive (loss) / income attributable to:						
Equity holders of the Company	(5,848)	(6,033)	(3%)	(11,828)	(12,558)	(6%)
Non-controlling interests	(462)	(878)	(47%)	166	(935)	(118%)
	(6,310)	(6,911)	(9%)	(11,662)	(13,493)	(14%)
Loss attributable to equity holders of the Company relates to:						
Continuing Operations	(4,484)	(3,976)	13%	(7,379)	(7,566)	(2%)
Discontinued Operations	(1,364)	(2,057)	(34%)	(4,449)	(4,992)	(11%)
	(5,848)	(6,033)	(3%)	(11,828)	(12,558)	(6%)

	GROUP		GROUP	
	4th Qtr of	4th Qtr of	FY 2018	FY 2017
	S$'000	S$'000 Restated	S$'000	S$'000 Restated
Notes				
The Group's profit from operations is arrived at after (charging) / crediting				
Continuing Operations				
Interest income	9	2	14	6
Interest expense on borrowings	(527)	(541)	(2,186)	(2,189)
Foreign exchange (loss) / gain	(142)	(502)	483	(1,724)
(Loss) / gain on disposal of property, plant and equipment	(352)	58	(350)	216
Property, plant and equipment written off	-	(1)	(17)	(20)
Depreciation of property, plant and equipment	(1,708)	(2,208)	(6,851)	(8,409)
Credit loss allowance	(173)	(105)	(158)	(212)
Inventories written back	1	33	1	39
Discontinued Operations				
Interest expense on borrowings	(155)	(164)	(625)	(639)
Foreign exchange (loss) / gain	(27)	54	89	173
Gain on disposal of property, plant and equipment	6	-	47	46
Depreciation of property, plant and equipment	(215)	(282)	(1,066)	(1,053)
Credit loss allowance	(66)	-	(62)	-

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.

	GROUP			COMPANY	
	31-Dec-18	31-Dec-17 Restated [1]	1-Jan-17 Restated [1]	31-Dec-18	31-Dec-17
	S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Cash and bank balances	5,212	5,714	4,985	1,428	32
Trade and other receivables	22,801	21,144	26,987	77,311	73,851
Contract assets [1]	5,417	6,770	11,203	-	-
Inventories	11,238	15,081	14,219	-	-
	44,668	48,709	57,394	78,739	73,883
Assets in subsidiary classified as held-for-sale	13,511	-	-	-	-
Non-current asset classified as held-for-sale	-	-	-	7,800	-
	58,179	48,709	57,394	86,539	73,883
Non-current assets					
Trade and other receivables	4,030	-	-	-	-
Investment in subsidiaries	-	-	-	4,676	12,519
Intangible assets	64	64	64	-	-
Property, plant and equipment	67,276	92,057	105,563	381	449
Deferred income tax assets	356	1,110	1,076	17	17
	71,726	93,231	106,703	5,074	12,985
Total assets	129,905	141,940	164,097	91,613	86,868
LIABILITIES					
Current liabilities					
Trade and other payables	24,455	19,448	22,803	17,944	13,147
Contract liabilities [1]	483	374	450	-	-
Deferred income	250	376	345	-	-
Current income tax liabilities	625	511	526	-	-
Borrowings and overdrafts	23,899	33,723	31,626	17,637	13,641
	49,712	54,432	55,750	35,581	26,788
Liabilities in subsidiary classified as held-for-sale	13,859	-	-	-	-
	63,571	54,432	55,750	35,581	26,788
Non-current liabilities					
Deferred income	77	291	505	-	-
Borrowings	11,071	18,946	25,748	1,983	6,985
Deferred tax liabilities	11	160	245	-	-
	11,159	19,397	26,498	1,983	6,985
Total liabilities	74,730	73,829	82,248	37,564	33,773
NET ASSETS	55,175	68,111	81,849	54,049	53,095
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	49,651	49,651	49,651	49,651	49,651
Other reserves	(1,554)	(1,387)	194	163	163
Retained profits	4,484	16,145	27,122	4,235	3,281
	52,581	64,409	76,967	54,049	53,095
Non-controlling interests	2,594	3,702	4,882	-	-
Total equity	55,175	68,111	81,849	54,049	53,095

Notes:

[1] The Group's comparative balance sheet as at 31 December 2017 had been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customers (Please refer to paragraph 5).

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-Dec-18		As at 31-Dec-17	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	-	15,841	-	19,745
Term loans	2,738	240	13,850	-
Convertible bonds	-	4,987	-	-
Finance lease liabilities	93	-	128	-

Amount repayable after one year

	As at 31-Dec-18		As at 31-Dec-17	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	6,117	4,760	8,734	5,000
Convertible bonds	-	-	-	4,941
Finance lease liabilities	194	-	271	-

Details of any collateral

Included in the Group's secured borrowings are:-

(a) S$5,648,000 as at 31 December 2018 (30 September 2018: S$6,068,000) in respect of loans are secured by vessels.

(b) S$11,591,000 as at 31 December 2018 (30 September 2018: S$12,195,000) in respect of loans are secured by immovable properties. S$8,384,000 of these loans as at 31 December 2018 has been reclassified as liabilities held for sale.

(c) Finance lease obligations are secured by the underlying equipment.

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.

	GROUP	
	FY 2018	**FY 2017**
	S$'000	**S$'000**
Cash flows from operating activities		
Loss from Continuing Operations	(7,083)	(6,525)
Loss from Discontinued Operations	(4,449)	(4,992)
	(11,532)	(11,517)
Adjustments for:		
Credit loss allowance	220	213
Inventories written down	-	268
Inventories written back	(1)	(39)
Income tax expense	98	270
Loss / (gain) on disposal of property, plant and equipment	303	(262)
Property, plant and equipment written off	17	21
Depreciation of property, plant and equipment	7,917	9,462
Interest income	(14)	(6)
Interest expense	2,811	2,828
Unrealised currency translation (gains) / loss	(706)	3,356
	(887)	4,594
Changes in working capital		
Inventories	10,006	(1,090)
Trade and other receivables	(7,654)	5,707
Contract assets	888	4,433
Trade and other payables	8,061	(3,652)
Contract liabilities	108	(76)
Deferred income	(340)	(184)
Cash flows generated from operations	10,182	9,732
Interest received	14	6
Interest paid	(2,319)	(2,307)
Income taxes paid	(465)	(404)
Net cash flows generated from operating activities	7,412	7,027
Cash flows from investing activities		
Addition to property, plant and equipment	(1,694)	(2,271)
Proceeds from disposal of property, plant and equipment	2,130	497
Interest paid	-	(108)
Net cash flows generated from / (used in) investing activities	436	(1,882)
Cash flows from financing activities		
Repayment of borrowings, net	(5,819)	(3,380)
Repayment of finance lease liabilities	(211)	(1,255)
Bills payable	(714)	298
Interest paid	(380)	(277)
Dividend paid to non-controlling interest	(1,372)	(245)
Proceeds from subscription of ordinary shares by non-controlling interests	98	-
Net cash flows used in financing activities	(8,398)	(4,859)
Net (decrease) / increase in cash and cash equivalents	(550)	286
Cash and cash equivalents		
Beginning of the period	1,956	1,600
Effects of currency translation on cash and cash equivalents	(2)	70
End of financial period	1,404	1,956
Cash and cash equivalents comprise the following at the end of the reporting year:		
Continuing Operations	1,359	1,956
Assets in subsidiary classified as held for sale	45	-
	1,404	1,956

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.

	Attributable to equity holders of the Company							
	Share capital	Retained profits	Translation reserves	Equity component of convertible bonds	Premium paid on acquisition of non-controlling interest	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
GROUP								
Balance as at 1 January 2017	49,651	27,122	83	163	(52)	76,967	4,882	81,849
Total comprehensive loss for the year	-	(10,977)	(1,581)	-	-	(12,558)	(935)	(13,493)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(245)	(245)
Balance as at 31 December 2017	**49,651**	**16,145**	**(1,498)**	**163**	**(52)**	**64,409**	**3,702**	**68,111**
Balance as at 1 January 2018	49,651	16,145	(1,498)	163	(52)	64,409	3,702	68,111
Dividend paid to non-controlling interest	-	-	-	-	-	-	98	98
Acquisition of non-controlling interest	-	-	-	-	-	-	(1,372)	(1,372)
Total comprehensive (loss) / income for the year	-	(11,661)	(167)	-	-	(11,828)	166	(11,662)
Balance as at 31 December 2018	**49,651**	**4,484**	**(1,665)**	**163**	**(52)**	**52,581**	**2,594**	**55,175**
COMPANY								
Balance as at 1 January 2017	49,651	3,743	-	163	-	53,557	-	53,557
Total comprehensive loss for the year	-	(462)	-	-	-	(462)	-	(462)
Balance as at 31 December 2017	**49,651**	**3,281**	**-**	**163**	-	**53,095**	**-**	**53,095**
Balance as at 1 January 2018	49,651	3,281	-	163	-	53,095	-	53,095
Total comprehensive income for the year	-	954	-	-	-	954	-	954
Balance as at 31 December 2018	**49,651**	**4,235**	**-**	**163**	-	**54,049**	**-**	**54,049**

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.

Ordinary shares

	No.of ordinary shares	S$'000
Balance as at 30 September 2018 and 31 December 2018	135,010,406	49,651

Convertibles

On 27 April 2015, the Company issued convertible bonds with a nominal value of $5 million bearing interest at 8% per annum. All or any part of the Bonds may be converted to new shares at $0.21 after 12 months from the date of issue or redeemable within 4 years from the date of issue.

	As at 31-Dec-18	As at 31-Dec-17
	No. of shares	No. of shares
Outstanding option to subscribe new shares	Nil	Nil

Treasury Shares

The Company did not have any treasury shares and subsidiary holdings as at 31 December 2018 and 31 December 2017.

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 immediate preceding year.

	As at 31-Dec-18	As at 31-Dec-17
	No. of shares	No. of shares
Issued and fully paid	135,010,406	135,010,406

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

None.

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.

Not applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor 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.

The Group has applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 December 2017 except for those as disclosed under paragraph 5 below.

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 Group's financial statements for the financial year ending 31 December 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council ("ASC") and International Financial Reporting Standards ("IFRS") issued by the international Accounting Standards Board ("IASB")

Other than those discussed below, the adoption of new SFRS(I) did not result in significant 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.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

As a result, certain balance sheet items were adjusted as at 1 January 2018.

The line items on the Group's financial statements with significant impact arising from the adoption of SFRS(I) are summarised below:

	As at 31 Dec 2017 reported under SFRS S$'000	As at 1 Jan 2018 reported under SFRS(I) S$'000	As at 1 Jan 2017 reported under SFRS S$'000	As at 1 Jan 2017 reported under SFRS(I) S$'000
Trade and other receivables	27,914	21,144	38,190	26,987
Contract assets	-	6,770	-	11,203
Contract liabilities	-	374	-	450
Trade and other payables	19,822	19,448	23,253	22,803

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.

Earnings per ordinary share for the period base on net loss attributable to shareholders (in cents):	Group	
	FY 2018	**FY 2017**
a) Based on weighted average number of ordinary shares on issue; and		
From Continuing Operations	-5.34	-4.43
From Discontinued Operations	-3.30	-3.70
Total	-8.64	-8.13
Weighted no.of shares in issue	135,010,406	135,010,406
b) On a fully diluted basis		
From Continuing Operations	-5.34	-4.43
From Discontinued Operations	-3.30	-3.70
Total	-8.64	-8.13

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 period reported on; and (b) immediately preceding financial year.

	GROUP		COMPANY	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Net asset value per ordinary share based on issued share capital at end of the period / year (in cents)	38.95	47.71	40.03	39.33

The Group and the Company's net assets value per ordinary share for the periods have been computed based on the share capital of 135,010,406 shares.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's 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

Discontinued operations and subsidiary classified as held for sale:

On 23 January 2019, the Company announced that it has entered into a sale and purchase agreement in relation to the Company's proposed disposal of the entire issued and paid-up share capital of ASE, its wholly owned subsidiary. In compliance with SFRS (I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of ASE are classified as assets held for sale and liabilities held for sale respectively on the consolidated balance sheet. ASE's results for the current financial period reported on and the corresponding period of the immediately preceding financial year are presented separately in the statement of comprehensive income as "Discontinued Operations". The change in classification and presentation has no effect to the profit or loss after tax and net asset value of the Group.

The post-tax loss for the year ended 31 December 2018 from the discontinued operations attributable to the Group is presented below:

	FY 2018	**FY 2017**
	S$'000	**S$'000**
Revenue	8,830	9,500
Expenses	(13,434)	(14,847)
Other gains, net	162	288
Loss before tax from Discontinued Operations	(4,442)	(5,059)
Income tax (expense) / credit	(7)	67
Loss after tax from Discontinued Operations	(4,449)	(4,992)

Discontinued operations and subsidiary classified as held for sale:

The major classes of assets and liabilities of the subsidiary held for sale as at 31 December 2018 are as follows:

	S$'000
Details of assets of disposal group classified as held-for sale were as follows:	
Cash and bank balances	45
Property, plant and equipment	10,323
Trade and other receivables	1,126
Contract assets	465
Inventories	467
Deferred income tax assets	1,085
	13,511
Details of liabilities directly associated with disposal group classified as held-for sale were as follows:	
Trade and other payables	2,473
Borrowings and overdrafts	11,386
	13,859

Income statement review

Continuing Operations

	4th Quarter results			
Group Turnover	**FY 2018**	**FY 2017**	**+ / (-)**	**+ / (-)**
	S$'million	S$'million	S$'million	%
Infrastructure & Engineering ("IE")	5.13	(0.04)	5.17	NM
Corrosion Prevention ("CP")	2.69	4.23	(1.54)	(36.4)
Supply & Distribution ("SD")	1.31	2.25	(0.94)	(41.8)
Shipping & Others ("SH")	5.59	3.08	2.51	81.5
	14.72	**9.52**	**5.20**	**54.6**

The Group's revenue increased by 54.5% or S$5.20 million from S$9.52 million in 4Q2017 to S$14.72 million in 4Q2018.

Revenue for our IE division increased by S$5.17 million in 4Q2018 as compared to 4Q2017. The increase in revenue on continuing operations for 4Q2018 was generated from repairs and maintenance services of vessels. Our yard in Batam (Indonesia) also secured some fabrication projects during 2H2018. Nevertheless, IE division's business remained weak as no sizeable marine or fabrication contract was secured and this resulted in our fabrication yards being underutilised.

Revenue for our CP division decreased by S$1.54 million from S$4.23 million in 4Q2017 to S$2.69 million in 4Q2018 because of weak demand for blasting and painting business from shipyards in Singapore and Batam.

Revenue for our SD division decreased by S$0.94 million from S$2.25 million in 4Q2017 to S$1.31 million in 4Q2018 due to weak demand for marine and industrial hardware products.

Revenue for our SH division increased by S$2.51 million from S$3.08 million in 4Q2017 to S$5.59 million in 4Q2018 due to the livestock carriers having more charters and lesser downtime during 4Q2018 as compared to 4Q2017. At end of 4Q2018, one of our livestock carriers - MV Diamantina commenced her five year mandatory drydocking survey and repairs.

The Group's gross profit decreased by S$1.05 million from S$1.88 million in 4Q2017 to S$0.83 million in 4Q2018. The decrease in gross profit was mainly due to commercial settlement of projects at lower margins due to prolonged challenging and depressed market conditions in the marine oil and gas sector. During 4Q2018, the SH division impaired its existing tugs and barges to net realisable values based on market valuation. As explained above, all the divisions faced very difficult market environment which resulted in Group's net loss S$6.48 million in 4Q2018 as the operating profits were not sufficient to cover the administrative and financial expenses.

Income Statement

Continuing Operations

	Full Year Results			
Group Turnover	**FY 2018**	**FY 2017**	**+ / (-)**	**+ / (-)**
	S$'million	S$'million	S$'million	%
Infrastructure & Engineering ("IE")	11.98	5.68	6.30	110.9
Corrosion Prevention ("CP")	14.70	18.89	(4.19)	(22.2)
Supply & Distribution ("SD")	6.49	9.40	(2.91)	(31.0)
Shipping & Others ("SH")	22.14	11.28	10.86	96.3
	55.31	**45.25**	**10.06**	**22.2**

The Group's revenue increased by 22.2% or S$10.06 million from S$45.25 million in FY2017 to S$55.31 million in FY2018.

Revenue for our IE division increased by 110.9% or S$6.30 million from S$5.68 million to S$11.98 million as there was an increase in business activities from repairs and maintenance services to vessels and some fabrication projects secured by our yard in Batam (Indonesia) for FY2018.

Revenue for our CP division decreased by S$4.19 million from S$18.89 million in FY2017 to S$14.70 million in FY2018 because of fewer newbuildings and offshore projects in major shipyards in Singapore and Batam.

Revenue from our SD division decreased by S$2.91 million from S$9.40 million in FY2017 to S$6.49 million in FY2018 due to weaker demand for marine and industrial hardware products. The SD division is restructuring its operations to ensure cost efficiency.

Revenue from our SH division increased by S$10.86 million from S$11.28 million in FY2017 to S$22.14 million in FY2018. The increase was due to sale of four sets of tugs and barges at S$6.3 million in June 2018. The livestock carriers performed better due to regular charters and lesser down time in FY2018 as compared to FY2017.

Our gross profit declined by S$2.50 million from S$12.10 million in FY2017 to S$9.60 million in FY2018. This was mainly due to settlement at lower profit margins of several IE and CP projects because of the very tough market conditions. Our SH division incurred higher direct cost because of a surge in the marine fuel oil price in FY2018 as compared to FY2017. In addition, the SH division incurred impairment costs on existing tugs and barges which were adjusted to net realisable value.

The Group's loss attributable to shareholders was S$11.66 million for FY2018 compared to S$10.98 million loss for FY2017. This was mainly due to continuing depressed market in the marine, offshore oil and gas industries where the operating profits generated after vessel impairment costs were unable to cover the administrative overheads and finance costs.

CASHFLOW STATEMENT

Net cash inflow generated from operating activities was S$7.41 million in FY2018. During the year, there was a decrease in inventory by S$10.00 million; an increase in trade and other receivables by S$7.65 million; an decrease in contract assets by S$0.89 million and an increase in trade and other payables by S$8.06 million.

Net cash inflow in investing activities was S$0.44 million in FY2018.

Net cash outflow in financing activities was S$8.40 million in FY2018. This was mainly due to repayment of borrowings, lease liabilities and bills payable. During FY2018, there was payment of S$1.37 million in dividends for FY2017 to minority shareholders of one of our subsidiaries.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of S$0.55 million for FY2018.

ASSETS AND LIABILITIES

The Group registered total assets of S$129.91 million as at 31 December 2018.

The Group's current assets increased from S$48.71 million as at 31 December 2017 to S$58.18 million as at 31 December 2018. This was largely due to the assets in subsidiary classified as held-for-sale of S$13.51 million when the Company entered into sale and purchase agreement ("SPA") on 23 January 2019 for disposal of all the shares of ASE at consideration S$14.0 million. The decrease in inventories by S$3.84 million was mainly due to sale of four sets of tugs and barges at S$6.30 million.

The Group's non current assets decreased from S$93.23 million as at 31 December 2017 to S$71.73 million as at 31 December 2018 mainly due to assets in subsidiary classified as held-for-sale where S$10.32 million was registered as non current assets previously. There was a reclassification in FY2018 on two sets of tugs & barges to inventories as these were earmarked for sale. The decrease was also due to S$$7.92 million on depreciation of property, plant and equipment as well as disposal of various redundant equipment in FY2018. The Group recorded non-current trade receivables of S$4.03 million on the instalment sale of four sets of tugs and barges which is due after one year.

Total liabilities for the Group increased by S$0.90 million from S$73.83 million at end of FY2017 to S$74.73 million at end of FY2018. This was mainly due to an increase of S$5.00 million on trade and other creditors to S$24.46 million as a result of increase in business activities in FY2018. The Group's borrowings on Continuing Operations reduced by S$6.31 million to S$34.97 million and S$11.39 million was registered under Discontinued Operations as at 31 December 2018.

ASSETS AND LIABILITIES

The Group registered net current liabilities of S$5.39 million as at 31 December 2018 as compared to S$5.72 million as at 31 December 2017. There was a reclassification of S$4.96 million convertible bond from non-current liabilities to current liabilities as the maturity date is within a year. The Group has entered into an agreement to dispose of ASE to improve the Group's gearing and working capital position.

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, available bank facilities and other possible financing options as well as its Group's existing assets, the Group is able to meet its short-term obligations as and when they fall due.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company did not make any forecast and prospect statement in respect of its result for the quarter ended 31 December 2018.

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 outlook for marine, offshore oil and gas sector remain uncertain and the Group will strive to get more business despite the intense competition. The Group will maintain strict cash flow discipline to weather the current tough market conditions.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial period?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been recommended as the Company made a loss in FY2018.

13 Interested Person Transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Group has obtained undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

BUSINESS SEGMENTS

	Infrastruc-ture Engineering	Corrosion Prevention	Supply & Distribution	Shipping	Others	Total for Continuing Operations
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2018						
Total segment sales	12,760	17,320	8,606	22,138	-	60,824
Inter-segment sales	(780)	(2,616)	(2,112)	-	-	(5,508)
Sales to external customers	11,980	14,704	6,494	22,138	-	55,316
Results:						
Segment result	1,041	(21)	45	(2,841)	(80)	(1,856)
Interest expense	(425)	(224)	(126)	(1,411)	-	(2,186)
Interest Income	1	4	9	-	-	14
Profit / (loss) from operating segments	617	(241)	(72)	(4,252)	(80)	(4,028)
Unallocated administrative expenses						(2,957)
Loss before income tax						(6,985)
Income tax expense						(98)
Net loss						(7,083)
Profit attributable to non-controlling interest						(129)
						(7,212)
Net loss includes:						
- Depreciation	2,068	941	49	3,793	-	6,851
Other information						
Segments assets	36,710	13,012	6,320	59,849	503	116,394
Segments assets includes:-						
Additions to: Property, plant and equipment	1,279	164	15	336	-	1,794
Segment liabilities	(11,395)	(18,241)	(4,256)	(9,977)	(8)	(43,877)
2017 (Restated)						
Total segment sales	7,851	19,763	11,569	11,277	-	50,460
Inter-segment sales	(2,170)	(868)	(2,177)	-	-	(5,215)
Sales to external customers	5,681	18,895	9,392	11,277	-	45,245
Results:						
Segment result	913	1,050	216	(3,055)	(84)	(960)
Interest expense	(510)	(306)	(140)	(1,233)	-	(2,189)
Interest Income	2	3	-	1	-	6
Profit / (loss) from operating segments	405	747	76	(4,287)	(84)	(3,143)
Unallocated administrative expenses						(3,046)
Profit before income tax						(6,189)
Income tax credit						(336)
Net Profit						(6,525)
Profit attributable to non-controlling interest						540
						(5,985)
Net loss includes:						
- Depreciation	1,790	1,406	58	5,155	-	8,409
Other information						
Segments assets	52,258	17,289	7,762	64,048	583	141,940
Segments assets includes:-						
Additions to: Property, plant and equipment	536	151	-	1,692	-	2,379
Segment liabilities	(25,398)	(14,511)	(4,642)	(11,621)	(8)	(56,180)

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

17 A breakdown of sales as follows:-

	GROUP			
	FY 2018 S$'000	**FY 2017 S$'000 Restated**	**+ / (-) S$'000**	**+ / (-) %**
Continuing Operations				
First Half				
(a) Revenue	29,356	26,125	3,231	12.4%
(b) Operating loss after tax before deducting non-controlling interests	(498)	(1,100)	602	NM
Second Half				
(a) Revenue	25,960	19,120	6,840	35.8%
(b) Operating loss after tax before deducting non-controlling interests	(6,585)	(5,425)	(1,160)	21.4%
Discontinued Operations				
First Half				
(a) Revenue	6,065	6,395	(330)	-5.2%
(b) Operating loss after tax before deducting non-controlling interests	(2,507)	(346)	(2,161)	NM
Second Half				
(a) Revenue	2,765	3,105	(340)	-10.9%
(b) Operating loss after tax before deducting non-controlling interests	(1,942)	(4,646)	2,704	-58.2%

18 A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details).

	Latest Full Year 2018	Previous Full Year 2017
	S$'000	S$'000
Ordinary	-	-
Preference	-	-
Total:	-	-

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below.

Name	Age	Family Relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Chua Beng Yong	57	Brother of Chua Beng Kuang (Executive Chairman and substantial shareholder) and Chua Meng Hua (Managing Director and substantial shareholder)	Current Position: Chief Operating Officer Duties: Responsible for overseeing the Group's businesses, particularly in infrastructure engineering division, including its marketing and business development. Position first held in: 2011 Year of employment: Since 1990.	Changes in duties: No change. Changes in position: No change.
Chua Beng Hock	55	Brother of Chua Beng Kuang (Executive Chairman and substantial shareholder) and Chua Meng Hua (Managing Director and substantial shareholder)	Current Position: Deputy Chief Operating Officer Duties: Responsible for overseeing the Group's businesses, particularly in corrosion prevention division, including its marketing and business development. Position first held in: 2011 Year of employment: Since 1990.	Changes in duties: No change. Changes in position: No change.
Chua Min Kong	59	Brother of Chua Beng Kuang (Executive Chairman and substantial shareholder) and Chua Meng Hua (Managing Director and substantial shareholder)	Current Position: Manager Duties: Responsible for overseeing the process plant operations in Batam yard. Position first held in: 2011 Year of employment: Since 1998.	Changes in duties: No change. Changes in position: No change.

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman

Chua Meng Hua
Managing Director and
Chief Executive Officer

27 Feb 2019