

**QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 SEPTEMBER 2015**
**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF
QUARTERLY (Q1, Q2 & Q3) RESULTS**

1(a) – An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income Statement

	Group					
	\$'000			\$'000		
	3rd quarter ended 30.09.15	3rd quarter ended 30.09.14 (Restated)*	%	9 months ended 30.09.15	9 months ended 30.09.14 (Restated)*	%
			Change			Change
<u>Continuing operations</u>						
Revenue	12,009	19,227	(38%)	40,711	61,648	(34%)
Cost of sales	(7,919)	(15,239)	(48%)	(26,498)	(47,606)	(43%)
Gross profit	4,090	3,988	(3%)	14,213	14,042	1%
Other operating income	898	146	515%	1,213	260	367%
Selling & Distribution expenses	(1,930)	(2,284)	(15%)	(6,285)	(7,372)	(15%)
Administrative expenses	(2,169)	(2,330)	(7%)	(6,896)	(6,659)	4%
Finance costs	(85)	(337)	(75%)	(234)	(969)	(76%)
Profit/(Loss) from operations	804	(817)	N.M	2,011	(698)	N.M
Share of results of associated companies	(168)	105	N.M	(419)	294	N.M
Share of results of joint ventures	141	69	104%	371	398	(7%)

Profit /(Loss) before taxation	777	(643)	N.M	1,963	(6)	N.M
Tax expense	(405)	(179)	126%	(834)	(950)	(12%)
Profit/(Loss) from continuing operations, net of tax	372	(822)	N.M	1,129	(956)	N.M
<u>Discontinued operations</u>						
Loss from discontinued operations, net of tax	(3,712)	(366)	914%	(1,852)	(1,546)	20%
Net loss for the period	(3,340)	(1,188)	181%	(723)	(2,502)	(71%)
Attributable to:						
Equity holders of the Company	(3,145)	(219)	N.M	61	601	(90%)
Non-controlling interests	(195)	(969)	(76%)	(784)	(3,103)	(75%)
	(3,340)	(1,188)	209%	(723)	(2,502)	(71%)

*Restated the results of a subsidiary ZPA to be disposed and a subsidiary OGS that is being liquidated to discontinued operations.

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	3rd quarter ended 30.09.15	3rd quarter ended 30.09.14	% Change	9 months ended 30.09.15	9 months ended 30.09.14	% Change
Net loss for the period/year	(3,340)	(1,188)	181%	(723)	(2,502)	(71%)
Other comprehensive income/(loss) :						
Exchange differences on translation of the financial statements of foreign entities (net)	463	(191)	N.M	610	(317)	N.M
Total comprehensive loss for the period	(2,877)	(1,379)	109%	(113)	(2,819)	(96%)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(2,836)	(236)	N.M	524	498	5%
Non-controlling interests	(41)	(1,143)	(96%)	(637)	(3,317)	(81%)
Total comprehensive loss for the period	(2,877)	(1,379)	109%	(113)	(2,819)	(96%)

1(a)(ii) Notes to income statement

	Group					
	(S\$'000)			(S\$'000)		
	3rd quarter ended 30.09.15	3rd quarter ended 30.09.14 (Restated)*	%	9 months ended 30.09.15	9 months ended 30.09.14 (Restated)*	%
			Change			Change
<u>Continuing operations</u>						
Other income including interest income	461	74	523%	686	189	263%
Interest on borrowings	(85)	(336)	(75%)	(234)	(969)	(76%)
Depreciation of property, plant and equipment	(440)	(828)	(47%)	(1,302)	(2,192)	(41%)
Gain on disposal of property, plant and equipment	674	-	N.M	681	41	N.M
Foreign exchange (loss)/gain	(91)	77	N.M	(2)	30	N.M
(Provision)/Reversal for stock obsolescence	(82)	(13)	531%	(282)	83	N.M
(Provision)/Reversal of doubtful debts	(63)	123	N.M	(174)	13	N.M
<u>Discontinued operations</u>						
Other income including interest income	-	55	N.M	35	159	(78%)
Interest on borrowings	(4)	(27)	(85%)	(35)	(70)	(50%)
Depreciation of property, plant and equipment	(26)	(154)	(83%)	(127)	(442)	(71%)
Loss on disposal of property, plant and equipment	-	(5)	N.M	-	(14)	N.M
Foreign exchange (loss)/gain	(397)	1	N.M	(857)	96	N.M
Provision for stock obsolescence	-	(361)	N.M	-	(361)	N.M
Provision for doubtful debts	(172)	(5)	N.M	(697)	(5)	N.M
Gain on disposal of a subsidiary	-	-	N.M	4,123	-	N.M
Loss on de-consolidation of a subsidiary	(2,181)	-	N.M	(2,181)	-	N.M
<u>Total</u>						
Other income including interest income	461	129	257%	721	348	107%
Interest on borrowings	(89)	(363)	(75%)	(269)	(1,039)	(74%)
Depreciation of property, plant and equipment	(466)	(982)	(53%)	(1,429)	(2,634)	(46%)
Gain/(Loss) on disposal of property, plant and equipment	674	(5)	N.M	681	27	N.M
Foreign exchange (loss)/gain	(488)	78	N.M	(859)	126	N.M
Provision for stock obsolescence	(184)	(374)	(51%)	(282)	(278)	1%
(Provision)/Reversal of doubtful debts	(235)	118	N.M	(871)	8	N.M
Gain on disposal of a subsidiary	-	-	N.M	4,123	-	N.M
Loss on de-consolidation of a subsidiary	(2,181)	-	N.M	(2,181)	-	N.M

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year.

	Group (\$'000)		Company (\$'000)	
	30.09.15	31.12.14	30.09.15	31.12.14
Non-current assets				
Property, plant and equipment	17,031	19,109	2	3
Investment in subsidiaries	-	-	10,484	12,229
Investment in associated companies	11,990	11,085	12,005	10,682
Investment in joint ventures	5,338	2,093	983	909
Deferred tax assets	42	79	-	-
Pre-purchase payment to a supplier	6,433	-	-	-
Intangible assets	49	49	49	49
	40,883	32,415	23,523	23,872
Current assets				
Inventories	31,086	32,761	-	-
Due from customers on construction contracts	66	37	-	-
Amount due from joint venture (trade)	235	40	-	-
Trade receivables	14,720	20,596	-	-
Other receivables	2,998	1,978	20,614	13,860
Cash and cash equivalents	5,019	5,037	60	211
	54,124	60,449	20,674	14,071
Property held for sale	-	1,527	-	-
Disposal group assets classified as held for sale	-	18,714	-	-
Total current assets	54,124	80,690	20,674	14,071
Total assets	95,007	113,105	44,197	37,943
Non-current liabilities				
Finance lease liabilities	396	521	-	-
Deferred tax liability	771	836	-	-
	1,167	1,357	-	-
Current liabilities				
Due to customers on construction contracts	-	3,081	-	-
Trade payables	5,129	8,406	-	-
Other payables	3,494	3,711	2,303	4,520
Bank borrowings	11,544	13,255	-	-
Finance lease liabilities	166	166	-	-
Tax payable	1,281	1,493	50	101
	21,614	30,112	2,353	4,621
Liabilities directly associated with disposal group classified as held for sale	-	10,429	-	-
Total current liabilities	21,614	40,541	2,353	4,621
Total liabilities	22,781	41,898	2,353	4,621
Net assets	72,226	71,207	41,844	33,322

Shareholders' equity				
Share capital	43,461	43,461	43,461	43,461
Translation reserves	1,220	641	-	-
Accumulated profits	32,265	34,604	(1,617)	(10,139)
Attributable to equity holders of the Company	76,946	78,706	41,844	33,322
Non-controlling interests	(4,720)	(7,499)	-	-
Total shareholders' equity	72,226	71,207	41,844	33,322

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the financial period reported on with comparative figures as at the end of the immediate preceding financial year:

Amount repayable in one year or less, or on demand

As at 30.09.15 (\$'000)		As at 31.12.14 (\$'000)	
Secured	Unsecured	Secured	Unsecured
3,332	8,212	6,064	7,191

Amount repayable after one year

As at 30.09.15 (\$'000)		As at 31.12.14 (\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group's banking facilities were secured by the following:

- (a) Legal charge on the Group's leasehold property with net book value of \$7.72million (31.12.2014: \$7.97million)
- (b) Fixed deposits of a subsidiary.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Group			
	\$'000	\$'000	\$'000	\$'000
	3rd quarter ended 30.09.15	3rd quarter ended 30.09.14 (Restated)	9 months ended 30.09.15	9 months ended 30.09.14 (Restated)
Cash flows from operating activities				
Profit/(Loss) before tax from continuing operations	777	(643)	1,963	(6)
Loss before tax from discontinued operations	(3,712)	(250)	(1,771)	(1,393)
Adjustments for :				
Depreciation	466	1,116	1,429	2,634
Interest income	(60)	(3)	(72)	(13)
Interest expense	89	370	269	1,039
Share of results of associated companies	168	(116)	425	(262)
Share of results of a joint venture	(141)	(69)	(371)	(398)
(Gain)/Loss on disposal of property, plant and equipment	(678)	8	(681)	(29)
Gain on disposal of a subsidiary	-	-	(4,123)	-
Loss on de-consolidation of a subsidiary	2,181	-	2,181	-
Operating cash before movements in working capital	(910)	413	(751)	1,572
Changes in working capital:-				
Inventories	(326)	(3,191)	661	(2,555)
Due from customers on construction contract, net	(392)	(1,836)	(2,493)	1,810
Receivables	(1,318)	497	(3,909)	1,121
Payables	1,335	7,445	3,470	4,898
Currency translation adjustments	269	(1,024)	476	(531)
Cash (used in) / generated from operations	(1,342)	2,304	(2,546)	6,315
Income tax paid	(488)	(566)	(1,012)	(1,353)
Interest paid	(89)	(370)	(269)	(1,039)
Net cash (used in)/from operating activities	(1,919)	1,368	(3,827)	3,923
Cash flows from investing activities				
Purchase of property, plant and equipment	(312)	(493)	(359)	(1,395)
Proceeds from disposal of property, plant and equipment	3,030	3	3,039	49
Investment in associated company	-	-	(1,324)	(3,215)
Interest received	60	3	72	13
Dividend received from joint venture	-	-	-	363
Fixed deposit	17	(1)	1,040	34
Advance to a joint venture	-	-	(2,679)	-
Net cash inflow on disposal of a subsidiary company	-	-	7,192	-
Net cash outflow on liquidation of a subsidiary	(179)	-	(179)	-

Net cash from / (used in) investing activities	2,616	(488)	6,802	(4,151)
Cash flows from financing activities				
Proceeds from bank borrowings	500	-	4,300	-
Repayment of bank borrowings	(1,105)	(753)	(5,359)	(1,876)
Proceeds/(repayment) from short term loans	1,925	(1,301)	(652)	4,805
Repayment of finance lease liabilities	(41)	(47)	(130)	(144)
Dividend paid	-		(2,400)	(2,400)
Net cash from/(used in) financing activities	1,279	(2,101)	(4,241)	385
Net increase/(decrease) in cash and cash equivalents	1,976	(1,221)	(1,266)	157
Cash and cash equivalents at beginning of period	2,528	11,770	5,770	10,389
Effect of exchange rate changes on cash and cash equivalents	-	3	-	6
Cash and cash equivalents at end of period	4,504	10,552	4,504	10,552
Cash and cash equivalents comprises the following				
Cash and cash equivalents	5,019	12,597	5,019	12,597
Less: Fixed deposits	(515)	(2,045)	(515)	(2,045)
Cash and cash equivalents as per statement of cash flows	4,504	10,552	4,504	10,552

(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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	(\$'000)					Total
	Share capital	Translation reserves	Accumulated profits	Total	Non-Controlling interests	
At 1 January 2015	43,461	641	34,604	78,706	(7,499)	71,207
Currency translation differences arising on consolidation, net of tax	-	(16)	-	(16)	(26)	(42)
Disposal of a subsidiary	-	-	-	-	(3,203)	(3,203)
Profit for the period	-	-	4,526	4,526	(278)	4,248
Dividend	-	-	(2,400)	(2,400)	-	(2,400)
Balance At 31 March 2015	43,461	625	36,730	80,816	(11,006)	69,810

Currency translation differences arising on consolidation, net of tax	-	170	-	170	19	189
Loss for the period	-	-	(1,320)	(1,320)	(311)	(1,631)
Balance At 30 June 2015	43,461	795	35,410	79,666	(11,298)	68,368
Currency translation differences arising on consolidation, net of tax	-	425	-	425	38	463
Loss for the period	-	-	(3,145)	(3,145)	(195)	(3,340)
De-consolidated of a subsidiary	-	-	-	-	6,735	6,735
Balance At 30 September 2015	43,461	1,220	32,265	76,946	(4,720)	72,226
	Share capital	Translation reserves	Accumulated profits	Total	Non-Controlling interests	Total shareholders' equity
At 1 January 2014	43,461	837	39,154	83,452	(2,388)	81,064
Currency translation differences arising on consolidation, net of tax	-	(50)	-	(50)	(21)	(71)
Profit for the period	-	-	1,416	1,416	(878)	538
Balance At 31 March 2014	43,461	787	40,570	84,818	(3,287)	81,531
Currency translation differences arising on consolidation, net of tax	-	(36)	-	(36)	(19)	(55)
Loss for the period	-	-	(596)	(596)	(1,256)	(1,852)
Dividend	-	-	(2,400)	(2,400)	-	(2,400)
Balance At 30 June 2014	43,461	751	37,574	81,786	(4,562)	77,224
Currency translation differences arising on consolidation, net of tax	-	(17)	-	(17)	(174)	(191)
Loss for the period	-	-	(219)	(219)	(969)	(1,188)
Changes in ownership interest in a subsidiary	-	-	13	13	(13)	-
Balance At 30 September 2014	43,461	734	37,368	81,563	(5,718)	75,845

Company	(\$'000)		
	Share capital	Accumulated Profits/(Losses)	Total shareholders' equity
At 1 January 2015	43,461	(10,139)	33,322
Profit for the period	-	13,161	13,161
Dividend	-	(2,400)	(2,400)
Balance at 31 March 2015	43,461	622	44,083
Loss for the period	-	(566)	(566)
Balance at 30 June 2015	43,461	56	43,517
Loss for the period	-	(1,673)	(1,673)
Balance at 30 September 2015	43,461	(1,617)	41,844
	Share capital	Accumulated profits	Total shareholders' equity
At 1 January 2014	43,461	3,478	46,939
Profit for the period	-	253	253
Balance at 31 March 2014	43,461	3,731	47,192
Loss for the period	-	(488)	(488)
Dividend	-	(2,400)	(2,400)
Balance at 30 June 2014	43,461	843	44,304
Loss for the period	-	(4,189)	(4,189)
Balance at 30 September 2014	43,461	(3,346)	40,115

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.

Not applicable.

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.

	30.09.15	31.12.14
Total number of issued shares (excluding treasury shares)	480,000,000	480,000,000

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares 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. (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the latest audited annual financial statements for the financial year ended 31 December 2014.

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 adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the period ended 30 September 2015.

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.

(Loss)/Earnings per ordinary share for the period based on net profit attributable to shareholders:-

	Group			
	3rd quarter ended 30.09.15	3rd quarter ended 30.09.14 (Restated)	9 months ended 30.09.15	9 months ended 30.09.14 (Restated)
(i) Based on number of ordinary shares in issue:				
- Continuing operations	0.08 cents	0.03 cents	0.22cents	0.50 cents
- Discontinued operations	(0.73) cents	(0.08) cents	(0.21)cents	(0.37) cents
Net earnings per ordinary share for the period	(0.65) cents	(0.05) cents	0.01cents	0.13 cents
Number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000
(ii) On a fully diluted basis:				
- Continuing operations	0.08 cents	0.03 cents	0.22cents	0.50 cents
- Discontinued operations	(0.73) cents	(0.08) cents	0.21cents	(0.37) cents
Net earnings per ordinary share for the period	(0.65) cents	(0.05) cents	0.01cents	0.13 cents
Diluted number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000

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	
	30.09.15	31.12.14	30.09.15	31.12.14
Net asset value per ordinary share based on existing share capital	16 cents	16 cents	9 cents	7 cents

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 followings:-

(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.

Key changes in the Group's financials:

Gulf Specialty Steel Industries LLC ("GSSI") – Referring to the announcements on 28 February 2015, the Group is deemed to have joint control instead of major control over GSSI in accordance with FRS110 (effective from 1 January 2014). Therefore GSSI's first three quarters' results in FY2014 are consolidated while from 4Q2014 onwards the results are accounted for using the equity method and included in the balance sheet under "Investment in joint ventures".

Z-Power Automation Pte Ltd ("ZPA") – Referring to the announcements on 28 February 2015, ZPA was de-consolidated and is reclassified to Discontinued Operations in the income statements for FY2014 and also reclassified to assets and related liabilities held for sale in the balance sheet from FY2014. The disposal was completed on 4 March 2015.

PT. BH Marine & Offshore Engineering ("PTE") – The Board had decided to discontinue the operations of its engineering subsidiary in Batam as stated in the full year results announcement released on 2 March 2013. Despite ongoing negotiations with potential buyers, the Group has not been able to conclude the sale of all of the assets of its engineering subsidiary in Batam.

In compliance with FRS105, the Group has reclassified all PTE's property, plant and equipment related expenses to Continuing Operations from 4Q2014 in the income statement; all other income and expenses are accounted for as Discontinued Operations given the fact that PTE has completely ceased operations. Notwithstanding the accounting and reporting changes, it remains the Group's intention to dispose of the assets and related liabilities of PTE.

Oil & Gas Solutions Pte. Ltd. ("OGS") – Referring to the announcement on 4 September 2015, OGS has initiated creditors' voluntary liquidation proceedings, hence OGS is de-consolidated on 20 September 2015 and reclassified to Discontinued Operations in the income statement for both FY2014 and FY2015.

Revenue
(3Q2015 vs 3Q2014)

	Group		% Change
	3Q2015 \$'000	3Q2014 \$'000 (Restated)	
Supply Chain Management			
Marine cables and accessories	7,010	8,497	(18%)
Marine lighting equipment and accessories	2,833	2,772	2%
Others	1,781	2,041	(13%)
	11,624	13,310	(13%)
Manufacturing			
Galvanized steel wire	319	5,917	(95%)
Engineering Services			
Engineering and installation	66	-	N.M
Total sales revenue	12,009	19,227	(42%)

Supply Chain Management

Supply Chain Management Division accounts for 96% of the Group's turnover in 3Q2015, of which marine cables and accessories contributed 60%, marine lighting equipment and accessories 25% and others 15%. Revenue from the division decreased by 13% due to the continued slowdown in activities in the marine and offshore sectors.

Manufacturing

Manufacturing Division accounts for 3% of the Group's turnover in 3Q2015. The decrease in revenue is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Engineering Services

Engineering Services Division accounts for 1% of the Group's turnover in 3Q2015.

(9M2015 vs 9M2014)

	Group		% Change
	9M2015 \$'000	9M2014 \$'000 (Restated)	
Supply Chain Management			
Marine cables and accessories	26,525	28,835	(8%)
Marine lighting equipment and accessories	7,362	9,196	(20%)
Others	5,294	5,514	(4%)
	39,181	43,545	(10%)
Manufacturing			
Galvanized steel wire	1,464	18,103	(92%)

Engineering Services			
Engineering and installation	66	0	N.M
Total sales revenue	40,711	61,648	(34%)

Supply Chain Management

Supply Chain Management Division accounts for 96% of the Group's turnover in 9M2015, of which marine cables and accessories contributed 68%, marine lighting equipment and accessories 19% and others 14%. Revenue from the division decreased by 10% due to slow down in activities in the marine and offshore sectors in 2Q and 3Q2015, partially offset by higher deliveries of marine cables to a new oversea customer in 1Q2015.

Manufacturing

Manufacturing Division accounts for 4% of the Group's turnover in 9M2015. The decrease in revenue is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Engineering Services

Engineering Services Division accounts for a negligible portion of the Group's turnover in 9M2015.

3Q2015 vs 3Q2014

Geographical segment

Revenue derived from Singapore increased by \$385k or 4% from \$8.4million in 3Q2014 to \$8.7million in 3Q2015.

Revenue derived from overseas decreased by \$7.5million or 69% from \$10.8million in 3Q2014 to \$3.3million in 3Q2015. The decrease in revenue is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Gross profit

The Group's overall gross profit remain comparably unchanged in 3Q2015, but the Group's overall gross margin increased from 21% in 3Q2014 to 34% in 3Q2015. The higher overall gross margin is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014 which incurred a gross loss in 3Q2014 as a result of the factory producing below breakeven capacity.

Other operating income

The increase in other operating income in 3Q2015 is due mainly to the completion of disposal of a property held for sale.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The decrease in these expenses is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Interest on borrowing

The decrease in interest on borrowings in 3Q2015 as compared to 3Q2014 is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Share of results in associated companies

The Group's associated companies registered a loss in 3Q2015 as compared to a profit in 3Q2014 is due mainly to the postponement of major projects by customers.

Tax expense

Tax expense increased by \$226,000 from \$179,000 in 3Q2014 to \$405,000 in 3Q2015 as a result of a higher profit before tax of a significant subsidiary.

Depreciation

The decrease in depreciation in 3Q2015 as compared to 3Q2014 is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

Foreign Exchange (Loss)/Gain

The foreign exchange loss in 3Q2015 as compared to a gain in 3Q2014 is due mainly to the appreciation in value of US dollar-based payables as a result of a stronger US dollar against Singapore dollar.

Discontinued Operations

The Group recorded a loss in 3Q2015 from discontinued operations, net of tax, of \$3.71million as stated in detail below:

	Group					
	\$'000			\$'000		
	3rd quarter ended 30.09.15	3rd quarter ended 30.09.14 (Restated)*	% Change	9 months ended 30.09.15	9 months ended 30.09.14 (Restated)*	% Change
<u>Discontinued operations</u>						
Revenue	2,265	10,677	(79%)	11,892	26,108	(54%)
Cost of sales	(2,619)	(9,118)	(71%)	(11,838)	(22,525)	(47%)
Gross (loss)/profit	(354)	1,559	(123%)	54	3,583	(98%)

Other operating (expense) / income	(2,584)	50	N.M	1,127	240	370%
Selling & Distribution expenses	(550)	(1,205)	(54%)	(2,106)	(3,124)	(33%)
Administrative expenses	(220)	(639)	(66%)	(805)	(1,991)	(60%)
Finance costs	(4)	(27)	(85%)	(35)	(70)	(50%)
Loss from operations	(3,712)	(262)	N.M	(1,765)	(1,362)	30%
Share of results of an associated company	-	12	N.M	(6)	(31)	(81%)
Loss before taxation	(3,712)	(250)	N.M	(1,771)	(1,393)	27%
Tax expenses	-	(116)	N.M	(81)	(153)	(47%)
Loss for the period	(3,712)	(366)	914%	(1,852)	(1,546)	20%

Discontinued operations incurred a gross loss of \$354k in 3Q2015 as compared to a gross profit of \$1.6million in 3Q2014. This is due mainly to absence of contribution from ZPA as it was disposed on 1Q2015, and gross loss from OGS as a result of cost overrun for a major project.

Discontinued operations incurred an operating expense of \$2.6million in 3Q2015 due mainly to a loss on deconsolidation of OGS upon its liquidation and foreign exchange loss as a result of the depreciation in value of Indonesian Rupiah against Singapore Dollar as the subsidiary's payables are denominated in Singapore Dollars.

The lower selling & distribution and administrative expense in 3Q2015 is due mainly to the disposal of ZPA which was completed on 1Q2015 and reduced business activity in discontinued operations in Batam.

Balance Sheet and Cash Flow Analysis

(3Q2015 vs FY2014)

Property, plant and equipment (PPE)

The decrease in PPE in 3Q2015 is due mainly to the disposal of machinery in Discontinued Operations in Batam and de-consolidation of OGS.

Investment in associated companies

The increase in investment in associated Company is due mainly to the additional investment in GL Lighting Holding Pte Ltd.

Investment in joint ventures

The increase in investment in joint ventures is due mainly to the extension of a shareholder's loan to GSSI for their working capital needs.

Pre-purchase payment to a supplier

The pre-purchase payment is paid to a main cable supplier which will be offset from future purchases over a five-year period (refer to the Group's announcement of 9 June 2015 to the SGX).

Inventories

Inventories decreased by \$1.7million from \$32.8million in FY2014 to \$31.1million in 3Q2015. The decrease in inventories is due mainly to lower purchases in the Supply Chain Management Division as a result of the slowdown in activities in the marine and offshore sectors.

Trade receivables

Trade receivables decreased by \$5.9million from \$20.6million in FY2014 to \$14.7million in 3Q2015 due mainly to lower revenue and de-consolidation of OGS.

Other receivables

The increase in other receivables of \$1.0million is due mainly to the disposal of machinery and inventory of Discontinued Operations in Batam, and includes the current portion of the prepayment to a main cable supplier as mentioned above under Pre-purchase payment to a supplier.

Due from customers on construction contracts

The decrease in amount due from customers on construction contracts is due mainly to the de-consolidation of OGS.

Disposal group assets classified as held for sale**Liabilities directly associated with disposal group classified as held for sale**

Details of disposal group classified as held for sale are as follows:	30.09.15	31.12.14
	\$'000	\$'000
Property, plant and equipment	-	2,565
Intangible assets	-	178
Inventories	-	6,667
Investment in associate	-	147
Trade receivables	-	7,342
Other receivables	-	554
Cash and cash equivalent	-	2,788
	-	20,268

Liabilities directly associated with disposal group classified as held for sale:

Deferred tax liabilities	-	20
Finance lease liabilities	-	149
Tax payable	-	369
Trade payables	-	3,015
Other payables	-	6,876
	<hr/>	<hr/>
	-	10,429

The decrease in assets and liabilities is due mainly to the completion of disposal of ZPA on 4 March 2015.

Trade payables

Trade payables decreased by \$3.3million from \$8.4million in FY2014 to \$5.1million in 3Q2015 due mainly to the de-consolidation of OGS.

Banks borrowings

The decrease in bank borrowings of \$1.7million is due mainly to repayment of bank loans in Supply Chain Management Division.

3Q2015 vs 3Q2014

Cash flow

Net cash and cash equivalent increased by \$2.0million in 3Q2015 as compared to a decrease of \$1.2million in 3Q2014. This is due mainly to the proceeds from disposal of a property in Supply Chain Management Division, higher proceeds from short term loans, offset partly by net cash outflows in operating activities.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group remains focused on improving the overall profitability of our core businesses given the continuing weak shipping industry, low oil prices which have affected the exploration and production budgets of oil and gas companies, and increasing market competition.

The operations of GL Lighting Holding Pte Ltd (“GLH”), the Group’s associate company, has been affected in recent quarters by the relocation to the new Kunshan rented factory, implementation of new IT systems, and postponement of major projects by customers. Nevertheless, GLH has recently obtained its Kunshan land title and is preparing for the construction of a new factory which will significantly boost its manufacturing capacity for LED lighting products.

The performance of the Group’s galvanized steel wire factory in Oman has shown signs of improvement since the start of the year. Sales and production volumes for 1H2015 have increased compared to FY2014 but yet to achieve the targeted breakeven volumes.

On its Engineering Services Division, the Group has announced to the Singapore Exchange on 4 September 2015 that its subsidiary, Oil & Gas Solutions Pte. Ltd. (“OGS”), has initiated creditors’ voluntary liquidation proceedings on the same day.

In view of the challenges in the various industries the Group operates in, it will continue to adopt a cautious stance with all our business divisions and strive to improve their efficiency and performance so as to enhance the profitability of the Group.

11. Dividend

(a) Current Financial Period Reported On?

Any dividend declared for the current financial period reported on?

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil.

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

(c) Date payable Not applicable

(d) Books closure date Not applicable

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

Not applicable.

13. Interested Person Transactions

[Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.]

The Group has not obtained a shareholder's mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

14. Negative assurance confirmation

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the financial period ended 30 September 2015 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
02 November 2015

Vincent Lim Hui Eng
Chief Executive Officer
02 November 2015