

**Extract of the Note 11 to the financial statements
for the financial year ended 31 December 2013**

11 Investment in subsidiaries (cont'd)

d) Going concern of a subsidiary

A subsidiary, Gulf Specialty Steel Industries LLC (“GSS”) incurred a net loss of \$4,578,731 during the financial year ended 31 December 2013 and as at that date, GSS had accumulated losses of \$7,259,449 and its current liabilities exceeded its current assets by \$24,236,488. These factors indicate the existence of a material uncertainty which may cast significant doubt about GSS’s ability to continue as a going concern. The ability of GSS to continue as a going concern depends on its ability to obtain continuing financial support from its shareholders and the successful implementation of its business plan.

If GSS is unable to continue in operational existence for the foreseeable future, GSS may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, GSS may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. Total non-current assets and liabilities of GSS as at the end of the reporting period amounted to \$31,445,837 and \$363,630 respectively.