

A welder in a dark blue uniform and helmet is working inside a large, circular tunnel. The welder is holding a torch, and a bright light from the torch illuminates the scene, creating a strong contrast with the dark surroundings. The tunnel walls are made of concrete and show signs of wear and repair work.

INVESTORS UPDATE

1HY2017

May 2017

The title 'OPERATIONS REVIEW' is displayed in large, bold, sans-serif font. 'OPERATIONS' is in red, and 'REVIEW' is in white. A solid red vertical bar is positioned to the left of the text. A thin red horizontal line is located below the word 'REVIEW'.

OPERATIONS REVIEW

BUSINESS OVERVIEW

**One-stop
Inventory
Specialist**



- Over 25,000 line items
- Pipes, fittings and flanges
- Structural steel, electrical products and cables
- 411,000 sq ft storage capacity



- International network
- Customisation services
- Project management services
- In-house quality assurance
- Non-destructive testing services

**Serving
Growing
Industries**



FY16 revenue: \$68.8

Energy: 58.4% **Trading: 12.8%**
Marine: 26.6% **Others: 2.2%**

**Strong
Customer
Base**

Longstanding relationships with blue-chip customers:

Keppel	Over 20 years	Chevron	Over 15 years
SembCorp	Over 20 years	Shell	Over 5 years
Alstom	Over 10 years		

**Safety &
Quality
Focused**

Certifications

ISO 9002:1994 (2000)
ISO 9001:2000 (2003)
ISO 9001:2008 (2009)
ISO 14001:2004 (2009)

OHSAS 18001:2007 (2009)

BizSAFE STAR (2012)

ISO 22301:2012 (2015)

OUR MARKETS



OUR BUSINESS SEGMENTS



Energy

- Offshore rig fabrication such as jack-ups and semi-subs
- FPSO/FSO new builds and conversion
- Onshore energy facilities fabrication



Marine

- Shipbuilding
- Ship repairs



Traders

- Sell products to traders who on-sell them to other customers

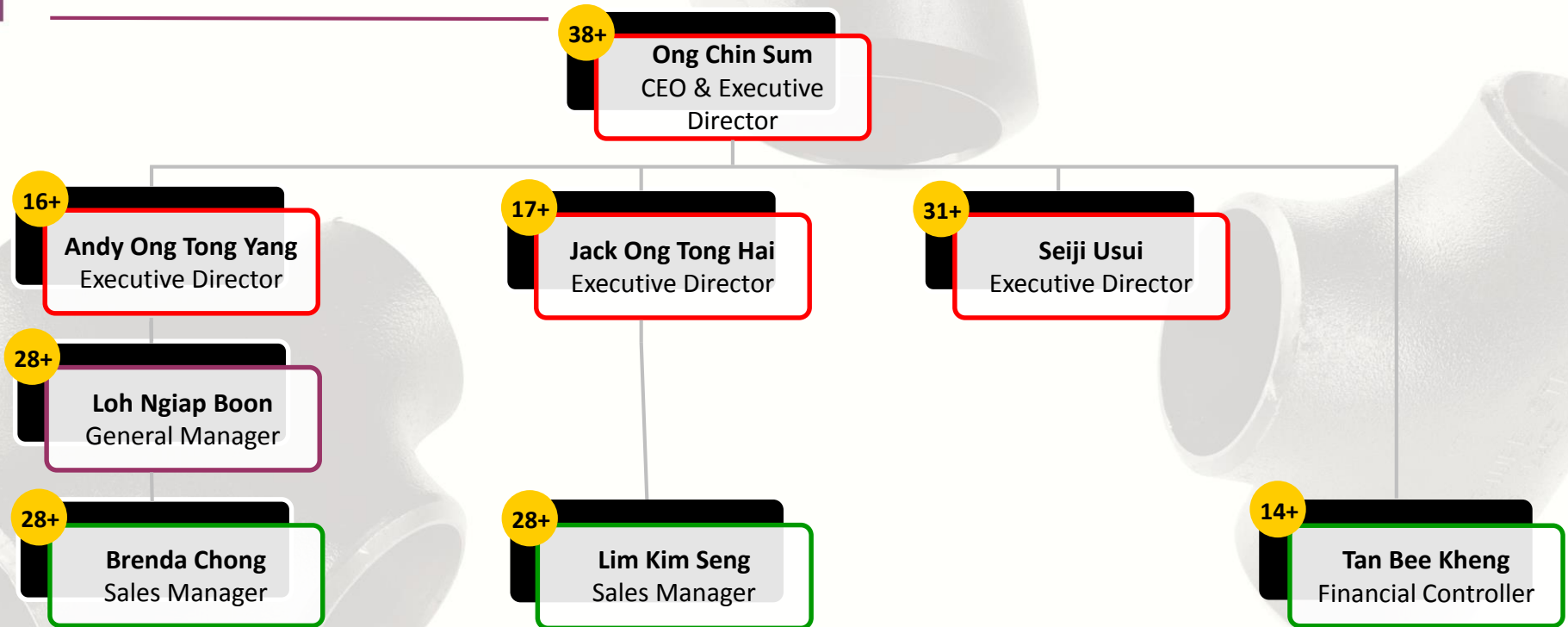


Others

- Supply to other industries such as manufacturing

Broad customer base that uses our products as components mainly to construct piping systems for the conduit of liquids and gases in the production processes of the Energy, Marine and other industries

EXPERIENCED MANAGEMENT



Highly experienced executive and senior management team with **extensive and relevant industry experience**;
Strong sales and marketing team with **established contacts and in-depth industry knowledge**



Number of years of relevant industry experience

OUR WAREHOUSES



Location	Site area (sq ft)	Use	Tenure
• 14 Lok Yang Way	111,363	Office & Warehouse*	60 years lease wef 16 June 1972
• 90 Second Lok Yang Road	69,998	Office & Warehouse*	30 + 10 + 13.25 years lease wef 16 March 1979
• 21A Neythal Road	111,751	Covered Warehouse*	30 years lease wef 16 August 1989
• 36 Tuas Crescent	118,274	Covered Warehouse*	23 years lease wef 1 May 1997

Solidifying **operational security** with extensive warehousing totalling **411,000 sq ft** and inventory management process supported by an integrated computerised **ERP system**

*With machineries to provide value-added services to customise products to customers' specific requirements.

CORPORATE GOVERNANCE

**Well-organised
and
transparent
committee
structure to
uphold the
best practices
in Corporate
Governance**

Board of Directors

Chairman and Independent Non-Executive Director

Low Beng Tin

Executive Directors

Ong Chin Sum; Andy Ong Tong Yang; Jack Ong Tong Hai; Seiji Usui

Non-Executive Director

Hiroshi Ebihara

Independent Directors (IDs)

Jovenal R. Santiago; Tan Siok Chin

Audit Committee

Remuneration Committee

Nomination Committee

- Ranked 45th out of 631 companies on the SGTI in 2016* (GTI 2015: Ranked 157th out of 639 companies)
- Experienced independent directors with varied experience in legal and accounting professions
- Board composition: 8 member board; 3 are independent

* The SGTI succeeds the Governance and Transparency Index (GTI™) in 2016 as an enhanced assessment to meet the market needs of the future and is a collaboration between CPA Australia, NUS Business School's Centre for Governance, Institutions and Organisations (CGIO), and Singapore Institute of Directors (SID).

CUSTOMER RECOGNITION

Shell Chemicals (Singapore) Pte Ltd
 40, Tuas Avenue
 Singapore 630001
 Tel: +65 6778 1200
 Fax: +65 6778 0201

Date: 17th January 2011

Dear Jack,

On behalf of the team at Shell Chemicals Energy, I would like to express our sincere appreciation to you and your company for supporting us over the years. We want you to know that we are very pleased with the quality of service and your company provides. We sincerely appreciate your responsiveness and the way you conduct business. In our business, we must get our products on a regular schedule and we rely on dependable service from suppliers like you to help us keep our schedule. At Shell, we are well aware that it is supplier partners like you who help contribute to our success.

As a token of appreciation, I will like to present you with a 2010 calendar cum diary. This 2010 calendar cum diary is presented in the Top 20 most valued suppliers of the site.

We are happy to have you as our supplier and look forward to bringing the good working relationship to greater heights.

Yours sincerely,

Mr. Seng Sing Ooi
 Contracting and Procurement Manager
 Shell Chemicals Energy Pte Ltd

Shell Eastern Petroleum (Pte) Ltd
 110, Selegie Road
 Singapore 350002
 Tel: +65 6339 0000

21 October 2011

Mr. Ezer Ng
 Sales Supervisor
 Kim Seng Steel Hardware Pte Ltd
 LOK Yang Way 14
 Singapore 630153

Dear Mr Ng

Subject: Price 20-22 September 2011

I wish to extend our heartfelt appreciation to Kim Seng Steel Hardware Pte Ltd for helping us in our management of the site on Pulau Tekong.

We appreciate the tireless efforts of your team which helped ensure that critical support was provided to ensure quality and smoothly during the incident. This allowed us to focus on getting our fire line safety.

Once again, I thank you and your team.

Best regards

Dr. Hock Peh
 General Manager, Pulau Tekong Manufacturing Site

FLUOR

FLUOR ENTERPRISES, INC.
 1 FLUOR CANAL DRIVE
 SINGAPORE, TEXAS 77478

TO: Mr. JACK ONG
 Mr. BENJAMIN ONG
 Mr. Li Jing
 Mr. Wendy Hong

We want you to know that we are very pleased with the quality of service your company provides. Specifically, a regular given as well complete cooperation. I sincerely appreciate your responsiveness and the way you conduct business. I have recommended your company to others because of the satisfaction with your service.

Your staff including your driver (Ying) has consistently made extra efforts to assist us in completing our work on site along with the quality we expect and require to meet our client's objectives.

Your work on the Shell Nitrogen Project did not go unnoticed.

If I could put your staff into a single sentence it would be they always seem to really understand position and of regular events.

I look forward to doing business with your company for years to come.

MARK HENSON
 PROJECT SUPERVISOR MANAGER
 Fluor Corporation 605 TEAM

CPG **CGCHEM-ELL**

CPG Consultants - CPMW SPT 20
 21 Selegie Road
 Level 2
 Singapore 070001

27 October 2011

To: Mr. Seng Sing Ooi

Subject: The Supply and Delivery of 200mm, 400mm and 600mm Diameter Heat Pipes and the Long Heat Exchangers Plant on 14/10/2011

CPG Consultants - CPMW SPT 20 are pleased to be engaged in this project in Pulau Tekong.

The following list of items were supplied to you in one effort with our best efforts and service:

- 200mm diameter heat pipes and 400mm and 600mm diameter heat pipes and exchangers
- 400mm diameter heat pipes and 600mm diameter heat pipes and exchangers
- 600mm diameter heat pipes and 600mm diameter heat pipes and exchangers

The Contract Reference is as below:

Mark at Contract	999 000 702 001 (Pulau Tekong heat pipes)
Contract Reference	CPMWSPT 2001
Completion Date	20/10/2011

The above items were supplied within the 100-120 hours of contract commencement and the timeliness of relevant parts of delivery were well within the scope of contract. The quality and quantity of supply had been satisfactory. CPG's response to our enquiries was very good.

Yours sincerely,

Dr. Ooi Seng Sing
 Contracting and Procurement Manager
 Shell Chemicals Energy Pte Ltd

MODEC

MODEC (Singapore) Services (Singapore) Pte Ltd
 11, 12, Commonwealth Business Park,
 600 Hill Street, Singapore 169536
 Tel: +65 6336 6000
 Fax: +65 6336 6001

Mr. Seng Sing Ooi
 Chief Executive Officer
 Kim Seng Steel Hardware Pte Ltd
 14 Lok Yang Way
 Singapore 630153

Date: 27th October 2011

Subject: PPM Supply PPM (PVC) - Successful Supply of PPM Components

It is a pleasure to see Kim Seng Steel Hardware Pte Ltd a major and again self change to the 100% contract of Supply Modest to SP (Supply PPM) Project from your Singapore contractor since November 2009 onwards.

We have taken the opportunity to congratulate and thank Kim Seng Steel for their 100% commitment to deliver the goods within the required delivery period, and further express their continuous support towards the successful completion of the Project.

Yours sincerely,

Mr. Seng Sing Ooi
 Chief Executive Officer
 Kim Seng Steel Hardware Pte Ltd

Lucite International
 Singapore

16 Bernard Ling
 Kim Seng Steel Hardware Pte Ltd
 14 Lok Yang Way
 Singapore 630153

20 October 2011

Dear Bernard,

Please accept my thanks on behalf of Lucite International Singapore Pte Ltd, for the support your company has shown throughout the construction phase of Alpha 1, 2007/8.

Your team has worked hard for long hours showing commitment to meeting the Alpha 1 objectives, beyond what is normally expected of a piping supplier. You delivered a well and timely service throughout the contract and I think you will work your business plans.

Thank you again.

Yours Sincerely

David Muir
 Senior Project Manager
 Alpha 1 Singapore

Letter of Appreciation

JGC

Mr. Seng Sing Ooi
 Chief Executive Officer
 Kim Seng Steel Hardware Pte Ltd
 14 Lok Yang Way
 Singapore 630153

Dear Mr. Seng Sing Ooi,

For your effort and performance contributing to the successful completion of the site work, Shell Development & Project Program.

Yours sincerely,

Dr. Seng Sing Ooi
 Chief Executive Officer
 Kim Seng Steel Hardware Pte Ltd

CPG

CPG Consultants - CPMW SPT 20
 21 Selegie Road
 Level 2
 Singapore 070001

27 October 2011

Mr. Seng Sing Ooi
 Chief Executive Officer
 Kim Seng Steel Hardware Pte Ltd
 14 Lok Yang Way
 Singapore 630153

Subject: Appreciation for your P.O. support Project T215 Shell CPMW, India.

Dear Mr. Seng Sing Ooi,

Please accept my thanks on behalf of Mr. Poo Subramaniam, Ltd. for the support and assistance that you have provided throughout the construction phase of T215 Shell CPMW, India.

Your team has worked hard for long hours showing commitment to meeting the project objectives, beyond what is normally expected of a piping supplier. Your timeliness and quality of supply and delivery of the contract and I think you will work your business plans.

Thank you.

Yours Sincerely,

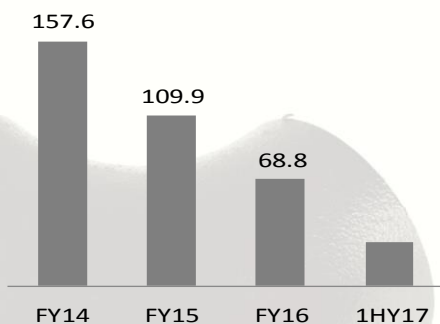
Dr. Seng Sing Ooi
 Chief Executive Officer
 Kim Seng Steel Hardware Pte Ltd

FINANCIAL HIGHLIGHTS

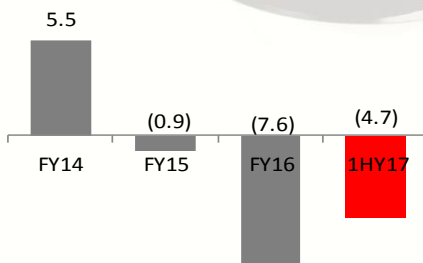
1HY2017

FINANCIAL SNAPSHOT

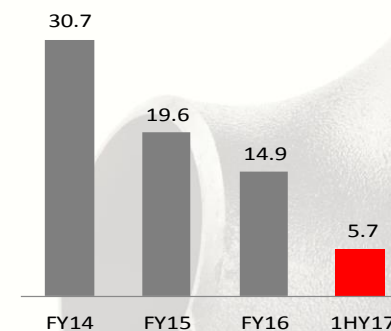
Revenue (S\$m)



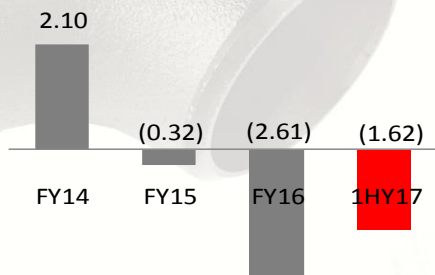
Net Profit / (Loss) (S\$m)



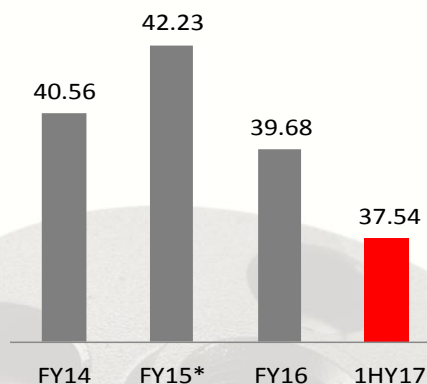
Gross Profit (S\$m)



Earnings / (Loss) Per Share (cents)



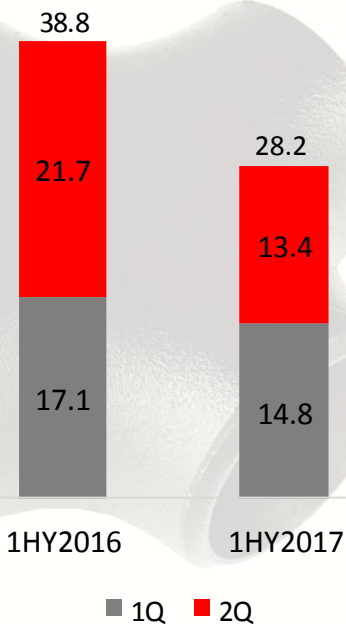
NAV Per Share (cents)



* The increase in NAV was due to 26.4 mil shares that were issued on 6 Mar 2015 following a private share placement exercise with Hanwa Co., Ltd., raising the total number of issued shares to 290,399,997 shares as at 30 September 2015

REVENUE

Total Revenue (\$m)



Total revenue

- 2QFY17: ↓37.9% to \$13.4m
- 1HY2017: ↓27.1% to \$28.2m

Segmental revenue: 1HY2017

- Energy Sector: ↓ 21.1% to \$17.5m
- Marine Sector: ↓ 75.3% to \$3.3m
- Trading Sector: ↑ 157.6% to \$7.0m
- Singapore was main revenue contributor: 44.7% of 1HY2017 revenue
- Revenue from Singapore, Malaysia, Vietnam and Brunei declined

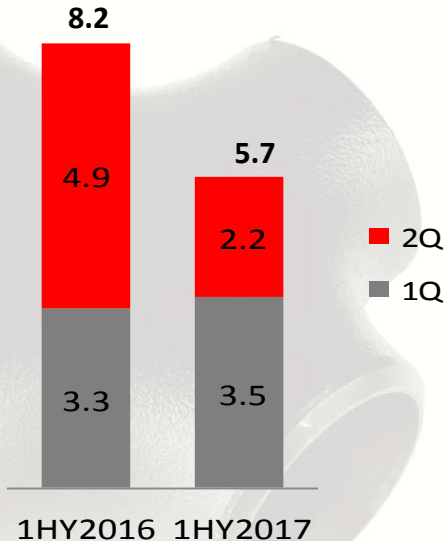
Salient factors

- Prolonged energy industry slump
- Competition

PROFIT & LOSS

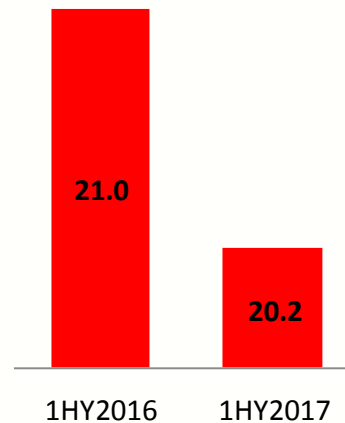
Gross Profit (S\$'m)

↓30.1%



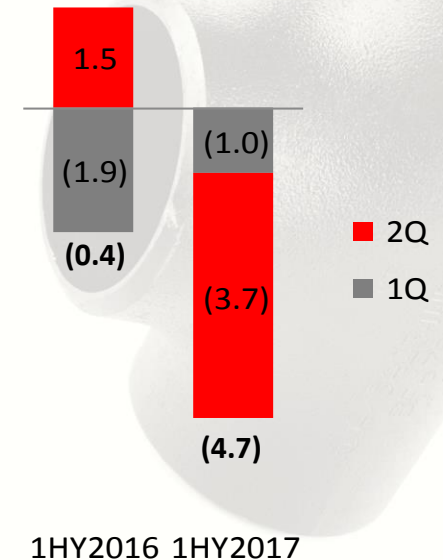
Gross Profit Margin (%)

↓0.8% points



Net Profit/ (Loss) (S\$'m)

↑1,240.3%



Salient factors

- GPM has decreased 0.8 percentage points, due to margin pressure from the market
- Net loss resulted mainly from a reduction in revenue and GPM, provision of slow moving inventories and depreciation expenses

KEY FINANCIAL INDICATORS

Efficiency Ratios (Days)

1HY2017

1HY2016

FY2016

Trade Receivables Turnover

129

119

123

Trade Payables Turnover

67

60

57

Inventory Turnover

657

593

625

Liquidity Ratios (Times)

1HY2017

1HY2016

FY2016

Current Ratio

4.92

3.61

4.71

Debt-to-Equity Ratio

0.25

0.37

0.26

An aerial view of two welders in a dark industrial setting. They are wearing blue protective suits and helmets, working on large steel beams. Bright sparks are flying from their welding points. The floor is dark and industrial, with various cables and equipment visible.

OUTLOOK +
STRATEGY

BUSINESS OUTLOOK

Outlook for rest of FY17

- Revenue generation will be affected by:
 - Continued weak demand from the energy industry
 - Intense industry competition locally and globally
- Expected continuing loss for 3QFY2017

BUSINESS STRATEGY

Caution + Prudence



INVENTORY SPECIALIST

- Maintain extensive and ready stock at optimal levels for quick turnaround
- Leverage on extended product range to cross-sell different products to same core set of customers



MARKET SUSTENANCE

- Intensify marketing efforts in the Asia Pacific region
- Strengthen ties with existing and new customers
- Identify new potential markets



PRUDENT FINANCIAL MANAGEMENT

- Stay vigilant
- Manage operating costs
- Improve productivity and efficiency



THANK YOU

For more information, please contact:

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