

FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

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		%
	1st quarter ended 31.3.16 \$'000	1st quarter ended 31.3.15 \$'000 (Restated)*	
Revenue	12,713	16,985	(25%)
Cost of sales	(8,460)	(11,232)	(25%)
Gross profit	4,253	5,753	(26%)
Other operating income	75	4,594	(98%)
Selling & Distribution expenses	(2,322)	(2,546)	(9%)
Administrative expenses	(2,230)	(2,217)	1%
Finance costs	(112)	(54)	107%
Profit from operations	(336)	5,530	(106%)
Share of results of associated companies	(299)	(205)	46%
Share of results of a joint venture	34	123	(72%)
(Loss)/Profit before taxation	(601)	5,448	(111%)
Tax expense	(174)	(327)	(47%)

(Loss)/ Profit from continuing operations, net of tax	(775)	5,121	(115%)
Loss from discontinued operations, net of tax	(392)	(873)	(55%)
Net (loss)/profit for the period/year	(1,167)	4,248	(127%)
Attributable to:			
Equity holders of the Company	(1,106)	4,526	(124%)
Non-controlling interests	(61)	(278)	(78%)
	(1,167)	4,248	(127%)

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

	1st quarter ended 31.3.16 \$'000	1st quarter ended 31.3.15 \$'000	% Change
Net (loss)/profit for the period/year	(1,167)	4,248	(127%)
Other Comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities (net)	(154)	(42)	267%
Total comprehensive (loss)/income for the period	(1,321)	4,206	(131%)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(1,382)	4,510	(131%)
Non-controlling interests	61	(304)	(120%)
Total comprehensive (loss)/income for the period	(1,321)	4,206	(131%)

* Restated the results of a subsidiary from continuing operations to discontinued operations.

1(a)(ii) Notes to income statement

<u>Continuing operations</u>	1st quarter ended 31.3.16 \$'000	1st quarter ended 31.3.15 \$'000 (Restated)*	% Change
Other income including interest income	258	236	9%
Interest on borrowings	(112)	(54)	107%
Depreciation of property, plant and equipment	(351)	(449)	(22%)
Gain on disposal of property, plant and equipment	-	3	(100%)
Foreign exchange (loss)/gain	(183)	235	(178%)
Provision for stock obsolescence	(28)	(184)	(85%)
Provision of doubtful debts	(216)	(22)	882%
Provision of warranty	-	(9)	(100%)
Gain on disposal of a subsidiary	-	4,123	(100%)
 <u>Discontinued operations</u>			
Other expense including interest income	(15)	(35)	(57%)
Interest on borrowings	-	(52)	(100%)
Depreciation of property, plant and equipment	(17)	(110)	(85%)
Foreign exchange loss	(279)	(201)	39%
Write-back for stock obsolescence	-	102	(100%)
Provision for doubtful debts	-	(25)	(100%)
Provision of warranty	-	(1)	(100%)
 <u>Total</u>			
Other income including interest income	243	201	21%
Interest on borrowings	(112)	(106)	6%
Depreciation of property, plant and equipment	(368)	(559)	(34%)
Foreign exchange (loss)/gain	(462)	34	N.M.
Provision for stock obsolescence	(28)	(82)	(66%)
Provision of doubtful debts	(216)	(47)	360%
Provision of warranty	-	(10)	(100%)
Gain on disposal of a subsidiary	-	4,123	(100%)

N.M. – Not meaningful

* Restated the results of a subsidiary from continuing operations to discontinued operations.

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		COMPANY	
	31.3.2016 \$'000	31.12.2015 \$'000	31.3.2016 \$'000	31.12.2015 \$'000
Non-current assets				
Property, plant and equipment	16,079	16,499	1	2
Investment in subsidiaries	-	-	10,682	10,384
Investment in joint venture	2,387	2,416	1,006	1,006
Investment in associated company	11,626	12,149	11,890	12,005
Deferred tax assets	43	44	-	-
Intangible assets	234	49	49	49
Purchase deposit to a supplier	5,756	5,756	-	-
Non-current receivable	151	162	151	162
	36,276	37,075	23,779	23,608
Current assets				
Inventories	32,736	30,123	-	-
Due from customers on construction contracts	178	129	-	-
Trade receivables	15,704	16,223	6	-
Other receivables	3,190	2,427	11,548	13,133
Restricted cash	1,369	1,369	-	-
Cash and cash equivalents	4,427	4,349	910	153
Total current assets	57,604	54,620	12,464	13,286
Total assets	93,880	91,695	36,243	36,894
Non current liabilities				
Deferred tax liability	886	915	-	-
Finance lease liabilities	312	354	-	-
	1,198	1,269	-	-
Current liabilities				
Trade payables	4,953	5,873	66	-
Other payables	2,729	1,746	684	1,074
Provisions	4,858	4,845	4,858	4,161
Bank borrowings	12,617	9,310	-	-
Finance lease liabilities	166	166	-	-
Tax payable	1,391	1,197	51	51
Total current liabilities	26,714	23,137	5,659	5,286
Total liabilities	27,912	24,406	5,659	5,286
Net assets	65,968	67,289	30,584	31,608
Shareholders' equity				
Share capital	43,461	43,461	43,461	43,461
Translation reserves	758	908	-	-
Accumulated profits	26,888	27,994	(12,877)	(11,853)
Attributable to equity holders of the Company, total	71,107	72,363	30,584	31,608
Non-controlling interests	(5,139)	(5,074)	-	-
Total shareholders' equity	65,968	67,289	30,584	31,608

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 31.03.16 (\$'000)		As at 31.12.15 (\$'000)	
Secured	Unsecured	Secured	Unsecured
3,300	9,317	3,300	6,010

Amount repayable after one year

As at 31.03.16 (\$'000)		As at 31.12.15 (\$'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 \$7.55million (31.12.2015: \$7.64million)
- (b) Fixed deposits of a subsidiary.
- (c) Corporate guarantee by the Company

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	
	1st quarter ended 31.03.16 \$'000	1st quarter ended 31.03.15 \$'000
Cash flows from operating activities		
(Loss)/Profit before tax from continuing operations	(601)	4,412
(Loss)/Profit before tax from discontinued operations	(382)	244
Adjustments for :		
Depreciation	368	559
Interest income	(18)	(4)
Interest expense	111	106
Share of results of a joint venture	(33)	(123)
Gain on disposal of property, plant and equipment	-	(3)
Share of results of associated companies	299	211
Gain on disposal of a Subsidiary	-	(4,123)
Operating cash before movements in working capital	(256)	1,279
Inventories	(2,613)	1,042
Work in Progress in excess of progress billings	(51)	(2,007)
Receivables	(208)	928
Payables	76	3,448
Unrealised exchange difference	154	(23)
Net cash generated (used in)/from operations	(2,898)	4,667
Interest paid	(111)	(106)
Income tax paid	(1)	33
Net cash generated (used in)/from operating activities	(3,010)	4,594
Cash flows from investing activities		
Purchase of property, plant and equipment	(26)	(47)
Proceeds from disposal of property, plant and equipment	-	9
Interest received	18	4
Investment in an associated company	-	(1,324)
Investment in a subsidiary company	(169)	-
Fixed deposit under pledge	-	24
Proceed from disposal of a subsidiary company	-	7,192
Net cash generated (used in)/from investing activities	(177)	5,858

Cash flows from financing activities		
Drawdown of bank borrowings	3,655	-
Repayment of bank borrowings	(348)	(2,150)
Repayment of short term loan	-	160
Repayment of finance lease liabilities	(42)	(47)
Net cash (used in)/ generated from financing activities	3,265	(2,037)
Net increase in cash and cash equivalents	78	8,415
Cash and cash equivalents at beginning of period	4,349	5,770
Cash and cash equivalents at end of period	4,427	14,185

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

Group	Share capital \$'000	Translation reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-Controlling interest \$'000	Total shareholders' equity \$'000
At 1 January 2016	43,461	908	27,994	72,363	(5,074)	67,289
Currency translation differences arising on consolidation, net of tax	-	(150)	-	(150)	(4)	(154)
Profit for the period	-	-	(1,106)	(1,106)	(61)	(1,167)
Balance At 31 March 2016	43,461	758	26,888	71,107	(5,139)	65,968

Group	Share capital \$'000	Translation reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-Controlling interest \$'000	Total shareholders' equity \$'000
Balance 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

Company

	Share capital \$'000	Accumulated profits \$'000	Total shareholders' equity \$'000
At 1 January 2016	43,461	(11,853)	31,608
Profit for the period	-	(1,024)	(1,024)
Balance At 31 March 2016	43,461	(12,877)	30,584
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

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.

	31.03.16	31.12.15
Total number of issued shares (excluding treasury shares)	119,999,995	480,000,000

The company undertook a share consolidation exercise to consolidate every four (4) existing ordinary shares in the capital of the Company into one (1) ordinary share. The share consolidation has been completed and becomes effective on 29 February 2016.

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 2015.

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 ending 31 March 2016.

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 based on net profit attributable to shareholders:-

Group	1st quarter ended 31.03.16	1st quarter ended 31.03.15 (Restated)*
(i) Based on number of ordinary shares in issue:		
- Continuing operations	(0.39) cents	4.59 cents
- Discontinued operations	(0.53) cents	(0.82) cents
Number of ordinary shares in issue	119,999,995	119,999,995
(ii) On a fully diluted basis:		
- Continuing operations	(0.39) cents	4.59 cents
- Discontinued operations	(0.53) cents	(0.82) cents
Diluted number of ordinary shares in issue	119,999,995	119,999,995

* Restated the results of a subsidiary from continuing operations to discontinued operations.

The Company undertook a share consolidation exercise to consolidate every four (4) existing ordinary shares in the capital of the Company into one (1) ordinary share. The share consolidation has been completed and becomes effective on 29 February 2016. The weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings per share and net asset value per share for financial years 2016 and 2015 have been restated.

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	
	31.03.16	31.12.15	31.03.16	31.12.15
Net asset value per ordinary share based on existing share capital	59 cents	60 cents	25 cents	26 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**

Key changes in the Group's financials:

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 FY2015.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue

(1Q2016 Vs 1Q2015)

	Group		% Change
	1Q2016	1Q2015	
	\$'000	\$'000	
		(Restated)*	
Supply Chain Management			
Marine cables and accessories	9,076	12,412	(27%)
Marine lighting equipment and accessories	2,232	2,230	0%
Others	1,285	1,802	(29%)
	12,593	16,444	(23%)
Manufacturing			
Galvanized steel wire	120	541	(78%)
Total sales revenue	12,713	16,985	(25%)

Supply Chain Management

Supply Chain Management division accounts for 99% of the Group's turnover in 1Q2016, of which marine cables and accessories contributed 72%, marine lighting equipment and accessories 18% and others 10%. Revenue from the Division decreased by 23% due to slowdown in activities in the marine and offshore sectors as a result of weak shipping markets and low oil prices, as well as a delay in shipment to an overseas customer.

Manufacturing

Manufacturing division accounts for 1% of the Group's turnover in 1Q2016. The decrease in revenue from galvanized steel wire is due mainly to lower market demand in Malaysia.

Geographical segment

Revenue derived from Singapore decreased by \$1.3million or 14% from \$8.9million in 1Q2015 to \$7.6million in 1Q2016. This is due mainly to lower activities in the marine and offshore sectors as a result of weak shipping markets and low oil prices.

Revenue derived from overseas decreased by \$3million or 37% from \$8.1million in 1Q2015 to \$5.1million in 1Q2016. This is due mainly to the marine and offshore sectors as a result of weak shipping markets and low oil prices as well as a delay in shipment to an overseas customer.

Gross profit

The Group's overall gross profit decreased by \$1.5million or 26% from \$5.8million in 1Q2015 to \$4.3million in 1Q2016 due to lower revenue. The Group's overall gross margin decreased marginally by 1% from 34% in 1Q2015 to 33% in 1Q2016.

Other operating income

The decrease in other operating income in 1Q2016 is due mainly to a gain in disposal of a subsidiary in 1Q2015.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. Both selling & distribution expense and administrative expense remain comparably unchanged.

Share of results in associated company

The Group's associated company registered a higher loss of \$299k in 1Q2016 due mainly to lower sales to major customers and supplier-related issues.

Share of results of joint ventures

The decrease in share of results in joint venture is due to Dream Marine Ship Spare Parts Trading LLC securing fewer orders as a result of price competition and weak market in the Middle East.

Interest on borrowing

The increase in interest on borrowings in 1Q2016 as compared to 1Q2015 is due mainly to higher usage of trade facilities by the Supply Chain Management division.

Depreciation

The decrease in depreciation in 1Q2016 as compared to 1Q2015 is due mainly to disposal of fixed assets in the Batam operation in 2H2015.

Discontinued Operations

The Group recorded a loss from discontinued operations, net of tax, of \$392,000 as stated in detail below:

	Group		
	1Q2016	1Q2015	
	\$'000	\$'000	
		(Restated)*	
Revenue	223	7,000	(97%)
Cost of sales	(200)	(6,320)	(97%)
Gross profit	23	680	(97%)
Other operating expenses	(294)	(233)	26%
Selling & Distribution expenses	(47)	(780)	(94%)
Administrative expenses	(64)	(400)	(84%)
Finance costs	-	(53)	(100%)
Share of results of an associated company	-	(6)	(100%)
Loss before taxation	(382)	(786)	(51%)
Tax expense	(10)	(81)	(88%)
Net loss for the period	(392)	(873)	(55%)

* Restated the results of a subsidiary from continuing operations to discontinued operations.

Following the disposal of ZPA, liquidation of OGS as well as cessation of business activity in Batam operation, Discontinued Operations registered a significantly lower revenue in 1Q2016.

Discontinued Operations registered a small gross profit of \$23k in 1Q2016 due mainly to lower revenue.

The increase in other operating expense is due mainly to a higher foreign exchange loss in 1Q2016 as compared to 1Q2015 as a result of a higher depreciation of Indonesian Rupiah against Singapore Dollar during the period.

The lower selling & distribution and administrative expenses are lower in 1Q2016 is due mainly to disposal of ZPA and reduced business activity and consequently its related expenses in Batam operations.

Balance Sheet and Cash Flow Analysis

Investment in associated companies

The decrease in investment in associated company is due mainly to the share of loss in GL Lighting Holding Pte Ltd.

Intangible assets

The increase in intangible assets is due mainly to goodwill arising from the acquisition of the remaining shares from the major shareholder of an associated company. The associated company becomes a wholly-owned subsidiary of the Company after the acquisition.

Inventories

The increase in inventories by \$2.6million is due to a delay in shipment to an overseas customer.

Trade receivables

The decrease in trade receivables of \$519k is due mainly to lower sales in the Supply Chain Management division in 1Q2016.

Other receivables

The increase in other receivables of \$763,000 is due mainly to deposit paid to suppliers for trade purchases.

Trade payables

Trade payables decreased by \$920k from \$5.8million in FY2015 to \$4.9million in 1Q2016. This is due mainly to lower purchases as a result of lower revenue.

Other payables

The increase in other payables of \$983k is due mainly to an increase in provision for liabilities relating to the Company's interest in a joint venture company based on its proportionate share of the net liabilities of the joint venture company.

Bank borrowings

The increase in bank borrowing by \$3.3million is due mainly to increase in usage of trade facilities to a supplier to fulfill an order by an overseas customer.

Cash flow

Net cash and cash equivalent increased by \$78k in 1Q2016 as compared to an increase of \$8.4million in 1Q2015. This is due mainly to increase in bank borrowings to purchase inventories to fulfill an order from an overseas customer.

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 health of our core business given the continuing weak shipping industry and low oil prices which have severely impacted the oil and gas industry, and increasing market competition.

The core business, the Supply Chain Management division, faced difficult market conditions in the past quarter due to the continuing slowdown in the marine and offshore industries. This has affected the sales and profitability of the division, nevertheless it remained profitable. The Group will continue to strengthen its core business in view of the macro headwinds and is working on various initiatives to improve its performance.

The operations of GL Lighting Holding Pte Ltd (“GLH”), the Group’s associated company, has been adversely affected in the past quarter due to lower sales to major customers and supplier-related issues. The construction of the new factory is expected to start soon and is targeted to be completed in 2017. Once completed, the new factory will significantly boost GLH’s manufacturing capacity of LED lighting products.

The performance of the Group’s galvanized steel wire factory in Oman continues to be very challenging as production and sales volumes are still below breakeven levels. Besides lower sales, the business is affected by lower selling prices as a result of lower commodity prices, and high fixed costs. The Group continues to work closely with its Omani joint venture partner to improve operational performance and explore all possible options with regards to this business.

On its Engineering Services division, the Group has previously announced to the Singapore Exchange (“SGX”) on 4 September 2015 that its subsidiary, Oil & Gas Solutions Pte. Ltd. (“OGS”), has initiated creditors’ voluntary liquidation proceedings on the same day. In the most recent update on 1 April 2016, the Group announced to the SGX that the liquidator has informed that the liquidation of OGS remains ongoing.

On its discontinued operations in Batam, the Group continues to be in discussion with potential buyers to dispose of the remaining shipyard.

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/recommendeded, 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 31 March 2016 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
5 May 2016

Vincent Lim Hui Eng
Chief Executive Officer
5 May 2016