



BH GLOBAL MARINE LIMITED  
明輝環球海事有限公司

## BH GLOBAL MARINE LIMITED

(Company Registration No: 200404900H)

### QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2011

#### PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) RESULTS

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

##### 1(a)(i) Income Statement

|                                           | \$'000                     |                            | Group |  | \$'000                  |                         | % Change |
|-------------------------------------------|----------------------------|----------------------------|-------|--|-------------------------|-------------------------|----------|
|                                           | 2nd quarter ended 30.06.11 | 2nd quarter ended 30.06.10 |       |  | 1st half ended 30.06.11 | 1st half ended 30.06.10 |          |
| Sales of goods                            | 41,117                     | 23,518                     | 75%   |  | 76,009                  | 42,712                  | 78%      |
| Cost of sales                             | (28,954)                   | (15,948)                   | 82%   |  | (53,667)                | (27,815)                | 93%      |
| <b>Gross profit</b>                       | <b>12,163</b>              | <b>7,570</b>               | 61%   |  | <b>22,342</b>           | <b>14,897</b>           | 50%      |
| Other operating income                    | 46                         | 84                         | (45%) |  | 60                      | 102                     | (41%)    |
| Selling & Distribution expenses           | (4,816)                    | (2,787)                    | 73%   |  | (8,717)                 | (5,263)                 | 66%      |
| Administrative expenses                   | (2,135)                    | (1,314)                    | 62%   |  | (3,721)                 | (2,492)                 | 49%      |
| Finance costs                             | (49)                       | (63)                       | (22%) |  | (87)                    | (104)                   | (16%)    |
| <b>Profit from operations</b>             | <b>5,209</b>               | <b>3,490</b>               | 49%   |  | <b>9,877</b>            | <b>7,140</b>            | 38%      |
| Share of results of an associated company | (5)                        | (6)                        | (17%) |  | (9)                     | (6)                     | 50%      |

|                                            |              |              |      |               |              |     |
|--------------------------------------------|--------------|--------------|------|---------------|--------------|-----|
| <b>Share of results of a joint venture</b> | 82           | (7)          | N.M. | 180           | 155          | 16% |
| <b>Profit before taxation</b>              | <b>5,286</b> | <b>3,477</b> | 52%  | <b>10,048</b> | <b>7,289</b> | 38% |
| Tax expense                                | (974)        | (596)        | 63%  | (1,738)       | (1,274)      | 36% |
| <b>Net profit for the period</b>           | <b>4,312</b> | <b>2,881</b> | 50%  | <b>8,310</b>  | <b>6,015</b> | 38% |
| <b>Attributable to:</b>                    |              |              |      |               |              |     |
| <b>Equity holders of the Company</b>       | <b>3,980</b> | <b>2,707</b> | 47%  | <b>7,737</b>  | <b>5,720</b> | 35% |
| <b>Minority interests</b>                  | <b>332</b>   | <b>174</b>   | 91%  | <b>573</b>    | <b>295</b>   | 94% |
|                                            | <b>4,312</b> | <b>2,881</b> | 50%  | <b>8,310</b>  | <b>6,015</b> | 38% |

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

|                                                                                           | 2nd<br>quarter<br>ended<br>30.06.11 | 2nd<br>quarter<br>ended<br>30.06.10 | %<br>Change | 1st half<br>ended<br>30.06.11 | 1st half<br>ended<br>30.06.10 | %<br>Change |
|-------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------|-------------------------------|-------------------------------|-------------|
| <b>Net profit for the period</b>                                                          | <b>4,312</b>                        | <b>2,881</b>                        | 50%         | <b>8,310</b>                  | <b>6,015</b>                  | 38%         |
| Other Comprehensive income:                                                               |                                     |                                     |             |                               |                               |             |
| Exchange differences on translation of the financial statements of foreign entities (net) | 55                                  | -                                   | N.M.        | 1                             | (1)                           | N.M.        |
| <b>Total comprehensive income for the period</b>                                          | <b>4,367</b>                        | <b>2,881</b>                        | 52%         | <b>8,311</b>                  | <b>6,014</b>                  | 38%         |
| Total comprehensive income attributable to:                                               |                                     |                                     |             |                               |                               |             |
| Equity holders of the Company                                                             | 4,021                               | 2,707                               | 49%         | 7,734                         | 5,719                         | 35%         |
| Minority interests                                                                        | 346                                 | 174                                 | 99%         | 577                           | 295                           | 96%         |
| <b>Total comprehensive income for the period</b>                                          | <b>4,367</b>                        | <b>2,881</b>                        | 52%         | <b>8,311</b>                  | <b>6,014</b>                  | 38%         |

## 1(a)(ii) Notes to income statement

|                                                   | Group                               |                                     |       |                               |                               |       |
|---------------------------------------------------|-------------------------------------|-------------------------------------|-------|-------------------------------|-------------------------------|-------|
|                                                   | (\$'000)                            |                                     |       | (\$'000)                      |                               |       |
|                                                   | 2nd<br>quarter<br>ended<br>30.06.11 | 2nd<br>quarter<br>ended<br>30.06.10 | %     | 1st half<br>ended<br>30.06.11 | 1st half<br>ended<br>30.06.10 | %     |
| Other income including interest income            | 33                                  | 20                                  | 65%   | 60                            | 59                            | 2%    |
| Interest on borrowings                            | (49)                                | (63)                                | (22%) | (87)                          | (104)                         | (16%) |
| Depreciation of property, plant and equipment     | (755)                               | (372)                               | 103%  | (1,402)                       | (640)                         | 119%  |
| Gain on disposal of property, plant and equipment | 15                                  | -                                   | N.M.  | 31                            | -                             | N.M.  |
| Foreign exchange (loss)/gain                      | (170)                               | 62                                  | N.M.  | (200)                         | 41                            | N.M.  |
| Provision for stock obsolescence                  | (1,002)                             | (488)                               | 105%  | (1,591)                       | (735)                         | 116%  |
| Write-back of provision for doubtful debts        | 408                                 | 36                                  | 1033% | 542                           | 119                           | 355%  |

**N.M. – Not meaningful**

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

|                                              | Group<br>(\$'000) |                | Company<br>(\$'000) |               |
|----------------------------------------------|-------------------|----------------|---------------------|---------------|
|                                              | 30.06.11          | 31.12.10       | 30.06.11            | 31.12.10      |
| <b>Non-current assets</b>                    |                   |                |                     |               |
| Property, plant and equipment                | 29,748            | 22,171         | -                   | -             |
| Investment in subsidiaries                   | -                 | -              | 15,659              | 15,358        |
| Investment in associated company             | 66                | 75             | 90                  | 90            |
| Investment in joint venture                  | 1,626             | 1,481          | 789                 | 823           |
| Deferred tax assets                          | 163               | 160            | -                   | -             |
| Intangible assets                            | 1,058             | 1,058          | 49                  | 49            |
|                                              | <b>32,661</b>     | <b>24,945</b>  | <b>16,587</b>       | <b>16,320</b> |
| <b>Current assets</b>                        |                   |                |                     |               |
| Inventories                                  | 52,098            | 47,329         | -                   | -             |
| Due from customers on construction contracts | 14,623            | 2,547          | -                   | -             |
| Amount due from joint venture (trade)        | 481               | 881            | -                   | -             |
| Trade receivables                            | 33,660            | 34,861         | -                   | -             |
| Other receivables                            | 4,633             | 1,538          | 38,469              | 34,077        |
| Cash and cash equivalents                    | 19,293            | 24,484         | 1,109               | 11,847        |
| <b>Total current assets</b>                  | <b>124,788</b>    | <b>111,640</b> | <b>39,578</b>       | <b>45,924</b> |
| <b>Total assets</b>                          | <b>157,449</b>    | <b>136,585</b> | <b>56,165</b>       | <b>62,244</b> |

**Current liabilities**

|                                            |               |               |            |              |
|--------------------------------------------|---------------|---------------|------------|--------------|
| Due to customers on construction contracts | 22            | 2,095         |            |              |
| Trade payables                             | 23,579        | 12,975        | 21         |              |
| Bank borrowings                            | 12,904        | 5,329         | -          |              |
| Other payables                             | 7,587         | 7,827         | 385        | 2,657        |
| Finance lease liabilities                  | 46            | 20            | -          |              |
| Tax payable                                | 2,617         | 2,596         | 37         | 70           |
|                                            | <b>46,755</b> | <b>30,842</b> | <b>443</b> | <b>2,727</b> |

|                          |                |                |               |               |
|--------------------------|----------------|----------------|---------------|---------------|
| <b>Total liabilities</b> | <b>46,755</b>  | <b>30,842</b>  | <b>443</b>    | <b>2,727</b>  |
| <b>Net assets</b>        | <b>110,694</b> | <b>105,743</b> | <b>55,722</b> | <b>59,517</b> |

**Shareholders' equity**

|                                                      |                |                |               |               |
|------------------------------------------------------|----------------|----------------|---------------|---------------|
| Share capital                                        | 43,461         | 43,461         | 43,461        | 43,461        |
| Translation reserves                                 | (91)           | (88)           | -             | -             |
| Accumulated profits                                  | 64,342         | 59,965         | 12,261        | 16,056        |
| Attributable to equity holders of the Company, total | <b>107,712</b> | <b>103,338</b> | <b>55,722</b> | <b>59,517</b> |
| Non-controlling interests                            | <b>2,982</b>   | <b>2,405</b>   | -             | -             |
| <b>Total shareholders' equity</b>                    | <b>110,694</b> | <b>105,743</b> | <b>55,722</b> | <b>59,517</b> |

**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 30.06.11 (\$'000) |           | As at 31.12.10 (\$'000) |           |
|-------------------------|-----------|-------------------------|-----------|
| Secured                 | Unsecured | Secured                 | Unsecured |
| 1,920                   | 10,984    | 2,356                   | 2,973     |

**Amount repayable after one year**

| As at 30.06.11 (\$'000) |           | As at 31.12.10 (\$'000) |           |
|-------------------------|-----------|-------------------------|-----------|
| Secured                 | Unsecured | Secured                 | Unsecured |
| -                       | -         | -                       | -         |

**Details of any collateral**

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

- Legal charge on the Group's leasehold property with net book value of \$8.92million (31.12.2010: \$9.33million)
- Corporate guarantee by the Company.
- Fixed deposits from a subsidiary.
- Joint and several guarantees by certain directors of a subsidiary.

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

|                                                              | Group                               |                                     |                               |                               |
|--------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|-------------------------------|
|                                                              | \$'000                              | \$'000                              | \$'000                        | \$'000                        |
|                                                              | 2nd<br>quarter<br>ended<br>30.06.11 | 2nd<br>quarter<br>ended<br>30.06.10 | 1st half<br>ended<br>30.06.11 | 1st half<br>ended<br>30.06.10 |
| <b>Cash flows from operating activities</b>                  |                                     |                                     |                               |                               |
| Profit before tax                                            | 5,286                               | 3,477                               | 10,048                        | 7,289                         |
| <b>Adjustments for :</b>                                     |                                     |                                     |                               |                               |
| Depreciation                                                 | 755                                 | 372                                 | 1,402                         | 640                           |
| Unrealised translation (gain)/ loss                          | (48)                                | -                                   | 1                             | 1                             |
| Share of results of joint venture                            | (82)                                | 7                                   | (180)                         | (155)                         |
| Share of results of an associated company                    | 5                                   | 6                                   | 9                             | 6                             |
| Gain on disposal of property, plant and equipment            | (15)                                | -                                   | (31)                          | -                             |
| Interest income                                              | (12)                                | -                                   | (19)                          | (1)                           |
| Interest expense                                             | 49                                  | 63                                  | 87                            | 104                           |
| <b>Operating cash before movements in working capital</b>    | <b>5,938</b>                        | <b>3,925</b>                        | <b>11,317</b>                 | <b>7,884</b>                  |
| Inventories                                                  | (6,594)                             | (1,662)                             | (4,768)                       | (9,006)                       |
| Due from customers on construction contract, net             | (15,014)                            | -                                   | (14,149)                      | -                             |
| Receivables                                                  | 7,619                               | 304                                 | (1,458)                       | 3,836                         |
| Payables                                                     | 9,552                               | (409)                               | 10,361                        | (486)                         |
| <b>Cash generated from operations</b>                        | <b>1,501</b>                        | <b>2,158</b>                        | <b>1,303</b>                  | <b>2,228</b>                  |
| Interest paid                                                | (49)                                | (63)                                | (87)                          | (104)                         |
| Income tax paid                                              | (1,703)                             | (1,905)                             | (1,720)                       | (2,783)                       |
| <b>Net cash (used in) / provided by operating activities</b> | <b>(251)</b>                        | <b>190</b>                          | <b>(504)</b>                  | <b>(659)</b>                  |
| <b>Cash flows from investing activities</b>                  |                                     |                                     |                               |                               |
| Purchase of property, plant and equipment                    | (7,664)                             | (2,357)                             | (8,941)                       | (4,544)                       |
| Proceeds from disposal of property, plant and equipment      | 17                                  | -                                   | 33                            | -                             |
| Interest received                                            | 12                                  | -                                   | 19                            | 1                             |
| Investment in joint venture                                  | -                                   | (817)                               | -                             | (900)                         |
| Investment in associated company                             | -                                   | (90)                                | -                             | (90)                          |
| Other investment                                             | -                                   | (49)                                | -                             | (49)                          |
| <b>Net cash used in investing activities</b>                 | <b>(7,635)</b>                      | <b>(3,313)</b>                      | <b>(8,889)</b>                | <b>(5,582)</b>                |

|                                                   |               |               |               |               |
|---------------------------------------------------|---------------|---------------|---------------|---------------|
| <b>Cash flows from financing activities</b>       |               |               |               |               |
| Proceeds from bankers                             | 5,723         | 5,127         | 7,570         | 8,735         |
| Repayment of hire purchase creditors              | (5)           | (3)           | (8)           | (3)           |
| Dividend paid                                     | (3,360)       | (3,360)       | (3,360)       | (3,360)       |
| <b>Net cash from financing activities</b>         | <b>2,358</b>  | <b>1,764</b>  | <b>4,202</b>  | <b>5,372</b>  |
| Net decrease in cash and cash equivalents         | (5,528)       | (1,359)       | (5,191)       | (869)         |
| Cash and cash equivalents at beginning of period  | 24,821        | 11,528        | 24,484        | 11,038        |
| <b>Cash and cash equivalents at end of period</b> | <b>19,293</b> | <b>10,169</b> | <b>19,293</b> | <b>10,169</b> |

**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.**

| <b>Group</b>                              | <b>(\$'000)</b>      |                             |                            |                |                                  |                                   |
|-------------------------------------------|----------------------|-----------------------------|----------------------------|----------------|----------------------------------|-----------------------------------|
|                                           | <b>Share capital</b> | <b>Translation reserves</b> | <b>Accumulated profits</b> | <b>Total</b>   | <b>Non-Controlling interests</b> | <b>Total shareholders' equity</b> |
| At 1 January 2011                         | 43,461               | (88)                        | 59,965                     | 103,338        | 2,405                            | 105,743                           |
| Loss not recognised in income statement   | -                    | (44)                        | -                          | (44)           | (10)                             | (54)                              |
| Dividend                                  | -                    | -                           | (3,360)                    | (3,360)        | -                                | (3,360)                           |
| Profit for the period                     | -                    | -                           | 3,757                      | 3,757          | 241                              | 3,998                             |
| <b>Balance at 31 March 2011</b>           | <b>43,461</b>        | <b>(132)</b>                | <b>60,362</b>              | <b>103,691</b> | <b>2,636</b>                     | <b>106,327</b>                    |
| Profit not recognised in income statement | -                    | 41                          | -                          | 41             | 14                               | 55                                |
| Profit for the period                     | -                    | -                           | 3,980                      | 3,980          | 332                              | 4,312                             |
| <b>Balance At 30 June 2011</b>            | <b>43,461</b>        | <b>(91)</b>                 | <b>64,342</b>              | <b>107,712</b> | <b>2,982</b>                     | <b>110,694</b>                    |
| At 1 January 2010                         | <b>23,069</b>        | <b>2</b>                    | <b>52,081</b>              | <b>75,152</b>  | <b>18</b>                        | <b>75,170</b>                     |
| Acquisition of subsidiaries               | -                    | (1)                         | -                          | (1)            | -                                | (1)                               |
| Profit for the period                     | -                    | -                           | 3,013                      | 3,013          | 121                              | 3,134                             |
| <b>Balance at 31 March 2010</b>           | <b>23,069</b>        | <b>1</b>                    | <b>55,094</b>              | <b>78,164</b>  | <b>139</b>                       | <b>78,303</b>                     |

|                                         |               |            |               |               |            |               |
|-----------------------------------------|---------------|------------|---------------|---------------|------------|---------------|
| Loss not recognised in income statement | -             | (2)        | -             | (2)           | -          | (2)           |
| Profit for the period                   | -             | -          | 2,707         | 2,707         | 174        | 2,881         |
| Dividends                               | -             | -          | (3,360)       | (3,360)       | -          | (3,360)       |
| Additional Investment in Subsidiary     | -             | -          | -             | -             | 339        | 339           |
| <b>Balance At 30 June 2010</b>          | <b>23,069</b> | <b>(1)</b> | <b>54,441</b> | <b>77,509</b> | <b>652</b> | <b>78,161</b> |

**Company**

(\$'000)

|                                 | Share capital | Accumulated profits | Total shareholders' equity |
|---------------------------------|---------------|---------------------|----------------------------|
| At 1 January 2011               | 43,461        | 16,056              | 59,517                     |
| Loss for the period             | -             | (137)               | (137)                      |
| Dividends                       | -             | (3,360)             | (3,360)                    |
| <b>Balance at 31 March 2011</b> | <b>46,461</b> | <b>12,559</b>       | <b>56,020</b>              |
| Loss for the period             | -             | (298)               | (298)                      |
| <b>Balance At 30 June 2011</b>  | <b>43,461</b> | <b>12,261</b>       | <b>55,722</b>              |
| At 1 January 2010               | 23,069        | 12,065              | 35,134                     |
| Loss for the period             | -             | (53)                | (53)                       |
| <b>Balance at 31 March 2010</b> | <b>23,069</b> | <b>12,012</b>       | <b>35,081</b>              |
| Loss for the period             | -             | (55)                | (55)                       |
| Dividends                       | -             | (3,360)             | (3,360)                    |
| <b>Balance At 30 June 2010</b>  | <b>23,069</b> | <b>8,597</b>        | <b>31,666</b>              |

**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.**

|                                                              | <b>30.06.11</b> | <b>31.12.10</b> |
|--------------------------------------------------------------|-----------------|-----------------|
| Total number of issued shares<br>(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 2010.



**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 30 June 2011.

**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:-

|                                                 | <b>Group</b>                      |                                   |                                |                                |
|-------------------------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|
|                                                 | <b>2nd quarter ended 30.06.11</b> | <b>2nd quarter ended 30.06.10</b> | <b>1st half ended 30.06.11</b> | <b>1st half ended 30.06.10</b> |
| (i) Based on number of ordinary shares in issue | 0.83 cents                        | 0.64 cents                        | 1.61 cents                     | 1.36 cents                     |
| Number of ordinary shares in issue              | 480,000,000                       | 420,000,000                       | 480,000,000                    | 420,000,000                    |
| (ii) On a fully diluted basis                   | 0.83 cents                        | 0.64 cents                        | 1.61 cents                     | 1.36 cents                     |
| Diluted number of ordinary shares in issue      | 480,000,000                       | 420,000,000                       | 480,000,000                    | 420,000,000                    |

**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**

|                                                                    | <b>Group</b>    |                 | <b>Company</b>  |                 |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                                    | <b>30.06.11</b> | <b>31.12.10</b> | <b>30.06.11</b> | <b>31.12.10</b> |
| Net asset value per ordinary share based on existing share capital | 22 cents        | 22 cents        | 12 cents        | 12 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.**

**Revenue**  
**(2Q2011 Vs 2Q2010)**

|                                           | <b>Group</b>             |                          | <b>%<br/>Change</b> |
|-------------------------------------------|--------------------------|--------------------------|---------------------|
|                                           | <b>2Q2011<br/>\$'000</b> | <b>2Q2010<br/>\$'000</b> |                     |
| <b>Supply Chain Management</b>            |                          |                          |                     |
| Marine cables and accessories             | 11,598                   | 12,498                   | (7%)                |
| Marine lighting equipment and accessories | 2,257                    | 3,416                    | (34%)               |
| Others                                    | 2,492                    | 1,072                    | 132%                |
|                                           | <b>16,347</b>            | <b>16,986</b>            | <b>(4%)</b>         |
|                                           |                          |                          |                     |
| <b>Manufacturing</b>                      |                          |                          |                     |
| Marine switchboards                       | 2,766                    | 3,491                    | (21%)               |
| Galvanized steel wire                     | 1,078                    | 1,735                    | (38%)               |
|                                           | <b>3,844</b>             | <b>5,226</b>             | <b>(26%)</b>        |
| <b>Engineering Services</b>               |                          |                          |                     |
| Engineering and installation              | <b>20,926</b>            | <b>1,306</b>             | <b>1502%</b>        |
|                                           |                          |                          |                     |
| <b>Total sales revenue</b>                | <b>41,117</b>            | <b>23,518</b>            | <b>75%</b>          |
|                                           |                          |                          |                     |

**Supply Chain Management**

Supply Chain Management Division accounts for 40% of the Group's turnover in 2Q2011, of which marine cables and accessories contributed 71%, marine lighting equipment and accessories 14% and others 15%. Revenue from Supply Chain Management Division remains comparably unchanged.

**Manufacturing**

Manufacturing Division accounts for 9% of the Group's turnover in 2Q2011, of which marine switchboards contributed 72% and galvanized steel wire 28%. The decrease in revenue from marine switchboards is due to lower service revenue and rising labour and material costs. The decrease in revenue from galvanized steel wire is due to increased direct competition in the Middle East market.

**Engineering Services**

Engineering Services Division accounts for 51% of the Group's turnover in 2Q2011. The significant increase in revenue from engineering and installation is due to higher contributions from our EPCM business and higher orders for our Electrical, Instrumentation and Telecommunication ("EIT") services. Our EIT business only commenced in 4Q2010.

**(1H2011 VS 1H2010)**

|                                           | <b>Group</b>             |                          | <b>%<br/>Change</b> |
|-------------------------------------------|--------------------------|--------------------------|---------------------|
|                                           | <b>1H2011<br/>\$'000</b> | <b>1H2010<br/>\$'000</b> |                     |
| <b>Supply Chain Management</b>            |                          |                          |                     |
| Marine cables and accessories             | 23,503                   | 22,735                   | 3%                  |
| Marine lighting equipment and accessories | 6,226                    | 6,692                    | (7%)                |
| Others                                    | 3,212                    | 3,006                    | 7%                  |
|                                           | <b>32,941</b>            | <b>32,433</b>            | <b>2%</b>           |
| <b>Manufacturing</b>                      |                          |                          |                     |
| Marine switchboards and services          | 5,079                    | 6,323                    | (20%)               |
| Galvanized steel wire                     | 3,637                    | 2,552                    | 43%                 |
|                                           | <b>8,716</b>             | <b>8,875</b>             | <b>(2%)</b>         |
| <b>Engineering Services</b>               |                          |                          |                     |
| Engineering and installation              | <b>34,352</b>            | <b>1,404</b>             | 2347%               |
| <b>Total sales revenue</b>                | <b>76,009</b>            | <b>42,712</b>            | <b>78%</b>          |

**Supply Chain Management**

Supply Chain Management Division accounts for 44% of the Group's turnover in 1H2011, of which marine cables and accessories contributed 71%, marine lighting equipment and accessories 19% and others 10%. Revenue from Supply Chain Management Division remains comparably unchanged in 1H2011.

**Manufacturing**

Manufacturing Division accounts for 11% of the Group's turnover in 1H2011, of which marine switchboards contributed 58% and galvanized steel wire 42%. The decrease in revenue from marine switchboards is due to lower service revenue and rising labour and material costs. The increase in revenue from galvanized steel wire is due to higher orders from the Middle East in 1Q2011.

**Engineering Services**

Engineering Services Division accounts for 45% of the Group's turnover in 1H2011. The significant increase in revenue from engineering and installation is due to higher contributions from our EPCM business and higher orders for our Electrical, Instrumentation and Telecommunication ("EIT") services. Our EIT business only commenced in 4Q2010.

**Geographical segment**

Revenue derived from Singapore decreased by \$1.8million or 5% from \$33.8million in 1H2010 to \$32.1million in 1H2011 while revenue derived from overseas increased by \$35.0million or 394% from \$8.9million in 1H2010 to \$43.9million in 1H2011. The contribution from revenue derived from overseas to total revenue increased from 21% in 1H2010 to 58% in 1H 2011. This is mainly due to the contribution from the Group's Engineering Services Division which derived its revenue substantially from overseas customers.

**Gross profit**

The Group's overall gross profit increased by \$7.4million or 50% from \$14.9million in 1H2010 to \$22.3million in 1H2011 due to a higher turnover. However, overall gross profit margin decreased from 35% in 1H2010 to 29% in 1H2011. This was mainly due to the higher contribution from Engineering Services Division which yields a lower gross margin.

**Other operating income**

The decrease in other income was mainly due to a higher foreign exchange loss partially offset by gain of disposal of fixed assets and higher interest income.

**Operating expenses**

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The higher selling & distribution and administration expenses are due to the inclusion of the Engineering Services Division which was formed during 3Q2010.

**Finance costs**

Finance costs decreased by \$17,000 from \$104,000 in 1H2010 to \$87,000 in 1H2011. The decrease was mainly due to lower usage of the banking facilities in 2Q 2011.

**Share of results in joint venture**

The increase in share of results in joint venture was due to more orders secured as compared to 1H2010.

**Share of results of an associated company**

The share of loss of an associate company remains relatively unchanged.

**Tax expense**

The higher income tax for 1H2011 was consistent with higher profit before tax.

**Depreciation**

The increase in depreciation is due to the addition of property, plant and equipment for the Group's new Engineering Services Division in 1H2011.

**Foreign Exchange (Loss)/Gain**

The foreign exchange loss is mainly due to the depreciation in value of US dollar fixed deposit as a result of a weaker US dollar.

**Balance Sheet and Cash Flow Analysis****Property, plant and equipment**

The increase in property, plant and equipment of \$7.5 million is mainly due to the acquisition of land, machinery and equipment for the Group's Engineering Services Division for the purpose of developing its new fabrication facility.

**Investment in joint venture**

The increase in investment in joint venture is mainly due to the share of results from joint venture in 1H2011.

**Inventories**

Inventories increased by \$4.8million from \$47.3million in FY2010 to \$52.1million in 1H2011. This is mainly due to purchase of raw materials by the Group's Engineering Services Divisions in 1H2011.

**Due from customers on construction contracts**

The increase in amount due from customers on construction contracts is due to unbilled work-in-progress of new projects of the Engineering Services Division.

**Trade receivables**

Trade receivables decreased by \$1.2million from \$34.9million in FY2010 to \$33.7million in 1H2011. This is mainly due to the collection in full from a major customer of its long outstanding receivables.

**Other Receivables**

The increase in other receivables of \$3.1million was mainly due to payment of a deposit for acquisition of shares in a new investment.

**Due to customers on construction contracts**

The decrease in due to customers on construction contracts is due to the progress completion for projects in 1H2011 billed in advance in 4Q2010 by our Engineering Services Division.

### **Trade payables**

Trade payables increased by \$10.6million from \$13.0million in FY2010 to \$23.6million in 1H2011. This was mainly due to the purchase of raw materials for the Engineering Services Division as a result of higher orders.

### **Banks borrowings**

The increase in bank borrowings of \$7.6million was mainly due to utilization of bank facilities to finance partially the acquisition of raw materials by the Group's Engineering Services Division.

### **Cash flow**

Net cash and cash equivalent decreased by \$5.2million in 1H2011 as compared to \$869,000 in 1H2010. This was mainly due to the increase in amount due from customers for construction contracts, purchase of raw materials and plant, machinery and equipment, partially financed by payables and bank borrowings by the Engineering Services Division.

## **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 offshore oil and gas sector continues to witness strong indications of recovery, well supported by the growing demand for offshore vessels such as FPSOs, support vessels and rigs. The recovery has also spurred renewed exploration activities in the region which has driven orders for newbuildings.

The Group is cautiously optimistic about our industry's future prospects. Embarkation on our new Engineering Services Division last financial year to diversify our business risk has seen revenue contribution from this division climb to approximately 51% of the Group's total revenue in 2Q2011. To better respond to market demands, the Group will remain committed to enhance its product and service offerings through additions of new product range and synergistic business acquisitions. Simultaneously, the Group will also look at expanding its regional footprints in Indonesia, Middle East and India.

## **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.**

No dividend has been declared/recommendeded for the half-year ended 30 June 2011.

**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.]**

| Name of Interested Person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Nil                       | Nil                                                                                                                                                                                                                   | Nil                                                                                                                                                                                                  |

#### 14. Utilisation of proceeds from the Taiwan Depository Receipts issue

| Intended use of proceeds                                | Amount allocated (S\$'000) | Amount utilised (S\$'000) | Balance as at 27.7.2011 (S\$'000) | Descriptions (S\$'000)                                                             |
|---------------------------------------------------------|----------------------------|---------------------------|-----------------------------------|------------------------------------------------------------------------------------|
| Repayment of bank loans                                 | 10,300                     | 8,889                     | 1,411                             | Revolving Credit: S\$2,500<br>Bank trade facilities: S\$5,473<br>Term loan: S\$916 |
| Investment in galvanized steel wire manufacturing plant | 3,000                      | 0                         | 3,000                             |                                                                                    |
| Purchase of fixed assets                                | 2,000                      | 0                         | 2,000                             |                                                                                    |
| Working capital                                         | 5,091                      | 5,091                     | 0                                 | Trade Suppliers: S\$5,091                                                          |
| <b>Total</b>                                            | <b>20,391</b>              | <b>13,980</b>             | <b>6,411</b>                      |                                                                                    |

#### 15. 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 June 2011 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong  
Executive Chairman  
27 July 2011

Vincent Lim Hui Eng  
Chief Executive Officer  
27 July 2011