



(Company Registration No: 200404900H)

QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2013

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

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

1(a)(i) Income Statement

	Group					
	\$'000		%	\$'000		
	2nd quarter ended 30.06.13	2nd quarter ended 30.06.12 (Restated)		% Change	1st half ended 30.06.13	1st half ended 30.06.12 (Restated)
						Change
<u>Continuing operations</u>						
Revenue	18,440	24,650	(25%)	38,377	52,248	(27%)
Cost of sales	(12,220)	(18,393)	(34%)	(25,878)	(38,024)	(32%)
Gross profit	6,220	6,257	(1%)	12,499	14,224	(12%)
Other operating income	329	265	24%	514	185	178%
Selling & Distribution expenses	(2,366)	(2,062)	15%	(5,044)	(4,389)	15%
Administrative expenses	(2,538)	(1,810)	40%	(5,157)	(4,387)	18%
Finance costs	(122)	(154)	(21%)	(309)	(264)	17%
Profit from operations	1,523	2,496	(39%)	2,503	5,369	(53%)
Share of results of associated companies	(47)	(9)	422%	(125)	(108)	16%
Share of results of a joint venture	126	134	(6%)	211	269	(22%)

Profit before taxation	1,602	2,621	(39%)	2,589	5,530	(53%)
Tax expense	(347)	(732)	(53%)	(792)	(1,090)	(27%)
Profit from continuing operations, net of tax	1,255	1,889	(34%)	1,797	4,440	(60%)
<u>Discontinued operations</u>						
Loss from discontinued operations, net of tax	(1,537)	(410)	275%	(904)	(547)	65%
Net (loss)/profit for the period	(282)	1,479	N.M	893	3,893	(77%)
Attributable to:						
Equity holders of the Company	253	2,018	(87%)	2,128	5,001	(57%)
Non-controlling interests	(535)	(539)	(1%)	(1,235)	(1,108)	11%
	(282)	1,479	N.M	893	3,893	(77%)

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

	2nd quarter ended 30.06.13	2nd quarter ended 30.06.12	% Change	1st half ended 30.06.13	1st half ended 30.06.12	% Change
Net (loss)/profit for the period/year	(282)	1,479	N.M	893	3,893	(77%)
Other comprehensive income / (expense):						
Exchange differences on translation of the financial statements of foreign entities (net)	339	(475)	N.M	65	(2,135)	N.M
Total comprehensive income for the period	57	1,004	(94%)	958	1,758	(46%)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	481	1,545	(69%)	2,053	2,969	(31%)
Non-controlling interests	(424)	(541)	(22%)	(1,095)	(1,211)	(10%)
Total comprehensive income for the period	57	1,004	(94%)	958	1,758	(46%)

1(a)(ii) Notes to income statement

	Group					
	(S\$'000)	(S\$'000)		(S\$'000)	(S\$'000)	
	2nd quarter ended 30.06.13	2nd quarter ended 30.06.12 (Restated)	%	1st half ended 30.06.13	1st half ended 30.06.12 (Restated)	%
			Change			Change
<u>Continuing operations</u>						
Other income including interest income	9	41	(78%)	108	54	100%
Interest on borrowings	(122)	(154)	(21%)	(309)	(264)	17%
Depreciation of property, plant and equipment	(465)	(394)	18%	(892)	(774)	15%
Gain on disposal of property, plant and equipment	78	11	609%	78	11	609%
Foreign exchange gain	233	224	4%	318	131	143%
(Provision)/Reversal for stock obsolescence	(211)	67	N.M	(417)	5	N.M
Write-back/(Provision) of doubtful debts	139	(228)	N.M	231	(144)	N.M
Reversal of fair value adjustment of contingent consideration in a business combination	465	-	N.M	465	-	N.M
<u>Discontinued operations</u>						
Other income including interest income	7	7	-	57	10	470%
Interest on borrowings	(30)	(35)	(14%)	(74)	(76)	(3%)
Depreciation of property, plant and equipment	-	(376)	N.M	-	(757)	N.M
Foreign exchange (loss)/gain	(172)	103	N.M	441	(123)	N.M
Provision for stock obsolescence	(1)	-	N.M	(7)	-	N.M
Write-back/(Provision) of doubtful debts	15	(577)	N.M	(52)	(577)	(91%)
<u>Total</u>						
Other income including interest income	16	48	(67%)	165	64	158%
Interest on borrowings	(152)	(189)	(20%)	(383)	(340)	13%
Depreciation of property, plant and equipment	(465)	(770)	(40%)	(892)	(1,531)	(42%)
Gain on disposal of property, plant and equipment	78	11	609%	78	11	609%
Foreign exchange gain	61	327	(81%)	759	8	9,388%
(Provision)/Reversal for stock obsolescence	(212)	67	N.M	(424)	5	N.M
Write-back/(Provision) of doubtful debts	154	(805)	N.M	179	(721)	N.M
Reversal of fair value adjustment of contingent consideration in a business combination	465	-	N.M	465	-	N.M

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

	Group (\$'000)		Company (\$'000)	
	30.06.13	31.12.12	30.06.13	31.12.12
Non-current assets				
Property, plant and equipment	47,576	35,521	-	-
Investment in subsidiaries	-	-	13,865	13,865
Investment in associated companies	6,392	6,455	6,296	6,296
Investment in a joint venture	2,095	2,214	809	783
Deferred tax assets	198	198	-	-
Intangible assets	227	227	49	49
	56,488	44,615	21,019	20,993
Current assets				
Inventories	47,859	44,421	-	-
Due from customers on construction contracts	5,830	14,627	-	-
Amount due from joint venture (trade)	171	149	-	-
Trade receivables	25,615	39,411	-	-
Other receivables	2,547	4,080	24,575	27,558
Cash and cash equivalents	9,319	14,429	755	78
	91,341	117,117	25,330	27,636
Disposal group assets classified as held for sale	8,735	8,551	-	-
Total current assets	100,076	125,668	25,330	27,636
Total assets	156,564	170,283	46,349	48,629
Non-current liabilities				
Deferred tax liability	115	115	-	-
Finance lease liabilities	309	-	-	-
	424	115	-	-
Current liabilities				
Due to customers on construction contracts	1,108	41	-	-
Trade payables	15,331	23,926	-	-
Other payables	13,543	14,345	249	1,225
Bank borrowings	41,493	45,050	-	-
Finance lease liabilities	75	4	-	-
Tax payable	1,780	2,569	13	-
	73,330	85,935	262	1,225
Liabilities directly associated with disposal group classified as held for sale	894	888	-	-
Total current liabilities	74,224	86,823	262	1,225
Total liabilities	74,648	86,938	262	1,225
Net assets	81,916	83,345	46,087	47,404

Shareholders' equity				
Share capital	43,461	43,461	43,461	43,461
Translation reserves	(181)	(106)	-	-
Accumulated profits	38,896	39,160	2,626	3,943
Attributable to equity holders of the Company	82,176	82,515	46,087	47,404
Non-controlling interests	(260)	830	-	-
Total shareholders' equity	81,916	83,345	46,087	47,404

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 30.06.13 (\$'000)		As at 31.12.12 (\$'000)	
Secured	Unsecured	Secured	Unsecured
27,474	14,019	18,888	26,162

Amount repayable after one year

As at 30.06.13 (\$'000)		As at 31.12.12 (\$'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 \$13.93million (31.12.2012: \$13.09million)
- Corporate guarantee by the Company.
- Fixed deposits of certain subsidiaries.
- Joint and several guarantees by certain directors of certain subsidiaries.
- Fixed charge for all monies over a subsidiary's present and future contracts financed or to be financed directly or indirectly, wholly or partly.
- Existing first fixed charge over subsidiaries' fixed property and assets.

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

	Group			
	\$'000	\$'000	\$'000	\$'000
	2nd quarter ended 30.06.13	2nd quarter ended 30.06.12	1st half ended 30.06.13	1st half ended 30.06.12
Cash flows from operating activities				
Profit before tax from continuing operations	1,602	2,621	2,588	5,530
Loss before tax from discontinued operations	(1,537)	(355)	(938)	(509)
Adjustments for :				
Depreciation	465	776	892	1,537
Interest income	5	(5)	(5)	(9)
Interest expense	152	189	383	340
Share of results of associated companies	47	9	125	108
Share of results of a joint venture	(126)	(133)	(211)	(269)
Gain on disposal of property, plant and equipment	(78)	(11)	(78)	(11)
Fair value adjustment of contingent consideration in a business combination	(465)	-	(465)	
Operating cash before movements in working capital	65	3,091	2,292	6,717
Inventories	(2,711)	(9,878)	(3,438)	(10,798)
Due from customers on construction contract, net	4,522	399	9,865	(3,990)
Receivables	5,106	4,200	15,307	6,145
Payables	25	11,772	(8,926)	8,929
Currency translation adjustments	414	(373)	(236)	(1,537)
Cash generated from operations	7,421	9,211	14,863	5,466
Interest paid	(152)	(189)	(383)	(340)
Income tax paid	(1,601)	(2,136)	(1,547)	(1,847)
Net cash from operating activities	5,668	6,886	12,933	3,279
Cash flows from investing activities				
Purchase of property, plant and equipment	(7,583)	(14,467)	(12,464)	(14,776)
Proceeds from disposal of property, plant and equipment	86	19	86	19
Investment in associated company	(62)	(64)	(62)	(95)
Interest received	(5)	5	5	9
Contribution from non-controlling interest	-	3,735	13	3,782
Dividend received from joint venture	-	-	355	-
Fixed deposit	16	(189)	62	(189)
Net cash used in investing activities	(7,548)	(10,961)	(12,005)	(11,250)

Cash flows from financing activities				
Proceeds from bankers	3,663	15,881	11,028	22,512
Repayment to bankers	(6,583)	(1,896)	(14,585)	(10,953)
Repayment of finance lease liabilities	(17)	(11)	(19)	(28)
Dividend paid	(2,400)	(3,360)	(2,400)	(3,360)
Acquisition of non-controlling interest	-	(450)	-	(450)
Net cash (used in) / from financing activities	(5,337)	10,164	(5,976)	7,721
Net (decrease) / increase in cash and cash equivalents	(7,217)	6,089	(5,048)	(250)
Cash and cash equivalents at beginning of period	14,444	8,370	12,275	14,709
Cash and cash equivalents at end of period	7,227	14,459	7,227	14,459
Cash and cash equivalents comprises the following				
Cash and cash equivalents	9,319	16,891	9,319	16,891
Less: Fixed deposits	(2,092)	(2,432)	(2,092)	(2,432)
Cash and cash equivalents as per statement of cash flows	7,227	14,459	7,227	14,459

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	(\$'000)					
	Share capital	Translation reserves	Accumulated profits	Total	Non-Controlling interests	Total shareholders' equity
At 1 January 2013	43,461	(106)	39,160	82,515	830	83,345
Loss not recognised in income statement	-	(303)	-	(303)	29	(274)
Changes in ownership interest in a subsidiary	-	-	8	8	5	13
Profit for the period	-	-	1,875	1,875	(700)	1,175
Balance At 31 March 2013	43,461	(409)	41,043	84,095	164	84,259

Profit not recognised in income statement	-	228	-	228	111	339
Profit for the period	-	-	253	253	(535)	(282)
Dividend	-	-	(2,400)	(2,400)	-	(2,400)
Balance At 30 June 2013	43,461	(181)	38,896	82,176	(260)	81,916
At 1 January 2012	43,461	(91)	69,544	112,914	6,124	119,038
Loss not recognised in income statement	-	(1,559)	-	(1,559)	(101)	(1,660)
Incorporation of new subsidiary	-	-	-	-	47	47
Profit for the period	-	-	2,983	2,983	(569)	2,414
Balance At 31 March 2012	43,461	(1,650)	72,527	114,338	5,501	119,839
Loss not recognised in income statement	-	(473)	-	(473)	(2)	(475)
Additional investment in subsidiaries	-	-	(287)	(287)	3,572	3,285
Dividend	-	-	(3,360)	(3,360)	-	(3,360)
Profit for the period	-	-	2,018	2,018	(539)	1,479
Balance At 30 June 2012	43,461	(2,123)	70,898	112,236	8,532	120,768

Company

	(\$'000)		
	Share capital	Accumulated profits	Total shareholders' equity
At 1 January 2013	43,461	3,943	47,404
Profit for the period	-	633	633
Balance at 31 March 2013	43,461	4,576	48,037
Profit for the period	-	450	450
Dividend	-	(2,400)	(2,400)
Balance at 30 June 2013	43,461	2,626	46,087

At 1 January 2012	43,461	19,471	62,932
Loss for the period	-	(131)	(131)
Balance at 31 March 2012	43,461	19,340	62,801
Loss for the period	-	(87)	(87)
Dividends	-	(3,360)	(3,360)
Balance at 30 June 2012	43,461	15,893	59,354

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.06.13	31.12.12
Total number of issued shares (excluding treasury shares)	480,000,000	480,000,000

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice. (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the latest audited annual financial statements for the financial year ended 31 December 2012.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the period ended 30 June 2013.

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			
	2nd quarter ended 30.06.13	2nd quarter ended 30.06.12	1st half ended 30.06.13	1st half ended 30.06.12
(i) Based on number of ordinary shares in issue	0.05cents	0.42cents	0.44cents	1.04cents
Number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000
(ii) On a fully diluted basis	0.05cents	0.42cents	0.44cents	1.04cents
Diluted number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year

	Group		Company	
	30.06.13	31.12.12	30.06.13	31.12.12
Net asset value per ordinary share based on existing share capital	17cents	17cents	10cents	10cents

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
(2Q2013Vs2Q2012)

	Group		% Change
	2Q2013 \$'000	2Q2012 \$'000	
Supply Chain Management			
Marine cables and accessories	7,750	12,818	(40%)
Marine lighting equipment and accessories	2,319	2,421	(4%)
Others	1,672	1,872	(11%)
	11,741	17,111	(31%)
Manufacturing			
Marine switchboards	3,854	2,803	37%
Galvanized steel wire	977	705	39%
	4,831	3,508	38%
Engineering Services			
Engineering and installation	1,868	4,031	(54%)
Total sales revenue	18,440	24,650	(25%)

Supply Chain Management

Supply Chain Management Division accounts for 64% of the Group's turnover in 2Q2013, of which marine cables and accessories contributed 66%, marine lighting equipment and accessories 20% and others 14%. Revenue from Supply Chain Management Division decreased by 31% due mainly to the slowdown in the marine sector.

Manufacturing

Manufacturing Division accounts for 26% of the Group's turnover in 2Q2013, of which marine switchboards contributed 80% and galvanized steel wire 20%. The increase in revenue from marine switchboards is due to higher deliveries in 2Q2013 for orders from previous quarters. The increase in revenue from galvanized steel wire division is due to higher orders from customers in the South East Asia region as a result of increased marketing efforts.

Engineering Services

Engineering Services Division accounts for 10% of the Group's turnover in 2Q2013. The decrease in revenue is due to lower revenue recognized from a major project which commenced during 2Q2013.

(1H2013 VS 1H2012)

	Group		% Change
	1H2013 \$'000	1H2012 \$'000	
Supply Chain Management			
Marine cables and accessories	18,703	25,983	(28%)
Marine lighting equipment and accessories	5,242	5,370	(2%)
Others	3,074	3,514	(13%)
	27,019	34,867	(23%)
Manufacturing			
Marine switchboards and services	6,421	5,654	14%
Galvanized steel wire	1,716	1,273	35%
	8,137	6,927	17%
Engineering Services			
Engineering and installation	3,221	10,454	(69%)
Total sales revenue	38,377	52,248	(27%)

Supply Chain Management

Supply Chain Management Division accounts for 70% of the Group's turnover in 1H2013, of which marine cables and accessories contributed 69%, marine lighting equipment and accessories 19% and others 12%. Revenue from Supply Chain Management Division decreased by 23% due mainly in the slowdown in the marine sector.

Manufacturing

Manufacturing Division accounts for 21% of the Group's turnover in 1H2012, of which marine switchboards contributed 79% and galvanized steel wire 21%. The increase in revenue from marine switchboards is due to higher deliveries in 2Q2013. The increase in revenue from galvanized steel wire division is due to higher orders from customers in the South East Asia region as a result of increased marketing efforts.

Engineering Services

Engineering Services Division accounts for 9% of the Group's turnover in 1H2013. The decrease in revenue is due to the absence of significant orders in 1Q2013 and lower revenue recognized from a major project which commenced during 2Q2013.

Geographical segment

Revenue derived from Singapore decreased by \$5.2million or 32% from \$16.0million in 2Q2012 to \$10.8million in 2Q2013. This is due mainly to lower revenue from the Supply Chain Management Division which derived its revenue significantly from Singapore.

Revenue derived from overseas decreased by \$1.0million from \$8.6million in 2Q2012 to \$7.6million in 2Q2013. This is due mainly to lower revenue from the Group's Engineering Services Division which derived its revenue substantially from overseas customers.

Gross profit

Gross profit remains comparably unchanged in 2Q2013. However, the Group's gross margin increased from 25% in 2Q2012 to 34% in 2Q2013 due mainly to changes in the contribution mix, principally due to the lower contribution from Engineering Services Division which yields a lower gross margin.

Other operating income

The increase in other income was mainly due to a higher gain of disposal of fixed assets.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The higher selling & distribution expense is due to higher provision for stock obsolescence according to the Group's stock policy and increase in manpower cost. The higher administration expense is due mainly to the increased cost of Gulf Specialty Steel Industries LLC since the commencement of construction of our steel wire factory.

Share of results in associated companies

The increase in share of loss in associated companies is due to the lower gross margin from General Luminaire (Shanghai) Co., Ltd, a subsidiary of the Group's associated company, GL Lighting Holding Pte Ltd. The lower gross margin is due to lower selling price to a major customer for strategic reasons.

Share of results of a joint venture

The decrease in share of results in a joint venture is due to lesser orders received by Dream Marine Ship Spare Parts Trading LLC as a result of increased competition in the Middle East.

Tax expense

Tax expense decreased by \$385,000 from \$732,000 in 2Q2012 to \$347,000 in 2Q2013 as a result of a lower profit before tax.

Depreciation

The increase in depreciation in 2Q2013 as compared to 2Q2012 is due mainly to the acquisition of property, plant and equipment by Supply Chain Management and Manufacturing Divisions in 2Q2013.

Discontinued Operations

Disposal group assets classified as held for sale

Liabilities directly associated with disposal group classified as held for sale

With reference to the Group's announcement of 2 March 2013 to the SGX, the Board had decided to discontinue the operations of the subsidiary in Batam. Accordingly, the entire results from the subsidiary are presented separately on income statement as "Loss from discontinued operations, net of tax" and comparative figures have been restated.

The Group recorded a loss in 2Q2013 and from discontinued operations, net of tax, of \$1.5million as stated in detail below:

	Group					
	\$'000			\$'000		
	2nd quarter ended 30.06.13	2nd quarter ended 30.06.12 (Restated)	% Change	1st half ended 30.06.13	1st half ended 30.06.12 (Restated)	% Change
<u>Discontinued operations</u>						
Revenue	967	3,257	(70%)	3,905	8,563	(54%)
Cost of sales	(1,415)	(3,605)	(61%)	(3,537)	(7,975)	(56%)
Gross profit	(448)	(348)	29%	368	588	(37%)
Other operating (expense) / income	(164)	109	N.M	499	(114)	N.M
Selling & Distribution expenses	(386)	8	N.M	(1,008)	(604)	67%
Administrative expenses	(509)	(91)	465%	(723)	(304)	138%
Finance costs	(30)	(33)	(6%)	(74)	(75)	1%
Loss before taxation	(1,537)	(355)	362%	(938)	(509)	84%
Tax (expense)/ credit	-	(55)	N.M	34	(38)	N.M
Net loss for the period	(1,537)	(410)	300%	(904)	(547)	65%

Discontinued operations' overall gross loss increased by \$100,000 or 29% from \$348,000 in 2Q2012 to \$448,000 in 2Q2013 due to lower revenue and cost overruns for ongoing projects.

Other operating expense is due mainly to a foreign exchange loss in 2Q2013 as compared to an income in 2Q2012. The foreign exchange loss is due to the depreciation in value of Indonesian Rupiah against Singapore Dollar of the subsidiary's payables denominated in Singapore Dollars.

The higher selling & distribution expense in 2Q2013 as compared to 2Q2012 is due mainly to a reversal of provision for doubtful debt in 2Q2012. The higher administration expense is due mainly to an increase in legal and professional fees in 2Q2013.

Balance Sheet and Cash Flow Analysis

Property, plant and equipment

The increase in property, plant and equipment in 2Q2013 is due mainly to the acquisition of motor vehicles and construction of steel wire factory by Supply Chain Management and Manufacturing Divisions respectively.

Investment in associated companies

The decrease in investment in associated companies is due mainly to share of loss from associated companies, offset by the additional investment in Z-Power Automation (Vietnam) Co., Ltd.

Investment in a joint venture

The decrease in investment in a joint venture is due mainly to the declaration of dividend by the joint venture to the Company, offset by the share of profits in the joint venture in 2Q2013.

Inventories

Inventories increased by \$3.4million from \$44.4million in FY2012 to \$47.8million in 2Q2013. This is due mainly to the increase in work-in-progress for current orders of marine switchboards and raw material of galvanized steel wire.

Due from customers on construction contracts

The decrease in amount due from customers on construction contracts is due to certain unbilled work-in-progress from the Engineering Services Division being delivered and billed during 1H2013.

Trade receivables

Trade receivables decreased by \$13.6million from \$39.4million in FY2012 to \$25.6million in 2Q2013. This is due mainly to the collections from customers of major completed projects from the Manufacturing and Engineering Services Divisions.

Other receivables

The decrease in other receivables of \$1.5million is due mainly to the reclassification of advance payment to property, plant and equipment by galvanized steel wire of upon receipt of the equipment concerned.

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

Details of disposal group classified as held for sale are as follows:	30.06.13	31.12.12
	\$'000	\$'000
Property, plant and equipment	8,197	8,110
Other receivables	520	183
Cash and cash equivalent	18	258
	<u>8,735</u>	<u>8,551</u>
Liabilities directly associated with disposal group classified as held for sale:		
Deferred tax liabilities	888	888
Other payables	6	-
	<u>894</u>	<u>888</u>

The increase in other receivables is due mainly to the prepayment for application of land title.

Finance lease liabilities

The increase in finance lease liabilities is due mainly to the acquisition of motor vehicles by Supply Chain Management Division.

Due to customers on construction contracts

The increase in due to customers on construction contracts is due to a major project billed in advance in 2Q2013 by Engineering Services Division.

Trade payables

Trade payables decreased by \$8.6million from \$23.9million in FY2012 to \$15.3million in 2Q2012. This is due mainly to repayment of trade payables from the proceeds of completed projects of Manufacturing and Engineering Services Divisions during 2Q2013.

Banks borrowings

The decrease in bank borrowings of \$3.6million is due mainly to repayment of bank borrowings from the Supply Chain Management Division, partially offset by the utilization of bank facilities to finance the construction of the galvanized steel wire factory of the Manufacturing Division.

Cash flow

Net cash and cash equivalent decreased by \$7.2million in 2Q2013 as compared to an increase of \$6.1million in 2Q2012. This is due mainly to the repayment of bank borrowings and trade payables from the collections of trade receivables, and increase in bank borrowings to finance the acquisition of property, plant and equipment.

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 marine industry continues to face challenging conditions as compared to the offshore oil & gas industry, which is expected to remain more optimistic and resilient given the robust drilling and exploration activities taking place around the world.

The Group's core Division of Supply Chain Management continues to show resilience and will continue to be our key area of focus. We will focus our efforts on expanding the reach of our Supply Chain Management Division, especially in Southeast Asia in light of the current challenging conditions. In Oman, our galvanized steel wire factory has been completed and commissioned and we have now commenced the early stages of production with some trial orders. Moving forward, we will look at ramping up our activities and increasing our production output for our galvanized steel wire segment.

The Group continues to work to complete all its outstanding projects and resolve all the outstanding issues in Batam.

11. Dividend

(a) Current Financial Period Reported On?

Any dividend declared for the current financial period reported on?

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil.

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

(c) Date payable Not applicable

(d) Books closure date Not applicable

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

Not applicable.

13. Interested Person Transactions

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

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

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

14. Negative assurance confirmation

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the financial period ended 30 June 2013 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
31 July 2013

Vincent Lim Hui Eng
Chief Executive Officer
31 July 2013