

QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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

	\$'000		Group			
	3rd quarter ended 30.09.13	3rd quarter ended 30.09.12 (Restated)	%	9 months ended 30.09.13	9 months ended 30.09.12 (Restated)	%
			Change			Change
<u>Continuing operations</u>						
Revenue	25,588	25,021	2%	63,965	77,269	(17%)
Cost of sales	(17,055)	(21,634)	(21%)	(42,933)	(59,658)	(28%)
Gross profit	8,533	3,387	152%	21,032	17,611	19%
Other operating income / (expenses)	119	(36)	N.M	633	149	325%
Selling & Distribution expenses	(3,009)	(3,308)	(9%)	(8,053)	(7,697)	5%
Administrative expenses	(2,720)	(2,344)	16%	(7,877)	(6,731)	17%
Finance costs	(115)	(205)	(44%)	(424)	(469)	(10%)
Profit / (loss) from operations	2,808	(2,506)	N.M	5,311	2,863	86%
Share of results of associated companies	173	93	86%	48	(15)	N.M
Share of results of a joint venture	149	86	73%	360	355	1%
Profit / (loss) before taxation	3,130	(2,327)	N.M	5,719	3,203	79%

Tax expense	(724)	(377)	92%	(1,516)	(1,467)	3%
Profit / (loss) from continuing operations, net of tax	2,406	(2,704)	N.M	4,203	1,736	142%
Discontinued operations						
Loss from discontinued operations, net of tax	(3,420)	(2,474)	38%	(4,324)	(3,021)	43%
Net loss for the period	(1,014)	(5,178)	(80%)	(121)	(1,285)	(91%)
Attributable to:						
Equity holders of the Company	(638)	(3,461)	(82%)	1,490	1,540	(3%)
Non-controlling interests	(376)	(1,717)	(78%)	(1,611)	(2,825)	(43%)
	(1,014)	(5,178)	(80%)	(121)	(1,285)	(91%)

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

	3rd quarter ended 30.09.13	3rd quarter ended 30.09.12	% Change	9 months ended 30.09.13	9 months ended 30.09.12	% Change
Net loss for the period/year	(1,014)	(5,178)	(80%)	(121)	(1,285)	(91%)
Other comprehensive income / (expense):						
Exchange differences on translation of the financial statements of foreign entities (net)	772	(1,941)	N.M	837	(4,076)	N.M
Total comprehensive loss for the period	(242)	(7,119)	(97%)	716	(5,361)	N.M
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	66	(4,835)	N.M	2,119	(1,866)	N.M
Non-controlling interests	(308)	(2,284)	(87%)	(1,403)	(3,495)	(60%)
Total comprehensive (loss) / income for the period	(242)	(7,119)	(97%)	716	(5,361)	N.M

1(a)(ii) Notes to income statement

	Group					
	(S\$'000)	(S\$'000)		(S\$'000)	(S\$'000)	
	3rd quarter ended 30.09.13	3rd quarter ended 30.09.12 (Restated)	%	9 months ended 30.09.13	9 months ended 30.09.12 (Restated)	%
			Change			Change
<u>Continuing operations</u>						
Other income including interest income	145	162	(10%)	253	216	17%
Interest on borrowings	(115)	(205)	(44%)	(424)	(469)	(10%)
Depreciation of property, plant and equipment	(443)	(396)	12%	(1,335)	(1,176)	14%
Gain on disposal of property, plant and equipment	13	-	N.M	91	11	727%
Foreign exchange (loss) / gain	(29)	(209)	(86%)	289	(78)	N.M
Provision for stock obsolescence	(148)	(216)	(31%)	(565)	(211)	168%
(Provision) / write-back of doubtful debts	(44)	(296)	(85%)	187	(152)	N.M
Reversal of fair value adjustment of contingent consideration in a business combination	-	-	N.M	465	-	N.M
Loss on winding up an associated company	(17)	-	N.M	(17)	-	N.M
<u>Discontinued operations</u>						
Other (expenses) / income including interest income	(18)	5	N.M	39	15	160%
Interest on borrowings	(27)	(24)	17%	(101)	(100)	1%
Depreciation of property, plant and equipment	(2)	(392)	(99%)	(2)	(1,149)	(100%)
Foreign exchange loss	(3,220)	(376)	756%	(2,779)	(499)	457%
Provision for stock obsolescence	(30)	-	N.M	(37)	-	N.M
(Provision) / write-back of doubtful debts	(273)	4	N.M	(325)	581	N.M
<u>Total</u>						
Other income including interest income	127	167	(24%)	292	231	26%
Interest on borrowings	(142)	(229)	(38%)	(525)	(569)	(8%)
Depreciation of property, plant and equipment	(445)	(788)	(44%)	(1,337)	(2,325)	(42%)
Gain on disposal of property, plant and equipment	13	-	N.M	91	11	727%
Foreign exchange loss	(3,249)	(585)	455%	(2,490)	(577)	332%
Provision for stock obsolescence	(178)	(216)	(18%)	(602)	(211)	185%
(Provision) / write-back of doubtful debts	(317)	(292)	9%	(138)	429	N.M
Reversal of fair value adjustment of contingent consideration in a business combination	-	-	N.M	465	-	N.M
Loss on winding up an associated company	(17)	-	N.M	(17)	-	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)	
	30.09.13	31.12.12	30.09.13	31.12.12
Non-current assets				
Property, plant and equipment	48,594	35,521	-	-
Investment in subsidiaries	-	-	13,880	13,865
Investment in associated companies	6,506	6,455	6,235	6,296
Investment in a joint venture	2,237	2,214	802	783
Deferred tax assets	191	198	-	-
Intangible assets	227	227	49	49
	57,755	44,615	20,966	20,993
Current assets				
Inventories	44,941	44,421	-	-
Due from customers on construction contracts	5,069	14,627	-	-
Amount due from joint venture (trade)	247	149	-	-
Trade receivables	29,382	39,411	-	-
Other receivables	2,567	4,080	20,725	27,558
Cash and cash equivalents	6,517	14,429	89	78
	88,723	117,117	20,814	27,636
Disposal group assets classified as held for sale	7,555	8,551	-	-
Total current assets	96,278	125,668	20,814	27,636
Total assets	154,033	170,283	41,780	48,629
Non-current liabilities				
Deferred tax liability	115	115	-	-
Finance lease liabilities	522	-	-	-
	637	115	-	-
Current liabilities				
Due to customers on construction contracts	633	41	-	-
Trade payables	11,977	23,926	-	-
Other payables	11,187	14,345	363	1,225
Bank borrowings	45,443	45,050	-	-
Finance lease liabilities	112	4	-	-
Tax payable	1,707	2,569	13	-
	71,059	85,935	376	1,225
Liabilities directly associated with disposal group classified as held for sale	678	888	-	-
Total current liabilities	71,737	86,823	376	1,225
Total liabilities	72,374	86,938	376	1,225
Net assets	81,659	83,345	41,404	47,404

Shareholders' equity				
Share capital	43,461	43,461	43,461	43,461
Translation reserves	523	(106)	-	-
Accumulated profits/(loss)	38,247	39,160	(2,057)	3,943
Attributable to equity holders of the Company	82,231	82,515	41,404	47,404
Non-controlling interests	(572)	830	-	-
Total shareholders' equity	81,659	83,345	41,404	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 30.09.13 (\$'000)		As at 31.12.12 (\$'000)	
Secured	Unsecured	Secured	Unsecured
32,047	13,396	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 \$14.93million (31.12.2012: \$13.09million)
- Corporate guarantee by the Company and a minority shareholder of a subsidiary.
- 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.
- Legal charge over a subsidiary's plant, building and equipment.

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	
	3rd quarter ended 30.09.13	3rd quarter ended 30.09.12 (Restated)	9 month ended 30.09.13	9 month ended 30.09.12 (Restated)
Cash flows from operating activities				
Profit / (Loss) before tax from continuing operations	3,130	(2,327)	5,719	3,203
Loss before tax from discontinued operations	(3,420)	(2,490)	(4,358)	(3,000)
Adjustments for :				
Depreciation	443	788	1,335	2,325
Interest income	(13)	(6)	(18)	(15)
Interest expense	142	229	525	569
Share of results of associated companies	(173)	(93)	(48)	15
Share of results of a joint venture	(149)	(86)	(360)	(355)
Gain on disposal of property, plant and equipment	(13)	-	(91)	(11)
Fair value adjustment of contingent consideration in a business combination	-	-	(465)	-
Loss on winding up the associated company	17	-	17	-
Operating cash before movements in working capital	(36)	(3,985)	2,256	2,731
Inventories	2,918	5,488	(520)	(5,310)
Due from customers on construction contract, net	286	8,010	10,150	4,020
Receivables	(3,863)	(3,788)	11,444	2,358
Payables	(5,709)	(2,490)	(14,635)	(2,043)
Currency translation adjustments	1,361	(1,372)	1,125	(2,909)
Cash (used in) / generated from operations	(5,043)	1,863	9,820	(1,153)
Interest paid	(142)	(229)	(525)	(569)
Income tax paid	(797)	(951)	(2,344)	(2,798)
Net cash (used in) / from operating activities	(5,982)	683	6,951	(4,520)
Cash flows from investing activities				
Purchase of property, plant and equipment	(795)	(2,518)	(13,259)	(8,806)
Proceeds from disposal of property, plant and equipment	13	-	99	13
Investment in associated company	-	(62)	(62)	(157)
Interest received	13	6	18	15
Contribution from non-controlling interest	-	-	13	3,782
Dividend received from joint venture	-	236	355	236
Proceed from winding up of associated company	42	-	42	-
Additional investment in subsidiary	(15)	-	(15)	-
Fixed deposit	19	248	81	59
Net cash used in investing activities	(723)	(2,090)	(12,728)	(4,858)

Cash flows from financing activities				
Proceeds from bankers	3,985	3,754	15,013	15,754
Repayment to bankers	(35)	(6,492)	(14,620)	(6,933)
Repayment of finance lease liabilities	(28)	(13)	(47)	(41)
Dividend paid	-	-	(2,400)	(3,360)
Acquisition of non-controlling interest	-	-	-	(450)
Net cash from / (used in) financing activities	3,922	(2,751)	(2,054)	4,970
Net decrease in cash and cash equivalents	(2,783)	(4,158)	(7,831)	(4,408)
Cash and cash equivalents at beginning of period	7,227	14,459	12,275	14,709
Cash and cash equivalents at end of period	4,444	10,301	4,444	10,301
Cash and cash equivalents comprises the following				
Cash and cash equivalents	6,517	12,485	6,517	12,485
Less: Fixed deposits	(2,073)	(2,184)	(2,073)	(2,184)
Cash and cash equivalents as per statement of cash flows	4,444	10,301	4,444	10,301

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
Currency translation differences arising on consolidation, net of tax	-	(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

Currency translation differences arising on consolidation, net of tax	-	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
Currency translation differences arising on consolidation, net of tax	-	704	-	704	68	772
Loss for the period	-	-	(638)	(638)	(376)	(1,014)
Additional investment in a subsidiary	-	-	(11)	(11)	(4)	(15)
Balance At 30 September 2013	43,461	523	38,247	82,231	(572)	81,659
At 1 January 2012	43,461	(91)	69,544	112,914	6,124	119,038
Currency translation differences arising on consolidation, net of tax	-	(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
Currency translation differences arising on consolidation, net of tax	-	(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
Currency translation differences arising on consolidation, net of tax	-	(1,374)	-	(1,374)	(567)	(1,941)
Loss for the period	-	-	(3,461)	(3,461)	(1,717)	(5,178)
Balance At 30 September 2012	43,461	(3,497)	67,437	107,401	6,248	113,649

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
Loss for the period	-	(4,683)	(4,683)
Balance at 30 September 2013	43,461	(2,057)	41,404
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
Profit for the period	-	78	78
Balance at 30 September 2012	43,461	15,971	59,432

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.

	30.09.13	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 September 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.

(Loss)/Earnings per ordinary share for the period based on net profit attributable to shareholders:-

	Group			
	3rd quarter ended 30.09.13	3rd quarter ended 30.09.12	9 month ended 30.09.13	9 month ended 30.09.12
(i) Based on number of ordinary shares in issue	(0.13) cents	(0.72) cents	0.31 cents	0.32 cents
Number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000
(ii) On a fully diluted basis	(0.13) cents	(0.72) cents	0.31 cents	0.32 cents
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	
	30.09.13	31.12.12	30.09.13	31.12.12
Net asset value per ordinary share based on existing share capital	17cents	17cents	9cents	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

(3Q2013 VS 3Q2012)

	Group		
	3Q2013 \$'000	3Q2012 \$'000	% Change
Supply Chain Management			
Marine cables and accessories	10,309	12,021	(14%)
Marine lighting equipment and accessories	2,477	2,349	5%
Others	1,584	1,369	16%
	14,370	15,739	(9%)
Manufacturing			
Marine switchboards	8,917	6,328	41%
Galvanized steel wire	454	1,061	(57%)
	9,371	7,389	27%
Engineering Services			
Engineering and installation	1,847	1,893	(2%)
Total sales revenue	25,588	25,021	2%

Supply Chain Management

Supply Chain Management Division accounts for 56% of the Group's turnover in 3Q2013, of which marine cables and accessories contributed 72%, marine lighting equipment and accessories 17% and others 11%. Revenue from Supply Chain Management Division decreased by 9% due mainly to the slowdown in the marine sector.

Manufacturing

Manufacturing Division accounts for 37% of the Group's turnover in 3Q2013, of which marine switchboards contributed 95% and galvanized steel wire 5%. The increase in revenue from marine switchboards is due to the delivery of a major order to a major customer in 3Q 2013. The decrease in revenue from galvanized steel wire is due to increased price competition in the South East Asia region.

Engineering Services

Engineering Services Division accounts for 7% of the Group's turnover in 3Q2013. Revenue from Engineering Services remains comparably unchanged.

(9M2013 VS 9M2012)

	Group		
	9M2013 \$'000	9M2012 \$'000	% Change
Supply Chain Management			
Marine cables and accessories	29,012	38,004	(24%)
Marine lighting equipment and accessories	7,719	7,719	0%
Others	4,658	4,883	(5%)
	41,389	50,606	(18%)
Manufacturing			
Marine switchboards and services	15,338	11,982	28%
Galvanized steel wire	2,170	2,334	(7%)
	17,508	14,316	22%
Engineering Services			
Engineering and installation	5,068	12,347	(59%)
Total sales revenue	63,965	77,269	(17%)

Supply Chain Management

Supply Chain Management Division accounts for 65% of the Group's turnover in 9M2013, of which marine cables and accessories contributed 70%, marine lighting equipment and accessories 19% and others 11%. Revenue from Supply Chain Management Division decreased by 18% due mainly to the slowdown in the marine sector.

Manufacturing

Manufacturing Division accounts for 27% of the Group's turnover in 9M2013, of which marine switchboards contributed 88% and galvanized steel wire 12%. The increase in revenue from marine switchboards is due to the delivery of a major order to a major customer in 3Q 2013. Revenue from galvanized steel wire decreased marginally.

Engineering Services

Engineering Services Division accounts for 8% of the Group's turnover in 9M2013. The decrease in revenue is due to the absence of significant orders in 1Q2013 and lower revenue recognized from two major projects which commenced in 2Q2013 and 3Q2013 respectively.

Geographical segment

Revenue derived from Singapore increased by \$900,000 or 10% from \$8.7million in 3Q2012 to \$9.6million in 3Q2013. This is due mainly to higher revenue from the Manufacturing Division which derived its revenue mainly from Singapore.

Revenue derived from overseas decreased marginally by \$333,000 or 2% from \$16.2million in 3Q2012 to \$15.9million in 3Q2013.

Gross profit

The Group's overall gross profit increased by \$5.1million or 150% from \$3.4million in 3Q2012 to \$8.5million in 3Q2013. This is due mainly to the cost overrun of a major project by the Engineering Services Division in 3Q2012.

Other operating income

The increase in other income is due mainly to the receipt of grant under the Productivity and Innovation Credit and Enhanced Special Employment Schemes.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The lower selling & distribution expense is due to the comparatively higher provision for doubtful debts in 3Q2012. The higher administration expense is due mainly to the increase of personnel related cost in Gulf Specialty Steel Industries LLC.

Share of results in associated companies

The increase in share of results in associated companies is due to the delivery of a significant order by General Luminaire (Shanghai) Co. Ltd, a subsidiary of an associated company, GL Lighting Holding Pte Ltd, in 3Q2013.

Share of results of a joint venture

The increase in share of results in joint venture in 3Q2013 is due to the securing of orders from new customers.

Tax expense

Tax expense increased by \$347,000 from \$377,000 in 3Q2012 to \$724,000 in 3Q2013 as a result of a higher profit before tax.

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 its 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 of \$3.4million in 3Q2013 from discontinued operations, net of tax, as stated in detail below:

	Group					
	\$'000			\$'000		
	3rd quarter ended 30.09.13	3rd quarter ended 30.09.12 (Restated)	% Change	9 month ended 30.09.13	9 month ended 30.09.12 (Restated)	% Change
Discontinued operations						
Revenue	2,018	6,201	(67%)	5,923	14,764	(60%)
Cost of sales	(1,431)	(7,091)	(80%)	(4,968)	(15,066)	(67%)
Gross profit / (loss)	587	(890)	N.M	955	(302)	N.M
Other operating expenses	(3,228)	(371)	770%	(2,729)	(485)	463%
Selling & Distribution expenses	(588)	(807)	(27%)	(1,596)	(1,412)	13%
Administrative expenses	(163)	(397)	(59%)	(886)	(701)	26%
Finance costs	(28)	(25)	12%	(102)	(100)	2%
Loss before taxation	(3,420)	(2,490)	37%	(4,358)	(3,000)	45%
Tax credit / (expenses)	-	16	N.M	34	(21)	N.M
Net loss for the period	(3,420)	(2,474)	38%	(4,324)	(3,021)	43%

Discontinued Operations secured a gross profit of \$587,000 in 3Q2013 as compared to a gross loss of \$890,000 in 3Q2012 due mainly to cost overrun for certain projects in 3Q2012.

Increase in other operating expenses is due mainly to a foreign exchange loss of \$3.2million in 3Q2013. 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 lower selling & distribution and administrative expenses in 3Q2013 is due mainly to Discontinued Operations' reduced business activity and consequently its related expenses in 3Q2013.

Balance Sheet and Cash Flow Analysis

Property, plant and equipment

The increase in property, plant and equipment in 9M2013 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 increase in investment in associated companies is due mainly to share of profit from associated companies.

Investment in a joint venture

The increase in investment in a joint venture is due mainly to share of profit offset by dividend paid by the joint venture to the Company.

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 in 9M2013.

Trade receivables

Trade receivables decreased by \$10.0million from \$39.4million in FY2012 to \$29.4million in 3Q2013. This is due mainly to collections from customers of major completed projects from Manufacturing Division and Discontinued Operations.

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 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:	30.09.13 \$'000	31.12.12 \$'000
Property, plant and equipment	7,057	8,110
Other receivables	482	183
Cash and cash equivalent	16	258
	<u>7,555</u>	<u>8,551</u>

Liabilities directly associated with disposal group classified as held for sale:

Deferred tax liabilities	671	888
Other payables	7	-
	<u>678</u>	<u>888</u>

The decrease in property, plant and equipment and deferred tax liabilities is due mainly to the depreciation of Indonesian Rupiah as these items are denominated in Indonesian Rupiah and the increase in other receivables is due mainly to the prepayment for certain expenses.

Finance lease liabilities

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

Due to customers on construction contracts

The increase in due to customers on construction contracts is due to certain major projects billed in advance in 3Q2013 by Engineering Services Division.

Trade payables

Trade payables decreased by \$11.9million from \$23.9million in FY2012 to \$12.0million in 3Q2013. This is due mainly to repayment of trade payables from the proceeds of completed projects of Engineering Services Divisions and Discontinued Operations during 3Q2013.

Cash flow

Net cash and cash equivalent decreased by \$2.8million in 3Q2013 as compared to a decrease of \$4.2million in 3Q2012. This is due mainly to the acquisition of property, plant and equipment and repayment of trade payables offset by an increase in bank borrowings.

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's main business activities in the marine industry continues to encounter tough conditions as the industry remains mired in a slowdown.

The offshore oil & gas industry however, is projected to remain more optimistic and resilient given the robust drilling and exploration activities taking place around the world.

The Group's core segment of Supply Chain Management has been slightly affected by the slowdown in the marine industry but we remain steadfast in our belief that Supply Chain Management will come out of this downturn stronger than before, given its resiliency in past slowdowns. We also remain focused on expanding our network in the region as we believe that this will put us in good stead when the industry recovers in due time.

In Oman, our galvanized steel wire factory has been officially inaugurated by the Omani government with much positive buzz and we are optimistic that we will now be able to ramp up production output at the factory. In addition, we continue to be in discussions with various interested parties regarding the expansion of our LED business.

The Group would also like to inform our shareholders that with reference to the Group's announcement of 2nd March 2013 to the SGX, the Board has decided to discontinue the operations of its subsidiary in Batam. Our accounts have since been restated accordingly in this latest announcement. The results of the Discontinued Operations were significantly affected by loss of \$3.2million in foreign exchange arising from the depreciation in value of Indonesian Rupiah against Singapore Dollar of the subsidiary's payables denominated in Singapore Dollar. Going forward, we expect further volatility in the Indonesian Rupiah.

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.]

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 September 2013 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
30 October 2013

Vincent Lim Hui Eng
Chief Executive Officer
30 October 2013