

**FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2015**

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**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**

	<b>Group \$'000</b>		
	<b>1st quarter ended 31.03.15</b>	<b>1st quarter ended 31.03.14 (Restated)*</b>	<b>% Change</b>
<b><u>Continuing Operations</u></b>			
Revenue	19,586	23,308	(16%)
Cost of sales	(14,237)	(17,892)	(20%)
<b>Gross profit</b>	<b>5,349</b>	<b>5,416</b>	(1%)
Other operating income	4,441	93	N.M
Selling & Distribution expenses	(2,857)	(2,684)	6%
Administrative expenses	(2,342)	(2,617)	(11%)
Finance costs	(97)	(343)	(72%)
<b>Profit/(loss) from operations</b>	<b>4,494</b>	<b>(135)</b>	N.M
<b>Share of results of associated companies</b>	<b>(205)</b>	<b>28</b>	N.M
<b>Share of results of joint ventures</b>	<b>123</b>	<b>210</b>	(41%)

<b>Profit before taxation</b>	<b>4,412</b>	<b>103</b>	N.M
Tax expense	(327)	(383)	(15%)
<b>Profit/(loss) from continuing operations, net of tax</b>	<b>4,085</b>	<b>(280)</b>	N.M
<b><u>Discontinued operations</u></b>			
Profit from discontinued operations, net of tax	<b>163</b>	<b>818</b>	(80%)
<b>Net profit for the period</b>	<b>4,248</b>	<b>538</b>	690%
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>4,526</b>	<b>1,416</b>	220%
<b>Non-controlling interests</b>	<b>(278)</b>	<b>(878)</b>	(68%)
	<b>4,248</b>	<b>538</b>	690%

\*Restated the results of a subsidiary to be disposed to discontinued operations.

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

	<b>1st quarter ended 31.3.15</b>	<b>1st quarter ended 31.3.14</b>	<b>% Change</b>
<b>Net profit for the period</b>	<b>4,248</b>	<b>538</b>	690%
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities (net)	(42)	(71)	(41%)
<b>Total comprehensive income for the period</b>	<b>4,206</b>	<b>467</b>	801%
Total comprehensive income attributable to:			
Equity holders of the Company	<b>4,510</b>	<b>1,366</b>	230%
Non-controlling interests	(304)	(899)	(66%)
<b>Total comprehensive income for the period</b>	<b>4,206</b>	<b>467</b>	801%

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

	<b>Group</b>		
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	
	<b>1st quarter ended</b>	<b>1st quarter ended</b>	<b>%</b>
	<b>31.3.15</b>	<b>31.3.14</b>	<b>Change</b>
		<b>(Restated)</b>	
<b><u>Continuing operations</u></b>			
Other income including interest income	189	161	17%
Interest on borrowings	(97)	(343)	(72%)
Depreciation of property, plant and equipment	(514)	(821)	(37%)
Gain on disposal of property, plant and equipment	3	46	(93%)
Foreign exchange gain/(loss)	129	(53)	N.M
Provision for stock obsolescence	(184)	(5)	N.M
(Provision)/Reversal for doubtful debts	(22)	133	N.M
Provision for warranty	(9)	(66)	(86%)
Gain on disposal of a subsidiary	4,123	-	N.M
<b><u>Discontinued operations</u></b>			
Other income including interest income	12	14	(14%)
Interest on borrowings	(10)	(17)	(41%)
Depreciation of property, plant and equipment	(45)	(56)	(20%)
Loss on disposal of property, plant and equipment	-	(7)	N.M
Foreign exchange (loss)/gain	(95)	728	N.M
Write-back of provision for stock obsolescence	102	-	N.M
Provision for doubtful debts	(25)	-	N.M
(Provision)/Reversal of Warranty	(1)	13	N.M
<b><u>Total</u></b>			
Other income including interest income	201	175	15%
Interest on borrowings	(107)	(360)	(70%)
Depreciation of property, plant and equipment	(559)	(877)	(36%)
Gain on disposal of property, plant and equipment	3	39	(92%)
Foreign exchange gain	34	675	(95%)
Provision for stock obsolescence	(82)	(5)	N.M
(Provision)/Reversal for doubtful debts	(47)	133	N.M
Provision for warranty	(10)	(53)	(81%)
Gain on disposal of a subsidiary	4,123	-	N.M

**N.M. – Not meaningful**

**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.**

	<b>Group</b>		<b>Company</b>	
	(\$'000)		(\$'000)	
	31.3.15	31.12.14	31.3.15	31.12.14
<b>Non-current assets</b>				
Property, plant and equipment	18,598	19,109	3	3
Investment in subsidiaries	-	-	10,484	12,229
Investment in associated companies	12,204	11,085	12,005	10,682
Investment in joint ventures	2,243	2,093	916	909
Deferred tax assets	79	79	-	-
Intangible assets	49	49	49	49
	<b>33,173</b>	<b>32,415</b>	<b>23,457</b>	<b>23,872</b>
<b>Current assets</b>				
Inventories	30,705	32,761	-	-
Due from customers on construction contracts	1,668	37	-	-
Amount due from joint venture (trade)	166	40	-	-
Trade receivables	18,891	20,596	-	-
Other receivables	2,363	1,978	17,052	13,860
Cash and cash equivalents	16,216	5,037	8,018	211
	70,009	60,449	25,070	14,071
Property held for sale	1,517	1,527	-	-
Disposal group assets classified as held for sale	-	18,714	-	-
	<b>71,526</b>	<b>80,690</b>	<b>25,070</b>	<b>14,071</b>
<b>Total current assets</b>	<b>71,526</b>	<b>80,690</b>	<b>25,070</b>	<b>14,071</b>
<b>Total assets</b>	<b>104,699</b>	<b>113,105</b>	<b>48,527</b>	<b>37,943</b>
<b>Non-current liabilities</b>				
Deferred tax liability	854	836	-	-
Finance lease liabilities	479	521	-	-
	<b>1,333</b>	<b>1,357</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Due to customers on construction contracts	2,705	3,081	-	-
Trade payables	11,276	8,406	-	-
Other payables	6,291	3,711	4,373	4,520
Bank borrowings	11,265	13,255	-	-
Finance lease liabilities	166	166	-	-
Tax payable	1,853	1,493	71	101
	33,556	30,112	4,444	4,621
Liabilities directly associated with disposal group classified as held for sale	-	10,429	-	-
<b>Total current liabilities</b>	<b>33,556</b>	<b>40,541</b>	<b>4,444</b>	<b>4,621</b>
<b>Total liabilities</b>	<b>34,889</b>	<b>41,898</b>	<b>4,444</b>	<b>4,621</b>
<b>Net assets</b>	<b>69,810</b>	<b>71,207</b>	<b>44,083</b>	<b>33,322</b>

<b>Shareholders' equity</b>				
Share capital	43,461	43,461	43,461	43,461
Translation reserves	625	641	-	-
Accumulated profits	36,730	34,604	622	(10,139)
Attributable to equity holders of the Company	<b>80,816</b>	<b>78,706</b>	<b>44,083</b>	<b>33,322</b>
Non-controlling interests	(11,006)	(7,499)	-	-
<b>Total shareholders' equity</b>	<b>69,810</b>	<b>71,207</b>	<b>44,083</b>	<b>33,322</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 31.03.15 (\$'000)		As at 31.12.14 (\$'000)	
Secured	Unsecured	Secured	Unsecured
4,170	7,095	6,064	7,191

**Amount repayable after one year**

As at 31.03.15 (\$'000)		As at 31.12.14 (\$'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 \$7.89million (31.12.2014: \$7.97million)
- Fixed deposits of certain subsidiaries.
- Joint and several guarantees by the Company and certain directors of a subsidiary.
- Fixed charge for all monies over a subsidiary's present and future contracts financed or to be financed directly or indirectly, wholly or partly.

**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.**

	<b>Group \$'000</b>	
	<b>1st quarter ended 31.03.15</b>	<b>1st quarter ended 31.03.14 (Restated)</b>
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	4,412	103
Profit before tax from discontinued operations	244	765
<b>Adjustments for :</b>		
Depreciation	559	877
Interest income	(4)	(5)
Interest expense	107	360
Share of results of joint ventures	(123)	(210)
Gain on disposal of property, plant and equipment	(3)	(39)
Share of results of associated companies	211	(5)
Gain on disposal of a subsidiary	(4,123)	-
<b>Operating cash before movements in working capital</b>	<b>1,280</b>	<b>1,846</b>
Inventories	1,042	(832)
Due from customer on construction contract, net	(2,007)	2,543
Receivables	928	228
Payables	3,448	(3,784)
Currency translation adjustments	(23)	(143)
<b>Net cash generated from /(used in) operations</b>	<b>4,668</b>	<b>(142)</b>
Income tax refund/(paid)	33	(195)
Interest paid	(107)	(360)
<b>Net cash generated from/(used in) operating activities</b>	<b>4,594</b>	<b>(697)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(47)	(608)
Proceeds from disposal of property, plant and equipment	9	46
Interest received	4	5
Investment in associated companies	(1,324)	(66)
Fixed deposit under pledge	24	24
Net cash inflow on disposal of a subsidiary company	7,192	-
Dividend received from a joint venture	-	363
<b>Net cash generated from/(used in) investing activities</b>	<b>5,858</b>	<b>(236)</b>

<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(2,150)	(1,123)
Proceed from short term loans	160	3,543
Repayment of finance lease liabilities	(47)	(48)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,037)</b>	<b>2,372</b>
Net increase in cash and cash equivalents	8,415	1,439
Cash and cash equivalents at beginning of period	5,770	10,403
Effect of exchange rate changes on cash and cash equivalents	-	15
<b>Cash and cash equivalents at end of period</b>	<b>14,185</b>	<b>11,857</b>
<b>Cash and cash equivalents comprises the following</b>		
Cash and cash equivalents	16,216	13,898
Less: Fixed deposits	(2,031)	(2,055)
Add: Cash and cash equivalents in discontinued operations	-	14
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>14,185</b>	<b>11,857</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 2015	<b>43,461</b>	<b>641</b>	<b>34,604</b>	<b>78,706</b>	<b>(7,499)</b>	<b>71,207</b>
Currency translation differences arising on consolidation, net of tax	-	(16)	-	(16)	(26)	(42)
Disposal of a subsidiary	-	-	-	-	(3,203)	(3,203)
Profit for the period	-	-	4,526	4,526	(278)	4,248
Dividend	-	-	(2,400)	(2,400)	-	(2,400)
<b>Balance At 31 March 2015</b>	<b>43,461</b>	<b>625</b>	<b>36,730</b>	<b>80,816</b>	<b>(11,006)</b>	<b>69,810</b>

At 1 January 2014	43,461	837	39,154	83,452	(2,388)	81,064
Currency translation differences arising on consolidation, net of tax	-	(50)	-	(50)	(21)	(71)
Profit for the period	-	-	1,416	1,416	(878)	538
<b>Balance At 31 March 2014</b>	<b>43,461</b>	<b>787</b>	<b>40,570</b>	<b>84,818</b>	<b>(3,287)</b>	<b>81,531</b>

**Company**

(\$'000)

	Share capital	Accumulated Profits/(Losses)	Total shareholders' equity
At 1 January 2015	43,461	(10,139)	33,322
Profit for the period	-	13,161	13,161
Dividend	-	(2,400)	(2,400)
<b>Balance at 31 March 2015</b>	<b>43,461</b>	<b>622</b>	<b>44,083</b>
At 1 January 2014	43,461	3,478	46,939
Profit for the period	-	253	253
<b>Balance at 31 March 2014</b>	<b>43,461</b>	<b>3,731</b>	<b>47,192</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>31.03.15</b>	<b>31.12.14</b>
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 2014.

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

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the period ending 31 March 2015.

**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**

	<b>1st quarter ended 31.03.15</b>	<b>1st quarter ended 31.03.14 (Restated)</b>
(i) Based on number of ordinary shares in issue:		
- Continuing operations	0.93 cents	0.12 cents
- Discontinued operations	0.01 cents	0.18 cents
Net earnings per ordinary share for the period	0.94 cents	0.30 cents
Number of ordinary shares in issue	480,000,000	480,000,000
(ii) On a fully diluted basis:		
- Continuing operations	0.93 cents	0.12 cents
- Discontinued operations	0.01 cents	0.18 cents
Net earnings per ordinary share for the period	0.94 cents	0.30 cents
Diluted number of ordinary shares in issue	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**

	<b>Group</b>		<b>Company</b>	
	<b>31.03.15</b>	<b>31.12.14</b>	<b>31.03.15</b>	<b>31.12.14</b>
Net asset value per ordinary share based on existing share capital	17 cents	16 cents	9 cents	7 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.**

### Key changes in the Group's financials:

**Gulf Specialty Steel Industries LLC (“GSSI”)** – Referring to the announcements on 28 February 2015, the Group is deemed to have joint control instead of major control over GSSI in accordance with FRS110 which is effective from 1 January 2014. Therefore GSSI's first three quarters' results in FY2014 are consolidated while from 4Q2014 onwards the results are accounted for using the equity method and included in the balance sheet under “Investment in joint ventures”.

**Z-Power Automation Pte Ltd (“ZPA”)** – Referring to the announcements on 28 February 2015, ZPA was de-consolidated and is reclassified to Discontinued Operations in the income statements for FY2014 and also reclassified to assets and related liabilities held for sale in the balance sheet from FY2014. The disposal is completed on 4 March 2015.

**PT. BH Marine & Offshore Engineering (“PTE”)** – The Board had decided to discontinue the operations of its engineering subsidiary in Batam as stated in the full year results announcement released on 2 March 2013. Despite ongoing negotiations with potential buyers, the Group has not been able to conclude the sale of the assets of its engineering subsidiary in Batam.

In compliance with FRS105, the Group has reclassified all PTE's property, plant and equipment related expenses to Continuing Operations from 4Q2014 in the income statement; all other income and expenses are accounted for as Discontinued Operations given the fact that PTE has completely ceased operations. Details of these expenses are further explained in the review below. Notwithstanding the accounting and reporting changes, it remains the Group's intention to dispose of the assets and related liabilities of PTE.

### Revenue (1Q2015Vs1Q2014)

	Group		
	1Q2015 \$'000	1Q2014 \$'000 (Restated)	% Change
<b>Supply Chain Management</b>			
Marine cables and accessories	12,412	9,364	33%
Marine lighting equipment and accessories	2,230	3,464	(36%)
Others	1,802	1,744	3%
	<b>16,444</b>	<b>14,572</b>	13%
<b>Manufacturing</b>			
Galvanized steel wire	<b>541</b>	<b>5,171</b>	(90%)
<b>Engineering Services</b>			
Engineering and installation	<b>2,601</b>	<b>3,565</b>	27%
<b>Total sales revenue</b>	<b>19,586</b>	<b>23,308</b>	(16%)

### **Supply Chain Management**

Supply Chain Management Division accounts for 84% of the Group's turnover in 1Q2015, of which marine cables and accessories contributed 75%, marine lighting equipment and accessories 14% and others 11%. Revenue from Supply Chain Management Division increased by 13% due mainly to higher deliveries of marine cables to an oversea major customer that was secured since 3Q2014.

### **Manufacturing**

Manufacturing Division accounts for 3% of the Group's turnover in 1Q2015. The decrease in revenue is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

### **Engineering Services**

Engineering Services Division accounts for 13% of the Group's turnover in 1Q2015. The decrease in revenue from engineering and installation is due mainly to a delay of a new major project arising from more time required for technical clarifications with the client.

### **Geographical segment**

Revenue derived from Singapore decreased by \$1.9million or 17% from \$11.0million in 1Q2014 to \$9.1million in 1Q2015. This is due mainly to slow down in activities in the marine and oil & gas sectors in Supply Chain Management Division where its clients are mainly based in Singapore.

Revenue derived from overseas decreased by \$1.8million or 15% from \$12.3million in 1Q2014 to \$10.5million in 1Q2015. The decrease in revenue is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014 which is partially offset by higher deliveries of marine cables by Supply Chain Management Division to an oversea major customer that was secured since 3Q2014.

### **Gross profit**

The Group's overall gross profit remain comparably unchanged. The Group's overall gross margin increased from 23% in 1Q2014 to 27% in 1Q2015 due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014 which incurred a gross loss in 1Q2014 as a result of the factory producing below breakeven capacity.

### **Other operating income**

The increase in other operating income in 1Q2015 is due mainly to higher foreign exchange gain and the gain on disposal of ZPA.

### **Operating expenses**

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. Selling & distribution expense remains comparably unchanged. The lower administrative expense is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

### **Share of results in associated companies**

The Group's associated companies registered a loss in 1Q2015 as compared to a profit in 1Q2014 due to disruption in production in General Luminaire (Shanghai) Co. Ltd (SGL), a subsidiary of an associated company, GL Lighting Holding Pte Ltd, in 1Q2015. This disruption is due to the relocation of SGL factory from Shanghai to Kunshan, PRC in 4Q2014, and implementation of a new ERP system in 1Q2015.

### **Share of results of a joint venture**

The decrease in share of results in a joint venture in 1Q2015 by Dream Marine Ship Spare Parts Trading LLC ("DMS") is due mainly to increased competition.

### **Interest on borrowing**

The decrease in interest on borrowings in 1Q2015 as compared to 1Q2014 is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

### **Depreciation**

The decrease in depreciation in 1Q2015 as compared to 1Q2014 is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

### **Discontinued Operations**

#### **Disposal group assets classified as held for sale**

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

The Group recorded a profit of \$163,000 in 1Q2015 from discontinued operations (relating to ZPA and PTE), net of tax, as stated in detail below:

	<b>Group</b>		
	<b>1Q2015</b>	<b>1Q2014</b>	<b>%</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>Change</b>
		<b>(Restated)</b>	
<b><u>Discontinued operations</u></b>			
Revenue	4,399	4,887	(10%)
Cost of sales	(3,315)	(3,731)	(11%)
<b>Gross profit</b>	1,084	1,156	(6%)
Other operating (expenses)/income	(80)	756	N.M.
Selling & Distribution expenses	(469)	(636)	(26%)
Administrative expenses	(275)	(471)	(42%)

Finance costs	(10)	(17)	(41%)
<b>Profit before taxation</b>	<b>250</b>	<b>788</b>	(68%)
Share of results of an associated company	(6)	(23)	(74%)
<b>Profit before Taxation</b>	<b>244</b>	<b>765</b>	(68%)
Tax (expense)/credit	(81)	53	N.M.
<b>Net profit for the period</b>	<b>163</b>	<b>818</b>	(80%)

Revenue of discontinued operations decreased by \$488k or 10% from \$4.89million in 1Q2014 to \$4.40million in 1Q2015 due mainly to revenue contribution of only 2 months from ZPA in 1Q2015 compared to a full quarter contribution in 1Q2014.

Discontinued operations' overall gross profit decreased marginally by \$72k or 6% from \$1.16 million in 1Q2014 to \$1.08 million in 1Q2015 due to the completion of disposal of ZPA.

Discontinued operations registered an other operating expense of \$80k in 1Q2015 as compared to an operating income of \$756k in 1Q2014. This is due mainly to a foreign exchange loss in Batam operations as a result of depreciation of Indonesian Rupiah against Singapore Dollar in 1Q2015 as compared to appreciation of the same currency in 1Q2014.

The lower selling & distribution and administration expense in 1Q2015 is due mainly to reduced business activity in discontinued operations in Batam.

## **Balance Sheet and Cash Flow Analysis**

### **Investment in associated companies**

The increase in investment in associated Company is due mainly to the additional investment in GL Lighting Holding Pte Ltd.

### **Investment in joint ventures**

The increase in investment in joint ventures is mainly due to the share of results from joint ventures in 1Q2015.

### **Due from customers on construction contracts**

The increase in amount due from customers on construction contracts is due to unbilled work-in-progress of projects of the Engineering Services Division in 1Q2015.

## Disposal group assets classified as held for sale

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

<b>Details of disposal group classified as held for sale are as follows:</b>	<b>31.03.15</b>	<b>31.12.14</b>
	<b>\$'000</b>	<b>\$'000</b>
Property, plant and equipment	1,517	2,565
Intangible assets	-	178
Inventories	-	6,667
Investment in associate	-	147
Trade receivables	-	7,342
Other receivables	-	554
Cash and cash equivalent	-	2,788
	<u>1,517</u>	<u>20,268</u>

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

Deferred tax liabilities	-	20
Finance lease liabilities	-	149
Tax payable	-	369
Trade payables	-	3,015
Other payables	-	6,876
	<u>-</u>	<u>10,429</u>

The decrease in assets and liabilities is due mainly to the completion of disposal of ZPA on 4 March 2015.

### Trade payables

Trade payables increased by \$2.9million from \$8.4million in FY2014 to \$11.3million in 1Q2015 as a result of higher purchase to fulfill higher orders from the Supply Chain Management Division.

### Other payables

The increase in other payables is due mainly to the dividend payable to shareholders.

### Bank borrowings

The decrease in bank borrowings is due mainly to the repayment of bank loans in Supply Chain Management Division.

## **Cash flow**

Net cash and cash equivalent increased by \$8.4million in 1Q2015 as compared to an increase of \$1.4million in 1Q2014 is due mainly to proceeds from the completion of disposal of ZPA, partially offset by additional investment in an associated company and higher repayment of 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 remains focused on improving the overall profitability of our core businesses given the continuing weak shipping industry, low oil prices which have affected the exploration and production budgets of oil and gas companies, and increasing market competition. As part of the renewed focus on our core businesses, the Group has on 4 March 2015 disposed our subsidiary, Z-Power Automation Pte Ltd. The proceeds of \$9.6 million from the disposal would be used judiciously to strengthen our core businesses.

The Group has invested further in our associate company, GL Lighting Holding Pte Ltd (“GLH”). The Group’s shareholding in GLH currently stands at 39.32%. GLH is developing a new factory in Kunshan which will significantly boost GLH’s manufacturing capacity for LED lighting products.

The performance of the Group’s galvanized steel wire factory in Oman has shown signs of improvement since the start of the year. Sales and production volumes for the last quarter have increased compared to FY2014.

The Group is also working to further rationalize the operations of the Engineering Services Division which has underperformed due to cost overruns and project delays.

Overall the Group will continue to adopt a cautious stance with all our business divisions and strive to improve their efficiency and performance so as to enhance the profitability of the Group.

## **11. Dividend**

### **(a) Current Financial Period Reported On?**

#### **Any dividend declared for the current financial period reported on?**

The directors recommend a first and interim dividend for the period ended 31 March 2015 as stated below:



Name of Dividend	First & interim
Dividend Type	Cash
Dividend amount per share (S\$)	0.5 cents per ordinary share (one-tier tax exempt)
Par value of share (S\$)	NA
Tax rate	NA

**(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**

8 June 2015.

**(d) Books closure date**

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 28 May 2015, for the purpose of determining dividend entitlements to the first and interim one-tier tax exempt dividend of 0.5 Singapore cent per ordinary share in respect of the financial year ending 31 December 2015 (“**Interim Dividend**”).

Duly completed registrable transfers in respect of the ordinary shares of the Company (“Shares”) received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) of 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 27 May 2015 will be registered before the entitlements to the dividend are determined.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Shares as at 5.00 p.m. on 27 May 2015 will be entitled to the Interim Dividend. Payment of the Interim Dividend will be made on 8 June 2015.

**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 31 March 2015 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong  
Executive Chairman  
11 May 2015

Vincent Lim Hui Eng  
Chief Executive Officer  
11 May 2015