

QUARTERLY FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR 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		\$'000	
	4th quarter ended 31.12.15	4th quarter ended 31.12.14 (Restated)*	%	Financial year ended 31.12.15	Financial year ended 31.12.14 (Restated)*	%
			Change			Change
<u>Continuing operations</u>						
Revenue	14,865	12,654	17%	55,576	74,302	(25%)
Cost of sales	(9,779)	(8,051)	21%	(36,277)	(55,657)	(35%)
Gross profit	5,086	4,603	10%	19,299	18,645	4%
Other operating income/(expense)	679	(754)	N.M	1,892	(494)	N.M
Selling & Distribution expenses	(1,842)	(1,957)	(6%)	(8,127)	(9,339)	(13%)
Administrative expenses	(4,096)	(2,824)	45%	(10,992)	(9,483)	16%
Finance costs	(96)	(98)	(2%)	(330)	(1,067)	(69%)
(Loss)/Profit from operations	(269)	(1,030)	(74%)	1,742	(1,738)	N.M

Share of results of associated companies	(105)	(164)	(36%)	(524)	130	N.M
Share of results of joint ventures	(2,496)	(881)	183%	(2,125)	(483)	340%
Loss before taxation	(2,870)	(2,085)	38%	(907)	(2,091)	(57%)
Tax credit/(expense)	397	2,010	(80%)	(650)	1,061	N.M
Loss from continuing operations, net of tax	(2,473)	(74)	N.M	(1,557)	(1,030)	N.M
<u>Discontinued operations</u>						
Loss from discontinued operations, net of tax	(3,027)	(3,948)	(23%)	(4,667)	(5,494)	(15%)
Net loss for the period/year	(5,500)	(4,022)	37%	(6,224)	(6,524)	(5%)
Attributable to:						
Equity holders of the Company	(4,270)	(2,764)	54%	(4,210)	(2,163)	95%
Non-controlling interests	(1,230)	(1,258)	(2%)	(2,014)	(4,361)	(54%)
	(5,500)	(4,022)	37%	(6,224)	(6,524)	(5%)

*Restated the results of a subsidiary (under creditors' liquidation) from continuing operations 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.

	4th quarter ended 31.12.15	4th quarter ended 31.12.14	% Change	Financial year ended 31.12.15	Financial year ended 31.12.14	% Change
Net loss for the period/year	(5,500)	(4,022)	(37%)	(6,224)	(6,524)	(5%)
Other comprehensive (expenses)/ income:						
Exchange differences on translation of the financial statements of foreign entities (net)	(344)	63	N.M.	266	(54)	N.M.
Total comprehensive loss for the period/year	(5,844)	(3,959)	48%	(5,958)	(6,578)	(9%)

Total comprehensive loss attributable to:

Equity holders of the Company	(4,582)	(2,857)	(60%)	(3,943)	(2,359)	(67%)
Non-controlling interests	(1,262)	(1,102)	15%	(2,015)	(4,219)	(52%)
Total comprehensive loss for the period/year	(5,844)	(3,959)	48%	(5,958)	(6,578)	(9%)

1(a)(ii) Notes to income statement

	Group					
	(\$'000)			(\$'000)		
	4th quarter ended 31.12.15	4th quarter ended 31.12.14 (Restated)	%	Financial year ended 31.12.15	Financial year ended 31.12.14 (Restated)	%
			Change			Change
<u>Continuing operations</u>						
Other income including interest income	154	205	(25%)	840	394	113%
Interest on borrowings	(96)	(98)	(2%)	(330)	(1,067)	(69%)
Depreciation of property, plant and equipment	(311)	(602)	(48%)	(1,613)	(2,794)	(42%)
Loss on disposal of property, plant and equipment	(33)	(301)	(89%)	(399)	(44)	807%
Foreign exchange gain/(loss)	406	(161)	N.M	404	(127)	N.M
Allowance for stock obsolescence (Allowance)/Write-back of doubtful debts	(163)	(208)	(22%)	(445)	(124)	259%
	(145)	85	N.M	(319)	98	N.M
Loss on deemed disposal of a subsidiary	-	(712)	N.M.	-	(712)	N.M.
Provision for liabilities (Note 1)	(4,073)	(88)	N.M.	(4,073)	(88)	N.M.
Gain on disposal of property held for sale	-	-	N.M.	1,073	-	N.M.
Impairment loss of property, plant and equipment	(249)	-	N.M.	(249)	-	N.M.
Impairment loss on equity loan to a joint venture	(184)	-	N.M.	(184)	-	N.M.
<u>Discontinued operations</u>						
Other income/(expenses) including interest income	(61)	(152)	(60%)	(26)	7	N.M.
Interest on borrowings	-	(26)	N.M	(35)	(96)	(64%)
Depreciation of property, plant and equipment	(3)	(54)	(94%)	(130)	(496)	(74%)
Loss on disposal of property, plant and equipment	-	(85)	N.M.	-	(94)	N.M.
Foreign exchange gain/(loss)	599	397	51%	(258)	(30)	N.M
Write-back/(Allowance) for stock obsolescence	-	75	N.M.	-	(686)	N.M.
Allowance for doubtful debts	(844)	(1,928)	(56%)	(1,541)	(1,933)	(20%)
Gain on disposal of a subsidiary	198	-	N.M.	4,320	-	N.M.

Gain/(Loss) on de-consolidation of a subsidiary	1,131	-	N.M.	(1,050)	-	N.M.
Property, plant and equipment written off	-	-	N.M.	-	(220)	N.M.
Total						
Other income including interest income	93	53	75%	814	401	103%
Interest on borrowings	(96)	(124)	(23%)	(365)	(1,163)	(69%)
Depreciation of property, plant and equipment	(314)	(656)	(52%)	(1,743)	(3,290)	(47%)
(Loss)/Gain on disposal of property, plant and equipment	(33)	(386)	(91%)	(399)	(138)	192%
Foreign exchange gain/(loss)	1,005	236	326%	146	(157)	N.M.
Allowance for stock obsolescence	(163)	(133)	23%	(445)	(810)	45%
Allowance for doubtful debts	(989)	(1,843)	(46%)	(1,860)	(1,835)	1%
Loss on deemed disposal of a subsidiary	-	(712)	N.M.	-	(712)	N.M.
Gain on disposal of a subsidiary	198	-	N.M.	4,320	-	N.M.
Gain/(Loss) on de-consolidation of a subsidiary	1,131	-	N.M.	(1,050)	-	N.M.
Provision for liabilities (Note 1)	(4,073)	(88)	N.M.	(4,073)	(88)	N.M.
Impairment loss on property, plant and equipment	(249)	-	N.M.	(249)	-	N.M.
Property, plant and equipment written off	-	-	N.M.	-	(220)	N.M.
Impairment loss on equity loan to a joint venture	(184)	-	N.M.	(184)	-	N.M.
Gain on disposal of property held for sale	-	-	N.M.	1,073	-	N.M.

Note 1

The Group has provided the following liabilities as at 31 December 2015:

- (a) The Company has provided corporate guarantee of \$15,701,000 (OMR 4,290,000) (2014: \$14,372,000 (OMR 4,182,000)) to a joint venture company (JV company) for banking facilities taken by the JV company. In addition, the Company has also undertaken to provide continuing financial support to the JV company so as to enable it to meet its liabilities as and when they fall due. As at 31 December 2015, the Group and Company have assessed and provided an amount of \$3,500,000 (2014: \$88,000) relating to its interest in the JV company based on its proportionate share of the net liabilities of the JV company. Total amount charged to profit or loss is \$3,412,000 (2014: \$88,000).
- (b) The Company has provided corporate guarantees to certain subsidiaries for banking facilities taken by these subsidiaries. As at 31 December 2015, the Group and Company have assessed and provided an amount of \$661,000 in relation to the banking facilities taken by a former subsidiary that had been deconsolidated from the Group's consolidated financial statements.

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)	
	31.12.15	31.12.14	31.12.15	31.12.14
Non-current assets				
Property, plant and equipment	16,499	19,109	2	3
Investment in subsidiaries	-	-	10,384	12,229
Investment in associated companies	12,149	11,085	12,006	10,682
Investment in joint ventures	2,599	2,093	1,006	909
Deferred tax assets	44	79	-	-
Pre-purchase from a supplier	5,756	-	-	-
Intangible assets	49	49	49	49
Long-term receivable	162	-	162	-
	37,258	32,415	23,609	23,872
Current assets				
Inventories	30,123	32,761	-	-
Due from customers on construction contracts	129	37	-	-
Amount due from joint venture (trade)	257	41	-	-
Trade receivables	15,966	20,595	-	-
Other receivables	2,244	1,978	12,838	13,860
Cash and cash equivalents	5,718	5,037	153	211
	54,437	60,449	12,991	14,071
Disposal group assets classified as held for sale	-	18,714	-	-
Property held for sale	-	1,527	-	-
Total current assets	54,437	80,690	12,991	14,071
Total assets	91,695	113,105	36,600	37,943
Non-current liabilities				
Deferred tax liability	915	836	-	-
Finance lease liabilities	354	521	-	-
	1,269	1,357	-	-
Current liabilities				
Due to customers on construction contracts	-	3,081	-	-
Trade payables	6,557	8,406	-	-
Other payables	1,746	3,623	780	4,432
Provision for liabilities	4,161	88	4,161	88
Bank borrowings	9,310	13,255	-	-
Finance lease liabilities	166	166	-	-
Tax payable	1,197	1,493	51	101
	23,137	30,112	4,992	4,621
Liabilities directly associated with disposal group classified as held for sale	-	10,429	-	-
Total current liabilities	23,137	40,541	4,992	4,621
Total liabilities	24,406	41,898	4,992	4,621

Net assets	67,289	71,207	31,608	33,322
Shareholders' equity				
Share capital	43,461	43,461	43,461	43,461
Translation reserves	908	641	-	-
Accumulated profits	27,994	34,604	(11,853)	(10,139)
Attributable to equity holders of the Company	72,363	78,706	31,608	33,322
Non-controlling interests	(5,074)	(7,499)	-	-
Total shareholders' equity	67,289	71,207	31,608	33,322

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 31.12.15 (\$'000)		As at 31.12.14 (\$'000)	
Secured	Unsecured	Secured	Unsecured
3,332	5,978	6,064	7,191

Amount repayable after one year

As at 31.12.15 (\$'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:

- (a) Legal charge on the Group's leasehold property with net book value of \$4.71million (31.12.2014: \$4.86million)
- (b) Fixed deposits of certain subsidiaries.
- (c) Joint and several guarantees by the Company and certain directors of a subsidiary.

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	
	4th quarter ended 31.12.15	4th quarter ended 31.12.14 (Restated)	Financial year ended 31.12.15	Financial year ended 31.12.14 (Restated)
Cash flows from operating activities				
Loss before tax from continuing operations	(2,870)	(1,881)	(907)	(1,887)
Loss before tax from discontinued operations	(2,845)	(4,002)	(4,616)	(5,395)
Adjustments for :				
Depreciation	313	1,709	1,742	4,343
Interest income	(62)	(4)	(134)	(17)
Interest expense	96	124	365	1,163
Share of results of associated companies	105	154	530	(108)
Share of results of joint ventures	2,496	881	2,125	483
Impairment on property, plant & equipment	249	-	249	-
Impairment loss on equity loan to a joint venture	184	-	184	-
Gain on disposal of property held for sale	(1,073)	-	(1,073)	-
(Gain)/Loss on deconsolidation of a subsidiary	(1,131)	-	1,050	-
Gain on disposal of a subsidiary	(198)	-	(4,320)	-
Provision for liabilities	4,073	88	4,073	88
Property, plant and equipment written off	-	220	-	220
Loss on disposal of property, plant and equipment	1,080	167	399	138
Loss on deemed disposal of a subsidiary	-	712	-	712
Operating cash before movements in working capital	417	(1,832)	(333)	(260)
Inventories	963	(806)	1,624	(3,361)
Due from customer on construction contract, net	1,848	4,458	(645)	6,268
Receivables	1,526	(1,610)	3,373	(489)
Payables	(670)	(778)	2,800	4,120
Currency translation adjustments	(783)	279	(307)	(252)
Cash generated from/(used in) operations	3,301	(289)	6,512	6,026
Tax refund/(paid)	258	1,918	(754)	565
Interest paid	(96)	(115)	(365)	(1,154)
Net cash from operating activities	3,641	1,514	5,393	5,437

Cash flows from investing activities

Fixed deposits	(359)	(5)	681	29
Purchase of property, plant and equipment	(109)	(270)	(468)	(1,665)
Proceeds from disposal of property held for sale	-	-	2,600	-
Proceeds from disposal of property, plant and equipment	8	983	445	1,032
Interest received	62	4	134	17
Capital injection from a non-controlling shareholder	50	-	50	-
Investment in an associated company	-	(1,297)	(1,323)	(4,512)
Dividend received from a joint venture	267	500	267	863
Net cash inflow from disposal of a subsidiary	-	-	7,191	-
Net cash outflow from deconsolidation of a subsidiary	(488)	-	(666)	-
Net cash inflow from deemed disposal of a subsidiary	-	1,305	-	1,305
Pre-purchase from a supplier	(1,016)	-	(6,772)	-
Repayment from pre-purchase to a supplier	339	-	339	-
Additional investment in joint ventures	(101)	(941)	(2,780)	(941)
Net cash (used in)/from investing activities	(1,347)	279	(02)	(3,872)

Cash flows from financing activities

Proceeds from bank borrowings	5,359	1,800	-	1,800
Repayment of bank borrowings	(5,436)	(3,043)	(1,136)	(4,919)
Repayment of short term loan	(1,542)	(4,869)	(2,194)	(64)
Repayment of hire purchase creditors	(42)	(90)	(172)	(234)
Dividend paid	-	-	(2,400)	(2,400)
Dividend paid to non-controlling shareholders of a subsidiary	-	(200)	-	(200)
Net cash used in financing activities	(1,661)	(6,402)	(5,902)	(6,017)

Net increase/(decrease) in cash and cash equivalents	455	(4,609)	(811)	(4,452)
Cash and cash equivalents at beginning of period	3,894	9,763	5,160	9,600
Effect of exchange rate changes on cash and cash equivalents	-	6	-	12
Cash and cash equivalents at end of period/year	4,349	5,160	4,349	5,160

Cash and cash equivalents comprises the following

Cash and bank balances from continuing operations	5,718	5,037	5,718	5,037
Cash and bank balances from discontinued operations	-	2,788	-	2,788
Less: Fixed Deposits	(1,369)	(2,050)	(1,369)	(2,050)
Less: Bank overdraft	-	(615)	-	(615)
Cash and cash equivalents as per statement of cash flows	4,349	5,160	4,349	5,160

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 2015	43,461	641	34,604	78,706	(7,499)	71,207
Currency translation differences arising on consolidation, net of tax	-	(16)	-	(16)	(26)	(42)
Disposal of a subsidiary	-	-	-	-	(3,203)	(3,203)
Profit for the period	-	-	4,526	4,526	(278)	4,248
Dividend	-	-	(2,400)	(2,400)	-	(2,400)
Balance At 31 March 2015	43,461	625	36,730	80,816	(11,006)	69,810
Currency translation differences arising on consolidation, net of tax	-	170	-	170	19	189
Loss for the period	-	-	(1,320)	(1,320)	(311)	(1,631)
Balance At 30 June 2015	43,461	795	35,410	79,666	(11,298)	68,368
Currency translation differences arising on consolidation, net of tax	-	425	-	425	38	463
Loss for the period	-	-	(3,145)	(3,145)	(195)	(3,340)
Deconsolidation of a subsidiary	-	-	-	-	6,735	6,735
Balance At 30 September 2015	43,461	1,220	32,265	76,946	(4,720)	72,226
Currency translation differences arising on consolidation, net of tax	-	(312)	-	(312)	(32)	(344)
Loss for the period	-	-	(4,271)	(4,271)	(1,230)	(5,501)
Deconsolidation of subsidiaries	-	-	-	-	858	858
Contribution from a non-controlling interest	-	-	-	-	50	50
Balance At 31 December 2015	43,461	908	27,994	72,363	(5,074)	67,289

Group

(\$'000)

	Share capital	Translation reserves	Accumulated profits	Total	Non-Controlling interests	Total shareholders' equity
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/(Loss) for the period	-	-	1,416	1,416	(878)	538
Balance At 31 March 2014	43,461	787	40,570	84,818	(3,287)	81,531
Currency translation differences arising on consolidation, net of tax	-	(36)	-	(36)	(19)	(55)
Loss for the period	-	-	(596)	(596)	(1,256)	(1,852)
Dividend	-	-	(2,400)	(2,400)	-	(2,400)
Balance At 30 June 2014	43,461	751	37,574	81,786	(4,562)	77,224
Currency translation differences arising on consolidation, net of tax	-	(17)	-	(17)	26	9
Loss for the period	-	-	(219)	(219)	(969)	(1,188)
Change of ownership interest in subsidiary	-	-	13	13	(13)	-
Dividend paid to a non-controlling interest	-	-	-	-	(200)	(200)
Balance At 30 September 2014	43,461	734	37,368	81,563	(5,718)	75,845
Currency translation differences arising on consolidation, net of tax	-	(93)	-	(93)	156	63
Loss for the period	-	-	(2,764)	(2,764)	(1,258)	(4,022)
Deconsolidation of a subsidiary	-	-	-	-	(679)	(679)
Balance At 31 December 2014	43,461	641	34,604	78,706	(7,499)	71,207

Company

	(\$'000)		
	Share capital	Accumulated Profits/(Loss)	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)
Balance at 31 March 2015	43,461	622	44,083
Loss for the period	-	(566)	(566)
Balance at 30 June 2015	43,461	56	43,517
Loss for the period	-	(1,673)	(1,673)
Balance at 30 September 2015	43,461	(1,617)	41,844
Loss for the period	-	(10,236)	(10,236)
Balance at 31 December 2015	43,461	(11,853)	31,608

	(\$'000)		
	Share capital	Accumulated Profits/(Loss)	Total shareholders' equity
At 1 January 2014	43,461	3,478	46,939
Profit for the period	-	253	253
Balance at 31 March 2014	43,461	3,731	47,192
Loss for the period	-	(488)	(488)
Dividends	-	(2,400)	(2,400)
Balance at 30 June 2014	43,461	843	44,304
Loss for the period	-	(4,189)	(4,189)
Balance at 30 September 2014	43,461	(3,346)	40,115
Profit for the period	-	(6,793)	(6,793)
Balance at 31 December 2014	43,461	(10,139)	33,322

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

Not applicable.

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

	31.12.15	31.12.14
Total number of issued shares (excluding treasury shares)	120,000,000	480,000,000

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

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

Not applicable.

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

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

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

Not applicable.

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

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

Loss per ordinary share for the period based on net loss attributable to shareholders:-

	Group			
	4th quarter ended 31.12.15	4th quarter ended 31.12.14 (Restated)	Financial year ended 31.12.15	Financial year ended 31.12.14 (Restated)
(i) Based on number of ordinary shares in issue:				
- Continuing operations	(1.72) cents	(0.48) cents	(0.84) cents	(0.36) cents
- Discontinued operations	(1.84) cents	(1.12) cents	(2.68) cents	(1.44) cents
Net loss per ordinary share for the period/year	(3.56) cents	(1.60) cents	(3.52) cents	(1.80) cents
Number of ordinary shares in issue (Note 2)	120,000,000	120,000,000	120,000,000	120,000,000
(ii) On a fully diluted basis:				
- Continuing operations	(1.72) cents	(0.48) cents	(0.84) cents	(0.36) cents
- Discontinued operations	(1.84) cents	(1.12) cents	(2.68) cents	(1.44) cents
Net loss per ordinary share for the period/year	(3.56) cents	(1.60) cents	(3.52) cents	(1.80) cents
Diluted number of ordinary shares in issue	120,000,000	120,000,000	120,000,000	120,000,000

Note 2

The Company undertook a share consolidation exercise to consolidate every four (4) existing ordinary shares in the capital of the Company into one (1) ordinary share. The share consolidation has been completed and becomes effective on 29 February 2016. The weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings per share and net asset value per share for financial years 2015 and 2014 have been restated.

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

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

	Group		Company	
	31.12.15	31.12.14	31.12.15	31.12.14
Net asset value per ordinary share based on existing share capital	60 cents	66 cents	26 cents	28 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 (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 was 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 all 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. Notwithstanding the accounting and reporting changes, it remains the Group’s intention to dispose of the assets and related liabilities of PTE.

Oil & Gas Solutions Pte. Ltd. (“OGS”) – Referring to the announcement on 4 September 2015, OGS has initiated creditors’ voluntary liquidation proceedings, hence OGS is de-consolidated on 20 September 2015 and reclassified to Discontinued Operations in the income statement for both FY2014 and FY2015.

Revenue
(4Q2015 Vs 4Q2014)

	Group		% Change
	4Q2015 \$'000	4Q2014 \$'000 (Restated)*	
Supply Chain Management			
Marine cables and accessories	9,295	7,535	23%
Marine lighting equipment and accessories	3,582	2,880	24%
Others	1,827	1,773	3%
	14,704	12,188	21%
Manufacturing			
Galvanized steel wire	161	466	(65%)
Total sales revenue	14,865	12,654	17%

Supply Chain Management

Supply Chain Management Division accounts for 99% of the Group's turnover in 4Q2015, of which marine cables and accessories contributed 63%, marine lighting equipment, accessories 24% and others 13%. Revenue from the division increased by 21% due to pick up in orders by a few local and overseas shipyards.

Manufacturing

Manufacturing Division accounts for 1% of the Group's turnover in 4Q2015. Sales of galvanized steel wire dropped significantly due to challenging market conditions.

(FY2015 VS FY2014)

	Group		% Change
	2015 \$'000	2014 \$'000 (Restated)	
Supply Chain Management			
Marine cables and accessories	35,796	36,370	(2%)
Marine lighting equipment and accessories	10,953	12,077	(9%)
Others	7,204	7,286	(1%)
	53,953	55,733	(3%)
Manufacturing			
Galvanized steel wire	1,623	18,569	(91%)
Total sales revenue	55,576	74,302	(25%)

Supply Chain Management

Supply Chain Management Division accounts for 97% of the Group's turnover in FY2015, of which marine cables and accessories contributed 66%, marine lighting equipment and accessories 20% and others 13%. Revenue from the division decreased by 3% due to slow down in activities in the marine and offshore sectors as a result of weak shipping markets and low oil prices.

Manufacturing

Manufacturing Division accounts for 3% of the Group's turnover in FY2015. The decrease in revenue is due mainly to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

4Q2015 vs 4Q2014

Geographical segment

Revenue derived from Singapore increased by \$0.6million or 7% to \$9.2million in 4Q2015. This is due mainly to an increase in orders by a few major Singapore shipyards in the Supply Chain Management division.

Revenue derived from overseas increased by \$1.6million or 40% to \$5.7million in 4Q2015. This is due mainly to an increase in orders by a few Vietnam and Indonesia shipyards in the Supply Chain Management division.

Gross profit

The Group's overall gross profit increased by \$483k or 10% from \$4.6million in 4Q2014 to \$5.1million in 4Q2015 and the Group's overall gross margin decreased from 36% in 4Q2014 to 34% in 4Q2015. The lower gross margin is due mainly to increasing market competition in the Supply Chain Management Division.

Other operating income/(expense)

The Group incurred other operating income of \$679k in 4Q2015 as compared to other operating expense of \$754k in 4Q2014. This is due mainly to a foreign exchange loss and property, plant and equipment written off relating to Batam operations and loss from deemed disposal of a subsidiary in 4Q2014 as compared to a foreign exchange gain and compensation for losses from a non-controlling shareholder of a subsidiary in 4Q2015.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. Both selling & distribution and administrative expense decreased as a result of the Group's efforts in its cost management. However, the decrease in administrative expenses was offset by provision for liabilities in relation to the corporate guarantee given by the Company to a joint venture company and a former subsidiary.

Share of results in associated companies

The Group's associated companies registered a loss of \$105k in 4Q2015 due mainly to the postponement of major projects by customers.

Share of results of joint ventures

The share of results in joint ventures was a loss of \$2.5million in 4Q2015 due mainly to sharing of losses of GSSI. These losses were previously included in administrative expenses in the last 3 quarters of FY2015.

Interest on borrowings

Interest on borrowings remains comparably unchanged.

Tax credit/(expense)

Tax credit decreased by 80% due mainly to a significant amount of group tax relief being utilised by a subsidiary in 4Q2014.

Depreciation

Depreciation decreased by 52% to \$314k in 4Q2015 due mainly to disposal of property, plant and equipment of our Batam operations during FY2015.

Foreign Exchange Gain

The increased in foreign exchange gain is due mainly to strengthening of US\$ receivables.

Discontinued Operations

The Group recorded a loss of \$3.03million in 4Q2015 from discontinued operations (relating to ZPA, PTE and OGS), net of tax, as stated in detail below:

	Group					
	\$'000			\$'000		
	4th	4th		Financial	Financial	
	quarter	quarter		year	year	
	ended	ended		ended	ended	
	31.12.15	31.12.14	%	31.12.15	31.12.14	%
		(Restated)	Change		(Restated)	Change
<u>Discontinued operations</u>						
Revenue	(1,201)	9,600	N.M	6,860	35,708	(70%)
Cost of sales	(1,542)	(10,110)	(85%)	(9,549)	(32,635)	(59%)
Gross (loss)/profit	(2,743)	(510)	438%	(2,689)	3,073	N.M

Other operating income	1,895	133	N.M.	3,022	373	710%
Selling & Distribution expenses	(758)	(2,754)	(72%)	(2,864)	(5,878)	(51%)
Administrative expenses	(1,239)	(650)	91%	(2,044)	(2,641)	(23%)
Finance costs	-	(26)	N.M	(35)	(96)	(64%)
(Loss)/Profit from operations	(2,845)	(3,807)	(25%)	(4,610)	(5,169)	(11%)
Share of results of associated companies	-	9	N.M	(6)	(22)	(73%)
(Loss)/Profit before taxation	(2,845)	(3,798)	(25%)	(4,616)	(5,191)	(11%)
Tax (expenses) /credit	(182)	(150)	21%	(51)	(303)	(13%)
Total (loss)/profit from discontinued operations	(3,027)	(3,948)	(23%)	(4,667)	(5,494)	(11%)

Following the disposal of ZPA and liquidation of OGS as well as cessation of business activity in our Batam operations, Discontinued Operations registered a significantly low revenue in 4Q2015. The management has assessed the presentation of revenue from provision of manpower services earned by a subsidiary of OGS and determined in accordance to accounting standards that the subsidiary was acting in the capacity of an agent and accordingly should recognise revenue on a net basis.

Discontinued Operations registered a negative gross loss of \$2.7million in 4Q2015 due mainly to overrun of project cost.

Discontinued operations recorded higher other operating income of \$1.9million in 4Q2015 as compared to other operating expense of \$133,000 in 4Q2014. This is due mainly to an adjustment to reclassification of a part of the loss on de-consolidation of OGS to administrative expenses and foreign exchange gain in Batam operations as a result of appreciation of Indonesian Rupiah against Singapore Dollar in 4Q2015.

The lower selling & distribution expenses in 4Q2015 was due mainly to the higher provision of doubtful debts for a major customer of Batam operations in 4Q2014. The increase in administrative expenses was due mainly to reclassification of a part of loss on consolidation of OGS to administrative expenses.

Balance Sheet and Cash Flow Analysis

(FY2015 vs FY2014)

Property, plant and equipment (PPE)

The decrease in PPE in FY2015 is due mainly to the disposal of machinery in Batam and de-consolidation of OGS.

Investment in associated companies

The increase in investment in associated companies is due mainly to the additional investment in GL Lighting Holding Pte Ltd offset by share of loss in associated companies.

Investment in joint ventures

The increase in investment in joint ventures is due mainly to share of profit from a joint venture, Dream Marine Ship Spares Parts Trading LLC.

Pre-purchase from a supplier

The pre-purchase payment is paid to a main cable supplier which will be offset from future purchases over a five-year period (refer to the Group's announcement on 9 June 2015 to the SGX).

Inventories

Inventories decreased by \$2.6million from \$32.8million in FY2014 to \$30.1million in FY2015. The decrease in inventories is due mainly to lower purchases in the Supply Chain Management Division as a result of the Company's effort to control its inventory level so as to reduce its stock turnover days.

Due from customers on construction contracts

The decrease in amount due from customers on construction contracts is due mainly to the de-consolidation of OGS.

Trade receivables

Trade receivables decreased by \$5.0million from \$21.0million in FY2014 to \$16.0million in FY2015 due mainly to higher collection and de-consolidation of OGS.

Other receivables

The increase in other receivables of \$523k is due mainly to the current portion of the prepayment to a main cable supplier as mentioned above under Pre-purchase from a supplier.

Disposal group assets (relating to ZPA) 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:	FY2015 \$'000	FY2014 \$'000
Property, plant and equipment	-	1,038
Intangible assets	-	178
Inventories	-	6,667
Investment in associate	-	147
Trade receivables	-	7,342
Other receivables	-	554
Cash and cash equivalent	-	2,788
	<hr/>	<hr/>
	-	18,714

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
	<hr/>	<hr/>
	-	10,429

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

Trade payables

Trade payables decreased by \$1.8million from \$8.4million in FY2014 to \$6.6million in FY2015 due mainly to payments to suppliers in Supply Chain Management Division as a result of higher collection of receivables.

Other payables

The decrease in other payables is due mainly to the deconsolidation of OGS.

Provision for liabilities

The increase in provision for liabilities is explained in Note 1 under section 1a(ii) notes to Income Statement above.

Bank borrowings

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

4Q2015 vs 4Q2014

Cash flow

Net cash and cash equivalent increased by \$455,000 in 4Q2015 compared to a decrease of \$5.0million in 4Q2014. The increase is due mainly to decrease in customer's construction contracts, improved collections of receivables offset by an increase in pre-purchase from a supplier and 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 health of our core businesses given the continuing weak shipping industry, prolonged low oil prices which have severely impacted the oil and gas industry, and increasing market competition.

The core business, the Supply Chain Management division, remained profitable in 2015 despite the downturn in the marine and offshore industries. The Group will continue to focus its resources on its core business and is working on various initiatives to improve its performance.

The operations of GL Lighting Holding Pte Ltd (“GLH”), the Group’s associated company, has been adversely affected in the past year due to various reasons including the relocation of the rented factory from Shanghai to Kunshan, implementation of new IT systems, and postponement of major projects by customers. The construction of the new factory will take place progressively over 2016 and is targeted to be completed in 2017. Once completed, the new factory will significantly boost GLH’s manufacturing capacity of LED lighting products.

The performance of the Group’s galvanized steel wire factory in Oman has improved in 2015 compared to 2014, but it is still below breakeven production and sales volumes. Efforts to turn around this business remain challenging due to adverse market conditions. The Group is working closely with its Omani joint venture partner to explore all possible options with regards to this business.

On its Engineering Services division, the Group has previously announced to the Singapore Exchange on 4 September 2015 that its subsidiary, Oil & Gas Solutions Pte. Ltd. (“OGS”), has initiated creditors’ voluntary liquidation proceedings on the same day. Subsequently, the Group has announced on 1 December 2015 that the liquidators have concluded the sale of assets of OGS and are considering options with regards to the creditors’ claims against OGS.

In 2015, the Group made meaningful progress in winding down its engineering operations in Batam; all remaining equipment and stocks were sold. The Group is actively in discussion with potential buyers to dispose of the remaining shipyard.

The Group will continue to adopt a cautious stance with all segments of our businesses and strive to better manage and consolidate our group companies to improve efficiency and performance.

11. Dividend

(a) Current Financial Period Reported On?

Any dividend declared for the current financial period reported on?

None

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

An interim dividend has been declared for the year ended 31 December 2015 and paid on 8 June 2015.

13. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By business segments

	Group 2015 \$'000	Group 2014 \$'000
Revenue by business segment		
Supply Chain Management		
Marine cables and accessories	35,796	36,370
Marine lighting equipment and accessories	10,953	12,077
Others	7,204	7,286
	53,953	55,733
Intersegment sales	750	-
	54,703	55,733
Manufacturing		
Galvanized steel wire	1,623	18,569
	1,623	18,569
Intersegment sales	-	-
	1,623	18,569
Less: Eliminations	(750)	-
Total revenue	55,576	74,302

Segment results

Supply Chain Management

Marine cables and accessories	4,767	947
Marine lighting equipment and accessories	3,336	1,888
Others	2,171	1,245
	10,274	4,080

Manufacturing

Galvanized steel wire	(8,532)	(5,818)
	(8,532)	(5,818)

Total segment result

1,742 **(1,738)**

Share of results of joint ventures	(2,125)	(483)
Share of results of associated companies	(524)	130

Net loss before tax **(907)** **(2,091)**

Tax (expense)/credit (650) 1,061

Loss from discontinued operations (4,667) (5,494)

Net loss after Tax **(6,224)** **(6,524)**

Non – controlling interests 2,014 4,361

Net loss attributable to equity holders of the company **(4,210)** **(2,163)**

Group assets and liabilities

Segment assets

Supply Chain Management

Marine cables and accessories	63,594	51,947
Marine lighting equipment and accessories	16,830	13,219
Others	9,954	7,536

Manufacturing

Marine switchboards and services	-	-
Galvanized steel wire	1,273	3,456

Engineering Services

Engineering and installation	-	16,627
Unallocated corporate assets	44	79
Disposal group assets classified as held for sale	-	18,714
Property held for sale	-	1,527

Total assets **91,695** **113,105**

Segment liabilities**Supply Chain Management**

Marine cables and accessories	14,765	11,450
Marine lighting equipment and accessories	4,518	3,802
Others	2,971	2,294

Manufacturing

Galvanized steel wire	40	137
-----------------------	----	-----

Engineering Services

Engineering and installation	-	11,457
Unallocated corporate liabilities	2,112	2,329
Liabilities directly associated with disposal group classified as held for sale	-	10,429

Total liabilities

24,406	41,898
---------------	---------------

Other segment information**Depreciation****Supply Chain Management**

Marine cables and accessories	988	885
Marine lighting equipment and accessories	303	294
Others	199	177

Manufacturing

Galvanized steel wire	4	1,172
-----------------------	---	-------

Engineering Services

Engineering and installation	119	1,501
------------------------------	-----	-------

1,613	4,029
--------------	--------------

Capital Expenditure**Supply Chain Management**

Marine cables and accessories	311	430
Marine lighting equipment and accessories	95	143
Others	62	86

Manufacturing

Galvanized steel wire	-	110
-----------------------	---	-----

Engineering Services		
Engineering and installation	-	157
	468	816

Other significant non-cash expenses

Supply Chain Management

Marine cables and accessories	2,527	47
Marine lighting equipment and accessories	773	16
Others	510	96

Manufacturing

Marine switchboards	(4,295)	
Galvanized steel wire	-	712

Engineering Services

Engineering and installation	2,189	84
	1,704	995

By Geographical

	Revenue		Non-current assets	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
				(Restated)
Singapore	33,322	39,419	19,719	18,849
South-East Asia	8,468	5,323	2,723	4,254
East Asia	8,864	291	-	-
Europe	725	9,153	-	-
Middle East	1,350	17,871	-	-
Others	2,847	2,245	24	25
	55,576	74,302	22,466	23,128

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Revenue from the Supply Chain Management Division decreased by \$1.8million or 3% from \$55.7million in FY2014 to \$54.0million in FY2015. The revenue decrease is due to the slowdown in activities in the marine and offshore sectors.

Revenue from the Manufacturing Division decreased by \$16.9million or 91% from \$18.6million in FY2014 to \$1.6million in FY2015. The decrease in revenue from galvanized steel wire is due to the reclassification of GSSI from a subsidiary to a joint venture from 4Q2014.

The Group recorded a loss attributable to equity holders of \$4.2million in FY2015 as compared to a loss of \$2.2million in FY2014. Continuing operations registered a net loss after tax of \$1.5million as compared to a loss of \$1.0million in FY2014 due mainly to the profitable Supply Chain Management Division and absence of losses from GSSI which was reclassified from a subsidiary to a joint venture from 4Q2014. This was offset by provision for liabilities in relation to the corporate guarantee given by the Company to a joint venture company and a former subsidiary.

The Group has also recorded a loss from discontinued operations, net of tax, of \$4.7million in FY2015 as compared to a loss of \$5.5million in FY2014 due mainly to the gain on disposal of ZPA offset by loss on de-consolidation of OGS.

14(i). A breakdown of sales

	Group \$'000		% Change
	31.12.2015	31.12.2014 (Restated)	
Sales reported for first half year	28,702	42,421	(32%)
Operating profit after tax reported for the first half year	2,617	(1,314)	193%
Sales reported for second half year	26,874	31,881	(16%)
Operating loss after tax reported for the second half year	(8,841)	(5,210)	483%

15. Confirmation that the issuer has procured undertakings from all its directors and executive officer under Rules 720(1) of the listing manual

The Company hereby confirms that it has procured undertakings from all its directors and executive officer under Rule 720(1) of the listing manual.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	\$'000	
	FY2015	FY2014
Ordinary share	2,400	-

17. 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.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Johnny Lim Huay Hua	47	Brother of executive directors and substantial shareholder, Alvin Lim Hwee Hong, Lim Hui Eng and Lim Hui Peng	Director of principal subsidiary - Beng Hui Marine Electrical Pte Ltd - SOPEX Innovations Pte Ltd	NA
Eileen Lim Chye Hoon	52	Sister of executive directors and substantial shareholder, Alvin Lim Hwee Hong, Lim Hui Eng and Lim Hui Peng	Director of principal subsidiary - Beng Hui Marine Electrical Pte Ltd	NA
Hing Kah Wah	50	Husband of substantial shareholder, Eileen Lim Chye Hoon	Senior Operational Manager of principal subsidiary - Beng Hui Marine Electrical Pte Ltd	NA

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
29 February 2016

Vincent Lim Hui Eng
Chief Executive Officer
29 February 2016