

## FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016

### 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

	2nd quarter ended 30.06.16 \$'000	2nd quarter ended 30.06.15 \$'000 Restated*	Group % Change	1st half ended 30.6.16 \$'000	1st half ended 30.6.15 \$'000 Restated*	% Change
Revenue	12,265	11,717	5%	24,978	28,702	(13%)
Cost of sales	(7,661)	(7,345)	4%	(16,121)	(18,577)	(13%)
<b>Gross profit</b>	<b>4,604</b>	<b>4,372</b>	<b>5%</b>	<b>8,857</b>	<b>10,125</b>	<b>(13%)</b>
Other operating income/(expenses)	71	(19)	N.M.	146	4,575	(97%)
Selling & Distribution expenses	(1,733)	(1,739)	(0%)	(4,055)	(4,285)	(5%)
Administrative expenses	(2,029)	(2,510)	(19%)	(4,259)	(4,727)	(10%)
Finance costs	(124)	(37)	N.M.	(236)	(91)	N.M.
<b>Profit from operations</b>	<b>789</b>	<b>67</b>	<b>N.M.</b>	<b>453</b>	<b>5,597</b>	<b>(92%)</b>
<b>Share of results of associated companies</b>	<b>(218)</b>	<b>(46)</b>	<b>N.M.</b>	<b>(517)</b>	<b>(251)</b>	<b>N.M.</b>

<b>Share of results of a joint venture</b>	80	107	(25%)	114	230	(50%)
<b>Profit before taxation</b>	<b>651</b>	<b>128</b>	<b>N.M.</b>	<b>50</b>	<b>5,576</b>	<b>(99%)</b>
Tax expense	(238)	(102)	N.M.	(412)	(429)	(4%)
<b>Profit/(Loss) from continuing operations, net of tax</b>	<b>413</b>	<b>26</b>	<b>N.M.</b>	<b>(362)</b>	<b>5,147</b>	<b>N.M.</b>
Profit/(Loss) from discontinued operations, net of tax	715	(1,657)	N.M.	323	(2,530)	N.M.
<b>Net profit/(loss) for the period/year</b>	<b>1,128</b>	<b>(1,631)</b>	<b>N.M.</b>	<b>(39)</b>	<b>2,617</b>	<b>N.M.</b>
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>1,127</b>	<b>(1,320)</b>	<b>N.M.</b>	<b>21</b>	<b>3,206</b>	<b>(99%)</b>
<b>Non-controlling interests</b>	<b>1</b>	<b>(311)</b>	<b>N.M.</b>	<b>(60)</b>	<b>(589)</b>	<b>(90%)</b>
	<b>1,128</b>	<b>(1,631)</b>	<b>N.M.</b>	<b>(39)</b>	<b>2,617</b>	<b>N.M.</b>

**N.M. – Not meaningful**

\* Restated the results of a subsidiary 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.**

	2nd quarter ended 30.06.16 \$'000	2nd quarter ended 30.06.15 \$'000	% Change	1st half ended 30.6.16 \$'000	1st half ended 30.6.15 \$'000	% Change
<b>Net profit/(loss) for the period/year</b>	<b>1,128</b>	<b>(1,631)</b>	<b>N.M.</b>	<b>(39)</b>	<b>2,617</b>	<b>N.M.</b>
Other Comprehensive income:						
Exchange differences on translation of the financial statements of foreign entities (net)	(182)	189	N.M.	(336)	147	N.M.
<b>Total comprehensive income/(loss) for the period</b>	<b>946</b>	<b>(1,442)</b>	<b>N.M.</b>	<b>(375)</b>	<b>2,764</b>	<b>N.M.</b>

Total comprehensive income/(loss) attributable to: Equity holders of the Company	<b>1,083</b>	<b>(1,150)</b>	<b>N.M.</b>	<b>(299)</b>	<b>3,360</b>	<b>N.M.</b>
Non-controlling interests	(137)	(292)	<b>(53%)</b>	(76)	(596)	<b>(87%)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>946</b>	<b>(1,442)</b>	<b>N.M.</b>	<b>(375)</b>	<b>2,764</b>	<b>N.M.</b>

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

	<b>2nd quarter ended 30.06.16 \$'000</b>	<b>2nd quarter ended 30.06.15 \$'000 Restated*</b>	<b>% Change</b>	<b>1st half ended 30.6.16 \$'000</b>	<b>1st half ended 30.6.15 \$'000 Restated*</b>	<b>% Change</b>
<b><u>Continuing operations</u></b>						
Other income including interest income	167	101	<b>65%</b>	425	399	<b>7%</b>
Interest on borrowings	(124)	(74)	<b>68%</b>	(236)	(171)	<b>38%</b>
Depreciation of property, plant and equipment	(343)	(385)	<b>(24%)</b>	(694)	(899)	<b>(28%)</b>
Gain on disposal of property, plant and equipment	7	-	<b>100%</b>	7	3	<b>N.M.</b>
Foreign exchange (loss)/gain	(103)	(123)	<b>(16%)</b>	(286)	89	<b>N.M.</b>
Provision for stock obsolescence	(78)	(15)	<b>N.M.</b>	(106)	(199)	<b>(47%)</b>
Reversal/(Provision) of doubtful debts	564	(89)	<b>N.M.</b>	348	(111)	<b>N.M.</b>
Gain on disposal of a subsidiary	-	-	-	-	4,123	<b>(100%)</b>
<b><u>Discontinued operations</u></b>						
Other income/(expense) including interest income	(22)	(40)	<b>(100%)</b>	(37)	(127)	<b>(71%)</b>
Interest on borrowings	-	-	-	-	(10)	<b>(100%)</b>
Depreciation of property, plant and equipment	(17)	(19)	<b>(11%)</b>	(34)	(64)	<b>(47%)</b>
Foreign exchange gain/(loss)	54	(283)	<b>N.M.</b>	(225)	(460)	<b>(51%)</b>
Reversal for stock obsolescence	-	-	-	-	102	<b>(100%)</b>
Provision of doubtful debts	-	(500)	<b>(100%)</b>	-	(525)	<b>(100%)</b>

<b><u>Total</u></b>						
Other expense including interest income	145	61	<b>N.M.</b>	388	272	<b>43%</b>
Interest on borrowings	(124)	(74)	<b>68%</b>	(236)	(181)	<b>30%</b>
Depreciation of property, plant and equipment	(360)	(404)	<b>(23%)</b>	(728)	(963)	<b>(29%)</b>
Gain on disposal of property, plant and equipment	7	-	<b>100%</b>	7	3	<b>133%</b>
Foreign exchange loss	(49)	(406)	<b>(88%)</b>	(511)	(371)	<b>38%</b>
Provision for stock obsolescence	(78)	(15)	<b>N.M.</b>	(106)	(97)	<b>9%</b>
Reversal/(Provision) for doubtful debts	564	(589)	<b>N.M.</b>	348	(636)	<b>N.M.</b>
Gain on disposal of a subsidiary	-	-	-	-	4,123	<b>(100%)</b>

**N.M. – Not meaningful**

\* Restated the results of a subsidiary from continuing operations to discontinued operations.

**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>	
	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>31.06.2016</b>	<b>31.12.2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	15,886	16,499	1	2
Investment in subsidiaries	-	-	10,932	10,384
Investment in joint venture	2,672	2,416	890	1,006
Investment in associated company	14,140	12,149	14,748	12,005
Deferred tax assets	44	44	-	-
Intangible assets	234	49	49	49
Purchase deposit to a supplier	5,756	5,756	-	-
Non-current receivable	151	162	151	162
	<b>38,883</b>	<b>37,075</b>	<b>26,771</b>	<b>23,608</b>
<b>Current assets</b>				
Inventories	31,692	30,123	-	-
Due from customers on construction contracts	162	129	-	-
Trade receivables	15,812	16,223	-	-
Other receivables	4,760	2,427	9,093	13,133
Restricted cash	1,369	1,369	-	-
Cash and cash equivalents	2,672	4,349	498	153
<b>Total current assets</b>	<b>56,467</b>	<b>54,620</b>	<b>9,591</b>	<b>13,286</b>
<b>Total assets</b>	<b>95,350</b>	<b>91,695</b>	<b>36,362</b>	<b>36,894</b>
<b>Non-current liabilities</b>				
Deferred tax liability	888	915	-	-
Finance lease liabilities	275	354	-	-
	<b>1,163</b>	<b>1,269</b>	<b>-</b>	<b>-</b>

<b>Current liabilities</b>				
Trade payables	3,869	5,873	61	-
Other payables	524	1,746	5,726	1,074
Provisions	6,858	4,845	661	4,161
Bank borrowings	14,733	9,310	-	-
Finance lease liabilities	162	166	-	-
Tax payable	1,128	1,197	50	51
<b>Total current liabilities</b>	<b>27,274</b>	<b>23,137</b>	<b>6,498</b>	<b>5,286</b>
<b>Total liabilities</b>	<b>28,437</b>	<b>24,406</b>	<b>6,498</b>	<b>5,286</b>
<b>Net assets</b>	<b>66,913</b>	<b>67,289</b>	<b>29,864</b>	<b>31,608</b>
<b>Shareholders' equity</b>				
Share capital	43,461	43,461	43,461	43,461
Translation reserves	576	908	-	-
Accumulated profits	28,016	27,994	(13,597)	(11,853)
<b>Attributable to equity holders of the Company, total</b>	<b>72,053</b>	<b>72,363</b>	<b>29,864</b>	<b>31,608</b>
<b>Non-controlling interests</b>	<b>(5,140)</b>	<b>(5,074)</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>66,913</b>	<b>67,289</b>	<b>29,864</b>	<b>31,608</b>

**1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the financial period reported on with comparative figures as at the end of the immediate preceding financial year:**

**Amount repayable in one year or less, or on demand**

As at 30.06.16 (\$'000)		As at 31.12.15 (\$'000)	
Secured	Unsecured	Secured	Unsecured
4,300	10,433	3,300	6,010

### Amount repayable after one year

As at 30.06.16 (\$'000)		As at 31.12.15 (\$'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 \$7.47 million (31.12.2015: \$7.64 million)
- (b) Fixed deposits of a subsidiary.
- (c) Corporate guarantee by the Company

**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</b>			
	<b>2nd quarter ended 30.06.16 \$'000</b>	<b>2nd quarter ended 30.06.15 \$'000 Restated*</b>	<b>1st half ended 30.06.16 \$'000</b>	<b>1st half ended 30.06.15 \$'000 Restated*</b>
<b>Cash flows from operating activities</b>				
Profit before tax from continuing operations	651	128	50	5,576
(Loss)/Profit before tax from discontinued operations	686	(1,657)	304	(2,449)
<b>Adjustments for :</b>				
Depreciation	360	404	728	963
Interest income	(37)	(8)	(55)	(12)
Interest expense	124	74	236	181
Share of results of associated companies	218	46	517	251
Share of results of a joint venture	(80)	(107)	(114)	(230)
Gain on disposal of property, plant and equipment	(7)	-	(7)	(3)
Gain on disposal of a Subsidiary	-	-	-	(4,123)
<b>Operating cash before movements in working capital</b>	<b>1,915</b>	<b>(1,120)</b>	<b>1,659</b>	<b>160</b>
Inventories	1,045	(55)	(1,569)	987
Due from customers on construction contract, net	17	(94)	(33)	(2,101)
Receivables	(1,679)	(3,519)	(1,887)	(2,591)
Payables	(1,999)	(1,313)	(1,923)	2,141
Currency translation adjustments	(97)	230	57	207
<b>Net cash used in operations</b>	<b>(798)</b>	<b>(5,871)</b>	<b>(3,696)</b>	<b>(1,203)</b>
Tax paid	(468)	(557)	(469)	(524)
Interest paid	(124)	(74)	(236)	(181)



<b>Net cash used in operating activities</b>	<b>(1,390)</b>	<b>(6,502)</b>	<b>(4,401)</b>	<b>(1,908)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(126)	-	(152)	(47)
Proceeds from disposal of property, plant and equipment	8	-	8	9
Investment in an associated company	(2,743)	-	(2,743)	(1,324)
Investment in a subsidiary company	-	-	(169)	-
Interest received	37	8	55	12
Dividend received from joint venture	385	-	385	-
Fixed deposit under pledge	-	999	-	1,023
Advance to a joint venture	-	(2,679)	-	(2,679)
Net cash inflow on disposal of a subsidiary company	-	-	-	7,192
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,439)</b>	<b>(1,672)</b>	<b>(2,616)</b>	<b>4,186</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	4,717	3,800	8,371	3,800
Repayment of bank borrowings	(3,601)	(2,104)	(3,948)	(4,254)
Proceeds/(Repayment) of short term loan	1,000	(2,737)	1,000	(2,577)
Repayment of finance lease liabilities	(42)	(42)	(83)	(89)
Dividend paid	-	(2,400)	-	(2,400)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,074</b>	<b>(3,483)</b>	<b>5,340</b>	<b>(5,520)</b>
Net decrease in cash and cash equivalents	(1,755)	(11,657)	(1,677)	(3,242)
Cash and cash equivalents at beginning of period	4,427	14,185	4,349	5,770
<b>Cash and cash equivalents at end of period</b>	<b>2,672</b>	<b>2,528</b>	<b>2,672</b>	<b>2,528</b>

**Cash and cash equivalents comprises the following**

Cash and cash equivalents	4,041	3,560	4,041	3,560
Less Restricted cash	(1,369)	(1,032)	(1,369)	(1,032)
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>2,672</b>	<b>2,528</b>	<b>2,672</b>	<b>2,528</b>

\* Restated the results of a subsidiary from continuing operations to discontinued operations.

**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>Share capital \$'000</b>	<b>Translation reserves \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total \$'000</b>	<b>Non-Controlling interests \$'000</b>	<b>Total shareholders' equity \$'000</b>
<b>At 1 January 2016</b>	<b>43,461</b>	<b>908</b>	<b>27,994</b>	<b>72,363</b>	<b>(5,074)</b>	<b>67,289</b>
Currency translation differences arising on consolidation, net of tax	-	(150)	-	(150)	(4)	(154)
Loss for the period	-	-	(1,106)	(1,106)	(61)	(1,167)
<b>Balance At 31 March 2016</b>	<b>43,461</b>	<b>758</b>	<b>26,888</b>	<b>71,107</b>	<b>(5,139)</b>	<b>65,968</b>
Currency translation differences arising on consolidation, net of tax	-	(182)	-	(182)	-	(182)
Profit/(loss) for the period	-	-	1,128	1,128	(1)	1,127
Dividend	-	-	-	-	-	-
<b>Balance At 30 June 2016</b>	<b>43,461</b>	<b>576</b>	<b>28,016</b>	<b>72,053</b>	<b>(5,140)</b>	<b>66,913</b>

Group	Share capital \$'000	Translation reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-Controlling interests \$'000	Total shareholders' equity \$'000
<b>At 1 January 2015</b>	<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/(loss) 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>
Currency translation differences arising on consolidation, net of tax	-	170	-	170	19	189
Loss for the period	-	-	(1,320)	(1,320)	(311)	(1,631)
Additional investment in subsidiary	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
<b>Balance At 30 June 2015</b>	<b>43,461</b>	<b>795</b>	<b>35,410</b>	<b>79,666</b>	<b>(11,298)</b>	<b>68,368</b>

Company	Share capital \$'000	Accumulated profits \$'000	Total shareholders' equity \$'000
<b>At 1 January 2016</b>	<b>43,461</b>	<b>(11,853)</b>	<b>31,608</b>
Loss for the period	-	(1,024)	(1,024)
<b>Balance At 31 March 2016</b>	<b>43,461</b>	<b>(12,877)</b>	<b>30,584</b>

Loss for the period	-	(720)	(720)
Dividend	-	-	-
<b>Balance At 30 June 2016</b>	<b>43,461</b>	<b>(13,597)</b>	<b>29,864</b>

**Company**

	<b>Share capital \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total shareholders' equity \$'000</b>
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>
Loss for the period	-	(566)	(566)
<b>Balance At 30 June 2015</b>	<b>43,461</b>	<b>56</b>	<b>43,517</b>

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

Not applicable.

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

	<b>30.06.16</b>	<b>31.12.15</b>
Total number of issued shares (excluding treasury shares)	119,999,995	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 2015.

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

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the period ending 30 June 2016.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

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

<b>Group</b>	<b>2nd quarter ended 30.06.16</b>	<b>2nd quarter ended 30.06.15 (Restated)*</b>	<b>1st half ended 30.06.16</b>	<b>1st half ended 30.06.15 (Restated)*</b>
(i) Based on number of ordinary shares in issue: - Continuing operations	0.14 cents	(0.84) cents	(0.25) cents	2.93 cents

- Discontinued operations	0.80 cents	(0.26) cents	0.27 cents	(1.12) cents
Number of ordinary shares in issue	119,999,995	119,999,995	119,999,995	119,999,995
(ii) On a fully diluted basis:				
- Continuing operations	0.14 cents	(0.84) cents	(0.25) cents	2.93 cents
- Discontinued operations	0.80 cents	(0.26) cents	0.27 cents	(1.12) cents
Diluted number of ordinary shares in issue	119,999,995	119,999,995	119,999,995	119,999,995

\* Restated the results of a subsidiary from continuing operations to discontinued operations.

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 2016 and 2015 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	
	30.06.16	31.12.15	30.06.16	31.12.15
Net asset value per ordinary share based on existing share capital	56 cents	56 cents	25 cents	26 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**

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

**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 FY2015.

**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.

**(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

(2Q2016 Vs 2Q2015)

	Group		% Change
	2Q2016	2Q2015	
	\$'000	\$'000	
		Restated*	
<b>Supply Chain Management</b>			
Marine cables and accessories	8,299	7,102	17%
Marine lighting equipment and accessories	2,299	2,301	(0%)
Lamp and others	1,510	2,314	(35%)
	<b>12,108</b>	<b>11,717</b>	3%
<b>Security</b>	<b>157</b>	<b>-</b>	<b>100%</b>
<b>Total sales revenue</b>	<b>12,265</b>	<b>11,717</b>	5%

\* Restated the results of a subsidiary from continuing operations to discontinued operations.

### Supply Chain Management

Supply Chain Management division accounts for 97% of the Group’s turnover in 2Q2016, of which marine cables and accessories contributed 69%, marine lighting equipment and accessories 19% and others 12%. Revenue from the Division increased by 3% due mainly to delivery of a major order for marine cables from a new customer.

## Security

Security division was set up in 2014. This division mainly provide security products and solutions relating to information technology. The division accounts for 1% of the Group's turnover in 2Q2016.

## Revenue

(1H2016 Vs 1H2015)

	Group		% Change
	1H2016	1H2015	
	\$'000	\$'000	
		Restated*	
<b>Supply Chain Management</b>			
Marine cables and accessories	17,375	19,515	(11%)
Marine lighting equipment and accessories	4,531	4,529	0%
Lamp and others	2,915	4,658	(37%)
	<b>24,821</b>	<b>28,702</b>	(14%)
<b>Security</b>	<b>157</b>	<b>-</b>	<b>100%</b>
<b>Total sales revenue</b>	<b>24,978</b>	<b>28,702</b>	<b>(13%)</b>

\* Restated the results of a subsidiary from continuing operations to discontinued operations.

## Supply Chain Management

Supply Chain Management division accounts for 98% of the Group's turnover in 1H2016, of which marine cables and accessories contributed 70%, marine lighting equipment and accessories 18% and others 12%. Revenue from the Division decreased by 11% due to slowdown in activities in the marine and offshore sectors as a result of weak shipping markets and low oil prices.

## Security

Security division was set up in 2014. This division mainly provide security products and solutions relating to information technology. The division accounts for 1% of the Group's turnover in 1H2016.

## 2Q2016 vs 2Q2015

### Geographical segment

Revenue derived from Singapore increased by \$1.5 million or 20% from \$7.5 million in 2Q2015 to \$9 million in 2Q2016 due mainly to delivery of major order for marine cables from a new customer. Revenue derived from overseas decreased by \$1 million or 23% from



\$4.2 million in 2Q2015 to \$3.2 million in 2Q2016. This is due mainly to slowdown in activities in the marine and offshore sectors as a result of weak global shipping markets and low oil prices.

### **Gross profit**

The Group's overall gross profit increased by \$0.2 million or 5% from \$4.3 million in 2Q2015 to \$4.6 million in 2Q2016 due to delivery of a major order from a new customer. The gross margin remains comparable for 2Q2016 and 2Q2015 at 38% and 37% respectively.

### **Other operating income**

The increase in other operating income in 2Q2016 is due mainly to higher interest received and rental income as compared to 2Q2015.

### **Operating expenses**

The Group's operating expenses comprise mainly selling & distribution and administrative expense. Selling & distribution expense remain comparably unchanged and administrative expense decrease by 19% due mainly to lower professional fees incurred and lesser provision for contingent liabilities in current quarter.

### **Share of results in associated company**

The Group's associated company registered a higher loss of \$218k in 2Q2016 due mainly to supplier-related issues resulting in lower sales to major customers.

### **Share of results of joint ventures**

The decrease in share of results in joint venture is due to decrease in Dream Marine Ship Spare Parts Trading LLC securing fewer orders as a result of price competition and weak market in the Middle East.

### **Interest on borrowing**

The increase in interest on borrowings in 2Q2016 as compared to 2Q2015 is due mainly to higher usage of trade facilities by the Supply Chain Management division.

### **Depreciation**

The decrease in depreciation in 2Q2016 as compared to 2Q2015 is due mainly to disposal of fixed assets in the Batam operation in 2H2015.

### **Provision of doubtful debts**

Provision of doubtful debts reduced in 2Q2016 as compared to 2Q2015 due mainly to reversal of provision which is no longer required in 2Q2016.

### **Discontinued Operations**

The Group recorded a loss from discontinued operations, net of tax, of \$0.7 million as stated in detail below:

	Group			Group		
	2nd quarter ended 30.06.16 \$'000	2nd quarter ended 30.06.15 \$'000 Restated*		1st half ended 30.06.16 \$'000	1st half ended 30.06.15 \$'000 Restated*	
Revenue	301	2,627	(89%)	524	9,627	(95%)
Cost of sales	<u>442</u>	<u>(2,901)</u>	N.M.	<u>242</u>	<u>(9,221)</u>	N.M.
<b>Gross profit/(loss)</b>	<b>743</b>	<b>(274)</b>	N.M.	<b>766</b>	<b>406</b>	89%
Other operating income/(expenses)	33	(317)	N.M.	(261)	(550)	(52%)
Selling & Distribution expenses	(33)	(844)	(96%)	(80)	(1,624)	(95%)
Administrative expenses	(57)	(185)	(69%)	(121)	(585)	(79%)
Finance costs	-	(37)	(100%)	-	(90)	(100%)
Share of results of an associated company	<u>-</u>	<u>-</u>	0%	<u>-</u>	<u>(6)</u>	(100%)
<b>Profit/(loss) before taxation</b>	<b>686</b>	<b>(1,657)</b>	N.M.	<b>304</b>	<b>(2,449)</b>	N.M.
Tax expense	<u>29</u>	<u>-</u>	100%	<u>19</u>	<u>(81)</u>	N.M.
<b>Net profit/(loss) for the period</b>	<b><u>715</u></b>	<b><u>(1,657)</u></b>	N.M.	<b><u>323</u></b>	<b><u>(2,530)</u></b>	N.M.

N.M. – Not meaningful

Discontinued Operations recorded a lower revenue due mainly to de-consolidation of OGS.

Discontinued Operations registered a profit of \$0.7 million in 2Q2016 as compared to a loss in 2Q2015 is due mainly to reversal of provision for impairment for a project as a result of approval of various variation orders from a client and better project management.

Discontinued Operations registered an operating income in 2Q2016 as compared to a loss in 2Q2015 is due mainly to a foreign exchange gain as a result of appreciation of Indonesian Rupiah against SGD in 2Q2016 as compared to 2Q2015 as its payables are denominated in SGD.

The lower selling & distribution and administrative expenses are lower in 2Q2016 is due mainly to reduced business activity and consequently its related expenses in Batam operations.

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

2Q2016 vs FY2015

### **Investment in associated companies**

The increase in investment in associated company is mainly due to increase in investment in GL Lighting Holding Pte Ltd (“GLH”) offset by share of loss in GLH.

### **Intangible assets**

The increase in intangible assets is due mainly to goodwill arising from the acquisition of the remaining shares from the major shareholder of an associated company. The associated company becomes a wholly-owned subsidiary of the Company after the acquisition.

### **Inventories**

The increase in inventories by \$1.6 million is due to delay in shipment to a new customer.

### **Trade receivables**

The decrease in trade receivables of \$0.4 million is due mainly to lower sales in the Supply Chain Management division in 2Q2016.

### **Other receivables**

The increase in other receivables of \$2.3 million is due mainly to deposit paid to suppliers for project procurement.

### **Trade payables**

Trade payables decreased by \$2.0 million from \$5.8million in FY2015 to \$3.8 million in 2Q2016 mainly due to higher usage of trade facilities to finance trade payments and de-consolidation of OGS.

### **Other payables**

The decrease in other payables of \$1.2 million from \$1.7 million in FY2015 to \$0.5 million in 2Q2016 mainly due to de-consolidation of OGS.

### **Bank borrowings**

The increase in bank borrowing by \$5.4 million mainly due to increase in usage of trade facilities for Trade Payables payment and increase in investment in an associate company.

### **Cash flow**

Net cash and cash equivalent decreased by \$1.8m in 2Q2016 as compared to a decrease of \$11.7m in 2Q2015. This is due mainly to increase in investment in an associated company offset by a decrease in inventories and receivables, increase in trade payables and increase in net 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 business given the continuing weak shipping industry and low oil prices which have severely impacted the oil and gas industry.

The core business, the Supply Chain Management division, faced difficult market conditions in the past quarter due to the continuing slowdown in the marine and offshore industries. This has affected the sales and profitability of the division, nevertheless it remained profitable. The Group will continue to strengthen its core business in view of the macro headwinds 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 due to supplier-related issues resulting in lower sales to major customers. The construction of the new factory has been delayed due to pending approvals by the local authority. The construction is rescheduled to start next quarter and complete in 2017.

The performance of the Group’s galvanized steel wire factory in Oman continues to be very challenging as production and sales volumes are still below breakeven levels. Besides lower sales, the business is affected by lower selling prices as a result of lower commodity prices, and high fixed costs. The Group continues to work closely with its Omani joint venture partner to improve operational performance and explore all possible options with regards to this business.

On its Engineering Services division, the Group has previously announced to the Singapore Exchange (“SGX”) on 4 September 2015 that its subsidiary, Oil & Gas Solutions Pte. Ltd. (“OGS”), has initiated creditors’ voluntary liquidation proceedings on the same day. In the most recent update on 4 July 2016, the Group announced to the SGX that the liquidator has informed that the liquidation of OGS remains ongoing.

On its discontinued operations in Batam, the Group continues to be in discussion with potential buyers to dispose the land.

**11. Dividend**

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

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

Nil

**(b)Corresponding Period of the Immediately Preceding Financial Year**

Nil

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

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

Not applicable.

**13. 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.

**14. 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.

**15. Negative assurance confirmation**

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the financial period ended 30 June 2016 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Vincent Lim Hui Eng  
Acting Executive Chairman and  
Chief Executive Officer  
5 August 2016

Patrick Lim Hui Peng  
Chief Operating Officer