

FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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

	3rd quarter ended 30.09.16 \$'000	3rd quarter ended 30.09.15 \$'000	Group % Change	9 months ended 30.9.16 \$'000	9 months ended 30.9.15 \$'000	% Change
Revenue	15,779	12,009	31%	40,757	40,711	0%
Cost of sales	(10,915)	(7,919)	38%	(27,036)	(26,498)	2%
Gross profit	4,864	4,090	19%	13,721	14,213	(3%)
Other operating (expenses)/income	(71)	898	(108%)	75	1,213	(94%)
Selling & Distribution expenses	(2,329)	(1,930)	21%	(6,384)	(6,285)	2%
Administrative expenses	(3,486)	(2,169)	61%	(7,745)	(6,896)	12%
Finance costs	(110)	(85)	29%	(346)	(234)	48%
(Loss)/Profit from operations	(1,132)	804	(241%)	(679)	2,011	(134%)
Share of results of associated companies	(154)	(168)	(8%)	(671)	(419)	60%

Share of results of a joint venture	245	141	74%	359	371	(3%)
(Loss)/Profit before taxation	(1,041)	777	(234%)	(991)	1,963	(150%)
Tax expense	(135)	(405)	(67%)	(547)	(834)	(34%)
(Loss)/Profit from continuing operations, net of tax	(1,176)	372	(416%)	(1,538)	1,129	(236%)
Profit/(Loss) from discontinued operations, net of tax	65	(3,712)	(102%)	388	(1,852)	(121%)
Net loss for the period/year	(1,111)	(3,340)	(67%)	(1,150)	(723)	59%
Attributable to:						
Equity holders of the Company	(1,015)	(3,145)	(68%)	(994)	61	(1,730%)
Non-controlling interests	(96)	(195)	(51%)	(156)	(784)	(80%)
	(1,111)	(3,340)	(67%)	(1,150)	(723)	59%

N.M. – Not meaningful

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

	3rd quarter ended 30.09.16 \$'000	3rd quarter ended 30.09.15 \$'000	% Change	9 months ended 30.9.16 \$'000	9 months ended 30.9.15 \$'000	% Change
Net loss for the period/year	(1,110)	(3,340)	(67%)	(1,150)	(723)	59%
Other Comprehensive income:						
Exchange differences on translation of the financial statements of foreign entities (net)	(43)	463	(109%)	(379)	610	(162%)
Total comprehensive loss for the period	(1,153)	(2,877)	(60%)	(1,529)	(113)	1,253%

Total comprehensive loss attributable to:						
Equity holders of the Company	(1,051)	(2,836)	(63%)	(1,489)	524	(384%)
Non-controlling interests	(102)	(41)	149%	(40)	(637)	(94%)
Total comprehensive loss for the period	(1,153)	(2,877)	(60%)	(1,529)	(113)	1,253%

1(a)(ii) Notes to income statement

	3rd quarter ended 30.09.16 \$'000	3rd quarter ended 30.09.15 \$'000	% Change	9 months ended 30.9.16 \$'000	9 months ended 30.9.15 \$'000	% Change
<u>Continuing operations</u>						
Other income including interest income	438	461	(5%)	863	686	26%
Interest on borrowings	(110)	(85)	29%	(346)	(234)	48%
Depreciation of property, plant and equipment	(366)	(440)	(17%)	(1,060)	(1,302)	(19%)
(Loss)/Gain on disposal of property, plant and equipment	(38)	674	100%	(31)	681	(105%)
Foreign exchange gain/(loss)	24	(91)	(126%)	(262)	(2)	N.M.
Provision for stock obsolescence	(172)	(82)	110%	(278)	(282)	(1%)
(Provision)/Reversal for doubtful debts	(49)	(63)	N.M.	299	(174)	(272%)
Loss on disposal of a subsidiary	(13)	-	0%	(13)	-	100%
<u>Discontinued operations</u>						
Other expense including interest income	(5)	-	0%	(42)	35	(220%)
Interest on borrowings	-	(4)	(100%)	-	(35)	(100%)
Depreciation of property, plant and equipment	(14)	(26)	(46%)	(48)	(127)	(62%)
Foreign exchange gain/(loss)	75	(397)	(119%)	(150)	(857)	(82%)
Provision of doubtful debts	-	(172)	(100%)	-	(697)	(100%)
Gain on disposal of a subsidiary	-	-	0%	-	4,123	(100%)
Loss on de-consolidation of a subsidiary	-	(2,181)	(100%)	-	(2,181)	(100%)
<u>Total</u>						
Other expense including interest income	433	461	(6%)	821	721	14%

Interest on borrowings	(110)	(89)	24%	(346)	(269)	29%
Depreciation of property, plant and equipment	(380)	(466)	(18%)	(1,108)	(1,429)	(22%)
(Loss)/Gain on disposal of property, plant and equipment	(38)	674	(106%)	(31)	681	(105%)
Foreign exchange gain/(loss)	99	(488)	(120%)	(412)	(859)	(52%)
Provision for stock obsolescence	(172)	(82)	110%	(278)	(282)	(1%)
(Provision)/Reversal for doubtful debts	(49)	(235)	(79%)	299	(871)	(134%)
(Loss)/Gain on disposal of a subsidiary	(13)	-	0%	(13)	4,123	(100%)
Loss on de-consolidation of a subsidiary	-	(2,181)	(100%)	-	(2,181)	(100%)

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.

	GROUP		COMPANY	
	30.09.2016 \$'000	31.12.2015 \$'000	30.09.2016 \$'000	31.12.2015 \$'000
Non-current assets				
Property, plant and equipment	15,585	16,499	1	2
Investment in subsidiaries	-	-	13,259	10,384
Investment in joint venture	2,209	2,416	890	1,006
Investment in associated company	14,023	12,149	14,748	12,005
Deferred tax assets	104	44	-	-
Intangible assets	5,233	49	49	49
Purchase deposit to a supplier	5,605	5,756	-	-
Non-current receivable	151	162	151	162
	42,910	37,075	29,098	23,608
Current assets				
Inventories	27,827	30,123	-	-
Due from customers on construction contracts	611	129	-	-
Trade receivables	14,348	16,223	-	-
Other receivables	6,286	2,427	7,077	13,133
Restricted cash	1,369	1,369	-	-
Cash and cash equivalents	5,537	4,349	153	153
Total current assets	55,978	54,620	7,230	13,286
Total assets	98,888	91,695	36,328	36,894
Non current liabilities				
Deferred tax liability	1,416	915	-	-
Non-current payable	765	-	-	-

Finance lease liabilities	245	354	-	-
	2,426	1,269	-	-
Current liabilities				
Trade payables	4,434	5,873	67	-
Other payables	876	1,746	-	1,074
Provisions	8,781	4,845	7,647	4,161
Bank borrowings	13,741	9,310	-	-
Finance lease liabilities	151	166	-	-
Tax payable	783	1,197	51	51
Total current liabilities	28,766	23,137	7,765	5,286
Total liabilities	31,192	24,406	7,765	5,286
Net assets	67,696	67,289	28,563	31,608
Shareholders' equity				
Share capital	43,461	43,461	43,461	43,461
Translation reserves	533	908	-	-
Accumulated profits	27,002	27,994	(14,898)	(11,853)
Attributable to equity holders of the Company, total	70,996	72,363	28,563	31,608
Non-controlling interests	(3,300)	(5,074)	-	-
Total shareholders' equity	67,696	67,289	28,563	31,608

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

Amount repayable in one year or less, or on demand

As at 30.09.16 (\$'000)		As at 31.12.15 (\$'000)	
Secured	Unsecured	Secured	Unsecured
5,000	8,741	3,300	6,010

Amount repayable after one year

As at 30.09.16 (\$'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 \$7.39 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.

	Group			
	3rd quarter ended 30.09.16 \$'000	3rd quarter ended 30.09.15 \$'000	9 months ended 30.09.16 \$'000	9 months ended 30.09.15 \$'000
Cash flows from operating activities				
(Loss)/Profit before tax from continuing operations	(1,019)	777	(969)	1,963
Profit/(Loss) before tax from discontinued operations	25	(3,712)	329	(1,771)
Adjustments for :				
Depreciation	381	466	1,108	1,429
Interest income	(41)	(60)	(97)	(72)
Interest expense	110	89	346	269
Share of results of associated companies	153	168	671	425
Share of results of a joint venture	452	(141)	339	(371)
Loss/(Gain) on disposal of property, plant and equipment	38	(678)	31	(681)
Loss/(Gain) on disposal of a subsidiary	13	-	13	(4,123)
Loss on de-consolidation of a subsidiary	-	2,181	-	2,181
Operating cash before movements in working capital	112	(910)	1,771	(751)
Inventories	4,339	(326)	2,771	661
Due from customers on construction contract, net	(420)	(392)	(454)	(2,493)
Receivables	(1,758)	(1,318)	(3,645)	(3,909)
Payables	2,588	1,335	496	3,470
Currency translation adjustments	(101)	269	(45)	476
Net cash generated from/(used in) operations	4,760	(1,342)	894	(2,546)
Tax paid	(481)	(488)	(949)	(1,012)

Interest paid	(110)	(89)	(346)	(269)
Net cash generated from/(used in) operating activities	4,169	(1,919)	(401)	(3,827)
Cash flows from investing activities				
Purchase of property, plant and equipment	(376)	(312)	(528)	(359)
Proceeds from disposal of property, plant and equipment	-	3,030	8	3,039
Investment in an associated company	-	-	(2,743)	(1,324)
Interest received	41	60	96	72
Contribution from Minority shareholders	13	-	13	-
Dividend received from joint venture	-	-	385	-
Fixed deposit	-	17	-	1,040
Advance to a joint venture	-	-	-	(2,679)
Net cash (outflow)/inflow on disposal of a subsidiary company	(12)	-	(12)	7,192
Net cash inflow/(outflow) on acquisition of a subsidiary	69	(179)	69	(179)
Net cash (used in)/generated from investing activities	(265)	2,616	(2,712)	6,802
Cash flows from financing activities				
Proceeds from bank borrowings	4,785	500	14,156	4,300
Repayment of bank borrowings	(5,782)	(1,105)	(9,730)	(5,359)
Proceeds/(Repayment) of short term loan	-	1,925	-	(652)
Repayment of finance lease liabilities	(42)	(41)	(125)	(130)
Dividend paid	-	-	-	(2,400)
Net cash (used in)/generated from financing activities	(1,039)	1,279	4,301	(4,241)
Net increase/(decrease) in cash and cash equivalents	2,865	1,976	1,188	(1,266)
Cash and cash equivalents at beginning of period	2,672	2,528	4,349	5,770

Cash and cash equivalents at end of period	<u>5,537</u>	<u>4,504</u>	<u>5,537</u>	<u>4,504</u>
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Cash and cash equivalents comprises the following

Cash and cash equivalents	6,906	5,019	6,906	5,019
Less Restricted cash	<u>(1,369)</u>	<u>(515)</u>	<u>(1,369)</u>	<u>(515)</u>

Cash and cash equivalents as per statement of cash flows

	<u>5,537</u>	<u>4,504</u>	<u>5,537</u>	<u>4,504</u>
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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	Share capital \$'000	Translation reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-Controlling interests \$'000	Total shareholders' equity \$'000
At 1 January 2016	43,461	908	27,994	72,363	(5,074)	67,289
Currency translation differences arising on consolidation, net of tax	-	(150)	-	(150)	(4)	(154)
Loss for the period	-	-	(1,106)	(1,106)	(61)	(1,167)
Balance At 31 March 2016	43,461	758	26,888	71,107	(5,139)	65,968
Currency translation differences arising on consolidation, net of tax	-	(182)	-	(182)	-	(182)
Profit/(loss) for the period	-	-	1,128	1,128	(1)	1,127
Balance At 30 June 2016	43,461	576	28,016	72,053	(5,140)	66,913
Currency translation differences arising on consolidation, net of tax	-	(43)	-	(43)	-	(43)

Profit/(loss) for the period	-	-	(1,015)	(1,015)	(96)	(1,111)
Disposal of a subsidiary				-	(6)	(6)
Acquisition of new subsidiary				-	1,942	1,942
Balance At 30 September 2016	43,461	533	27,001	70,995	(3,300)	67,695
	Share capital	Translation reserves	Accumulated profits	Total	Non-Controlling interests	Total shareholders' equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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/(loss) 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)
De-consolidate of a subsidiary	-	-	-	-	6,735	6,735
Balance At 30 September 2015	43,461	1,220	32,265	76,946	(4,720)	72,226

Company	Share capital \$'000	Accumulated profits \$'000	Total shareholders' equity \$'000
At 1 January 2016	43,461	(11,853)	31,608
Loss for the period	-	(1,024)	(1,024)
Balance At 31 March 2016	43,461	(12,877)	30,584
Loss for the period	-	(720)	(720)
Balance At 30 June 2016	43,461	(13,597)	29,864
Loss for the period	-	(1,301)	(1,301)
Balance At 30 September 2016	43,461	(14,898)	28,563
	Share capital \$'000	Accumulated profits \$'000	Total shareholders' equity \$'000
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

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

Not applicable.

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

	30.09.16	31.12.15
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 September 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:-

Group				
	3rd quarter ended 30.09.16	3rd quarter ended 30.09.15	9 months ended 30.09.16	9 months ended 30.09.15
(i) Based on number of ordinary shares in issue:				
- Continuing operations	(0.93) cents	(2.46) cents	(1.18) cents	0.90 cents
- Discontinued operations	0.09 cents	(0.16) cents	0.35 cents	(0.85) 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	(0.93) cents	(2.46) cents	(1.18) cents	0.90 cents
- Discontinued operations	0.09 cents	(0.16) cents	0.35 cents	(0.85) cents
Diluted number of ordinary shares in issue	119,999,995	119,999,995	119,999,995	119,999,995

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	
	30.09.16	31.12.15	30.09.16	31.12.15
Net asset value per ordinary share based on existing share capital	56 cents	56 cents	24 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

(3Q2016 Vs 3Q2015)

	Group		% Change
	3Q2016	3Q2015	
	\$'000	\$'000	
Supply Chain Management			
Marine cables and accessories	11,660	7,010	66%
Marine lighting equipment and accessories	1,961	2,833	(31%)
Others	1,601	2,166	(26%)
	15,222	12,009	27%
Security	557	-	100%
Total sales revenue	15,779	12,009	31%

Supply Chain Management

Supply Chain Management division accounts for 96% of the Group's turnover in 3Q2016, of which marine cables and accessories contributed 77%, marine lighting equipment and accessories 13% and others 11%. Revenue from the division increased by 27% 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 provides security products and solutions relating to information technology. The division accounts for 4% of the Group's turnover in 3Q2016.

Revenue
(9M2016 Vs 9M2015)

	Group		% Change
	9M2016	9M2015	
	\$'000	\$'000	
Supply Chain Management			
Marine cables and accessories	29,035	26,525	9%
Marine lighting equipment and accessories	6,492	7,362	(12%)
Others	4,516	6,824	(34%)
	40,043	40,711	(2%)
Security	714	-	100%
Total sales revenue	40,757	40,711	0%

Supply Chain Management

Supply Chain Management division accounts for 98% of the Group's turnover in 9M2016, of which marine cables and accessories contributed 73%, marine lighting equipment and accessories 16% and others 11%. Despite slowdown in activities in the marine and offshore sectors as a result of weak shipping markets and low oil prices, revenue from the Division decreased by only 2% due to delivery of a major order for marine cables from a new customer.

Security

Security division was set up in 2014. This division mainly provides security products and solutions relating to information technology. The division accounts for 2% of the Group's turnover in 9M2016.

3Q2016 vs 3Q2015

Geographical segment

Revenue derived from Singapore increased by \$2.8 million or 32% from \$8.7 million in 3Q2015 to \$11.5 million in 3Q2016 due mainly to delivery of a major order for marine cables from a new customer. Revenue derived from overseas increased by \$1 million or 29% from \$3.3 million in 3Q2015 to \$4.3 million in 3Q2016. This is due mainly to the Group's marketing effort to expand overseas.

Gross profit

The Group's overall gross profit increased by \$0.8 million or 19% from \$4 million in 3Q2015 to \$4.8 million in 3Q2016 due to higher revenue. The gross margin decreased from 34% in 3Q2015 to 31% in 3Q2016 due to higher revenue from marine cables and accessories which command a lower gross margin.

Other operating expenses/ (income)

The Group incurred other operating expense in 3Q2016 compared to an income in 3Q2015 due mainly to a loss in disposal of fixed asset.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expense. Selling & distribution expense increased by 21% due mainly to higher revenue. Administrative expense increased by 61% due mainly to provision for liabilities in relation to the corporate guarantee given by the Company to a joint venture company.

Share of results in associated company

The Group's associated company, which includes mainly GL Lighting Holding Pte Ltd and its subsidiaries, registered a lower loss of 154k in 3Q2016. However, it still faces supplier-related issues resulting in lower sales to major customers.

Interest on borrowing

The increase in interest on borrowings in 3Q2016 as compared to 3Q2015 is due mainly to higher usage of trade facilities by the Supply Chain Management division.

Depreciation

The decrease in depreciation in 3Q2016 as compared to 3Q2015 is due mainly to disposal of fixed assets in the Batam operation in 2H2015.

Discontinued Operations

The Group recorded a profit from discontinued operations, net of tax, of \$65k as stated in detail below:

	Group			Group		
	3rd quarter ended 30.09.16 \$'000	3rd quarter ended 30.09.15 \$'000		9 months ended 30.09.16 \$'000	9 months ended 30.09.15 \$'000	
Revenue	449	2,265	(80%)	973	11,892	(92%)
Cost of sales	<u>(336)</u>	<u>(2,619)</u>	(87%)	<u>(94)</u>	<u>(11,838)</u>	(99%)
Gross profit/(loss)	113	(354)	(132%)	879	54	N.M.

Other operating income/(expense)	69	(2,584)	(103%)	(192)	1,127	(117%)
Selling & Distribution expenses	(38)	(550)	(93%)	(118)	(2,106)	(94%)
Administrative expenses	(90)	(220)	(59%)	(211)	(805)	(74%)
Finance costs	-	(4)	(100%)	-	(35)	(100%)
Share of results of an associated company	-	-	0%	-	(6)	(100%)
Profit/(loss) before taxation	54	(3,712)	(101%)	358	(1,771)	(120%)
Tax credit/(expense)	11	-	100%	30	(81)	(137%)
Net profit/(loss) for the period	65	(3,712)	(102%)	388	(1,852)	(121%)

N.M. – Not meaningful

Following the liquidation of OGS as well as cessation of business activity in Batam operation, Discontinued Operations registered a significantly lower revenue in 3Q2016.

Discontinued Operations registered a gross profit of \$113k in 3Q2016 as compared to a loss of \$354K in 3Q2015 due mainly to better project management.

Discontinued Operations registered an operating income in 3Q2016 as compared to a loss in 3Q2015 due mainly to a foreign exchange gain as a result of appreciation of Indonesian Rupiah against SGD in 3Q2016 as compared to 3Q2015 as its payables are denominated in SGD.

The lower selling & distribution and administrative expenses are lower in 3Q2016 due mainly to reduced business activity in Batam operations and de-consolidation of OGS.

Balance Sheet and Cash Flow Analysis

3Q2016 vs FY2015

Investment in associated companies

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

Intangible assets

The increase in intangible assets is due mainly to goodwill and fair value of applied technology on the products arising from the acquisition of a new subsidiary, Omnisense Systems Pte Ltd (“OMS”), and capitalization of development cost of products.

Deferred tax liabilities

The increase in deferred tax liabilities is due mainly to recognition of fair value of deferred tax liabilities arising from acquisition of OMS.

Non-current payable

The increase in non-current payable is due mainly to provision of contingent consideration payable arising from acquisition of OMS.

Inventories

The decrease in inventories of \$2.3 million is due to management's intention to reduce the Group's inventory level as a result of the slowdown in the marine and offshore sectors.

Trade receivables

The decrease in trade receivables of \$1.9 million is due mainly to collection of a major order from a new customer.

Other receivables

The increase in other receivables of \$3.8 million is due mainly to deposit paid to suppliers for project procurement.

Trade payables

Trade payables decreased by \$1.4 million is due mainly to lower purchases which is in line with the management's intention to lower the inventory level.

Provisions

Increase in provision is due mainly to provision for contingent liabilities for a corporate guarantee to a joint venture for banking facilities taken up by the joint venture.

Bank borrowings

The increase in bank borrowings by \$4.4 million is due mainly to increase in investment in an associate company and purchase of property, plant and equipment.

Cash flow

Net cash and cash equivalent increased by \$2.9m in 3Q2016 as compared to an increase of \$2.0m in 3Q2015. This is due mainly to decrease in inventories and receivables and increase in payables offset by repayment of bank borrowings and purchase of fixed assets.

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 although it remains profitable. The Group will continue to strengthen 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 due to supplier-related issues resulting in lower sales to major customers. The construction of the new factory is scheduled to start in 4Q2016 and complete in end 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 the viability of 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. 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 September 2016 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Vincent Lim Hui Eng
Executive Chairman and
Chief Executive Officer
10 November 2016

Patrick Lim Hui Peng
Chief Operating Officer