

A welder in a dark, protective suit and helmet is working inside a large, circular tunnel. The welder is positioned on the right side of the frame, facing left, and is using a welding torch to work on a metal surface. Bright sparks and a glowing arc of light emanate from the welding point, illuminating the surrounding area. The tunnel walls are dark and show signs of wear and previous welding work. The overall atmosphere is industrial and focused.

INVESTORS UPDATE

1QFY2017

February 2017

The title 'OPERATIONS REVIEW' is displayed in a large, bold font. 'OPERATIONS' is in red, and 'REVIEW' is in white. A solid red vertical bar is positioned to the left of the text.

1QFY2017

BUSINESS OVERVIEW

1QFY2017 Operations Review

**One-stop
Inventory
Specialist**



- Over 25,000 line items
- Pipes, fittings and flanges
- Structural steel, electrical products and cables
- 411,000 sq ft storage capacity



- International network
- Customisation services
- Project management services
- In-house quality assurance
- Non-destructive testing services

**Serving
Growing
Industries**



FY16 revenue: \$68.8

Energy: 58.4% **Trading: 12.8%**

Marine: 26.6% **Others: 2.2%**

**Strong
Customer
Base**

Longstanding relationships with blue-chip customers:

Keppel	Over 20 years	Chevron	Over 15 years
SembCorp	Over 20 years	Shell	Over 5 years
Alstom	Over 10 years		

**Safety &
Quality
Focused**

Certifications

ISO 9002:1994 (2000)
ISO 9001:2000 (2003)
ISO 9001:2008 (2009)
ISO 14001:2004 (2009)

OHSAS 18001:2007 (2009)

BizSAFE STAR (2012)

ISO 22301:2012 (2015)

OUR MARKETS

1QFY2017 Operations Review



OUR BUSINESS SEGMENTS

1QFY2017 Operations Review



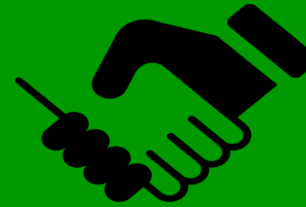
Energy

- Offshore rig fabrication such as jack-ups and semi-subs
- FPSO/FSO new builds and conversion
- Onshore energy facilities fabrication



Marine

- Shipbuilding
- Ship repairs



Traders

- Sell products to traders who on-sell them to other customers



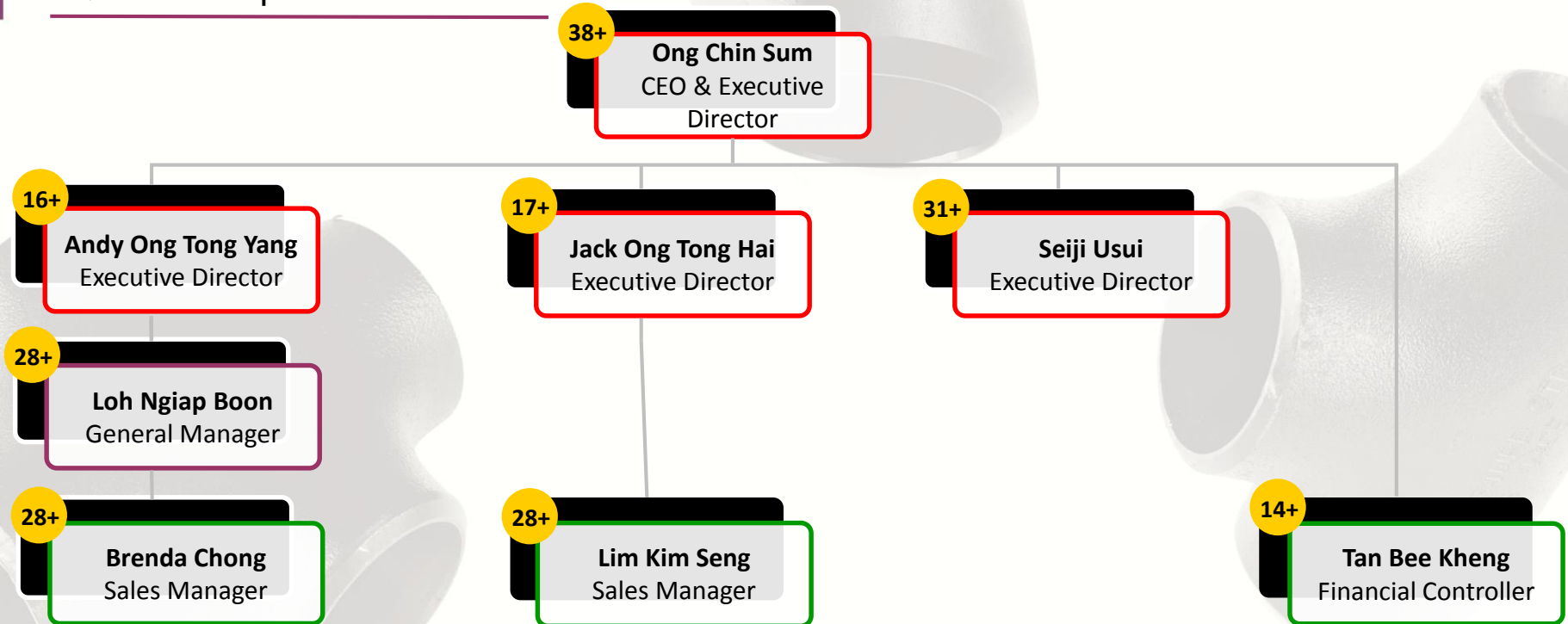
Others

- Supply to other industries such as manufacturing

Broad customer base that uses our products as components mainly to construct piping systems for the conduit of liquids and gases in the production processes of the Energy, Marine and other industries

EXPERIENCED MANAGEMENT

1QFY2017 Operations Review



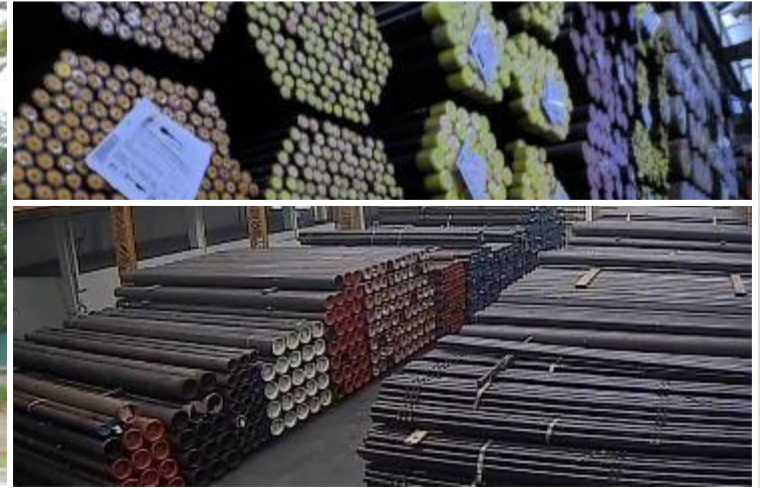
Highly experienced executive and senior management team with **extensive and relevant industry experience**;
Strong sales and marketing team with **established contacts and in-depth industry knowledge**



Number of years of relevant industry experience

OUR WAREHOUSES

1QFY2017 Operations Review



Location	Site area (sq ft)	Use	Tenure
• 14 Lok Yang Way	111,363	Office & Warehouse*	60 years lease wef 16 June 1972
• 90 Second Lok Yang Road	69,998	Office & Warehouse*	30 + 10 + 13.25 years lease wef 16 March 1979
• 21A Neythal Road	111,751	Covered Warehouse*	30 years lease wef 16 August 1989
• 36 Tuas Crescent	118,274	Covered Warehouse*	23 years lease wef 1 May 1997

Solidifying **operational security** with extensive warehousing totalling **411,000 sq ft** and inventory management process supported by an integrated computerised **ERP system**

*With machineries to provide value-added services to customise products to customers' specific requirements.

CORPORATE GOVERNANCE

1QFY2017 Operations Review

**Well-organised
and
transparent
committee
structure to
uphold the
best practices
in Corporate
Governance**

Board of Directors

Chairman and Independent Non-Executive Director

Low Beng Tin

Executive Directors

Ong Chin Sum; Andy Ong Tong Yang; Jack Ong Tong Hai; Seiji Usui

Non-Executive Director

Hiroshi Ebihara

Independent Directors (IDs)

Jovenal R. Santiago; Tan Siok Chin

Audit Committee

Remuneration Committee

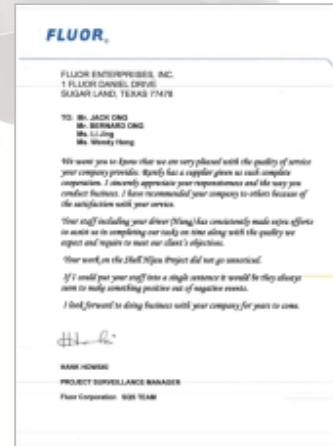
Nomination Committee

- Ranked 45th out of 631 companies on the SGTI in 2016* (GTI 2015: Ranked 157th out of 639 companies)
- Experienced independent directors with varied experience in legal and accounting professions
- Board composition: 8 member board; 3 are independent

* The SGTI succeeds the Governance and Transparency Index (GTI™) in 2016 as an enhanced assessment to meet the market needs of the future and is a collaboration between CPA Australia, NUS Business School's Centre for Governance, Institutions and Organisations (CGIO), and Singapore Institute of Directors (SID).

CUSTOMER RECOGNITION

1QFY2017 Operations Review





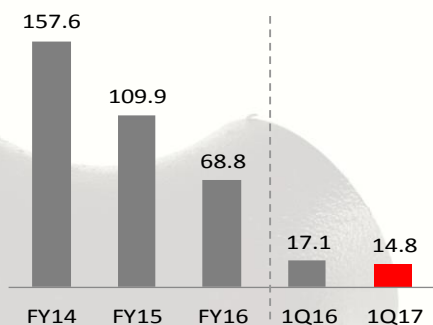
FINANCIAL **HIGHLIGHTS**

1QFY2017

FINANCIAL SNAPSHOT

1QFY2017 Financial Highlights

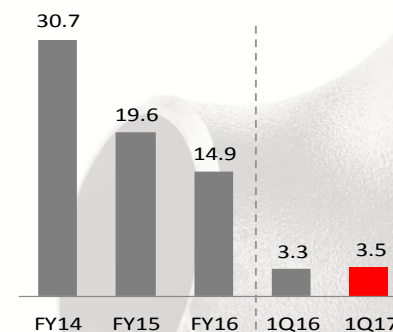
Revenue (\$\$'m)



Net Profit / (Loss) (\$\$'m)



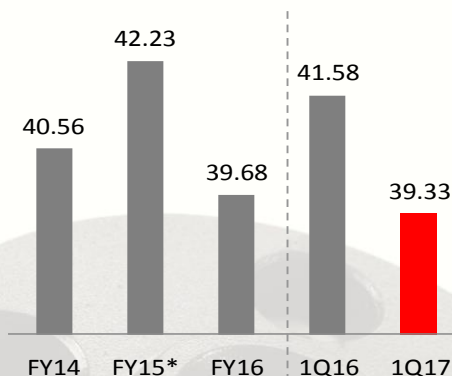
Gross Profit (\$\$'m)



Earnings / (Loss) Per Share (cents)



NAV Per Share (cents)

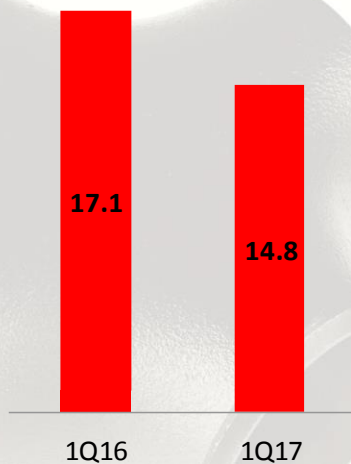


* The increase in NAV was due to 26.4 mil shares that were issued on 6 Mar 2015 following a private share placement exercise with Hanwa Co., Ltd., raising the total number of issued shares to 290,399,997 shares as at 30 September 2015

REVENUE

1QFY2017 Financial Highlights

Total Revenue (\$m)



Total revenue

- ↓13.6% to \$14.8m

Segmental revenue: 1QFY2017

- Energy Sector: ↓ 3.4% to \$10.1m
- Marine Sector: ↓ 74.7% to \$1.4m
- Trading Sector: ↑ 285.9% to \$3.2m
- Singapore: Largest decline of 50.8% to \$5.7m
- Middle East, Japan and Europe: ↑ 682.0% to \$6.0m

Salient factors

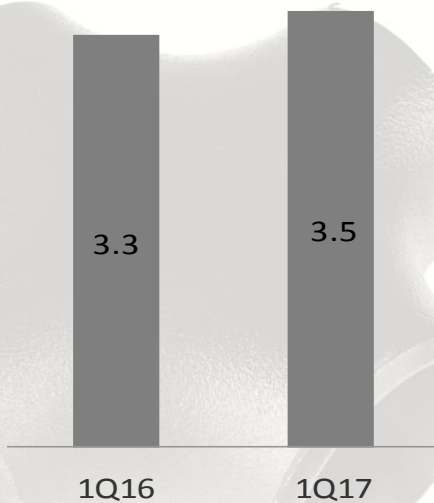
- Prolonged energy industry slump
- Intense competition

PROFIT & LOSS

1QFY2017 Financial Highlights

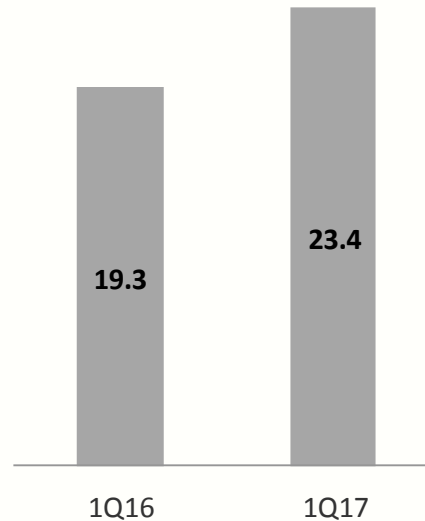
Gross Profit (S\$'m)

↑ 4.8%



Gross Profit Margin (%)

↑ 4.1% points



Net Loss (S\$'m)

↓ 49.3%



Salient factors

- GPM has increased 4.1 percentage points, due to lower cost of sales
- Net loss resulted mainly from depreciation expenses

An aerial view of two welders in a dark industrial setting. They are wearing blue protective suits and helmets, working on large steel beams. Bright sparks are flying from their welding points. The floor is dark and industrial, with various cables and equipment visible.

OUTLOOK + STRATEGY

1QFY2017

BUSINESS OUTLOOK

1QFY2017 Outlook & Strategy

Outlook for FY17

- Revenue generation will be affected by:
 - persisting volatility of the energy market
 - intense industry competition locally and globally

BUSINESS STRATEGY

1QFY2017 Outlook & Strategy

Caution + Prudence



INVENTORY SPECIALIST

- Maintain extensive and ready stock at optimal levels for quick turnaround
- Leverage on extended product range to cross-sell different products to same core set of customers



MARKET SUSTENANCE

- Intensify marketing efforts in the Asia Pacific region
- Strengthen ties with existing and new customers
- Identify new potential markets



PRUDENT FINANCIAL MANAGEMENT

- Stay vigilant
- Manage operating costs
- Improve productivity and efficiency



THANK YOU

For more information, please contact:

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