

A welder in a dark blue uniform and a protective 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

1HY2018

May 2018

The title 'OPERATIONS REVIEW' is displayed in a large, bold, sans-serif font. 'OPERATIONS' is in red, and 'REVIEW' is in white. A solid red vertical bar is positioned to the left of the text. A thin red horizontal line is located below the word 'REVIEW'.

OPERATIONS REVIEW

BUSINESS OVERVIEW

**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**



FY17 revenue: \$76.9

Energy: 74.8% **Trading: 16.6%**
Marine: 7.3% **Others: 1.3%**

**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



OUR BUSINESS SEGMENTS



Energy

- Offshore rig fabrication such as jack-ups and semi-sub
- 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

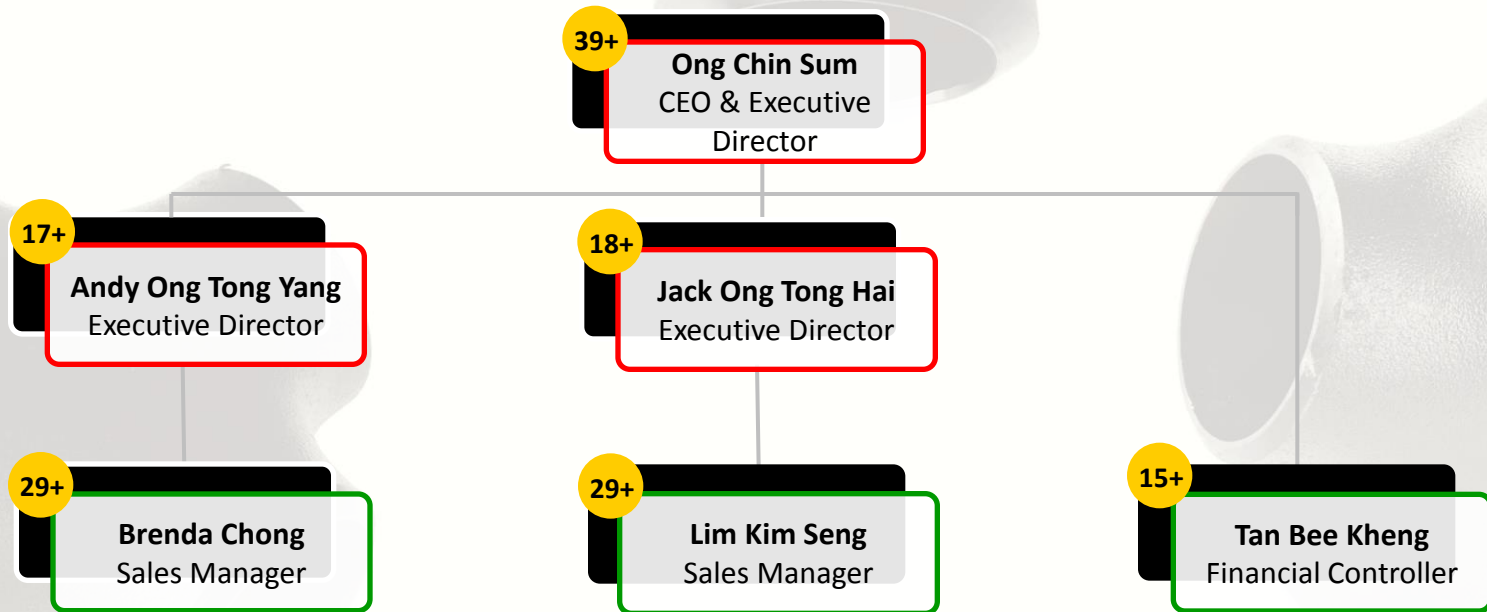


Others

- 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



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

Note: Seiji Usui, Executive Director, resigned from the Board with effect from 30 April 2018 as he will be relocating back to Japan

OUR WAREHOUSES



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.

^ Warehouse was demolished in May 2017 for the construction and development of a newer warehouse.

Construction work completed in Jan 2018, currently pending BCA approval for TOP

CORPORATE GOVERNANCE

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

Non-Executive Director
Hiroshi Ebihara

Independent Directors (IDs)
Tan Siok Chin, Alan John Crawford

Audit Committee

Remuneration Committee

Nomination Committee

- Ranked 67th out of 606 companies on the SGTI in 2017 (SGTI 2016: Ranked 45th out of 631 companies)
- Experienced independent directors with varied experience in legal and accounting professions
- Board composition: 7 member board; 3 are independent

Note:

- *Seiji Usui, Executive Director, resigned from the Board with effect from 30 April 2018 as he will be relocating back to Japan*
- *Alan John Crawford was appointed as an Independent Director with effect from 23 April 2018*

The title "FINANCIAL HIGHLIGHTS" is displayed in a large, bold, sans-serif font. "FINANCIAL" is in red, and "HIGHLIGHTS" is in white. A solid red vertical bar is positioned to the left of the text.

1HY2018

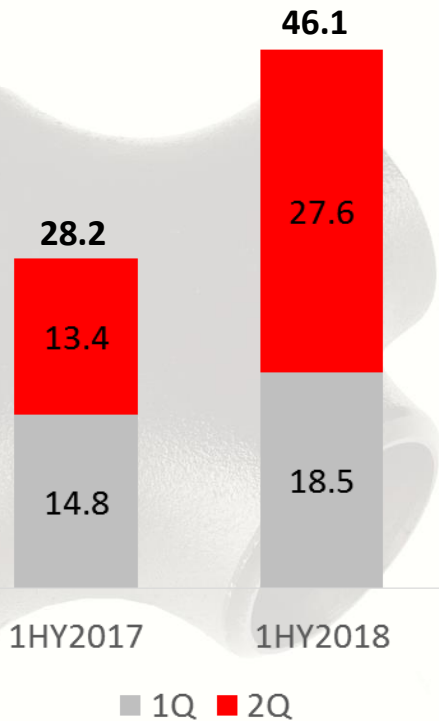
FINANCIAL SNAPSHOT

	FY15	FY16	FY17	1HY18
Revenue	109.9	68.8	76.9	46.1
Net loss	(0.9)	(7.6)	(9.4)	(2.4)
Gross profit	19.6	14.9	10.9	6.6
Loss per share	(0.32)	(2.61)	(3.23)	(0.81)
NAV per share	42.23*	39.68	35.69	34.89

** 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

Total Revenue (S\$m)



Total revenue

- 2QFY2018: **↑**105.4% to S\$27.6m
- 1HY2018: **↑**63.1% to S\$46.1m

Revenue by segments

- Energy Sector: **↑** 116.3% from \$17.5m in 1HY2017 to \$37.8m in 1HY2018
- Marine Sector: **↓** 44.6% from \$3.3m in 1HY2017 to \$1.8m in 1HY2018
- Trading Sector: **↓**25.6% from \$7.0m in 1HY2017 to \$5.2m in 1HY2018

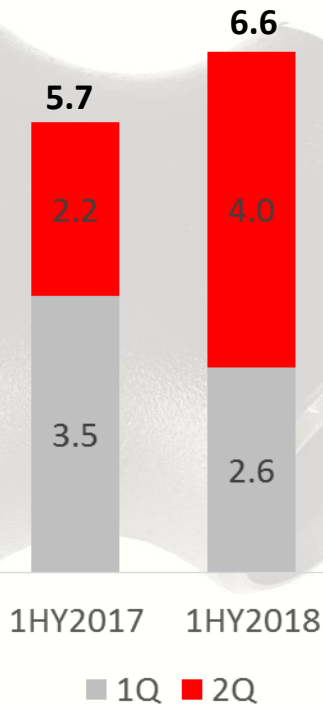
Revenue by markets

- Japan's contribution largest at 32.0%
- Revenue increased across all markets except Indonesia, Middle East and Europe

PROFIT & LOSS

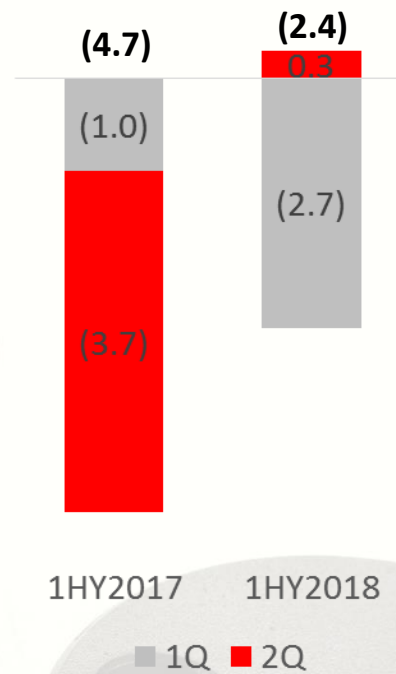
Gross Profit (S\$'m)

↑ 15.7%



Net Loss (S\$'m)

↓ 49.8%



Gross profit and margin

- 2QFY2018: Gross profit ↑ 77.3% to S\$4.0m; margin ↓ 2.3 pct points to 14.4%
- 1HY2018: Gross profit ↑ 15.7% to S\$6.6m; margin ↓ 5.9 pct points to 14.3%

Net loss

- Net loss ↓ 49.8% to S\$2.4m in 1HY2018 mainly from higher revenue and lower distribution costs, as well as lower administrative and depreciation expenses

KEY FINANCIAL INDICATORS

Efficiency Ratios (Days)

Trade Receivables Turnover

107

129

100

Trade Payables Turnover

34

67

32

Inventory Turnover

342

657

426

Liquidity Ratios (Times)

Current Ratio

2.85

4.92

3.22

Debt-to-Equity Ratio

0.43

0.25

0.39

A solid red square graphic element on the left side of the text.

OUTLOOK +
STRATEGY



BUSINESS OUTLOOK

Outlook for FY18

- Slow recovery in economic momentum noted
- Expect revenue generation and margin to be affected by:
 - Volatility in oil market
 - Industry competition

BUSINESS 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
- Active scouting for new potential markets



PRUDENT FINANCIAL MANAGEMENT

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



THANK YOU

For more information, please contact:
August Consulting
Silvia Heng | silviaheng@august.com.sg
Tel: 6733 8873 | Fax: 6733 9913
