



ROTARY ENGINEERING LIMITED

(Company Registration No. 198000255E)

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2014 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

1(a). A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statement

| (All figures in S\$'000) | Group | | | Group | | |
|---|-----------|-----------|------------------------|-----------|-----------|------------------------|
| | 4Q14 | 4Q13 | % Increase/ (Decrease) | FY14 | FY13 | % Increase/ (Decrease) |
| Revenue | 125,676 | 181,502 | (31%) | 687,658 | 595,026 | 16% |
| Cost of sales | (102,761) | (163,091) | (37%) | (570,434) | (526,472) | 8% |
| Gross profit | 22,915 | 18,411 | | 117,224 | 68,554 | |
| | 18% | 10% | | 17% | 12% | |
| Other income | 526 | 2,702 | (81%) | 2,733 | 8,002 | (66%) |
| Selling and marketing costs | (256) | (236) | 8% | (844) | (1,191) | (29%) |
| Administrative costs | (10,230) | (13,857) | (26%) | (54,563) | (50,302) | 8% |
| Other operating costs | (3,678) | (3,758) | (2%) | (14,377) | (15,286) | (6%) |
| Finance costs | (259) | (327) | (21%) | (1,068) | (1,583) | (33%) |
| Share of results from associated companies | (94) | (593) | (84%) | (209) | (607) | (66%) |
| Profit before tax | 8,924 | 2,342 | | 48,896 | 7,587 | |
| Taxation | (1,511) | (6,533) | (77%) | (7,921) | (12,262) | (35%) |
| Profit/(Loss) after tax | 7,413 | (4,191) | | 40,975 | (4,675) | |
| Profit/(Loss) attributable to: | | | | | | |
| Owners of the company | 11,790 | 5,169 | NM | 50,084 | 20,735 | NM |
| Non-controlling interests | (4,377) | (9,360) | 53% | (9,109) | (25,410) | 64% |
| | 7,413 | (4,191) | | 40,975 | (4,675) | |

* NM denotes Not Meaningful

Consolidated statement of comprehensive income

| (All figures in S\$'000) | Group | | | Group | | |
|--|---------|----------|------------------------|----------|----------|------------------------|
| | 4Q14 | 4Q13 | % Increase/ (Decrease) | FY14 | FY13 | % Increase/ (Decrease) |
| Profit/(Loss) after tax | 7,413 | (4,191) | | 40,975 | (4,675) | |
| Other comprehensive income/(loss) | | | | | | |
| Net fair value gain on available-for-sale financial assets | - | - | NM | - | 95 | NM |
| Net fair value gain/(loss) on cash flow hedges | 155 | 67 | NM | (67) | 67 | NM |
| Amount transferred from fair value adjustment reserve to income statement on disposal of available-for-sale financial assets | - | (1,708) | NM | - | (2,585) | NM |
| Foreign currency translation movement | (1,349) | 1,963 | NM | (1,449) | (834) | 74% |
| Other comprehensive income/(loss) for the period | (1,194) | 322 | | (1,516) | (3,257) | |
| Total comprehensive income/(loss) for the period | 6,219 | (3,869) | | 39,459 | (7,932) | |
| Total comprehensive income/(loss) attributable to: | | | | | | |
| Owners of the company | 15,109 | 6,449 | NM | 53,757 | 20,857 | NM |
| Non-controlling interests | (8,890) | (10,318) | 14% | (14,298) | (28,789) | 50% |
| | 6,219 | (3,869) | | 39,459 | (7,932) | |

* NM denotes Not Meaningful

Profit after tax is stated after
(charging)/crediting the following
items:

| | Group | | Group | |
|---|---------|---------|----------|----------|
| | 4Q14 | 4Q13 | FY14 | FY13 |
| (a) Other income | | | | |
| Gain on disposal of available-for-sale financial assets | - | 1,918 | - | 3,025 |
| Gain on disposal of associated companies | - | 171 | - | 65 |
| Gain on disposal of property, plant and equipment | - | - | - | 363 |
| Interest income | 147 | 199 | 605 | 758 |
| Investment income | - | 57 | - | 165 |
| (b) Administrative costs | | | | |
| Foreign exchange gain/(loss) | 2,850 | (1,003) | 3,167 | (513) |
| Unrealised fair value (loss)/gain on foreign currency contracts | (440) | 726 | (782) | (326) |
| (c) Other operating costs | | | | |
| Allowance for doubtful debts | (37) | (124) | (594) | (226) |
| Amortisation of intangible assets | (367) | (332) | (1,415) | (1,296) |
| Depreciation of property, plant and equipment | (2,824) | (3,373) | (11,398) | (13,516) |
| Inventories written (down)/back | (22) | 71 | (49) | (248) |
| Loss on disposal of property, plant and equipment | (428) | - | (521) | - |
| (d) Finance costs | | | | |
| Amortisation of prepaid loan appraisal fees | (58) | (55) | (225) | (220) |
| Interest expense | (201) | (272) | (843) | (1,363) |

1 (b) (i). A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

(All figures in S\$'000)

| | Group | | Company | |
|--|-----------|-----------|-----------|-----------|
| | 31-Dec-14 | 31-Dec-13 | 31-Dec-14 | 31-Dec-13 |
| Non-current assets | | | | |
| Property, plant and equipment | 48,389 | 53,730 | 8,582 | 8,880 |
| Intangible assets | 1,199 | 2,074 | 851 | 1,874 |
| Investments | | | | |
| Subsidiary companies | - | - | 50,326 | 56,759 |
| Associated companies | 8,593 | 3,529 | 5,963 | 5,963 |
| Others | 26,484 | 896 | 895 | 895 |
| Deferred tax assets | 1,052 | 498 | - | - |
| Other receivables | 6,785 | 8,538 | 6,785 | 8,538 |
| Prepaid loan appraisal fees | 311 | 533 | - | - |
| Current assets | | | | |
| Gross amount due from customers for contract work-in-progress* | 13,248 | 41,778 | 8,390 | 15 |
| Inventories | 3,808 | 3,287 | 568 | 704 |
| Prepaid operating expenses | 249 | 312 | 9 | 164 |
| Downpayments made to suppliers | 5,703 | 15,620 | 2,958 | 7,545 |
| Trade and other receivables* | 185,504 | 144,914 | 260,454 | 137,003 |
| Foreign currency contracts | 238 | 234 | 238 | 234 |
| Cash and short-term deposits | 157,057 | 193,725 | 57,205 | 107,158 |
| | 365,807 | 399,870 | 329,822 | 252,823 |
| Current liabilities | | | | |
| Income tax payable | 15,829 | 15,636 | 5,113 | 4,115 |
| Loans and borrowings | 2,269 | 50,202 | - | 10,133 |
| Gross amount due to customers for contract work-in-progress* | 137,577 | 93,195 | 70,400 | 64,145 |
| Trade and other payables | 143,526 | 141,871 | 161,840 | 102,781 |
| Downpayments from customers | 18,727 | 58,487 | 11,175 | 39,682 |
| Foreign currency contracts | 1,398 | 545 | 1,398 | 545 |
| | 319,326 | 359,936 | 249,926 | 221,401 |
| Net current assets | 46,481 | 39,934 | 79,896 | 31,422 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 2,150 | 1,795 | 1,314 | 1,155 |
| Loans and borrowings | 8,772 | 9,563 | - | - |
| | 10,922 | 11,358 | 1,314 | 1,155 |
| Net assets | 128,372 | 98,374 | 151,984 | 113,176 |
| Equity attributable to owners of the company | | | | |
| Share capital | 89,365 | 89,365 | 89,365 | 89,365 |
| Treasury shares | (161) | (161) | (161) | (161) |
| Retained earnings | 165,738 | 124,167 | 62,780 | 23,905 |
| Other reserves | 1,467 | (2,193) | - | 67 |
| | 256,409 | 211,178 | 151,984 | 113,176 |
| Non-controlling interests | (128,037) | (112,804) | - | - |
| Total equity | 128,372 | 98,374 | 151,984 | 113,176 |

* Prior year's figures have been reclassified to conform with current year's presentation. Accrued revenue in prior year was reclassified from "Trade and other receivables" to "Gross amounts due from/(to) customers for contract work-in-progress". The above reclassification has no impact to net current assets and net assets.

1 (b) (ii). Aggregate amount Group's borrowings and debt securities.

(All figures in S\$'000 unless stated)

Amount repayable in one year or less, or on demand

| 31-Dec-14 | | 31-Dec-13 | |
|-----------|-----------|-----------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 2,269 | - | 40,069 | 10,133 |

Amount repayable after one year

| 31-Dec-14 | | 31-Dec-13 | |
|-----------|-----------|-----------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 8,772 | - | 9,563 | - |

Details of any collateral

Collateral for \$11.0 million (31 December 2013: \$49.6 million) loan of a subsidiary includes mortgage over property, plant and equipment of the subsidiary, and shareholders' guarantees.

1(c). A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| (All figures in S\$'000) | Group | | Group | |
|---|-----------------|---------------|---------------|---------------|
| | 4Q14 | 4Q13 | FY14 | FY13 |
| Operating activities | | | | |
| Profit before tax | 8,924 | 2,342 | 48,896 | 7,587 |
| Adjustments for : | | | | |
| Allowance for doubtful debts | 37 | 124 | 594 | 226 |
| Amortisation of intangible assets | 367 | 332 | 1,415 | 1,296 |
| Amortisation of prepaid loan appraisal fees | 58 | 55 | 225 | 220 |
| Depreciation of property, plant and equipment | 2,824 | 3,373 | 11,398 | 13,516 |
| Dividends from quoted investments | - | (57) | - | (165) |
| Gain on disposal of associated companies | - | (171) | - | (65) |
| Gain on disposal of available-for-sale financial assets | - | (1,918) | - | (3,025) |
| Interest expense | 201 | 272 | 843 | 1,363 |
| Interest income | (147) | (199) | (605) | (758) |
| Inventories written down/(back) | 22 | (71) | 49 | 248 |
| Loss/(gain) on disposal of property, plant and equipment | 428 | - | 521 | (363) |
| Share of results from associated companies | 94 | 593 | 209 | 607 |
| Unrealised fair value loss/(gain) on foreign currency contracts | 440 | (726) | 782 | 326 |
| Operating cash flows before changes in working capital | 13,248 | 3,949 | 64,327 | 21,013 |
| Increase in prepaid operating expenses, downpayments made to suppliers and receivables | (12,380) | (4,005) | (33,188) | (75,168) |
| Decrease/(increase) in inventories | 452 | 2,258 | (549) | 1,806 |
| (Decrease)/increase in gross amount due to customers for contract work-in-progress, net | (4,258) | 40,782 | 71,788 | 108,092 |
| (Decrease)/increase in payables | (6,663) | (3,284) | (52,053) | 13,210 |
| Cash flows (used in)/from operations | (9,601) | 39,700 | 50,325 | 68,953 |
| Interest received | 408 | 529 | 621 | 750 |
| Interest paid | (201) | (272) | (843) | (1,363) |
| Income tax paid | (756) | (1,783) | (7,859) | (9,049) |
| Net cash flows (used in)/from operating activities | (10,150) | 38,174 | 42,244 | 59,291 |

| (All figures in S\$'000) | Group | | Group | |
|---|----------------|----------------|-----------------|-----------------|
| | 4Q14 | 4Q13 | FY14 | FY13 |
| Investing activities | | | | |
| Acquisition of non-controlling interests | - | (768) | - | (768) |
| Acquisition of shares of associated companies | - | (2,268) | - | (3,156) |
| Additions to intangible assets | (50) | (97) | (551) | (623) |
| Return of share capital to non-controlling interests | (28) | - | (28) | - |
| Dividends from associated companies | - | 283 | - | 756 |
| Dividends from quoted investments | - | 57 | - | 165 |
| Proceeds from disposal of associated companies | 3,200 | 825 | 3,200 | 4,588 |
| Proceeds from disposal of available-for-sale financial assets | - | 2,230 | - | 3,536 |
| Proceeds from disposal of property, plant and equipment | 615 | 1 | 764 | 493 |
| Proceeds from disposal of subsidiary | - | - | 4,322 | - |
| Purchase of other investments | - | - | (23,185) | (167) |
| Purchase of property, plant and equipment | (821) | (1,659) | (6,405) | (6,145) |
| Net cash flows from/(used in) investing activities | 2,916 | (1,396) | (21,883) | (1,321) |
| Financing activities | | | | |
| Decrease/(increase) in pledged fixed deposits | 39,672 | (620) | 39,672 | (37,904) |
| Dividends paid: | | | | |
| - by the Company | - | - | (8,513) | (2,838) |
| - by subsidiaries to non-controlling interests | (840) | (600) | (920) | (600) |
| Repayment of bank loans and trade facilities, net | (39,685) | (7,538) | (50,769) | (25,410) |
| Repayment of finance lease obligations | - | (10) | (112) | (39) |
| Net cash flows used in financing activities | (853) | (8,768) | (20,642) | (66,791) |
| Net (decrease)/increase in cash and cash equivalents | (8,087) | 28,010 | (281) | (8,821) |
| Effect of exchange rate changes on cash and cash equivalents | 2,029 | (539) | 1,611 | 123 |
| Cash and cash equivalents at beginning of quarter/year | 163,115 | 128,256 | 155,727 | 164,425 |
| Cash and cash equivalents at end of the year | 157,057 | 155,727 | 157,057 | 155,727 |

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(All figures in S\$'000)

| Group | Attributable to owners of the company | | | | | | | | | | |
|--|---------------------------------------|-----------------|-------------------|-----------------|-------------------|--------------------------------------|-------------------------------|-----------------|----------------|---------------------------|----------------|
| | Share capital | Treasury shares | Retained earnings | Capital reserve | Statutory reserve | Foreign currency translation reserve | Fair value adjustment reserve | Hedging reserve | Total | Non-controlling interests | Total equity |
| At 1 January 2014 | 89,365 | (161) | 124,167 | 560 | 300 | (3,120) | - | 67 | 211,178 | (112,804) | 98,374 |
| Total comprehensive income for the period | - | - | 38,294 | - | - | 576 | - | (222) | 38,648 | (5,408) | 33,240 |
| Dividends paid | - | - | (8,513) | - | - | - | - | - | (8,513) | (80) | (8,593) |
| At 30 September 2014 | 89,365 | (161) | 153,948 | 560 | 300 | (2,544) | - | (155) | 241,313 | (118,292) | 123,021 |
| Total comprehensive income for the period | - | - | 11,790 | - | - | 3,164 | - | 155 | 15,109 | (8,890) | 6,219 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (840) | (840) |
| Return of share capital to non-controlling interests | - | - | - | (13) | - | - | - | - | (13) | (15) | (28) |
| At 31 December 2014 | 89,365 | (161) | 165,738 | 547 | 300 | 620 | - | - | 256,409 | (128,037) | 128,372 |
| At 1 January 2013 | 89,365 | (161) | 106,270 | 86 | 300 | (5,665) | 2,490 | - | 192,685 | (82,173) | 110,512 |
| Total comprehensive income for the period | - | - | 15,566 | - | - | (376) | (782) | - | 14,408 | (18,471) | (4,063) |
| Dividends paid | - | - | (2,838) | - | - | - | - | - | (2,838) | - | (2,838) |
| At 30 September 2013 | 89,365 | (161) | 118,998 | 86 | 300 | (6,041) | 1,708 | - | 204,255 | (100,644) | 103,611 |
| Total comprehensive income for the period | - | - | 5,169 | - | - | 2,921 | (1,708) | 67 | 6,449 | (10,318) | (3,869) |
| Dividends paid | - | - | - | - | - | - | - | - | - | (600) | (600) |
| Acquisition of non-controlling interests | - | - | - | 474 | - | - | - | - | 474 | (1,242) | (768) |
| At 31 December 2013 | 89,365 | (161) | 124,167 | 560 | 300 | (3,120) | - | 67 | 211,178 | (112,804) | 98,374 |

| <u>Company</u> | <u>Share capital</u> | <u>Treasury shares</u> | <u>Retained earnings</u> | <u>Hedging reserve</u> | <u>Total equity</u> |
|---|----------------------|------------------------|--------------------------|------------------------|---------------------|
| At 1 January 2014 | 89,365 | (161) | 23,905 | 67 | 113,176 |
| Total comprehensive income for the period | - | - | 13,014 | (222) | 12,792 |
| Dividends paid | - | - | (8,513) | - | (8,513) |
| At 30 September 2014 | 89,365 | (161) | 28,406 | (155) | 117,455 |
| Total comprehensive income for the period | - | - | 34,374 | 155 | 34,529 |
| At 31 December 2014 | 89,365 | (161) | 62,780 | - | 151,984 |
| At 1 January 2013 | 89,365 | (161) | 28,071 | - | 117,275 |
| Total comprehensive income for the period | - | - | (9,876) | - | (9,876) |
| Dividends paid | - | - | (2,838) | - | (2,838) |
| At 30 September 2013 | 89,365 | (161) | 15,357 | - | 104,561 |
| Total comprehensive income for the period | - | - | 8,548 | 67 | 8,615 |
| At 31 December 2013 | 89,365 | (161) | 23,905 | 67 | 113,176 |

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.

There were no changes in the share capital of the Company as at 31 December 2014.

As at 31 December 2014, the Company has 336,000 (31 December 2013: 336,000) ordinary shares of the company by way of market purchases on the Singapore Exchange and held them as treasury shares.

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 immediate preceding year.

Total number of issued shares, excluding treasury shares, as at 31 December 2014 is 567,518,000 (31 December 2013: 567,518,000).

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

Nil.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

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 Company had considered and consistently applied all applicable revised and new Singapore Financial Reporting Standards.

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.

See point 4 as above.

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 dividend.

(In '000 unless stated)

| | Group | | Group | |
|---|---------|---------|---------|---------|
| | 4Q14 | 4Q13 | FY14 | FY13 |
| Earnings per ordinary share of the group for the period after deducting any provision for preference dividends: | | | | |
| Based on weighted average number of ordinary shares in issue (in cents) | 2.1 | 0.9 | 8.8 | 3.7 |
| On a fully diluted basis (in cents) | 2.1 | 0.9 | 8.8 | 3.7 |
| Net profit attributable to ordinary shareholders for basic and diluted earnings per share | 11,790 | 5,169 | 50,084 | 20,735 |
| Weighted average number of ordinary shares applicable to basic and diluted earnings per share | 567,518 | 567,518 | 567,518 | 567,518 |

- 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-Dec-14 | 31-Dec-13 | 31-Dec-14 | 31-Dec-13 |
| Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on | 45.2 | 37.2 | 26.8 | 19.9 |

The calculation of net asset value per ordinary share is based on 567,518,000 shares as at 31 December 2014 (31 December 2013: 567,518,000).

- 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 following:-**

- (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.**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

2014 Fourth Quarter (4Q14) Review

Revenue in 4Q14 dipped when compared with the same quarter last year as the Group reaches completion on some of its major projects.

Significant improvement in gross profit margin from 10% to 18% was the result of smooth project execution and the Group's productivity improvement efforts.

Other income decreased this quarter mainly due to the absence of a one-off gain recorded in the same quarter last year on the sale of quoted shares. Administrative costs, excluding foreign exchange, decreased in line with revenue. Foreign exchange gain in this quarter was due to the appreciation of the United States Dollar. Other operating costs remained stable.

Share of results from associates improved on the disposal of loss-making associate which runs the waste-to-energy plant. Taxation for the quarter is in line with profits. Tax was higher relative to profits in the same quarter last year due to losses on overseas subsidiaries for which no deferred tax benefits have been recognized.

Foreign currency translation movement is attributable to the translation of the Group's investments in Saudi Arabia, United Arab Emirates and Thailand. Non-controlling interests movement mainly relates to the minority share of results of our joint venture company in Saudi Arabia.

2014 Full Year (FY14) Review

Revenue increased 16% as compared to last year on the back of increased business activities from execution of major projects.

Significant improvement in gross profit margin from 12% to 17% was the result of smooth project execution and the Group's productivity improvement efforts.

Other income decreased mainly due to the absence of a one-off gain recorded on the sale of quoted shares last year. Administrative costs, excluding foreign exchange, increased in line with revenue. Foreign exchange gain was due to the appreciation of the United States Dollar. Other operating costs remained stable. Finance costs decreased in line with borrowings.

Share of results from associates improved on the disposal of loss-making associate which runs the waste-to-energy plant. Taxation for the year is in line with profits. Tax was higher relative to profits last year due losses on overseas subsidiaries for which no deferred tax benefits has been recognized.

Foreign currency translation movement is attributable to the translation of the Group's investments in Saudi Arabia, United Arab Emirates and Thailand. Non-controlling interests movement mainly relates to the minority share of results of our joint venture company in Saudi Arabia.

Balance Sheet Review

Property, plant and equipment decreased mainly due to depreciation. Increase in other investments is due to an investment in an independent oil terminal in Indonesia. The terminal provides bulk storage for petroleum products and has secured a long-term contract that will ensure its optimal utilization. This investment is part of the Group's long term objective of making strategic investments that will provide recurring income. It also allows the Group to form new strategic partnerships so as to gain greater foothold in the Indonesian market.

- Gross amount due from customers for contract work-in-progress
- Gross amount due to customers for contract work-in-progress

These relate to contract accounting to record revenue and cost on accrual basis. These figures can be reconciled to the trade receivables and trade payables. Gross amount due from customer for contract work-in-progress declined due to higher billings. Gross amount due to customers for contract work-in-progress increased as a result of project accruals made on current projects.

Trade and other receivables increased in line with revenue. Downpayments made to suppliers decreased on execution of current projects. Likewise, downpayments from customers decreased on execution of on-going projects.

Cash and short-term deposits balances decreased mainly due to repayment of loans and 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 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 ended financial year 2014 on significantly improved business performance as compared to the previous year.

However, the recent and steep oil price correction has caused concerns in the global economy and particularly those in the oil and gas industry. Any protracted weakness in oil prices at the current levels may affect the Group's business as competition for projects becomes keener. Coupled with a tight foreign labour market in Singapore, the Group would also face pressure on its margins and profitability.

Despite the difficult business environment, the Group, supported by a strong balance sheet and cash position, is focussed on execution of its current projects and its relentless efforts at improving productivity. At the date of this announcement, the Group's order book stands at \$204 million.

The long term fundamentals in the oil and gas industry remain strong amid short term oil price volatility. As such, business development activities remain robust and the Group continues to actively develop its business through direct negotiations and bidding for projects in ASEAN and Gulf Cooperation Council countries.

The Group is also seeking and evaluating viable business opportunities that complement its existing activities, so as to strengthen its supply chain integration, including making strategic investments to diversify its sources of income and revenue in the longer term.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Proposed Final Dividend:

| | |
|------------------|---------------------------|
| Name of dividend | Final one-tier tax exempt |
| Dividend type | Cash |
| Dividend rate | 2.5 cents per share |
| Tax rate | One-tier tax exempt |

(b) Corresponding period of the immediately preceding financial year

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

Final Dividend:

| | |
|------------------|---------------------------|
| Name of dividend | Final one-tier tax exempt |
| Dividend type | Cash |
| Dividend rate | 1.5 cents per share |
| Tax rate | One-tier tax exempt |

(c) Date payable

The proposed final one-tier tax exempt dividend, if approved at the Annual General Meeting to be held on 17 April 2015, will be paid on 19 May 2015.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Company's Share Transfer Books and Register of Members will be closed from 27 April 2015 (5.00 p.m.) to 28 April 2015 (both dates inclusive) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00 pm on 27 April 2015 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 27 April 2015 will be entitled to the proposed final one-tier tax exempt dividend.

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a) (ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a shareholders' mandate for interested person transactions.

14. Segmented 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.

(A) BUSINESS SEGMENT

| | Segment Information - S\$'000 | | | | | |
|--|-------------------------------|-----------------------|----------------|------------------|-----------------------|---------------|
| | 2014 | | | 2013 | | |
| | Project Services | Maintenance & Trading | Consolidated | Project Services | Maintenance & Trading | Consolidated |
| <u>Segment Revenue</u> | | | | | | |
| Revenue | 629,616 | 94,471 | 724,087 | 539,444 | 70,453 | 609,897 |
| Inter-segment sales | (4,810) | (31,619) | (36,429) | (1,674) | (13,197) | (14,871) |
| Sales to external customers | 624,806 | 62,852 | 687,658 | 537,770 | 57,256 | 595,026 |
| Gross Profit | 99,679 | 17,545 | 117,224 | 51,292 | 17,262 | 68,554 |
| Unallocated expenses | | | (67,051) | | | (58,777) |
| Operating profit | 16% | 28% | 50,173 | 10% | 30% | 9,777 |
| Finance costs | | | (1,068) | | | (1,583) |
| Share of results from associated companies | | | (209) | | | (607) |
| Profit before tax | | | 48,896 | | | 7,587 |
| Taxation | | | (7,921) | | | (12,262) |
| Profit/(loss) after tax | | | 40,975 | | | (4,675) |
| <u>Segment Assets</u> | | | | | | |
| Investment in associated companies | 1,277 | - | 1,277 | 1,202 | - | 1,202 |
| Segment assets | 366,976 | 81,143 | 448,119 | 416,689 | 48,075 | 464,764 |
| Unallocated assets | | | 9,224 | | | 3,702 |
| Total Assets | | | 458,620 | | | 469,668 |
| <u>Segment Liabilities</u> | | | | | | |
| Segment liabilities | 287,237 | 25,032 | 312,269 | 336,111 | 17,752 | 353,863 |
| Unallocated liabilities | | | 17,979 | | | 17,431 |
| Total Liabilities | | | 330,248 | | | 371,294 |
| <u>Other Segment Information</u> | | | | | | |
| Capital expenditure | 6,285 | 671 | 6,956 | 5,851 | 917 | 6,768 |
| Depreciation & amortisation | 11,570 | 1,243 | 12,813 | 13,537 | 1,275 | 14,812 |

(B) GEOGRAPHICAL SEGMENT

| (In S\$'000) | Sales to External Customers | | Segment Assets | | Capital Expenditure | |
|------------------------------------|-----------------------------|---------|----------------|---------|---------------------|-------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Singapore | 432,983 | 335,003 | 294,202 | 313,489 | 3,863 | 3,921 |
| Thailand | 41,958 | 35,997 | 29,360 | 26,427 | 2,567 | 1,860 |
| Middle East | 202,823 | 219,509 | 90,652 | 113,518 | 235 | 787 |
| Others | 9,894 | 4,517 | 33,905 | 11,330 | 291 | 200 |
| | 687,658 | 595,026 | 448,119 | 464,764 | 6,956 | 6,768 |
| Unallocated assets | | | 1,908 | 1,375 | | |
| Investment in associated companies | | | 8,593 | 3,529 | | |
| Total | 687,658 | 595,026 | 458,620 | 469,668 | 6,956 | 6,768 |

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

The increase in revenue for Project Services was mainly due to increased business activities from execution of current projects. Revenue for Maintenance and Trading recorded a slight increase on more maintenance and turn-around jobs.

The significant increase in gross profit margin for Project Services was mainly due to smooth project execution and productivity improvement. Gross profit margin for Maintenance and Trading remained relatively stable.

The increase in revenue in Singapore was due to more projects executed and the dip in revenue in Middle East was due to a larger part of its major project was executed in the previous financial year.

16. A breakdown of sales.

(All figures in S\$'000)

| | | Group | | |
|-----|---|---------|---------|----------|
| | | 2014 | 2013 | Change % |
| (a) | Sales reported for first half year | 389,959 | 229,035 | 70% |
| (b) | Operating profit/(loss) after tax reported for first half year | 24,978 | (510) | NM |
| (c) | Sales reported for second half year | 297,699 | 365,991 | (19%) |
| (d) | Operating profit/(loss) after tax reported for second half year | 15,997 | (4,165) | NM |

*NM denotes Not Meaningful

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

Total Annual Dividend

(All figures in S\$'000)

| | Latest Full Year | Previous Full Year |
|------------|------------------|--------------------|
| Ordinary | 8,513 | 2,838 |
| Preference | - | - |
| Total | 8,513 | 2,838 |

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(13) in the format below. If there are no such persons, the Issuer must make an appropriate negative statement.

Pursuant to Rule 704 (13) of the Listing Manual, we confirm that the persons occupying managerial positions who are relatives of a director or chief executive officer or substantial shareholder of the Company are as follows:

| Name | Age | Family relationship with any director, CEO and/or substantial shareholder | Current position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|---------------------|-----|---|--|---|
| Roger Chia Kim Piow | 66 | Chia Kim Chua (brother) Jenny Wong Oi Moi (wife) Chia Kim Hung (brother) | Managing Director (since January 1980) - Responsible for steering the Group's local and global business strategies and to uphold good corporate governance. | Nil |
| Chia Kim Chua | 64 | Roger Chia Kim Piow (brother) Jenny Wong Oi Moi (sister-in-law) Chia Kim Hung (brother) | Executive Director (since March 1982) - Head of Project Department and oversees all EPC projects in Singapore and overseas. - Head of Management Risk Committee. - Assigned as the Management Representative for the Group's ISO 9001:2000 certification. | Nil |
| Jenny Wong Oi Moi | 60 | Roger Chia Kim Piow (husband) Chia Kim Chua (brother-in-law) Chia Kim Hung (brother-in-law) | Non-Executive Director (since May 1983) | Nil |
| Chia Kim Hung | 65 | Roger Chia Kim Piow (brother) Chia Kim Chua (brother) Jenny Wong Oi Moi (sister-in-law) | Business Development Director (since September 2014) - Responsible for overseeing the business development of the Company's principal subsidiary in Saudi Arabia. | Nil |

**BY ORDER OF THE BOARD
TAN CHER LIANG
COMPANY SECRETARY**

25 February 2015