



CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING – 11 NOVEMBER 2011

Dear Shareholders,

The world's global economic situation has deteriorated with the possibility that the fall-out could be worse than the 2007-2009 Global Financial Crisis. The current epicenter is the Euro zone and involves mainly sovereign debts, the GFC that exploded in the USA was mostly private sector related. It is therefore prudent to assume that the current financial crisis that follows so seamlessly from the GFC can be expected to inflict serious damages that may last for some years to come.

Your Group has always adopted a conservative and prudent financial policy. The policy is in line with the volatility and dynamic changes that the world's economy has become since globalisation of world trade. Cycles for changes have become shorter and sharper.

Our prudent financial policy defines but does not restrain our growth and investment planning. As such, over the years, the Group continues to grow even during the GFC without hitch.

The key planks of the Group's sustainable growth strategies consist of continuous focus on strengthening our organic growth while embarking on synergistic acquisitions and investments in disruptive technologies fully financed by internal resources. These form the buttressed foundation for our growth platform, to position us to weather economic adversities rearing in the horizon.

As reported, our major revenue earner, the offshore marine sector has softened in the last 12 months and is not expected to perform as well as in previous years. However, demand has recently resurged, in line with record orders for offshore rigs awarded recently world-wide. These are centred mostly in the deep sea areas. The Group is hopeful of securing orders in the near future for delivery in the 2013/2014 financial years. Meanwhile the slack in the offshore marine sector is expected to be taken up by the oil and gas sector for which we have secured substantial projects.

The Group expects all other sectors to continue to be profitable for the financial year ending 30 June 2012. Returns from investments in the start-ups are expected to be slow for FY2012 but collectively are not expected to negatively impact the Group's results as revenue has begun to be generated and we expect to experience profits in one of the start-ups. We are hopeful that these start-ups will be profit contributors to the Group from FY 2013.

The Group is continuously looking for opportunities for expansion. It takes a long term view of its plans ensuring that they are not only sustainable but possess potentials for a global market. Such opportunities may arise during periods of adversity. We position ourselves to be ready for it.

The Group's outstanding orders as at 31 October 2011 stood at S\$54.7m made up of:-

Marine offshore, oil and gas	S\$	32.1m
Construction equipment		7.3
Precision engineering & automation		14.8
Industrial & mobile hydraulics		<u>0.5</u>
Total	S\$	<u>54.7m</u>

Of the above S\$42m are scheduled for delivery in 2012.

The Group is hopeful, barring no unexpected circumstances, that the results for 2012 would continue to be satisfactory and that we would continue to enhance shareholders value.

The Group is blessed. Unprecedented historical floods in Queensland and Thailand this year have both spared our operations in these areas and we have continued to operate without disruptions.

I take this occasion to thank my directors and management for their hard work and commitment and to thank all of you shareholders for your continuous support and forbearance.



G L Sim
Chairman

11 November 2011.