

Full Year Financial Statement And Dividend Announcement for the Year Ended 31 December 2004

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	S\$ ' 000		%
	YEAR ENDED Dec 2004	YEAR ENDED Dec 2003	Change
Revenue	111,624	140,133	-20.34%
Cost of Sales	(90,342)	(117,727)	-23.26%
Gross Profit	21,282	22,406	-5.02%
Other Income	7,925	2,655	198.49%
Selling and Distribution costs	(10,046)	(9,700)	3.57%
Administrative and General costs	(7,459)	(7,495)	-0.48%
Operating profit	11,702	7,866	48.77%
Finance costs	(1,541)	(1,017)	51.52%
Share of results of associates	(3,972)	(12)	33,000.00%
Profit before taxation and minority interest	6,189	6,837	-9.48%
Tax expense	(1,271)	(1,983)	-35.91%
Minority interest, net of tax	(19)	18	-205.56%
Profit for the year	<u>4,899</u>	<u>4,872</u>	0.55%

Group		
S\$ ' 000		%
YEAR ENDED	YEAR ENDED	
Dec 2004	Dec 2003	Change

Profit before taxation included the following charges(credit):

Interest income	(582)	(1,679)	-65.34%
Interest on borrowings	1,541	1,017	51.52%
Depreciation and amortisation	1,481	1,133	30.71%
Amortisation of negative goodwill	(899)	(114)	688.60%
Provision for doubtful debts (trade)	444	944	-52.97%
Provision for stock obsolescence	203	228	-10.96%
Gain on disposal of investment	(1,103)	(163)	576.69%
Gain on disposal of fixed assets	(3,782)	(107)	3,434.58%
Foreign exchange gain	(140)	(235)	-40.43%
Adjustments for (over) or under provision of current taxation	(357)	5	-7240.00%
Adjustments for under provision of deferred taxation	91	14	550.00%

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	S\$ ' 000		S\$ ' 000	
	Dec 04	Dec 03	Dec04	Dec 03
Long-term assets				
Fixed assets	10,915	11,393	-	293
Subsidiary companies	-	-	28,706	29,304
Associated companies	964	5,235	2,273	1,116
Other investments	1,177	20	-	-
Other debtors	236	249	-	-
Amounts due from associated companies	10,154	-	-	-
Amounts due from subsidiary companies	-	-	13,937	12,878
Deferred tax assets	146	240	16	18
Goodwill	1,365	1,588	-	-
Negative goodwill	(32)	(931)	-	-
Development costs	388	352	-	-
	25,313	18,146	44,932	43,609
Current assets				
Stocks and work-in-progress	26,157	27,096	-	-
Trade debtors	21,701	20,709	-	-
Other debtors	18,889	6,731	-	17
Amounts due from subsidiary companies, non-trade	-	-	3,282	3,243
Amounts due from associated companies	12,880	35,096	159	76
Amounts due from related parties	379	428	-	-
Fixed deposits	1,706	912	-	-
Cash and bank balances	2,910	4,430	12	15
	84,622	95,402	3,453	3,351
Current liabilities				
Trade creditors and accruals	13,863	16,707	459	298
Other creditors	1,213	4,231	326	25
Amount due to subsidiary company	-	-	1	-
Amounts due to associated companies	800	760	1	2
Amounts due to related parties, trade	-	4	-	-
Amounts due to bankers	22,290	34,756	-	-

Term loans	14,091	4,898	-	-
Hire purchase creditors	127	341	-	106
Provision for taxation	1,591	2,308	66	180
	53,975	64,005	853	611
Net current assets	30,647	31,397	2,600	2,740
Long-term liabilities				
Term loans	61	-	-	-
Hire purchase creditors	137	249	-	129
	198	249	-	129
Net assets	55,762	49,294	47,532	46,220
Equity				
Share capital	35,049	35,049	35,049	35,049
Share premium	3,363	3,363	3,363	3,363
Revaluation reserve	2,398	2,398	-	-
Warrants reserve	2,462	-	2,462	-
Foreign currency translation	(287)	(198)	-	-
Revenue reserves	12,671	8,613	6,658	7,808
Total equity	55,656	49,225	47,532	46,220
Minority interests	106	69	-	-
	55,762	49,294	47,532	46,220

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

Amount repayable in one year or less, or on demand

As at 31/12/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
29,757	6,751	37,310	2,684

Amount repayable after one year

As at 31/12/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
137	61	250	-

Details of any collateral

The secured borrowings are secured by the Company's property at 11 Tuas Avenue 1, Singapore 639496.

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

	Jan- Dec 2004	Jan- Dec 2003
	\$'000	\$'000
Cashflows from operating activities:		
Operating profit before taxation	6,189	6,837
Add / (Less) :		
Amortisation of goodwill	223	219
Amortisation of intangible asset	100	95
Amortisation of negative goodwill	(899)	(114)
Currency realignment	(108)	(175)
Depreciation of fixed assets	1,158	819
Gain on disposal of investments	-	(163)
Gain on disposal of investment in associated company	(1,103)	-
Gain on disposal of fixed assets	(3,782)	(107)
Interest income	(582)	(1,679)
Interest expense	1,541	1,017
Provision for doubtful debts	472	965
Bad debt written off	3	40
Provision for stock obsolescence	203	228
Share of associated companies' losses	3,972	12
Operating income before reinvestment in working capital	7,387	7,994
Inflow / (Outflow) :		
Decrease/(Increase) in stocks	736	(4,802)
Increase in trade debtors	(1,439)	(3,243)
Decrease/(Increase) in other debtors	5,843	(5,814)
Decrease/(Increase) in amounts due from associated companies	11,216	(14,094)
Decrease in amounts due from related parties	49	158
(Decrease)/Increase in trade creditors	(3,975)	6,504
(Decrease)/Increase in other creditors	(3,018)	3,325
(Decrease)/Increase in trust receipts and bill payables	(16,585)	15,797
Increase in amounts due to associated companies	40	457
Decrease in amounts due to related parties	(4)	(3)
Cash generated from operations	250	6,279

Income tax paid	(1,819)	(1,175)
Interest received	1,400	848
Interest paid	(1,541)	(1,017)
Net cash (used in)/generated from operating activities	(1,710)	4,935
Cashflows from investing activities		
Inflow / (Outflow) :		
Purchase of fixed assets	(14,655)	(514)
Proceeds from dilution of interest in subsidiary	-	36
Proceeds from sale of fixed assets	1,888	173
Investment in associated companies	(234)	(151)
Proceeds from disposal of investment	-	440
Proceeds from disposal of investment in associated company	473	-
Purchase of investment	(1,157)	(275)
Dividend received from associated company	-	51
Purchase of Intangible assets	(123)	(346)
Net cash and cash equivalents from acquisition of subsidiary company	-	93
Net cash used in investing activities	(13,808)	(493)
Cashflows from financing activities		
Inflow / (Outflow) :		
Dividend payment in respect of prior year	(841)	(820)
Increase/(decrease) in secured bank overdrafts	2,890	(822)
Proceeds from issuance of warrants	2,804	-
Expenses on issuance of warrants	(342)	-
Principal repayments under finance lease	(204)	(286)
Proceeds from additional term loans	9,254	3,076
Net cash provided by financing activities	13,561	1,148
Net (decrease)/increase in cash & cash equivalents	(1,957)	5,591
Cash and cash equivalents at beginning of year	4,158	(1,433)
Cash and cash equivalents at end of year	2,201	4,158

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.

Group				Company			
Amount		Shares		Amount		Shares	
1.1.2004 to 31.12.2004	1.1.2003 to 31.12.2003	1.1.2004 to 31.12.2004	1.1.2003 to 31.12.2003	1.1.2004 to 31.12.2004	1.1.2003 to 31.12.2003	1.1.2004 to 31.12.2004	1.1.2003 to 31.12.2003
S\$'000	S\$'000	'000	'000	S\$'000	S\$'000	'000	'000

Authorised:-

Balance at beginning & end of year

Ordinary shares of \$0.20 (2003: \$0.20) each

55,000	55,000	275,000	275,000	55,000	55,000	275,000	275,000
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Issued and fully paid capital

Balance at beginning & end of year

Ordinary shares of \$0.20 (2003: \$0.20) each

35,049	35,049	175,244	175,244	35,049	35,049	175,244	175,244
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Share premium

Balance at beginning & end of year

3,363	3,363			3,363	3,363		
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Revaluation reserve

Balance at beginning & end of year

2,398	2,398			-	-		
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Warrants reserve

Balance at beginning of year

-	-			-	-		
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Proceeds from issuance of warrants

2,804				2,804			
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Expenses on issuance of warrants

(342)	-			(342)	-		
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Balance at end of year

2,462	-			2,462	-		
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Foreign currency translation

Balance at beginning of year

(198)	233			-	-		
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Foreign currency translation adjustment

(89)	(431)			-	-		
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Balance at end of year

(287)	(198)			-	-		
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Revenue reserves

Balance at beginning of year

8,613	4,561			7,808	8,364		
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Final dividend declared in respect of previous financial year

(841)	(820)			(841)	(820)		
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7,772	3,741			6,967	7,544		
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Profit/(Loss)for the year

4,899	4,872			(309)	264		
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Balance at end of year

12,671	8,613			6,658	7,808		
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Total equity and shares outstanding

55,656	49,225			47,532	46,220		
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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 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 are no changes to the share capital of the Company.

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

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 a 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 financial year compared with those of the audited financial statements for the year ended 31 December 2003.

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.

Not applicable

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.

	Group	
	Dec 04	Dec 03
(i) Based on the weighted average number of ordinary shares on issue	2.80 cents	2.78 cents
(ii) On a fully diluted basis	2.54 cents	NA

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	Dec 04	Dec 03	Dec 04	Dec 03
Net asset value per ordinary share as at the end of the year	31.76 cents	28.09 cents	27.44 cents	26.37 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 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; and**

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

Group turnover for the full year ended 31 December 2004 (FY2004) was S\$111.6 million, representing a dip of 20.3% from S\$140.1 million for the corresponding period last year. The decline in turnover was attributable mainly to the lack of major Engineering, Procurement and Construction ("EPC") projects from the Group's key market – Indonesia. Uncertainties leading up to the Indonesian presidential elections last year caused delays in new oil and gas projects to take off.

However, the Group's operating profit increased 50.0% to S\$11.7 million in FY2004 from S\$7.8 million in FY2003, mainly due to:

- (a) increase in gross profit margin from 15.6% in FY2003 to 19.1% in FY2004 as a result of lower EPC sales which are usually low in profit margin and a new source of income from charter activities in the current financial year, and
- (b) a 198.5% surge in other income which includes approximately S\$1.1 million from the disposal of a 50% stake in Shanghai KVC Valve Co. Ltd by Federal Hardware Engineering Co and S\$3.6 million from the sale of an accommodation and work barge.

Increase in operating expenses was due to higher selling and distribution costs relating to salary expenses in relation to the new staff force in the UK subsidiary. Finance costs have also increased due to financing of the barge during the year.

Net profit stood at S\$4.9 million, which was slightly higher than last year. This is due to the fact that the operating profit was offset by our share of losses in associates amounting to S\$4.0 million, which was largely contributed by our 20%-owned associated company, PT Gunanusa Utama.

Geographically, Indonesia remained the biggest market, accounting for S\$36.8 million or 32.9% of total sales. This is followed by PRC, whose contribution of S\$31.2 million in sales or 27.9% of group revenue, represents an increase of 110.7 % over FY2003. Singapore comes in third place, contributing S\$17.8 million and 16.0% of total revenue in FY2004, represents an increase of 35.3% over FY2003. The other markets, namely USA, UK, Australia, Sudan, Pakistan and UAE have also registered revenue growth over FY2003.

Investment in associated companies dropped mainly due to our share of losses in PT Gunanusa Utama. Increase in other investment refers to our 10% equity interest in Tiong Woon China Consortium Pte. Ltd. The long term portion of the amount due to associated companies comprising of S\$10.2 million was reclassified from current assets as payment will be expected in 2006.

Increase in other debtors is mainly due to the remaining balances of the consideration for the sale of barge and disposal of our associated company, Shanghai KVC Valve Co. Ltd. We have received the above proceeds subsequent to balance sheet date, totalling S\$17.9 million. The proceeds have been used to discharge all the short-term loans and some portion of the amounts due to bankers.

During the year, the company has listed and quoted on the Official List of the Singapore Stock Exchange Securities Trading Limited, 35,048,775 warrants at an issue price of S\$0.08 for each warrant. Each warrant carries the right to subscribe for an ordinary share of S\$0.20 each in the capital of the company at an exercise price of S\$0.22 for each new share. The company has utilised the proceeds to fund the Group's working capital requirements after paying all the professional fees related to the warrants issue.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results are in line with the prospect statement made in the half year results dated 12 August 2004.

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.

2004 saw the Group consolidating its businesses as reflected in the disposal of the barge and its stake in Shanghai KVC Valve Co Ltd. Subsequent to the balance sheet date, the proceeds from the disposal of the barge and the investment in Shanghai KVC Valve Co Ltd totalling S\$17.9 million has been received and used to discharge all the short-term loans. The remaining proceeds after discharging the loans would provide the Group with more funds to expand the business.

The last financial year was also marked by aggressive initiatives to forge strategic alliances with partners in Indonesia and Singapore as part of our efforts to expand our market reach and expand our earnings base. We are pleased to note that some of our subsidiary companies, such as HP&T Products, Inc. continued to be profitable or to turn around while others made inroads into new markets such as Iran.

Going forward, we are confident that the current financial year will see the Group being awarded more procurement contracts in Indonesia as more EPC projects come on stream in a more stable, post-election climate. In addition to potential EPC projects, our Build, Operate and Own ("BOO") project to rent production facilities to PT Semco, undertaken through our joint venture with PT Jaya Wijaya Raya in Indonesia, will take place in 2005. The project in providing integrated drilling service and associated equipment, logistical works to various Indonesia oil majors and resource explorers will also take off this year. This, coupled with improved sales of the Group's own proprietary products in existing and new markets, will have a positive impact on our income base.

Barring any unforeseen circumstances, the Directors are optimistic that the Group will remain profitable in FY2005.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	0.6 cents (3%) per ordinary share (less tax)
Par value of shares	\$0.20
Tax Rate	20%

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	0.6 cents (3%) per ordinary share (less tax)
Par value of shares	\$0.20
Tax Rate	20%

(c) Date payable

To be advised.

(d) Books closure date

To be advised.

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

NA

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. 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.

Flowline	Control	Oilfield	Drilling	Fire	Protection	Corporate	/others	Eliminations		Consolidated	
2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

REVENUE												
External sales	90,468	121,285	11,910	14,508	2,935	3,732	6,311	1,097	-	(489)	111,624	140,133
Inter-segment sales	603	586	-	59	26	12	2,271	2,268	(2,900)	(2,925)	-	-
Total revenue	91,071	121,871	11,910	14,567	2,961	3,744	8,582	3,365	(2,900)	(3,414)	111,624	140,133

RESULT												
Segment result	5,634	5,406	655	(124)	(265)	(5)	2,921	578	1,072	169	10,017	6,024

Interest income	620	1,682	8	1	-	-	2	2	(48)	(6)	582	1,679
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Finance cost	(1,518)	(902)	(53)	(95)	(11)	(6)	(7)	(20)	48	6	(1,541)	(1,017)
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Loss / gain on disposal of investment	1,035	-	-	-	-	-	-	165	68	(2)	1,103	163
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Share of losses of un-consolidated associates	(4,443)	23	118	16	-	-	353	(51)	-	-	(3,972)	(12)
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Profit before taxation											6,189	6,837
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Tax expense											(1,271)	(1,983)
Minority interest											(19)	18

Net profit											4,899	4,872
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PRC	Indonesia	M'sia	S'pore	India	UAE	Thai	USA	UK	Pakistan	Aust	Sudan	Others	Elimination	Total
2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

REVENUE															
External sales	31,183	36,769	3,452	17,807	1,485	1,470	2,051	3,638	4,572	1,337	1,551	1,440	4,869	-	111,624
Inter-segment sales	51	-	-	6,666	-	-	603	487	501	-	-	-	4	(8,312)	-
Total revenue	31,234	36,769	3,452	24,473	1,485	1,470	2,654	4,125	5,073	1,337	1,551	1,440	4,873	(8,312)	111,624

PRC	Indonesia	M'sia	S'pore	India	UAE	Thai	USA	UK	Pakistan	Aust	Sudan	Others	Elimination	Total
2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

SEGMENT REVENUE															
External sales	14,797	93,084	4,259	13,158	1,837	874	3,248	1,972	2,110	1,006	426	191	3,660	(489)	140,133
Inter-segment sales	218	-	-	5,938	-	-	628	503	20	-	-	-	-	(7,307)	-
Total revenue	15,015	93,084	4,259	19,096	1,837	874	3,876	2,475	2,130	1,006	426	191	3,660	(7,796)	140,133

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

NA

15. A breakdown of sales.

	<-----Group----->		
	S\$ ' 000		%
	Dec 04	Dec 03	Change
Sales reported for the first half year	67,558	43,353	55.83%
Operating profit/loss after tax before deducting minority interests reported for the first half year	1,894	1,089	73.92%
Sales reported for the second half year	44,066	96,780	-54.47%
Operating profit/loss after tax before deducting minority interests reported for the second half year	3,024	3,765	-19.68%

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

	Latest Full Year (S\$)	Previous Full Year (S\$)
Ordinary	841,171	841,171
Preference	-	-
Total:	841,171	841,171

BY ORDER OF THE BOARD

Chng Geok
Company Secretary
25 February 2005