



**MEIBAN GROUP LTD**

(Registration number: 198602811M)

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## **Third Quarter Ended 30 September 2011 Financial Statements Announcement**

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## MEIBAN GROUP LTD

### Third Quarter Financial Statement And Related Announcement

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

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

The Board of Directors of Meiban Group Ltd wishes to announce the unaudited results of the Group for the third quarter and nine months ended 30 September 2011.

	GROUP			GROUP		
	Q3 2011 S\$'000	Q3 2010 S\$'000	Change %	YTD 2011 S\$'000	YTD 2010 S\$'000	Change %
<b>Revenue</b>	<b>83,018</b>	<b>104,007</b>	(20)	<b>264,778</b>	<b>323,159</b>	(18)
Cost of sales	(76,578)	(94,581)	(19)	(239,424)	(295,395)	(19)
Gross profit	6,440	9,426	(32)	25,354	27,764	(9)
Other revenue	693	635	9	1,836	1,466	25
Distribution expenses	(314)	(321)	(2)	(963)	(964)	-
Administrative expenses	(4,247)	(4,425)	(5)	(12,633)	(13,449)	(6)
Other operating expenses	(300)	(1,543)	(81)	(3,897)	(1,126)	246
<b>Profit from operations</b>	<b>2,272</b>	<b>3,772</b>	(40)	<b>9,697</b>	<b>13,691</b>	(29)
Interest expenses	(19)	(7)	171	(50)	(30)	67
Share of losses of associates <sup>1</sup>	(365)	(42)	769	(814)	(45)	1,709
<b>Profit before tax</b>	<b>1,888</b>	<b>3,723</b>	(49)	<b>8,833</b>	<b>13,616</b>	(35)
Taxation	(785)	(1,137)	(31)	(3,105)	(3,114)	-
<b>Net profit for the period</b>	<b>1,103</b>	<b>2,586</b>	(57)	<b>5,728</b>	<b>10,502</b>	(45)
Attributable to:						
Shareholders of the Company	1,226	2,673	(54)	6,442	10,445	(38)
Non-controlling interests	(123)	(87)	41	(714)	57	n.m
	<u>1,103</u>	<u>2,586</u>	(57)	<u>5,728</u>	<u>10,502</u>	(45)

n.m: Not meaningful

<sup>1</sup> Meiban Group Ltd's share of losses of associates pertained to the losses incurred mainly by Daimei Thai Co., Ltd. Refer to paragraph 8 for further information on Daimei Thai Co., Ltd..

<b>Profit after tax is arrived at after charging (crediting) the following:</b>	<b>Q3 2011 S\$'000</b>	<b>Q3 2010 S\$'000</b>	<b>YTD 2011 S\$'000</b>	<b>YTD 2010 S\$'000</b>
Interest income	(184)	(50)	(378)	(132)
Interest expenses	19	7	50	30
Impairment loss on investment in an associate	-	-	787	-
Loss on liquidation of subsidiaries	141	-	141	-
Depreciation and amortization	2,505	2,963	8,009	9,168
(Write back of)/allowance made for doubtful debts	(4)	(16)	219	92
Foreign exchange (gains)/losses	(274)	1,226	1,376	179
Gain on disposal of property, plant and equipment	(19)	(125)	(31)	(547)
Allowance made/(written back) for inventory obsolescence	195	(490)	288	588
Provisions made/(written back) for service and maintenance	126	(8)	194	17
(Overprovision)/underprovision of current tax expense in prior years	(24)	22	(294)	206
Underprovision/(overprovision) of deferred tax expense in prior years	89	(5)	220	(444)

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

	<b>Group</b>		<b>Company</b>	
	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>30.09.2011</b>	<b>31.12.2010</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	66,584	67,244	1,371	1,706
Intangible assets	950	1,282	3	1
Land use rights	2,196	2,229	-	-
Subsidiaries	-	-	58,412	60,005
Associates	588	2,189	1,534	2,534
Other non-current assets	759	759	759	759
Deferred tax assets	2,864	2,486	-	22
	<b>73,941</b>	<b>76,189</b>	<b>62,079</b>	<b>65,027</b>
<b>Current assets</b>				
Inventories	31,558	34,850	-	-
Trade and other receivables	71,625	74,983	10,339	9,605
Cash and cash equivalents	59,399	48,212	491	2,422
	<b>162,582</b>	<b>158,045</b>	<b>10,830</b>	<b>12,027</b>
<b>Total assets</b>	<b>236,523</b>	<b>234,234</b>	<b>72,909</b>	<b>77,054</b>
<b>Equity attributable to equity holders of the parent</b>				
Share capital	33,127	34,969	33,127	34,969
Reserves	114,111	114,775	38,915	40,498
Share capital and reserves	147,238	149,744	72,042	75,467
Non-controlling interests	8,058	8,521	-	-
<b>Total equity</b>	<b>155,296</b>	<b>158,265</b>	<b>72,042</b>	<b>75,467</b>
<b>Non-current liabilities</b>				
Financial liabilities	1,272	194	-	-
Deferred tax liabilities	2,440	2,447	59	-
	<b>3,712</b>	<b>2,641</b>	<b>59</b>	<b>-</b>

	<b>Group</b>		<b>Company</b>	
	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>30.09.2011</b>	<b>31.12.2010</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Current liabilities</b>				
Trade and other payables	69,149	67,084	692	1,476
Financial liabilities	3,095	532	-	-
Provisions	4,013	3,996	-	-
Current tax payable	1,258	1,716	116	111
	<u>77,515</u>	<u>73,328</u>	<u>808</u>	<u>1,587</u>
<b>Total liabilities</b>	<u>81,227</u>	<u>75,969</u>	<u>867</u>	<u>1,587</u>
<b>Total equity and liabilities</b>	<u>236,523</u>	<u>234,234</u>	<u>72,909</u>	<u>77,054</u>

**2 (i) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

<b>As at 30/09/2011</b>		<b>As at 31/12/2010</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
2,804	291	31	501

**2 (ii) Amount repayable after one year**

<b>As at 30/09/2011</b>		<b>As at 31/12/2010</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
1,272	-	-	194

**Details of any collateral**

As at 30 September 2011, borrowings amounted to \$4,076,000 were secured by a first fixed charge over a subsidiary's machinery. As at 31 December 2010, the secured borrowings of \$31,000 were in respect of hire purchase liabilities.

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

	<b>Q3 2011 S\$'000</b>	<b>Q3 2010 S\$'000</b>	<b>YTD 2011 S\$'000</b>	<b>YTD 2010 S\$'000</b>
<b>Cash flows from operating activities :</b>				
Profit before income tax	1,888	3,723	8,833	13,616
Adjustments for :				
Depreciation and amortisation	2,505	2,963	8,009	9,168
Interest expenses	19	7	50	30
Interest income	(184)	(50)	(378)	(132)
Impairment loss on investment in an associate	-	-	787	-
Loss on liquidation of subsidiaries	141	-	141	-
Gain on disposal of property, plant and equipment	(19)	(125)	(31)	(547)
Provision made/(written back) for service and maintenance	126	(8)	194	17
Share of losses of associates	365	42	814	45
<b>Operating profit before working capital changes</b>	<b>4,841</b>	<b>6,552</b>	<b>18,419</b>	<b>22,197</b>
Changes in working capital :-				
Inventories	2,614	(103)	3,292	(5,878)
Trade and other receivables	6,315	8,930	3,358	(1,514)
Trade and other payables	(1,869)	(6,781)	3,096	2,449
<b>Cash generated from operations</b>	<b>11,901</b>	<b>8,598</b>	<b>28,165</b>	<b>17,254</b>
Income tax paid	(1,769)	(1,879)	(3,926)	(4,500)
<b>Net cash from operating activities</b>	<b>10,132</b>	<b>6,719</b>	<b>24,239</b>	<b>12,754</b>
<b>Cash flows from investing activities :</b>				
Acquisition of non-controlling interests in a subsidiary	-	(83)	-	(83)
Return of capital to non-controlling interests	(77)	-	(77)	-
Acquisition of other investments	-	-	-	(200)
Acquisition of an associate	-	(1,534)	-	(2,534)
Purchase of property, plant and equipment	(2,735)	(1,191)	(8,430)	(3,518)
Proceeds from disposal of property, plant and equipment	36	240	260	964
Interest received	184	50	378	132
<b>Net cash used in investing activities</b>	<b>(2,592)</b>	<b>(2,518)</b>	<b>(7,869)</b>	<b>(5,239)</b>
<b>Cash flows from financing activities :</b>				
Proceeds from short term borrowings	1,584	-	2,783	-
Repayment of short term borrowings	(37)	(274)	(437)	(898)
Proceeds from long term borrowing	-	-	1,428	-
Repayment of long term borrowing	(93)	-	(182)	-
Dividends paid				
- by the Company	-	-	(6,456)	(6,641)
- by subsidiaries to non-controlling interests	-	(143)	-	(293)
Repurchase of own shares	-	(268)	(1,842)	(1,427)
Contribution from non-controlling shareholders	-	300	-	300
Interest paid	(19)	(7)	(50)	(30)
<b>Net cash from/(used in) financing activities</b>	<b>1,435</b>	<b>(392)</b>	<b>(4,756)</b>	<b>(8,989)</b>

	<b>Q3 2011 S\$'000</b>	<b>Q3 2010 S\$'000</b>	<b>YTD 2011 S\$'000</b>	<b>YTD 2010 S\$'000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	8,975	3,809	11,614	(1,474)
Cash and cash equivalents at beginning of period	49,809	37,635	48,212	41,835
Effect of exchange rate changes on balances held in foreign currencies	615	(380)	(427)	703
<b>Cash and cash equivalents at end of period</b>	<u>59,399</u>	<u>41,064</u>	<u>59,399</u>	<u>41,064</u>
<b>Comprising :</b>				
Cash at bank and on hand	45,014	28,837	45,014	28,837
Fixed deposits	14,385	12,227	14,385	12,227
<b>Cash and cash equivalents at end of period</b>	<u>59,399</u>	<u>41,064</u>	<u>59,399</u>	<u>41,064</u>

**4a Statement of comprehensive income for the third quarter and nine months ended 30 September 2011**

	<b>GROUP</b>			<b>GROUP</b>		
	<b>Q3 2011 S\$'000</b>	<b>Q3 2010 S\$'000</b>	<b>Change %</b>	<b>YTD 2011 S\$'000</b>	<b>YTD 2010 S\$'000</b>	<b>Change %</b>
<b>Profit for the period</b>	<b>1,103</b>	<b>2,586</b>	(57)	<b>5,728</b>	<b>10,502</b>	(45)
Other comprehensive income:						
Translation differences relating to financial statements of foreign subsidiaries	1,442	(866)	n.m	(463)	1,313	n.m
<b>Total comprehensive income</b>	<u><b>2,545</b></u>	<u><b>1,720</b></u>	<b>48</b>	<u><b>5,265</b></u>	<u><b>11,815</b></u>	<b>(55)</b>
Attributable to:						
Shareholders of the Company	2,370	1,997	19	5,792	12,020	(52)
Non-controlling interests	175	(277)	n.m	(527)	(205)	157
	<u><b>2,545</b></u>	<u><b>1,720</b></u>		<u><b>5,265</b></u>	<u><b>11,815</b></u>	

**4b A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Share capital	Foreign currency translation reserves	Statutory general reserve	Retained profits	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>							
At 1 July 2010	35,237	(872)	1,469	111,180	147,014	8,323	155,337
Total comprehensive income for the period	-	(676)	-	2,673	1,997	(277)	1,720
Dividends	-	-	-	-	-	(143)	(143)
Repurchase of own shares	(268)	-	-	-	(268)	-	(268)
Total contributions by and distributions to owners	(268)	-	-	-	(268)	(143)	(411)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(83)	(83)
Contribution from non-controlling shareholders	-	-	-	-	-	300	300
Total changes in ownership interests in subsidiaries	-	-	-	-	-	217	217
Total transactions with owners	(268)	-	-	-	(268)	74	(194)
At 30 September 2010	34,969	(1,548)	1,469	113,853	148,743	8,120	156,863

	Share capital	Foreign currency translation reserves	Statutory general reserve	Retained profits	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>							
At 1 July 2011	33,127	(4,760)	1,468	115,033	144,868	7,819	152,687
Total comprehensive income for the period	-	1,144	-	1,226	2,370	175	2,545
De-consolidation of subsidiary	-	-	-	-	-	64	64
Total contributions by and distributions to owners	-	-	-	-	-	64	64
At 30 September 2011	33,127	(3,616)	1,468	116,259	147,238	8,058	155,296

	Share capital	Retained profits	Total
	S\$'000	S\$'000	S\$'000
<b>The Company</b>			
At 1 July 2010	35,237	40,811	76,048
Total comprehensive income for the period	-	(433)	(433)
Repurchase of own shares	(268)	-	(268)
At 30 September 2010	34,969	40,378	75,347
At 1 July 2011	33,127	38,688	71,815
Total comprehensive income for the period	-	227	227
At 30 September 2011	33,127	38,915	72,042

**4b (i) 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 or 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 is no change in the Company's issued share capital since 30 June 2011.

The Company does not have any outstanding convertibles as at 30 September 2011 and as at 31 December 2010.

**4b (ii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

As at 30 September 2011, the share capital of the Company comprised 321,024,200 ordinary shares (31 December 2010: 327,027,200).

**4b (iii) 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**

The Company does not have any treasury shares.

**5 (i) Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

These figures have not been audited or reviewed.

**5 (ii) Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**5 (iii) 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 adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2010.

**5 (iv) 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**

The adoption of the new / revised FRS (including consequential amendment) and INT FRS is currently assessed to have no significant impact on the financial position and results of the current period and prior period of the Group.

**6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Q3 2011</b>	<b>Q3 2010</b>	<b>YTD September 2011</b>	<b>YTD September 2010</b>
Net profit attributable to equity holders (S\$'000)	1,226	2,673	6,442	10,445
Weighted average number of shares ('000)	321,024	327,276	323,135	329,772
Earnings per share (EPS):-				
- basic (cents)	0.4	0.8	2.0	3.2
- diluted (cents)	0.4	0.8	2.0	3.2

**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 period reported on and (b) immediately preceding financial year**

	Group		Company	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Net asset value (S\$'000)	147,238	149,744	72,042	75,467
No. of ordinary shares at the end of the period ('000)	321,024	327,027	321,024	327,027
Net asset value per ordinary share (cents)	45.9	45.8	22.4	23.1

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Overview**

The core competencies of the Group encompass design, tooling, plastic injection molding and contract manufacturing. The Group has integrated manufacturing facilities in Singapore, Malaysia and China.

**Revenue**

For the three months ended 30 September 2011, the business environment remained challenging and competitive for the Group. Persistent pricing pressures from customers, volatile demand and rising input costs affected the performance of the Group during the quarter.

Both Contract Manufacturing and Plastics business segments of the Group experienced lower demand from customers as well as downward pricing. As a consequence, group revenue declined 20% to S\$83.0 million.

**Profitability**

Due to the decline in revenue and higher input costs, gross profit for Q3 2011 fell 32% to S\$6.4 million. Overall, operating expenses were lower in line with the fall in revenue. In particular, other operating expenses declined 81% to S\$0.3 million as the stronger US dollar in Q3 2011 reversed a foreign exchange loss of S\$1.2 million in Q3 2010 to a foreign exchange gain of S\$0.3 million in Q3 2011.

With a higher share of losses of associates of S\$0.4 million in Q3 2011 due to losses incurred by our associated company, Daimei Thai Co., Ltd, group profit before tax declined 49% to S\$1.9 million. The location of our associated company's plant in Thailand is not in the flood zone area. The Group experienced higher effective tax rate as losses in some subsidiaries could not be offset against the overall profit of the Group for tax purposes. After deducting taxation and minority interests, net profit attributable to shareholders fell 54% to S\$1.2 million in Q3 2011.

**Cash Flow and Balance Sheet**

Despite lower profits, the Group generated a net cash inflow of S\$10.1 million in Q3 2011 due to efficient working capital management. Part of the cash was deployed to fund investment in fixed assets

and the repayment of bank borrowings. The Group also recorded an increase of S\$9.0 million in cash and cash equivalents for the three months ended 30 September 2011.

As part of working capital management, inventories and trade receivables declined to reflect the lower level of revenue. Although bank borrowings rose to S\$4.4 million, cash and cash equivalents also increased to S\$59.4 million as at 30 September 2011.

**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 the announcement of the 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 economic activities in the major Western countries appear to be slowing down. Any such slowdown could have a negative impact on the demand for consumer goods and as such, the Group expects business conditions to remain competitive.

Due to the economic uncertainties, operating conditions are likely to remain challenging. Factors such as fluctuating demand, a volatile US dollar as well as price erosions are expected to affect the performance of the Group.

The operations of the Group's new machining and drilling business, which commenced in Q2 2011, has built up momentum in Q3 2011 and is expected to continue to contribute to the Group's revenue in Q4 2011. The Group will continue its efforts to secure projects from existing and potential customers in selected industries for such business.

**11 Dividend**

***(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on?

None

***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

None

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

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

No dividend has been declared for the quarter ended 30 September 2011.

**13 Aggregate value of interested person transactions entered into during the nine months ended 30 September 2011.**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	
	<b>Nine Months Ended 30 September 2011 \$'000</b>	<b>Nine Months Ended 30 September 2010 \$'000</b>
Transactions for sales of goods and services to Daimei Group <sup>1</sup>	-	3,963
Joint investment in an associate with Daimei Plastic Co., Ltd	-	1,490
Joint investment in a subsidiary company with GKC Holdings Pte Ltd	-	700
Guarantees provided in respect of banking facilities to Meiban Drilling And Machining Pte. Ltd. <sup>2</sup>	5,045	-
<b>Total interested person transactions</b>	<b>5,045</b>	<b>6,153</b>

**Note:**

1. Daimei Group refers to Daimei Plastic Co., Ltd and its related companies. As Mr Toru Yamaguchi, who is a director of Meiban Group Ltd, has significant beneficial interest in Daimei Group, Daimei Group is hence an interested person.
2. Meiban Drilling And Machining Pte. Ltd., a subsidiary of Meiban Group Ltd, is 30% owned by GKC Holdings Pte Ltd (the other 70% of Meiban Drilling And Machining Pte. Ltd. is owned by Meiban Group Ltd). Mr Goh Tiong Yong, Ms Carol Goh Su Lin and Ms Goh Su Min, who are directors of Meiban Group Ltd, collectively own more than 30% interest in GKC Holdings Pte Ltd and are deemed to have an interest in the shareholdings of Meiban Drilling And Machining Pte. Ltd. The principal amounts guaranteed by Meiban Group Ltd are equivalent to approximately 70% of the principal amounts available under the respective banking facilities obtained by Meiban Drilling And Machining Pte. Ltd.

**14 Negative assurance confirmation on interim financial results under SGX Listing Rule 705(4) of the Listing Manual**

The Directors confirm that, to the best of their knowledge, nothing has come to attention of the Board of Directors which may render the Q3 FY2011 and nine months ended 30 September 2011 financial results to be false or misleading.

ON BEHALF OF THE DIRECTORS

GOH TIONG YONG GEORGE JP, BBM  
Executive Chairman

CAROL GOH SU LIN  
Executive Vice President (Business  
Development)

**BY ORDER OF THE BOARD**

Lee Pih Peng  
Company Secretary  
Singapore, 10 November 2011