

New Year Message (2012)

Happy New Year to all of you.

2011 was an eventful year. We saw natural disasters of unprecedented levels ranging from the tsunami and earthquake in Japan, floods in Thailand and in Singapore, political upheaval in the Middle East, change in government in Egypt, financial crisis which affected the United States and European Union to the emergence of a new country - the Republic of South Sudan.

I am proud to announce that amid the global political and financial instability last year, we have managed to overcome the challenges that came our way and have done well, in terms of JEL's group performance.

We have achieved and even surpassed our targets in terms of sales, profit and orders which we have set earlier in the year. Our group sales reached approximately S\$365 million and our profit after tax was approximately S\$15.8 million, representing a 4% net profit after tax margin for the 2011 financial year. This translates into a 18% return on equity for the shareholders. Our order book currently stands at approximately S\$640 million.

I would like to thank our clients for their co-operation, understanding and most importantly for giving us the opportunity to show our ability and to prove ourselves as a reliable and efficient constructor, not only in South East Asia but the world over. I would also like to thank all of you for your dedication and hard work throughout last year, without which, our stellar achievement in 2011 would not have been achievable. I am sure our shareholders share the same sentiments as I do.

Another highlight last year was the company's achievement in maintaining the "ZERO reportable accident" record. This achievement has now been maintained for 41 continuous months. Let us continue to be vigilant and conscious of "safety" always. With this in mind, I hope this record will be maintained. Keep it up!

No doubt, repeating our achievements for 2011, this year, will be a challenge. However, it is not impossible. It is not impossible if we continue to work hard and have the right attitude. For 2012, managing project execution risks to contain cost will be vital. Our supporting departments will need to continue to focus on value-added initiatives so as to curtail inflationary cost pressure, through productivity and risks management. Our Purchasing team will have to continue to expand their supplier and subcontractor base so as to provide alternatives for cost containment to support our projects. Our Finance Division will need to continue to focus on providing timely and relevant reports to aid our management in their decision making. Our Treasury will need to be ever more vigilant to monitor and hedge the unpredictable currency risks.

Needless to say, what we have achieved so far is in no small part due to our capabilities, which have been strengthened over the years. The word "Strengthen" was the keyword used in last year's message. I am glad there have been improvements made to further strengthen various areas within the JEL Group since. Last year, JEL's management supported the acquisition of a minority stake in Petroleum Consulting Engineers, a company in Mumbai, India, as the acquisition is expected to strengthen our engineering capability.

The word “Change” will be the keyword for this year’s message. Although last year’s achievement was satisfactory, I am sure many of us have analysed past mistakes and realised how changes can be made to avoid a recurrence of the same mistakes. Let us reflect on these experiences and challenge ourselves to make these changes. Changes within our company can only be implemented if we are receptive of it. So, let us make that change.

I will be launching a campaign called “Change JEL” this year and it is my request that everyone participates in this campaign. Your ideas and thoughts on practical changes to help improve our company will be beneficial and greatly appreciated. Let us challenge ourselves to “Change” for a better 2012.

This year will be the busiest year in JEL’s history. We are going to execute S\$450 million worth of sales in 2012 and extra resources will be required. Although the expected worldwide economy downturn in 2012 requires us to be prudent, it also provides us with a good opportunity to increase our human resources since the market is expected to ease. In line with the “Change JEL” campaign, 2012 will be the year to revamp the organization and to focus more on value added businesses. New discipline for the next generation will be built up slowly through ongoing projects in 2012.

Overall, we have every reason to be confident and optimistic. With our solid order book, JEL will continue to enlarge and strengthen our market share in this region through our subsidiaries, especially in Singapore, Thailand, Vietnam, Indonesia and Malaysia.

It must also not be forgotten that close co-operation and harmony amongst all the departments within the JEL group has played a very integral part in our success. The co-operation and harmony amongst all departments must be appreciated, maintained and not taken for granted.

We must continue to work hard and not be complacent. In the long run, competition and cost escalation will eventually eliminate any edge our company has over our competitors if we do not continuously strive to adapt to the ever-changing business landscape and rise above our competitors. The “Change JEL” campaign could not come at a better time. This coming year will be the year to seriously start reinventing ourselves and to reposition the JEL group not just for 2012 but for the long haul.

Thank you.

Seiichi Daita

5th January 2012