

## THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

### PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) RESULTS

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

#### 1(a)(i) Income Statement

	Group					
	3rd quarter ended 30.09.2017 \$'000	3rd quarter ended 30.09.2016 \$'000 (Restated)*	%	9 months ended 30.09.2017 \$'000	9 months ended 30.09.2016 \$'000 (Restated)*	%
			Change			Change
Revenue	6,389	16,228	(61%)	26,703	41,730	(36%)
Cost of sales	(5,028)	(11,250)	(55%)	(18,040)	(27,129)	(34%)
Gross profit	1,361	4,978	(73%)	8,663	14,601	(41%)
Other operating expenses	(398)	(1)	N.M.	(212)	(117)	81%
Selling and distribution expenses	(1,932)	(2,367)	(18%)	(6,062)	(6,502)	(7%)
Administrative expenses	(1,341)	(3,576)	(63%)	(4,081)	(7,956)	(49%)
Finance costs	(78)	(110)	(29%)	(273)	(346)	(21%)
Loss from operations	(2,388)	(1,076)	122%	(1,965)	(320)	514%
Share of results of associated companies	(207)	(154)	34%	(812)	(671)	21%
Share of results of joint ventures	205	245	(16%)	758	359	111%
Loss before tax	(2,390)	(985)	143%	(2,019)	(632)	219%
Tax expense	(57)	(126)	(55%)	(145)	(518)	(72%)
<b>Net loss for the period</b>	<b>(2,447)</b>	<b>(1,111)</b>	<b>120%</b>	<b>(2,164)</b>	<b>(1,150)</b>	<b>88%</b>
<b>Attributable to:</b>						
Equity holders of the Company	(2,097)	(1,015)	107%	(1,691)	(994)	70%
Non-controlling interests	(350)	(96)	265%	(473)	(156)	203%
	<b>(2,447)</b>	<b>(1,111)</b>	<b>120%</b>	<b>(2,164)</b>	<b>(1,150)</b>	<b>88%</b>

**N.M. – Not meaningful**

\* Restated the results of relevant subsidiaries from discontinued operations to continuing operations.

**A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.**

	3rd quarter ended 30.09.2017 \$'000	3rd quarter ended 30.09.2016 \$'000 (Restated)*	%	9 months ended 30.09.2017 \$'000	9 months ended 30.09.2016 \$'000 (Restated)*	%
			Change			Change
<b>Net loss for the period</b>	(2,447)	(1,110)	120%	(2,164)	(1,150)	88%
<b>Other Comprehensive income/(loss):</b>						
Exchange differences on translation of the financial statements of foreign entities (net)	846	(43)	N.M.	471	(379)	(224%)
<b>Total comprehensive loss for the period</b>	<u>(1,601)</u>	<u>(1,153)</u>	39%	<u>(1,693)</u>	<u>(1,529)</u>	11%
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	(1,251)	(1,051)	19%	(1,220)	(1,489)	(18%)
Non-controlling interests	(350)	(102)	243%	(473)	(40)	N.M.
<b>Total comprehensive loss for the period</b>	<u>(1,601)</u>	<u>(1,153)</u>	39%	<u>(1,693)</u>	<u>(1,529)</u>	11%

**N.M. – Not meaningful**

\* Restated the results of relevant subsidiaries from discontinued operations to continuing operations.

## 1(a)(ii) Notes to income statement

	3rd quarter ended 30.09.2017 \$'000	3rd quarter ended 30.09.2016 \$'000 (Restated)*	% Change	9 months ended 30.09.2017 \$'000	9 months ended 30.09.2016 \$'000 (Restated)*	% Change
Other income/(expenses) including interest income	43	(59)	(173%)	370	340	9%
Interest on borrowings	(78)	(110)	(29%)	(273)	(346)	(21%)
Amortisation of intangible assets	(76)	-	N.M.	(296)	-	N.M.
Depreciation of property, plant and equipment	(362)	(380)	(5%)	(1,019)	(1,108)	(8%)
Loss on disposal of property, plant and equipment	-	(38)	(100%)	-	(31)	(100%)
Foreign exchange (loss)/gain	(440)	99	(544%)	(581)	(412)	41%
Provision for stock obsolescence (Provision)/Reversal for doubtful debts	(248) (10)	(172) (49)	44% (80%)	(484) (130)	(278) 299	74% (144%)

**N.M. – Not meaningful**

\* Restated the results of relevant subsidiaries from discontinued operations to continuing operations.

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

	GROUP		COMPANY	
	30.09.2017 \$'000	31.12.2016 \$'000	30.09.2017 \$'000	31.12.2016 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	15,279	15,827	-	-
Investment in subsidiaries	-	-	16,693	14,654
Investment in joint ventures	2,859	2,705	912	912
Investment in associated companies	11,018	11,982	12,748	12,748
Other investment	56	-	-	-
Deferred tax assets	11	11	-	-
Intangible assets	5,175	5,254	49	49
Purchase deposit to a supplier	3,396	5,077	-	-
	<b>37,794</b>	<b>40,856</b>	<b>30,402</b>	<b>28,363</b>
<b>Current assets</b>				
Inventories	27,992	27,179	-	-
Due from customers on construction contracts	-	8	-	-
Trade receivables	11,851	14,222	-	-
Other receivables	4,345	5,044	3,113	5,126
Restricted cash	1,369	1,369	-	-
Cash and cash equivalents	3,346	7,040	147	180
<b>Total current assets</b>	<b>48,903</b>	<b>54,862</b>	<b>3,260</b>	<b>5,306</b>
<b>Total assets</b>	<b>86,697</b>	<b>95,718</b>	<b>33,662</b>	<b>33,669</b>
<b>Non current liabilities</b>				
Deferred tax liability	1,464	1,463	-	-
Convertible loan notes	245	-	-	-
Non-current payable	765	765	765	765
Finance lease liabilities	103	207	-	-
	<b>2,577</b>	<b>2,435</b>	<b>765</b>	<b>765</b>
<b>Current liabilities</b>				
Due to customers on construction contracts	533	3,645	-	-
Trade payables	2,775	2,504	-	-
Other payables	2,767	2,351	691	1,300
Provisions	10,243	12,351	12,351	12,351
Bank borrowings	11,438	14,090	-	-
Finance lease liabilities	143	147	-	-
Tax payable	215	495	33	51
<b>Total current liabilities</b>	<b>28,114</b>	<b>35,583</b>	<b>13,075</b>	<b>13,702</b>
<b>Total liabilities</b>	<b>30,691</b>	<b>38,018</b>	<b>13,840</b>	<b>14,467</b>
<b>Net assets</b>	<b>56,006</b>	<b>57,700</b>	<b>19,822</b>	<b>19,202</b>

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year (cont'd).**

	GROUP		COMPANY	
	30.09.2017 \$'000	31.12.2016 \$'000	30.09.2017 \$'000	31.12.2016 \$'000
<b>Shareholders' equity</b>				
Share capital	43,461	43,461	43,461	43,461
Currency translation reserve	933	602	-	-
Retained earnings/(Accumulated losses)	15,096	16,788	(23,639)	(24,259)
<b>Attributable to equity holders of the Company, total</b>	<b>59,490</b>	<b>60,851</b>	<b>19,822</b>	<b>19,202</b>
Non-controlling interests	(3,484)	(3,151)	-	-
<b>Total shareholders' equity</b>	<b>56,006</b>	<b>57,700</b>	<b>19,822</b>	<b>19,202</b>

**1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the financial period reported on with comparative figures as at the end of the immediate preceding financial year:**

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

As at 30.09.2017 (\$'000)		As at 31.12.2016 (\$'000)	
Secured	Unsecured	Secured	Unsecured
5,000	6,438	5,000	9,090

**Amount repayable after one year**

As at 30.09.2017 (\$'000)		As at 31.12.2016 (\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

The Group's banking facilities were secured by the following:

- Legal charge on the Group's leasehold property with net book value of \$11.36 million (31.12.2016: \$7.30 million)
- Fixed deposits of a subsidiary.
- Corporate guarantee by the Company

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

	<b>Group</b>				
	<b>3rd quarter ended 30.09.2017 \$'000</b>	<b>3rd quarter ended 30.09.2016 \$'000 Restated*</b>	<b>9 months ended 30.09.2017 \$'000</b>	<b>9 months ended 30.09.2016 \$'000 Restated*</b>	
	<b>Cash flows from operating activities</b>				
	Loss before tax	(2,390)	(985)	(2,019)	(632)
<b>Adjustments for :</b>					
Amortisation of intangible assets	76	-	296	-	
Depreciation	362	381	1,019	1,108	
Interest income	-	(41)	(124)	(97)	
Interest expense	78	110	273	346	
Share of results of associated companies	207	153	812	671	
Share of results of a joint venture	(205)	452	(758)	339	
Loss on disposal of property, plant and equipment	-	38	-	31	
Loss on disposal of a subsidiary	-	13	-	13	
<b>Operating cash flows before working capital changes</b>	<b>(1,872)</b>	<b>121</b>	<b>(501)</b>	<b>1,779</b>	
Inventories	(897)	4,339	(813)	2,771	
Due (to)/from customers on construction contract, net	(379)	(420)	(3,104)	(454)	
Receivables	2,067	(1,758)	3,070	(3,645)	
Payables	18	2,588	688	496	
Currency translation adjustments	826	(101)	800	(45)	
<b>Cash (used in)/generated from operations</b>	<b>(237)</b>	<b>4,769</b>	<b>140</b>	<b>902</b>	
Interest paid	(78)	(110)	(273)	(346)	
Tax paid	(425)	(481)	(425)	(949)	
<b>Net cash (used in)/from operating activities</b>	<b>(740)</b>	<b>4,178</b>	<b>(558)</b>	<b>(393)</b>	
<b>Cash flows from investing activities</b>					
Purchase of intangible asset	(72)	-	(217)	-	
Purchase of property, plant and equipment	(364)	(376)	(440)	(528)	
Proceeds from disposal of property, plant and equipment	-	-	-	8	
Additional investment in an associated company	-	-	-	(2,743)	
Additional investment in a joint venture	(2,108)	-	(2,108)	-	
Additional investment in an other investment	(56)	-	(56)	-	
Interest received	-	41	124	96	

\* Restated the results of relevant subsidiaries from discontinued operations to continuing operations.

**1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediate preceding financial year (cont'd).**

	Group			
	3rd quarter ended 30.09.2017 \$'000	3rd quarter ended 30.09.2016 \$'000 Restated*	9 months ended 30.09.2017 \$'000	9 months ended 30.09.2016 \$'000 Restated*
<b>Cash flows from investing activities (cont'd)</b>				
Contribution from minority shareholders	-	13	-	13
Dividend received from joint venture	-	-	395	385
Repayment of purchase deposit from a supplier	111	-	1,681	-
Net cash outflow on disposal of a subsidiary company	-	(12)	-	(12)
Net cash inflow on acquisition of a subsidiary	-	69	-	69
<b>Net cash used in investing activities</b>	<b>(2,489)</b>	<b>(265)</b>	<b>(621)</b>	<b>(2,712)</b>
<b>Cash flows from financing activities</b>				
Net drawdown of short term borrowings	767	-	956	-
Proceeds from bank borrowings	-	4,785	500	14,156
Repayment of bank borrowings	(265)	(5,782)	(4,108)	(9,730)
Repayment of finance lease liabilities	(32)	(42)	(108)	(125)
Proceeds on issue of convertible loan notes	245	-	245	-
<b>Net cash from/(used in) financing activities</b>	<b>715</b>	<b>(1,039)</b>	<b>(2,515)</b>	<b>4,301</b>
Net (decrease)/increase in cash and cash equivalents	(2,514)	2,874	(3,694)	1,196
Cash and cash equivalents at beginning of period	5,860	2,672	7,040	4,349
<b>Cash and cash equivalents at end of period</b>	<b>3,346</b>	<b>5,546</b>	<b>3,346</b>	<b>5,545</b>
<b>Cash and cash equivalents comprises the following</b>				
Cash and cash equivalents	4,715	6,915	4,715	6,914
Less Restricted cash	(1,369)	(1,369)	(1,369)	(1,369)
<b>Cash and cash equivalents as per statement of cash flows</b>	<b>3,346</b>	<b>5,546</b>	<b>3,346</b>	<b>5,545</b>

\* Restated the results of relevant subsidiaries from discontinued operations to continuing operations.

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

**Group**

	<b>Share capital \$'000</b>	<b>Currency translation reserves \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total \$'000</b>	<b>Non- Controlling interests \$'000</b>	<b>Total equity \$'000</b>
At 1 January 2017	43,461	602	16,788	60,851	(3,151)	57,700
Currency translation differences arising on consolidation, net of tax	-	53	-	53	(67)	(14)
Profit/(Loss) for the period	-	-	367	367	(108)	259
<b>Balance At 31 March 2017</b>	<b>43,461</b>	<b>655</b>	<b>17,155</b>	<b>61,271</b>	<b>(3,326)</b>	<b>57,945</b>
Currency translation differences arising on consolidation, net of tax	-	(416)	-	(416)	55	(361)
Profit/(loss) for the period	-	-	38	38	(15)	23
<b>Balance At 30 June 2017</b>	<b>43,461</b>	<b>239</b>	<b>17,193</b>	<b>60,893</b>	<b>(3,286)</b>	<b>57,607</b>
Currency translation differences arising on consolidation, net of tax	-	694	-	694	152	846
Loss for the period	-	-	(2,097)	(2,097)	(350)	(2,447)
<b>Balance At 30 September 2017</b>	<b>43,461</b>	<b>933</b>	<b>15,096</b>	<b>59,490</b>	<b>(3,484)</b>	<b>56,006</b>



**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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).**

**Group**

	Share capital \$'000	Currency translation reserves \$'000	Retained earnings \$'000	Total \$'000	Non- Controlling interests \$'000	Total equity \$'000
At 1 January 2016	43,461	908	27,994	72,363	(5,074)	67,289
Currency translation differences arising on consolidation, net of tax	-	(150)	-	(150)	(4)	(154)
Loss for the period	-	-	(1,106)	(1,106)	(61)	(1,167)
<b>Balance At 31 March 2016</b>	<b>43,461</b>	<b>758</b>	<b>26,888</b>	<b>71,107</b>	<b>(5,139)</b>	<b>65,968</b>
Currency translation differences arising on consolidation, net of tax	-	(182)	-	(182)	-	(182)
Profit/(loss) for the period	-	-	1,128	1,128	(1)	1,127
<b>Balance At 30 June 2016</b>	<b>43,461</b>	<b>576</b>	<b>28,016</b>	<b>72,053</b>	<b>(5,140)</b>	<b>66,913</b>
Currency translation differences arising on consolidation, net of tax	-	(43)	-	(43)	-	(43)
Loss for the period	-	-	(1,015)	(1,015)	(96)	(1,111)
Disposal of a subsidiary	-	-	-	-	(6)	(6)
Acquisition of new subsidiary	-	-	-	-	1,942	1,942
<b>Balance At 30 September 2016</b>	<b>43,461</b>	<b>533</b>	<b>27,001</b>	<b>70,995</b>	<b>(3,300)</b>	<b>67,695</b>

**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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).**

**Company**

	<b>Share Capital</b>	<b>Accumulated</b>	<b>Total</b>
	<b>\$'000</b>	<b>losses</b>	<b>\$'000</b>
		<b>\$'000</b>	<b>\$'000</b>
At 1 January 2017	43,461	(24,259)	19,202
Profit for the period	-	67	67
<b>Balance At 31 March 2017</b>	<b>43,461</b>	<b>(24,192)</b>	<b>19,269</b>
Profit for the period	-	434	434
<b>Balance At 30 June 2017</b>	<b>43,461</b>	<b>(23,758)</b>	<b>19,703</b>
Profit for the period	-	119	119
<b>Balance At 30 September 2017</b>	<b>43,461</b>	<b>(23,639)</b>	<b>19,822</b>

**Company**

	<b>Share capital</b>	<b>Accumulated</b>	<b>Total</b>
	<b>\$'000</b>	<b>losses</b>	<b>\$'000</b>
		<b>\$'000</b>	<b>\$'000</b>
At 1 January 2016	43,461	(11,853)	31,608
Loss for the period	-	(1,024)	(1,024)
<b>Balance At 31 March 2016</b>	<b>43,461</b>	<b>(12,877)</b>	<b>30,584</b>
Loss for the period	-	(720)	(720)
<b>Balance At 30 June 2016</b>	<b>43,461</b>	<b>(13,597)</b>	<b>29,864</b>
Loss for the period	-	(1,301)	(1,301)
<b>Balance At 30 September 2016</b>	<b>43,461</b>	<b>(14,898)</b>	<b>28,563</b>

**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.**

Not applicable.

**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 immediately preceding year.**

	<b>30.09.2017</b>	<b>31.12.2016</b>
Total number of issued shares (excluding treasury shares)	119,999,995	119,999,995

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

Not applicable.

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

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 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 reporting period as in the latest audited annual financial statements for the financial year ended 31 December 2016.

**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.**

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the period ending 30 September 2017.

**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.**

Earnings per ordinary share for the period based on net profit attributable to shareholders:-

**Group**

	<b>3rd quarter ended 30.09.2017</b>	<b>3rd quarter ended 30.09.2016</b>	<b>9 months ended 30.09.2017</b>	<b>9 months ended 30.09.2016</b>
(i) Based on number of ordinary shares in issue	(1.75) cents	<b>(Restated*)</b> (0.85) cents	(1.41) cents	<b>(Restated*)</b> (0.83) cents
Number of ordinary shares in issue	119,999,995	119,999,995	119,999,995	119,999,995
(ii) On a fully diluted basis	(1.75) cents	(0.85) cents	(1.41) cents	(0.83) cents
Diluted number of ordinary shares in issue	119,999,995	119,999,995	119,999,995	119,999,995

\* Restated the results of relevant subsidiaries from discontinued operations to continuing operations.

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30.09.2017</b>	<b>31.12.2016</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
Net asset value per ordinary share based on existing share capital	47 cents	48 cents	17 cents	16 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 followings:-

(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

**Key changes in the Group's financials:**

**Revenue**

**(3Q2017 Vs 3Q2016)**

	Group		
	3Q2017	3Q2016	%
	\$'000	\$'000	Change
		(Restated)*	
<b>Supply Chain Management</b>			
Marine cables and accessories	2,991	11,660	(74%)
Marine lighting equipment and accessories	1,729	1,961	(12%)
Lamp and others	891	1,601	(44%)
	<b>5,611</b>	<b>15,222</b>	<b>(63%)</b>
<b>Security</b>	<b>323</b>	<b>557</b>	<b>(42%)</b>
<b>Engineering Services</b>	<b>455</b>	<b>449</b>	<b>1%</b>
<b>Total sales revenue</b>	<b>6,389</b>	<b>16,228</b>	<b>(61%)</b>

\* Restated the results of relevant subsidiaries from discontinued operations to continuing operations.

**Supply Chain Management**

Supply Chain Management division accounts for 88% of the Group's turnover in 3Q2017, of which marine cables and accessories contributed 53%, marine lighting equipment and accessories 31% and others 16%. Revenue from the Division decreased by 63% due to slowdown in activities in the marine and offshore sectors as a result of weak shipping markets and low oil prices.

**Security**

Security division was established in 2Q2016 and mainly provides products and solutions relating to cyber security and security systems. The division accounts for 5% of the Group's turnover in 3Q2017.

**Engineering Services**

Engineering Services division accounts for 7% of the Group's turnover in 3Q2017. Revenue from Engineering Services remains comparably unchanged.

**Revenue**  
**(9M2017 Vs 9M2016)**

	<b>Group</b>		
	<b>9M2017</b>	<b>9M2016</b>	<b>%</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>Change</b>
		<b>(Restated)*</b>	
<b>Supply Chain Management</b>			
Marine cables and accessories	10,266	29,035	(65%)
Marine lighting equipment and accessories	6,230	6,492	(4%)
Lamp and others	4,082	4,516	(10%)
	<b>20,578</b>	<b>40,043</b>	<b>(49%)</b>
<b>Security</b>	<b>2,176</b>	<b>714</b>	<b>205%</b>
<b>Engineering Services</b>	<b>3,949</b>	<b>973</b>	<b>306%</b>
<b>Total sales revenue</b>	<b>26,703</b>	<b>41,730</b>	<b>(36%)</b>

\* Restated the results of relevant subsidiaries from discontinued operations to continuing operations.

**Supply Chain Management**

Supply Chain Management division accounts for 77% of the Group's turnover in 9M2017, of which marine cables and accessories contributed 50%, marine lighting equipment and accessories 30% and others 21%. Revenue from the Division decreased by 49% due to slowdown in activities in the marine and offshore sectors as a results of weak shipping markets and low oil prices.

**Security**

Security division was set up in 2Q2016. This division mainly provide security products and solutions relating to information technology. The division accounts for 8% of the Group's turnover in 9M2017.

**Engineering Services**

Engineering Services division accounts for 15% of the Group's turnover in 9M2017. This division registered a higher revenue of \$3.9 million in 9M2017 due mainly to higher progressive recognition of revenue of an existing project as compared to 2Q2016 where the project was still in its engineering phase.

### **3Q2017 vs 3Q2016**

#### **Geographical segment**

Revenue derived from Singapore decreased by \$8.4 million or 69% from \$12.3 million in 3Q2016 to \$3.9 million in 3Q2017 due mainly to the slowdown in activities in the marine and offshore sectors.

Revenue derived from overseas decreased by \$1.4 million or 36% from \$3.9million in 3Q2016 to \$2.5 million in 3Q2017 due mainly to weak global shipping markets.

#### **Gross profit**

The Group's overall gross profit decreased by \$3.6 million or 73% from \$4.9 million in 3Q2016 to \$1.36 million in 3Q2017 due to lower revenue. The Group's overall gross margin decreased by 9% from 31% in 3Q2016 to 21% in 3Q2017 due to product mix.

#### **Other operating expenses**

The higher operating expenses in 3Q2017 as compared against 3Q2016 is due mainly to loss in foreign exchange.

#### **Operating expenses**

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. Selling & distribution decreased by 18% and administrative expenses decreased by 63% is a result of the cost cutting measures implemented by the Group.

#### **Share of results in associated companies**

The Group's associated companies registered a loss of \$207k in 3Q2017 due mainly to higher provision for stock obsolescence and certain cost relating to the construction of the factory were expensed off.

#### **Share of results of joint ventures**

The decrease in share of results in joint venture in 3Q2017 by Dream Marine Spare Parts Trading LLC ("DMS") is due mainly to increased competition.

#### **Interest on borrowing**

The decrease in interest on borrowings in 3Q2017 as compared to 3Q2016 is due mainly to lower usage of trade facilities by the Supply Chain Management division.

#### **Depreciation**

Depreciation in 3Q2017 remains comparably unchanged.

**Foreign exchange (loss)/gain**

The Group registered a foreign exchange loss in 3Q2017 as compared to a foreign exchange gain in 3Q2016 due mainly to translation of US\$ denominated receivables and cash at bank balances as a result of depreciation of USD against SGD.

**Net loss for the period**

The Group registered a net loss of \$2.4 million for the period 3Q2017 as compared to a net loss of \$1.1 million for the period 3Q2016 due mainly to lower revenue.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.****Balance Sheet and Cash Flow Analysis****Investment in associated companies**

The decrease in investment in associated companies is due mainly to the share of loss in GL Lighting Holding Pte Ltd (“GLH”).

**Intangible assets**

Decrease in intangible assets is due mainly to amortization of research and development cost.

**Convertible loan notes**

One of the Group’s subsidiary, Omnisense Systems Pte Ltd and its shareholders entered into a convertible loan agreement (“CLA”) dated 7 September 2017, pursuant to which its shareholders have agreed, subject to the terms of the CLA, to grant a convertible note of up to aggregate principle amount of up to \$4 million to the Company at an interest rate at 6.0% per annum.

**Purchase deposit to a supplier**

The purchase deposit is paid to a main cable supplier which is offset from future purchases over a five-year period (refer to the Group’s announcement on 9 June 2015 to the SGX). The decrease is due to a partial repayment from the supplier during the period.

**Trade receivables**

The decrease in trade receivables of \$1.7 million is due mainly to lower sales in the Supply Chain Management division in 3Q2017.

**Other receivables**

The decrease in other receivables of \$699 is due mainly to offsetting of deposits paid to trade payables for project procurement upon receipts of such supplies.

**Due to customers on construction contracts**

The decrease in due to customers on construction contracts is due mainly to recognition of revenue from advance billing of a project by Engineering Services division.



**Trade payables**

Trade payables remain comparatively unchanged.

**Other payables**

The increase in other payables of \$416k is due mainly to tax credit arise from transfer of loss items under the group relief system within the same group pending for finalisation from tax authority.

**Provisions**

The decrease in provisions by \$2.1 million is due mainly to repayment of banking facilities taken by a joint venture, Gulf Specialty Steel Industries LLC which the Company has provided corporate guarantee.

**Bank borrowings**

The decrease in bank borrowings by \$2.6 million is due mainly to repayment of bank loan and trade facilities by Supply Chain Management division.

**Cash flow**

Net cash used in operating activities amounted to \$740k in 3Q2017 as compared to a net cash generated from operating activities of \$4.1 million in 3Q2016. Net cash and cash equivalent decreased by \$2.5 million in 3Q2017 compared to an increase of \$2.8 million in 3Q2016. The decrease is due mainly to additional investment in a joint ventures company, increase in inventories and purchase of fixed assets offset by a decrease in receivables.

**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 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's main revenue contributor, the Supply Chain Management division, continues to be adversely affected by challenging market conditions in the offshore and marine industries. Although oil prices and the shipping markets have seen some recovery in recent months, it remains volatile and its positive effects have yet to be reflected in the broader support and services sector. The Group's cost-cutting measures have been successful in reducing its operating expenses and it will continue these measures while exploring other viable opportunities in the industrial and petrochemical sectors.

The Security division was formed in 2Q2016 and focuses on cybersecurity, enterprise IT operation management and sensing security products for both public and private sectors in Singapore and the region. This division continues to mark new milestones with orders from both government agencies and private companies supporting its growth. The Group remains optimistic about the prospects of this division.

The operations of GLH, the Group's associated company, were severely affected by supplier-related issues resulting in lower sales to major customers in FY2016. However, GLH has since sourced alternative suppliers and the construction of the new factory, which will enhance production capacity, is expected to be completed by 1Q2018.

Tough market conditions persist for the Group's galvanized steel wire factory in Oman. The factory plans to cease production in November 2017 and the Group will continue to work closely with its Omani joint venture partner to explore all possible options with regards to the viability of this business.

On its Engineering Services division (reported under Discontinued Operations), the Group has previously announced to the Singapore Exchange ("SGX") on 4 September 2015 that its subsidiary, Oil & Gas Solutions Pte. Ltd. ("OGS"), has initiated creditors' voluntary liquidation proceedings. The liquidation of OGS remains ongoing. On PTE, the Group continues to search for potential buyers to dispose of the land.

## **11. Dividend**

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

**Any dividend declared for the current financial period reported on?**

Nil

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

Nil

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

### **(c) Date payable**

Not applicable

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

Not applicable

## **12. If no dividend has been declared/recommendeded, a statement to that effect.**

Not applicable.

### **13. Confirmation that the issuer has procured undertakings from all its directors and executive officer under Rules 720(1) of the listing manual**

The Company hereby confirms that it has procured undertakings from all its directors and executive officer under Rule 720(1) of the listing manual.

### **14. Interested Person Transactions**

**[Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.]**

The Group has not obtained a shareholder's mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

### **15. Negative assurance confirmation**

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the financial period ended 30 September 2017 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Vincent Lim Hui Eng  
Executive Chairman and  
Chief Executive Officer  
7 November 2017

Patrick Lim Hui Peng  
Chief Operating Officer