

Fourth Quarter Financial Statements Announcement for the Financial Period Ended 31 December 2019

1(a) A 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					
	4 th quarter ended			Full year ended		
	31-Dec-19	31-Dec-18	%	31-Dec-19	31-Dec-18	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	15,474	12,038	29%	49,369	40,413	22%
Cost of sales	(10,124)	(8,267)	22%	(32,444)	(26,710)	21%
Gross profit	5,350	3,771	42%	16,925	13,703	24%
Other operating income/(expenses)						
- Interest	51	167	(69%)	248	238	4%
- Others	(65)	254	(126%)	194	2,046	(91%)
Selling and distribution expenses	(3,337)	(2,963)	13%	(9,944)	(9,561)	4%
Administrative expenses	(1,477)	(2,046)	(28%)	(5,141)	(8,846)	(42%)
Finance costs	(333)	(302)	10%	(1,163)	(875)	33%
Reversal of impairment losses/(impairment losses) on financial assets	267	(550)	(149%)	549	(1,301)	(142%)
Profit/(loss) from operations	456	(1,669)	127%	1,668	(4,596)	136%
Share of results of joint ventures	62	(39)	(259%)	407	271	50%
Share of results of associated companies	(77)	(294)	(74%)	(764)	(1,162)	(34%)
Profit/(loss) before tax	441	(2,002)	122%	1,311	(5,487)	124%
Income tax expenses	(26)	(107)	76%	(162)	(20)	710%
Profit/(loss) for the period/year	415	(2,109)	120%	1,149	(5,507)	121%
Attributable to:						
Equity holders of the Company	636	(1,380)	146%	1,736	(4,017)	143%
Non-controlling interests	(221)	(729)	70%	(587)	(1,490)	61%
	415	(2,109)	120%	1,149	(5,507)	121%

1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

	Group					
	4 th quarter ended			Full year ended		
	31-Dec-19 \$'000	31-Dec-18 \$'000	%	31-Dec-19 \$'000	31-Dec-18 \$'000	%
		Change			Change	
Profit/(loss) for the period/year	415	(2,109)	120%	1,149	(5,507)	121%
Other comprehensive loss:						
Currency translation differences arising on consolidation, net of tax	(68)	(222)	69%	(119)	(710)	83%
Total comprehensive income/(loss)	<u>347</u>	<u>(2,331)</u>	115%	<u>1,030</u>	<u>(6,217)</u>	117%
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	567	(1,443)	139%	1,616	(4,630)	135%
Non-controlling interests	(220)	(888)	75%	(586)	(1,587)	63%
	<u>347</u>	<u>(2,331)</u>	115%	<u>1,030</u>	<u>(6,217)</u>	117%

1(a)(ii) Notes to income statement

	Group					
	4 th quarter ended			Full year ended		
	31-Dec-19 \$'000	31-Dec-18 \$'000	%	31-Dec-19 \$'000	31-Dec-18 \$'000	%
		Change			Change	
Other income	33	18	83%	285	243	17%
Interest income	51	167	(69%)	248	238	4%
Fair value (loss)/gain on financial assets at fair value through profit or loss	(1)	3	(133%)	(19)	(14)	36%
Gain on disposal of a subsidiary	-	-	N.M.	-	1,581	N.M.
Loss on disposal of a property, plant and equipment	(3)	(1)	200%	(2)	(1)	100%
Amortisation of intangible assets	(11)	17	(101%)	(50)	(152)	(67%)
Depreciation of property, plant and equipment	(324)	(164)	98%	(1,295)	(1,278)	1%
Foreign exchange (loss)/gain	(94)	242	(139%)	(70)	244	(129%)
Interest on borrowings	(333)	(302)	10%	(1,163)	(875)	33%
Provision for liabilities	-	(514)	N.M.	-	(2,563)	N.M.
Write down of inventories	(536)	(329)	63%	(1,562)	(1,004)	56%
Reversal of allowance/ (allowance) for impairment of trade receivables	267	(550)	(149%)	549	(1,301)	(142%)
Over provision of income tax in prior year	415	-	N.M.	425	49	767%
Impairment loss on intangible assets	-	(825)	N.M.	-	(825)	N.M.
Loss on disposal of intangible assets	-	(6)	N.M.	-	(6)	N.M.
Property, plant and equipment written off	-	-	N.M.	(6)	-	N.M.

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	
	31-Dec-19 \$'000	31-Dec-18 \$'000	31-Dec-19 \$'000	31-Dec-18 \$'000
Non-current assets				
Property, plant and equipment	19,406	11,378	-	-
Investment in subsidiaries	-	-	12,337	12,337
Investment in joint ventures	2,552	2,431	912	912
Investment in associated companies	1,105	1,963	2,485	2,485
Deferred tax assets	11	11	-	-
Intangible assets	2,288	428	-	-
Financial assets at fair value through profit or loss	9	28	-	-
Loan to an associated company	4,000	4,000	4,000	4,000
Total non-current assets	29,371	20,239	19,734	19,734
Current assets				
Inventories	28,521	22,260	-	-
Contract assets	2,584	1,019	-	-
Trade receivables	13,548	9,922	-	-
Other receivables	2,437	3,467	2,566	569
Tax recoverable	97	97	-	-
Cash and cash equivalents	6,225	6,373	380	3,266
Total current assets	53,412	43,138	2,946	3,835
Total assets	82,783	63,377	22,680	23,569
Non-current liabilities				
Deferred tax liabilities	302	281	-	-
Bank borrowings	2,667	3,467	2,667	3,467
Lease liabilities	8,431	-	-	-
Finance lease liabilities	-	31	-	-
Total non-current liabilities	11,400	3,779	2,667	3,467

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	
	31-Dec-19 \$'000	31-Dec-18 \$'000	31-Dec-19 \$'000	31-Dec-18 \$'000
Current liabilities				
Contract liabilities	504	322	-	-
Convertible loan notes	727	715	-	-
Trade payables	8,108	1,823	-	-
Other payables	4,928	17,635	12,235	26,625
Provisions	514	529	-	-
Bank borrowings	14,602	13,077	800	533
Lease liabilities	311	-	-	-
Finance lease liabilities	-	64	-	-
Tax payable	700	548	-	232
Total current liabilities	30,394	34,713	13,035	27,390
Total liabilities	41,794	38,492	15,702	30,857
Net assets/(liabilities)	40,989	24,885	6,978	(7,288)
Equity				
Share capital	58,535	43,461	58,535	43,461
Currency translation reserve	(465)	(345)	-	-
Equity component of convertible loan notes	36	36	-	-
Capital reserves	(2,010)	(2,010)	-	-
Accumulated losses	(9,735)	(11,471)	(51,557)	(50,749)
Equity attributable to equity holders of the Company, total	46,361	29,671	6,978	(7,288)
Non-controlling interests	(5,372)	(4,786)	-	-
Total equity	40,989	24,885	6,978	(7,288)

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 31.12.2019 (\$'000)		As at 31.12.2018 (\$'000)	
Secured	Unsecured	Secured	Unsecured
13,959	643	13,077	-

Amount repayable after one year

As at 31.12.2019 (\$'000)		As at 31.12.2018 (\$'000)	
Secured	Unsecured	Secured	Unsecured
2,667	-	3,467	-

Details of any collateral

- (i) The Group's banking facilities were secured by the following:
 - (a) Legal charge on the Group's leasehold property with net book value of \$10.15 million (31.12.2018: \$10.62 million);
 - (b) 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.

	Group			
	4 th quarter ended		Full year ended	
	31-Dec-19 \$'000	31-Dec-18 \$'000	31-Dec-19 \$'000	31-Dec-18 \$'000
Cash flows from operating activities				
Profit/(loss) before tax	441	(2,002)	1,311	(5,487)
Adjustment for:				
Amortisation of intangible assets	11	(17)	50	152
Exchange difference	48	(823)	57	(699)
Depreciation of property, plant and equipment	324	164	1,295	1,278
Loss on disposal of property, plant and equipment	3	1	2	1
Loss on disposal of intangible asset	-	6	-	6
Fair value loss/(gain) on financial assets at fair value through profit or loss	1	(3)	19	14
Impairment loss on intangible assets	-	825	-	825
Interest expenses	333	302	1,163	875
Interest income	(51)	(167)	(248)	(238)
Provisions, net	-	(430)	-	1,619
Property, plant and equipment written off	-	-	6	-
Share of results of associated company	77	294	764	1,162
Share of results of joint ventures	(62)	39	(407)	(271)
Gain on disposal of a subsidiary	-	-	-	(1,581)
Operating cash flows before working capital changes	1,125	(1,811)	4,012	(2,344)
Inventories	(1,953)	1,625	(6,261)	2,512
Contract assets and contract liabilities	(1,388)	(650)	(1,383)	933
Receivables	(2,237)	1,700	(4,271)	(189)
Payables	4,065	(1,812)	8,835	(657)
Provision for claims and vendor costs	-	298	-	(913)
Currency translation adjustments	(4)	(211)	(4)	(237)
Cash (used in)/from operations	(392)	(861)	928	(895)
Income tax refund/(paid)	11	7	11	(189)
Net cash (used in)/from operating activities	(381)	(854)	939	(1,084)

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			
	4 th quarter ended		Full year ended	
	31-Dec-19 \$'000	31-Dec-18 \$'000	31-Dec-19 \$'000	31-Dec-18 \$'000
Cash flows from investing activities				
Dividend received from a joint venture	-	-	264	392
Interest received	1	19	12	90
Loan to an associated company	-	-	-	(4,000)
Proceeds from disposal of a subsidiary	-	-	-	3,000
Repayment of purchase deposit from a supplier	-	1,091	1,908	1,501
Proceeds of disposal of property, plant and equipment	-	-	1	1
Purchase of property, plant and equipment	(237)	(98)	(380)	(366)
Settlement of provision for liabilities	-	(15)	(15)	(17,798)
Development costs	(249)	(88)	(1,910)	(358)
Government grant received	-	-	-	279
Proceeds from disposal of intangible assets	-	43	-	43
Net cash (used in)/from investing activities	(485)	952	(120)	(17,216)
Cash flows from financing activities				
Net drawdown/(repayment) of short-term borrowings	(706)	(418)	1,258	(1,933)
Drawdown of bank borrowings	-	-	-	6,000
Repayment of bank borrowings	(200)	(409)	(533)	(1,009)
Repayment of lease liabilities	(70)	(21)	(304)	(119)
Interest paid	(278)	(233)	(1,108)	(806)
(Increase)/decrease in fixed deposits under pledge and restricted cash	-	623	26	635
Proceeds from shareholder loan	-	-	-	11,500
Share application money received	-	3,800	-	3,800
Refund of share application money received	-	-	(644)	-
Proceeds from issuance of rights issue	-	-	644	-
Rights issue expenses	-	-	(258)	-
Net cash (used in)/from financing activities	(1,254)	3,342	(919)	18,068

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			
	4 th quarter ended		Full year ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	\$'000	\$'000	\$'000	\$'000
Net (decrease)/increase in cash and cash equivalents	(2,120)	3,440	(100)	(232)
Cash and cash equivalents at beginning of financial year	8,172	2,657	6,118	6,329
Effects of exchange rate changes on cash and cash equivalents	(56)	21	(22)	21
Cash and cash equivalents at end of the period	<u>5,996</u>	<u>6,118</u>	<u>5,996</u>	<u>6,118</u>
Cash and cash equivalents comprise the following:				
Cash and cash equivalents	6,225	6,373	6,225	6,373
Less Restricted cash	(229)	(255)	(229)	(255)
Cash and cash equivalents as per statement of cash flows	<u>5,996</u>	<u>6,118</u>	<u>5,996</u>	<u>6,118</u>

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	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Currency translation reserve	Equity component of convertible loan notes	Capital reserves	Accumulated losses	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2019	43,461	(345)	36	(2,010)	(11,471)	29,671	(4,786)	24,885	
Profit for the financial period	-	-	-	-	129	129	34	163	
Currency translation differences arising on consolidation, net of tax	-	61	-	-	-	61	-	61	
Issue of shares	15,300	-	-	-	-	15,300	-	15,300	
Share issue expenses	(226)	-	-	-	-	(226)	-	(226)	
At 31 March 2019	58,535	(284)	36	(2,010)	(11,342)	44,935	(4,752)	40,183	
Profit/(loss) for the financial period	-	-	-	-	484	484	(140)	344	
Currency translation differences arising on consolidation, net of tax	-	(95)	-	-	-	(95)	-	(95)	
At 30 June 2019	58,535	(379)	36	(2,010)	(10,858)	45,324	(4,892)	40,432	
Profit/(loss) for the financial period	-	-	-	-	487	487	(260)	227	
Currency translation differences arising on consolidation, net of tax	-	(17)	-	-	-	(17)	-	(17)	
At 30 September 2019	58,535	(396)	36	(2,010)	(10,371)	45,794	(5,152)	40,642	
Profit/(loss) for the financial period	-	-	-	-	636	636	(221)	415	
Currency translation differences arising on consolidation, net of tax	-	(69)	-	-	-	(69)	1	(68)	
At 31 December 2019	58,535	(465)	36	(2,010)	(9,735)	46,361	(5,372)	40,989	

Group	Attributable to equity holders of the Company								
	Share capital	Currency translation reserve	Equity component of convertible loan notes	Capital reserves	Accumulated losses	Reserve of disposal group classified as held-for-sale	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2018	43,461	268	36	–	(7,454)	(32)	36,279	(5,209)	31,070
Loss for the financial period	–	–	–	–	(1,988)	–	(1,988)	(371)	(2,359)
Currency translation differences arising on consolidation, net of tax	–	434	–	–	–	–	434	(190)	244
At 31 March 2018	43,461	702	36	–	(9,442)	(32)	34,725	(5,770)	28,955
Loss for the financial period	–	–	–	–	(1,178)	–	(1,178)	(131)	(1,309)
Currency translation differences arising on consolidation, net of tax	–	(838)	–	–	–	–	(838)	104	(734)
Disposal of a subsidiary	–	–	–	–	–	32	32	–	32
At 30 June 2018	43,461	(136)	36	–	(10,620)	–	32,741	(5,797)	26,944
Profit/(loss) for the financial period	–	–	–	–	529	–	529	(259)	270
Currency translation differences arising on consolidation, net of tax	–	44	–	–	–	–	44	(42)	2
At 30 September 2018	43,461	(92)	36	–	(10,091)	–	33,314	(6,098)	27,216
Profit/(loss) for the financial period	–	–	–	–	(1,380)	–	(1,380)	(729)	(2,109)
Currency translation differences arising on consolidation, net of tax	–	(253)	–	–	–	–	(253)	31	(222)
Acquisition of a subsidiary	–	–	–	(2,010)	–	–	(2,010)	2,010	–
At 31 December 2018	43,461	(345)	36	(2,010)	(11,471)	–	29,671	(4,786)	24,885

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	Share capital \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2019	43,461	(50,749)	(7,288)
Loss for the financial period	–	(325)	(325)
Issue of shares	15,300	–	15,300
Share issue expenses	(226)	–	(226)
At 31 March 2019	58,535	(51,074)	7,461
Loss for the financial period	–	(141)	(141)
At 30 June 2019	58,535	(51,215)	7,320
Profit for the financial period	–	116	116
At 30 September 2019	58,535	(51,099)	7,436
Loss for the financial period	–	(458)	(458)
At 31 December 2019	58,535	(51,557)	6,978

Company	Share capital \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2018	43,461	(45,067)	(1,606)
Profit for the financial period	–	172	172
At 31 March 2018	43,461	(44,895)	(1,434)
Loss for the financial period	–	(1,746)	(1,746)
At 30 June 2018	43,461	(46,641)	(3,180)
Profit for the financial period	–	321	321
At 30 September 2018	43,461	(46,320)	(2,859)
Loss for the financial period	–	(4,429)	(4,429)
At 31 December 2018	43,461	(50,749)	(7,288)

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.

There was no change in the Company's share capital during the three months ended 31 December 2019.

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.

	31.12.2019	31.12.2018
Total number of issued shares excluding treasury shares	299,999,987	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.

Except as disclosed in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the preparation of financial information for the current reporting period as compared to the latest audited annual financial statements for the financial year ended 31 December 2018.

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 Group has adopted the new Singapore Financial Reporting Standards (International) and interpretations effective for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing SFRS(I) 1-17: Leases for the financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a “right-of-use” asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group adopted the new standard on the required effective date using the simplified transition approach without restating prior periods’ information. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

As at 1 January 2019, the Company recorded right-of-use assets and corresponding lease liabilities of approximately \$8.9 million.

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/(loss) per ordinary share of the period based on net profit/(loss) attributable to shareholders:

Group

	Group			
	4 th quarter ended		Full year ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
(i) Based on weighted average number of ordinary shares in issue				
Net earnings/(loss) per ordinary share for the period	0.21 cents	(1.15) cents	0.62 cents	(3.35) cents
Weighted average number of ordinary shares in issue	299,999,987	119,999,995	278,301,358	119,999,995

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. (cont'd)

	Group			
	4 th quarter ended		Full year ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
(ii) On a fully diluted basis				
Net earnings/(loss) per ordinary share for the period	0.21 cents	(1.19) cents	0.62 cents	(3.37) cents
Weighted average number of ordinary shares in issue	299,999,987	119,999,995	278,301,358	119,999,995

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.

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Net asset value per ordinary share based on existing share capital	15 cents	25 cents	2 cents	(6) 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

Key changes in the Group's financials:

Profit and loss review

4Q2019 vs 4Q2018

Revenue

	Group		
	4Q2019	4Q2018	%
	\$'000	\$'000	Change
Supply Chain Management			
Marine cables and accessories	6,295	6,359	(1)
Marine lighting equipment and accessories	2,875	2,461	17
Lamp and others	1,190	1,286	(7)

	10,360	10,106	3
Security	898	1,896	(53)
Engineering Services	4,216	36	11,611
Total revenue	15,474	12,038	29

Supply Chain Management

Supply Chain Management Division accounts for 67% of the Group's turnover in 4Q2019, of which marine cables and accessories contributed 61%, marine lighting equipment and accessories 28% and lamp and others 11%. Revenue from the division increased by 3% mainly due to the increase in customers' orders of lighting equipment.

Security

Security Division provides products and solutions relating to cybersecurity and surveillance security. The division accounts for 6% of the Group's turnover in 4Q2019. Revenue from the division decreased by 53% mainly due to reduced orders from customers.

Engineering Services

Engineering Services Division accounts for 27% of the Group's turnover in 4Q2019. Revenue from Engineering Services Division increased by 11611% mainly due to contributions from the Division's new business that commenced in FY2019.

Gross profit

The Group's overall gross profit margin increased marginally by 4% from 31% in 4Q2018 to 35% in 4Q2019, mainly due to higher contributions from the Engineering Services division.

Other operating income/(expenses)

Other operating income/(expenses) decreased by \$0.4 million from an income of \$0.4 million in 4Q2018 to expenses of \$14,000 in 4Q2019, mainly due to higher foreign exchange losses.

Operating expenses

The Group's operating expenses comprise mainly of selling & distribution and administrative expenses. Selling & distribution expenses increased by 13% or \$0.4 million, from \$3.0 million in 4Q2018 to \$3.4 million in 4Q2019, mainly due to higher provision for inventory obsolescence and rental expenses. Administrative expenses decreased by 28% or \$0.6 million, from \$2.1 million in 4Q2018 to \$1.5 million in 4Q2019, mainly due to lower impairment losses on intangible assets and provision for liabilities.

Reversal of impairment losses/(impairment losses) on financial assets

Reversal of impairment losses on financial assets in 4Q2019 was due to reversal of allowance for impairment of trade receivables which have been provided for in previous periods. Losses on financial assets in 4Q2018 was mainly due to higher impairment charges on trade receivables recognized in 4Q2018.

Share of results of joint ventures

The increase in share of profits of joint ventures was due to higher profits recognized by the Group's joint venture for 4Q2019.

Share of results of associated companies

The decrease in share of losses of associated companies was due to lower losses recognized by the Group's associated companies for 4Q2019.

Net profit for the period

The Group registered a net profit of \$0.4 million in 4Q2019 as compared with a net loss of \$2.1 million in 4Q2018, mainly due to higher revenue, lower allowance for impairment of trade receivables, lower impairment on intangible assets and lower provisions for liabilities, offset by higher provisions for inventory obsolescence.

FY2019 vs FY2018

Revenue

	Group		
	FY2019	FY2018	%
	\$'000	\$'000	Change
Supply Chain Management			
Marine cables and accessories	24,705	20,823	19
Marine lighting equipment and accessories	10,104	10,146	N.M.
Lamp and others	4,379	4,473	(2)
	39,188	35,442	11
Security	3,757	4,623	(19)
Engineering Services	6,424	348	1,746
Total revenue	49,369	40,413	22

Supply Chain Management

Supply Chain Management Division accounts for 79% of the Group's turnover in FY2019, of which marine cables and accessories contributed 63%, marine lighting equipment and accessories 26% and lamp and others 11%. Revenue from the division increased by 11% mainly due to the increase in business activities of customers.

Security

Security Division provides products and solutions relating to cybersecurity and surveillance security. The division accounts for 8% of the Group's turnover in FY2019. Revenue from the division decreased by 19% mainly due to reduced orders from customers.

Engineering Services

Engineering Services Division accounts for 13% of the Group's turnover in FY2019. Revenue from Engineering Services Division increased by 1746% mainly due to contributions from the Division's new business that commenced in FY2019.

Gross profit

The Group's overall gross profit increased by \$3.2 million or 24% from \$13.7 million in FY2018 to \$16.9 million in FY2019, mainly due to higher revenue contributed by the Supply Chain Management and Engineering Services divisions. There was no significant change in the Group's overall gross margin between FY2018 and FY2019.

Other operating income

Other operating income decreased from \$2.3 million to \$0.4 million, mainly due to gain on disposal of a subsidiary in 2Q2018.

Operating expenses

The Group's operating expenses comprise mainly of selling & distribution and administrative expenses. Selling & distribution expenses remain largely unchanged. Administrative expenses decreased by 42% or \$3.7 million, from \$8.8 million in FY2018 to \$5.1 million in FY2019, mainly due to lower impairment of intangible assets and provisions for liabilities.

Finance costs

The increase in finance costs in FY2019 compared to FY2018 was mainly due to increase in interests expense on lease liabilities as a result of the adoption of SFRS(I) 16 - Leases.

Reversal of impairment losses/(impairment losses) on financial assets

Reversal of impairment losses on financial assets in FY2019 was due to reversal of allowance for impairment of trade receivables as a result of improved collections. Losses on financial assets in FY2018 was mainly due to higher impairment provisions recognized.

Share of results of joint ventures

The increase in share of profits of joint ventures was due to higher profits recognized by the Group's joint venture for FY2019.

Share of results of associated companies

The decrease in share of losses of associated companies was due to lower losses recognized by the Group's associated companies for FY2019.

Net profit/(loss) for the year

The Group registered a net profit of \$1.1 million in FY2019 as compared with a net loss of \$5.5 million in FY2018, mainly due to higher revenue, lower impairment of intangible assets and lower provisions for liabilities.

(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 review

Property, plant and equipment

With effect from 1 January 2019, the Group has adopted a new accounting standard SFRS(I) 16 Leases. This has resulted in the recognition of a Right-of-use assets within Property, plant and equipment of \$8.9 million and its related lease liabilities as at 1 January 2019.

Investment in subsidiaries

The Company's subsidiary, Omnisense System Pte. Ltd. ("OMS") has in February 2020 established a wholly owned subsidiary in the United States of America, known as Omnisense Systems USA Inc.

Investment in joint ventures

The increase in investment in joint ventures is due to the recognition of the Group's share of profits in its joint venture, offset by dividends received from its joint venture.

Investment in associated companies

The decrease in investment in associated companies is mainly due to the recognition of the Group's share of losses in its associated companies.

Intangible assets

Intangible assets increased by \$1.9 million from \$0.4 million as at 31 December 2018 to \$2.3 million as at 31 December 2019, mainly due to the increase in development costs incurred by the Group's subsidiaries.

Inventories

Inventories increased by \$6.2 million from \$22.3 million as at 31 December 2018 to \$28.5 million as at 31 December 2019, mainly due to increase in raw materials and work in progress by the Supply Chain Management and Engineering Services Division, partially offset by higher provision for stock obsolescence.

Contract assets

Contract assets increased by \$1.6 million from \$1.0 million as at 31 December 2018 to \$2.6 million as at 31 December 2019, mainly due to increase in unbilled receivables for projects relating to the Security and Engineering Services Division.

Trade receivables

Trade receivables increased by \$3.6 million from \$9.9 million as at 31 December 2018 to \$13.5 million in FY2019, mainly due to higher revenue.

Other receivables

The decrease in other receivables of \$1.1 million from \$3.5 million as at 31 December 2018 to \$2.4 million as at 31 December 2019 was mainly due to utilisation of deposits to supplier in FY2019, offset by advances made to an associated company and GST receivables.

Contract liabilities

This relates to advance considerations received from customers for the Security and Engineering Services Division.

Convertible loan notes

The carrying value of convertible loan notes relate to the debt portion of convertible loan notes issued pursuant to a convertible loan agreement ("CLA") dated 7 September 2017 where shareholders of a Group subsidiary agreed to subscribe to convertible notes up to an aggregate principle amount of \$4 million at an interest rate at 6.0% per annum which matures on 30 June 2019. On 3 June 2019, the Group subsidiary has obtained approvals from the majority of the holders of its convertible loan notes to extend the maturity date of the convertible loan notes by one year, from 30 June 2019 to 30 June 2020.

Trade payables

Trade payables increased by \$6.3 million from \$1.8 million as at 31 December 2018 to \$8.1 million in FY2019, mainly due to higher purchases as a result of increased level of activities.

Other payables

Other payables decreased by \$12.7 million from \$17.6 million as at 31 December 2018 to \$4.9 million as at 31 December 2019, mainly due to the application of advance subscription monies received from undertaking shareholders in relation to the rights issues that was completed in February 2019.

Cash flow review

4Q2019 vs 4Q2018

The net cash flows used in operating activities for 4Q2019 was \$0.4 million compared to \$0.9 million in 4Q2018. This was mainly due to the increase in profits and increase in payables in 4Q2019, offset by increases in inventories, contract assets and liabilities and receivables.

The net cash flows used in investing activities for 4Q2019 was \$0.5 million, as compared to net cash flows generated from investing activities of \$1.0 million in 4Q2018, mainly due to the repayment of purchase deposit from a supplier in 4Q2018.

The net cash used in financing activities for 4Q2019 was \$1.3 million, as compared to net cash flows generated from financial activities of \$3.3 million in 4Q2018, mainly due to share application monies received in 4Q2018 in relation to the rights issue that was completed in February 2019.

FY2019 vs FY2018

The net cash flows generated from operating activities for FY2019 was \$0.9 million, as compared to net cash flows used in operating activities of \$1.1 million in FY2018. This was mainly due to the increase in profits and increase in payables in FY2019, offset by increases in inventories, contract assets and liabilities and receivables.

The net cash flows used in investing activities for FY2019 was \$0.1 million, as compared to \$17.2 million in FY2018. This was mainly due to the settlement of provisions for liabilities and loan to an associated company in FY2018.

The net cash used in financing activities for FY2019 was \$0.9 million, as compared to net cash flows generated from financing activities of \$18.1 million in FY2018, mainly due to the drawdown of bank borrowings, proceeds from shareholders' loan and share application monies received in FY2018.

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.

FY2019 proved to be a challenging year, with geopolitical tensions impacting global shipping and maritime activities as well as overall global economic growth. However, FY2019 was also a year of opportunities for BH Global as the Group started to realise positive outcomes from its efforts towards providing products and services that promote environmental sustainability in the maritime industry. The Group concluded the financial year with positive results, with a turnaround from net loss of S\$5.5 million for FY2018 to a net profit of S\$1.1 million for FY2019.

Going into FY2020, the Group continues to face challenges at the macro level. The sudden outbreak of the Covid-19 virus in early FY2020 may have an impact on the Group's operations. However, the outbreak has also led to increased opportunities for the Group, where orders for its Mass Fever Screening Systems have increased significantly in the first two months of FY2020, to which the Group is in the process of ramping up production activities to meet the increase in demand. Other macro issues continue to be of concern, such as the trade tensions between USA and China.

For FY2019, the Group's Supply Chain Management Division saw a 11% increase in revenue year-on-year from S\$35.4 million in FY2018 to S\$39.2 million in FY2019, mainly attributable to the rising demand for marine cables and accessories. The elevated demand for Supply Chain Management Division's offerings was mainly driven by offshore marine clients seeking electrical supply and management solutions to upgrade vessels to comply with the International Maritime Organisation regulation which caps sulphur content for marine fuels to 0.5% from 2020 onwards ("IMO 2020").

The Group's Engineering Services Division continues to see strong demand for Glass Reinforced Epoxy ("GRE") pipes supply and installation in the fourth quarter, bringing up the full year revenue from S\$0.3 million in FY2018 to S\$6.4 million in FY2019, a surge of 1746%. This was also largely attributable to IMO 2020, which has fuelled demand for the Engineering services turn-key solutions in GRE pipe material supplies, pre-fabrications, engineering designs, installations and commissioning. In FY2019, the Group has secured 17 projects as compared to 1 in FY2018 to provide end-to-end services of GRE pipes in Singapore, Japanese and Chinese shipyards, in addition to direct supply of GRE pipes and materials to customers.

The Group is continuing with its efforts to strengthen and grow its Security Division, which comprises cybersecurity and surveillance security businesses. On the cybersecurity front, the Group continues to identify and secure strong partnerships in bringing innovative and market-relevant solutions to address gaps currently faced by the industry. The Group is also working on new partnership structures with major IT and OT solutions provider to integrate the Group's cybersecurity solutions into those major platforms, which will allow the Group to bring its innovative and high performing cybersecurity solutions to the masses. On the surveillance security front, the Group is stepping up on its R&D activities through its R&D facilities in both Singapore and Taipei to expedite the launch of a series of advanced sensing system products. The Group expects to complete its range of advanced sensing system products to penetrate both the regional and international markets in FY2020.

Following the opening of new Kunshan plant in June 2019 by its associated company, GL Lighting Holdings Pte Ltd ("GLH"), the Group continues to build on its strength in the LED lighting systems business and has engaged with several major international lighting companies who has started utilising

the Group's R&D and product design services and capabilities. GLH has started to realise some of these partnerships into Original Equipment Manufacturing (OEM) and Original Design Manufacturing (ODM) contracts, and the Group expects this growth momentum to continue in the foreseeable future. The favourable outlook for green and energy efficient lighting solutions is expected to present substantial growth opportunities for the Group.

The Group has started FY2020 on a strong note, with the signing of a Memorandum of Understanding ("MoU") with strategic partners on 11 February 2020 to officialise the collaborative cooperation to develop and launch Singapore's first hybrid electric propulsion fast launch scheduled for delivery in 1H2020. Under the MoU, the strategic partners will also work together to develop the Group's Marine Electric Integration Centre, as well as further initiatives towards the digitalisation of vessel operations and the establishment of a full eco system to support the adoption of electrification in Singapore's maritime industry. The Group will continue to develop and launch various initiatives to further strengthen its lead in delivering environmentally friendly and technologically advanced solutions to the local maritime industry.

11. Dividend

(a) Current Financial Period Reported On?

Any dividend declared 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 or recommended for the quarter ended 31 December 2019.

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. Segmental 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.

FY2019

	Supply Chain Management				Manufacturing	Security	Engineering services	Corporate	Eliminations	Total
	Marine cables	Marine lighting	Others	Total						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:										
Sales to external customers	24,705	10,104	4,379	39,188	-	3,757	6,424	-	-	49,369
Intersegment sales	30	1	15	46	-	131	5	-	(182)	-
	<u>24,735</u>	<u>10,105</u>	<u>4,394</u>	<u>39,234</u>	<u>-</u>	<u>3,888</u>	<u>6,429</u>	<u>-</u>	<u>(182)</u>	<u>49,369</u>
Segment results	3,420	1,398	608	5,426	(5)	(2,811)	432	(1,374)	-	1,668
Share of profit from equity - accounted joint ventures and associates	256	105	46	407	(764)	-	-	-	-	(357)
Depreciation and amortisation	688	282	122	1,092	-	227	26	-	-	1,345
Other significant non-cash items	413	169	73	655	-	358	-	-	-	1,013
Segment assets	37,085	15,163	6,590	58,838	1,127	6,395	11,161	5,262	-	82,783
Segment assets includes										
Investment in joint ventures and associates	1,608	658	286	2,552	1,105	-	-	-	-	3,657
Additions to non-current assets	57	23	10	90	-	696	1,603	-	-	2,389
Segment liabilities	17,219	7,041	3,060	27,320	520	3,630	5,694	4,630	-	41,794

15. Segmental 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. (cont'd)

FY2018

	Supply Chain Management				Manufacturing	Security	Engineering services	Corporate	Eliminations	Total
	Marine cables	Marine lighting	Others	Total						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:										
Sales to external customers	20,823	10,146	4,473	35,442	-	4,623	348	-	-	40,413
Intersegment sales	36	31	54	121	-	16	-	-	(137)	-
	<u>20,859</u>	<u>10,177</u>	<u>4,527</u>	<u>35,563</u>	<u>-</u>	<u>4,639</u>	<u>348</u>	<u>-</u>	<u>(137)</u>	<u>40,413</u>
Segment results	428	209	92	729	(70)	(2,703)	(735)	(1,817)	-	(4,596)
Share of profit from equity - accounted joint ventures and associates	159	78	34	271	(953)	-	(209)	-	-	(891)
Depreciation and amortisation	657	321	141	1,119	-	299	12	-	-	1,430
Impairment loss	-	-	-	-	63	825	-	-	-	888
Other significant non-cash items	1,843	900	396	3,139	2,564	-	(835)	-	-	4,868
Segment assets	28,843	14,077	6,199	49,119	1,989	3,860	562	7,847	-	63,377
Segment assets includes Investment in joint ventures and associates	1,427	697	307	2,431	1,963	-	-	-	-	4,394
Additions to non-current assets	104	51	22	177	-	495	52	-	-	724
Segment liabilities	8,547	4,171	1,837	14,555	520	2,342	379	20,696	-	38,492

15. Segmental 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. (cont'd)

	Revenue		Non-current assets	
	FY2019 \$'000	FY2018 \$'000	FY2019 \$'000	FY2018 \$'000
Singapore	27,425	22,228	21,503	11,690
China	417	512	1,105	1,963
Japan	9,248	5,798	-	-
Vietnam	1,313	925	-	-
United Arab Emirates	2,232	297	2,552	2,431
Indonesia	1,110	1,604	-	-
Malaysia	4,340	5,730	-	-
Other countries	3,284	3,319	191	116
	<u>49,369</u>	<u>40,413</u>	<u>25,351</u>	<u>16,200</u>

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

Please refer to the review of performance in paragraph 8 and paragraph 10.

17. A breakdown of sales

	Group \$'000		% Change
	FY2019	FY2018	
Sales reported for first half year	21,099	16,565	27%
Operating profit/(loss) after tax reported for the first half year	507	(3,668)	823%
Sales reported for second half year	28,270	23,848	19%
Operating profit/(loss) after tax reported for the second half year	642	(1,839)	386%

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

Nil

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Johnny Lim Huay Hua	51	Brother of executive directors and substantial shareholders, Vincent Lim Hui Eng and Patrick Lim Hui Peng	Director of principal subsidiary – Beng Hui Marine Electrical Pte Ltd and Sopex Innovations Pte Ltd	NA
Eileen Lim Chye Hoon	56	Sister of executive directors and substantial shareholders, Vincent Lim Hui Eng and Patrick Lim Hui Peng	Director of principal subsidiary – Beng Hui Marine Electrical Pte Ltd	NA
Hing Kah Wah	54	Husband of substantial shareholder, Eileen Lim Chye Hoon	Senior Operational Manager of principal subsidiary – Beng Hui Marine Electrical Pte Ltd	NA

On behalf of the Board of Directors

Vincent Lim Hui Eng
Executive Chairman and
Chief Executive Officer
28 February 2020

Patrick Lim Hui Peng
Chief Operating Officer