

THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) RESULTS, HALF YEAR AND FULL YEAR 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 30.09.2018 \$'000	3rd quarter ended 30.09.2017 \$'000	% Change	9 months ended 30.09.2018 \$'000	9 months ended 30.09.2017 \$'000	% Change
Revenue	11,810	6,389	85%	28,375	26,703	6%
Cost of sales	(7,829)	(5,028)	56%	(18,443)	(18,040)	2%
Gross profit	3,981	1,361	N.M.	9,932	8,663	15%
Other operating income/(expenses)	47	(398)	N.M.	1,863	(212)	N.M.
Selling and distribution expenses	(1,947)	(1,932)	1%	(7,349)	(6,062)	21%
Administrative expenses	(1,496)	(1,341)	12%	(6,800)	(4,081)	67%
Finance costs	(278)	(78)	N.M.	(573)	(273)	N.M.
Profit/(loss) from operations	307	(2,388)	N.M.	(2,927)	(1,965)	49%
Share of results of joint ventures	118	205	(42%)	310	758	(59%)
Share of results of associated companies	(177)	(207)	(14%)	(868)	(812)	7%
Profit/(loss) before tax	248	(2,390)	N.M.	(3,485)	(2,019)	73%
Tax credit/(expense)	22	(57)	N.M.	87	(145)	N.M.
Net profit/(loss) for the period	270	(2,447)	N.M.	(3,398)	(2,164)	57%
Attributable to:						
Equity holders of the Company	529	(2,097)	N.M.	(2,637)	(1,691)	56%
Non-controlling interests	(259)	(350)	(26%)	(761)	(473)	61%
	270	(2,447)	N.M.	(3,398)	(2,164)	57%

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

	Group					
	3rd quarter ended 30.09.2018 \$'000	3rd quarter ended 30.09.2017 \$'000	% Change	9 months ended 30.09.2018 \$'000	9 months ended 30.09.2017 \$'000	% Change
Net profit/(loss) for the period	270	(2,447)	N.M.	(3,398)	(2,164)	57%
Other Comprehensive income/(loss):						
Exchange differences on translation of the financial statements of foreign entities (net)	2	846	N.M.	(488)	471	N.M.
Total comprehensive income/(loss) for the period	272	(1,601)	N.M.	(3,886)	(1,693)	N.M.
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	573	(1,251)	N.M.	(2,997)	(1,220)	N.M.
Non-controlling interests	(301)	(350)	(14%)	(889)	(473)	88%
Total comprehensive income/(loss) for the period	272	(1,601)	N.M.	(3,886)	(1,693)	N.M.

N.M. – Not meaningful

1(a)(ii) Notes to income statement

	3rd quarter ended 30.09.2018 \$'000	3rd quarter ended 30.09.2017 \$'000	Group % Change	9 months ended 30.09.2018 \$'000	9 months ended 30.09.2017 \$'000	% Change
Other income including interest income	77	43	79%	296	370	(20%)
Fair value loss on financial assets at fair value through profit or loss	(6)	-	N.M.	(17)	-	N.M.
Gain on disposal of a subsidiary	-	-	N.M.	1,581	-	N.M.
Amortisation of intangible assets	(50)	(76)	(34%)	(169)	(296)	(43%)
Depreciation of property, plant and equipment	(395)	(362)	9%	(1,114)	(1,019)	9%
Foreign exchange loss	(25)	(440)	(94%)	2	(581)	(100%)
Interest on borrowings	(278)	(78)	N.M.	(573)	(273)	N.M.
Provision for liabilities	-	-	N.M.	(2,049)	-	N.M.
Provision for stock obsolescence	(223)	(249)	(10%)	(675)	(484)	39%
Write-back/(Provision) for doubtful debts	146	(9)	N.M.	(750)	(130)	N.M.

N.M. – Not meaningful

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		
	30.09.2018	31.12.2017	1.1.2017 *	30.09.2018	31.12.2017	1.1.2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets						
Property, plant and equipment	11,447	12,572	15,827	-	-	-
Investment in subsidiaries	-	-	-	11,337	11,337	14,654
Investment in joint ventures	2,472	2,504	2,705	912	912	912
Investment in associated companies	2,269	3,260	11,982	3,085	3,085	12,748
Loan to an associated company	4,000	-	-	4,000	-	-
Deferred tax assets	15	15	11	-	-	-
Intangible assets	1,197	1,096	5,254	49	49	49
Purchase deposit to a supplier	2,597	2,673	5,077	-	-	-
Financial assets, at fair value through profit or loss	25	42	-	1,307	1,307	-
Total non-current assets	24,022	22,162	40,856	20,690	16,690	28,363
Current assets						
Inventories	23,885	24,772	27,179	-	-	-
Due from customers on construction contracts	47	1,655	8	-	-	-
Trade receivables	11,146	8,910	14,222	-	-	-
Other receivables	1,476	2,234	5,044	1,499	3,222	5,126
Tax recoverable	97	1,708	-	-	-	-
Restricted cash	878	890	1,369	-	-	-
Cash and cash equivalents	2,657	6,329	7,040	453	194	180
	40,186	46,498	54,862	1,952	3,416	5,306
Disposal group assets classified as held for sale	-	2,274	-	-	-	-
Total current assets	40,186	48,772	54,862	1,952	3,416	5,306
Total assets	64,208	70,934	95,718	22,642	20,106	33,669
Non-current liabilities						
Deferred tax liability	366	434	1,463	-	-	-
Convertible loan notes	709	690	-	-	-	-
Other payables	-	-	765	-	-	765
Shareholder's loan	11,500	-	-	11,500	-	-
Bank borrowings	3,667	-	-	3,667	-	-
Finance lease liabilities	95	95	207	-	-	-
Total non-current liabilities	16,337	1,219	2,435	15,167	-	765

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		
	30.09.2018 \$'000	31.12.2017 \$'000	1.1.2017 * \$'000	30.09.2018 \$'000	31.12.2017 \$'000	1.1.2017 \$'000
Current liabilities						
Due to customers on construction contracts	-	25	3,645	-	-	-
Trade payables	3,557	2,576	2,504	-	-	-
Other payables	2,349	2,195	2,351	9,204	5,118	1,300
Provisions	676	17,621	12,351	661	16,410	12,351
Bank borrowings	13,704	13,486	14,090	333	-	-
Finance lease liabilities	21	119	147	-	-	-
Tax payable	348	2,125	495	136	184	51
	20,655	38,147	35,583	10,334	21,712	13,702
Liabilities directly associated with disposal group classified as held for sale	-	498	-	-	-	-
Total current liabilities	20,655	38,645	35,583	10,334	21,712	13,702
Total liabilities	36,992	39,864	38,018	25,501	21,712	14,467
Net assets	27,216	31,070	57,700	(2,859)	(1,606)	19,202
Shareholders' equity						
Share capital	43,461	43,461	43,461	43,461	43,461	43,461
Currency translation reserve	(92)	268	-	-	-	-
Equity component of convertible loan notes	36	36	-	-	-	-
Reserve for disposal group classified as held for sale	-	(32)	-	-	-	-
(Accumulated losses)/Retained earnings	(10,091)	(7,454)	17,390	(46,320)	(45,067)	(24,259)
Equity attributable to equity holders of the Company, total	33,314	36,279	60,851	(2,859)	(1,606)	19,202
Non-controlling interests	(6,098)	(5,209)	(3,151)	-	-	-
Total shareholders' equity	27,216	31,070	57,700	(2,859)	(1,606)	19,202

*The Group has adopted the new Singapore Financial Statements (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) 1 with 1 January 2017 as the date of transition, which required the first SFRS(I) financial statements to comprise of an opening SFRS(I) statement of financial position at the date of transition to SFRS(I)s.

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 30.09.2018 (\$'000)		As at 31.12.2017 (\$'000)	
Secured	Unsecured	Secured	Unsecured
13,662	42	11,076	2,410

Amount repayable after one year

As at 30.09.2018 (\$'000)		As at 31.12.2017 (\$'000)	
Secured	Unsecured	Secured	Unsecured
3,667	11,500	-	-

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 \$10.64 million (31.12.2017: \$11.24 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			
	3rd quarter ended 30.09.2018 \$'000	3rd quarter ended 30.09.2017 \$'000	9 months ended 30.09.2018 \$'000	9 months ended 30.09.2017 \$'000
Cash flows from operating activities				
Profit/(loss) before tax	248	(2,390)	(3,485)	(2,019)
Adjustments for :				
Amortisation of intangible assets	50	76	169	296
Exchange difference	182	-	125	-
Depreciation of property, plant and equipment	395	362	1,114	1,019
Fair value loss on financial assets at fair value through profit or loss	6	-	17	-
Interest expense	278	78	573	273
Interest income	(21)	-	(71)	(124)
Provision, net	-	-	2,049	-
Share of results of associated companies	177	207	868	812
Share of results of joint ventures	(118)	(205)	(310)	(758)
Gain on disposal of a subsidiary	-	-	(1,581)	-
Operating cash flows before working capital changes	1,197	(1,872)	(532)	(501)
Inventories	1,297	(897)	887	(813)
Due (to)/from customers on construction contract, net	(12)	(379)	1,583	(3,104)
Receivables	(1,232)	2,067	(1,479)	3,070
Payables	392	18	1,155	688
Currency translation adjustments	190	826	(27)	800
Provision for claims and vendor costs	(653)	-	(1,211)	-
Cash generated from/(used in) operations	1,179	(237)	376	140
Income tax paid	(4)	(425)	(196)	(425)
Net cash from/(used in) operations activities	1,175	(662)	180	(285)

	Group			
	3rd quarter ended 30.09.2018 \$'000	3rd quarter ended 30.09.2017 \$'000	9 months ended 30.09.2018 \$'000	9 months ended 30.09.2017 \$'000
Cash flows from investing activities				
Dividend received from joint venture	392	-	392	395
Interest received	21	-	71	124
Loan to an associated company	(2,000)	-	(4,000)	-
Net cash inflow on deemed disposal of a subsidiary	-	-	3,000	-
Investment in quoted equity shares	-	(56)	-	(56)
Repayment of purchase deposit from a supplier	-	111	-	1,681
Proceeds from disposal of property, plant and equipment	1	-	1	-
Purchase of property, plant and equipment	(52)	(364)	(268)	(440)
Settlement of provision for liabilities	(12,583)	(2,108)	(17,783)	(2,108)
Development cost	(47)	(72)	(270)	(217)
Government grants received	279	-	279	-
Net cash used in investing activities	(13,989)	(2,489)	(18,578)	(621)
Cash flows from financing activities				
Net (repayment)/drawdown of short term borrowing	(240)	767	(1,515)	956
Drawdown of bank borrowings	2,000	-	6,000	500
Repayment from bank borrowings	-	(265)	(600)	(4,108)
Repayment of finance lease liabilities	(38)	(32)	(98)	(108)
Interest paid	(273)	(78)	(573)	(273)
Proceeds from shareholder loan	7,300	-	11,500	-
Decrease in fixed deposits under pledge	12	-	12	-
Proceeds from issuance of convertible loan notes	-	245	-	245
Net cash from/(used in) financing activities	8,761	637	14,726	(2,788)
Net decrease in cash and cash equivalents	(4,053)	(2,514)	(3,672)	(3,694)
Cash and cash equivalents at beginning of period	6,710	5,860	6,329	7,040
Cash and cash equivalents at end of the financial year	2,657	3,346	2,657	3,346
Cash and cash equivalents comprises the following				
Cash and cash equivalents	3,535	4,715	3,535	4,715
Less Restricted cash	(853)	(1,369)	(853)	(1,369)
Less: Fixed deposits (pledged)	(25)	-	(25)	-
Cash and cash equivalents as per statement of cash flows	2,657	3,346	2,657	3,346

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							Total equity \$'000
	Share capital \$'000	Currency translation reserves \$'000	Equity component of convertible loan notes \$'000	Reserve of disposal group classified as held-for-sale \$'000	Accumulated losses \$'000	Total \$'000	Non-Controlling interests \$'000	
Balance at 1 January 2018	43,461	870	36	(32)	(8,056)	36,279	(5,209)	31,070
Effect of transition to SFRS(I)s (Note 1)	-	(602)	-	-	602	-	-	-
Balance at 1 January 2018	43,461	268	36	(32)	(7,454)	36,279	(5,209)	31,070
Currency translation differences arising on consolidation, net of tax	-	434	-	-	-	434	(190)	244
Loss for the period	-	-	-	-	(1,988)	(1,988)	(371)	(2,359)
Balance at 31 March 2018	43,461	702	36	(32)	(9,442)	34,725	(5,770)	28,955
Currency translation differences arising on consolidation, net of tax	-	(838)	-	-	-	(838)	104	(734)
Loss for the period	-	-	-	-	(1,178)	(1,178)	(131)	(1,309)
Disposal of a subsidiary	-	-	-	32	-	32	-	32
Balance at 30 June 2018	43,461	(136)	36	-	(10,620)	32,741	(5,797)	26,944
Currency translation differences arising on consolidation, net of tax	-	44	-	-	-	44	(42)	2
Loss for the period	-	-	-	-	529	529	(259)	270
Balance at 30 September 2018	43,461	(92)	36	-	(10,091)	33,314	(6,098)	27,216

Group

Attributable to equity holders of the Company

	Share capital \$'000	Currency translation reserves \$'000	Equity component of convertible loan notes \$'000	Reserve of disposal group classified as held- for-sale \$'000	Retained earnings \$'000	Total \$'000	Non- Controlling interests \$'000	Total equity \$'000
Balance at 1 January 2017	43,461	602	-	-	16,788	60,851	(3,151)	57,700
Effect of transition to SFRS(I)s (Note 1)	-	(602)	-	-	602	-	-	-
Balance at 1 January 2017	43,461	-	-	-	17,390	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
Balance at 31 March 2017	43,461	53	-	-	17,757	61,271	(3,326)	57,945
Currency translation differences arising on consolidation, net of tax	-	(416)	-	-	-	(416)	55	(361)
Profit/(Loss) for the period	-	-	-	-	38	38	(15)	23
Balance at 30 June 2017	43,461	(363)	-	-	17,795	60,893	(3,286)	57,607
Currency translation differences arising on consolidation, net of tax	-	694	-	-	-	694	152	846
Loss for the period	-	-	-	-	(2,097)	(2,097)	(350)	(2,447)
Balance at 30 September 2017	43,461	331	-	-	15,698	59,490	(3,484)	56,006

Note 1-

The Group has adopted SFRS(I) for the financial year ending 31 December 2018 and has applied SFRS(I) 1 with 1 January 2017 as the date of transition for the Group.

The Group has elected the optional exemption in SFRS(I) 1 to reset its cumulative Currency Translation Reserve for all foreign operations to NIL at the date of transition, and reclassify the cumulative Currency Translation Reserve of approximately S\$602k as at 1 January 2017 as determined in accordance with the previous Financial Reporting Standards at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation difference that arose before the date of transition.

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	Accumulated	Total
	\$'000	losses	\$'000
	\$'000	\$'000	\$'000
Balance at 1 January 2018	43,461	(45,067)	(1,606)
Profit for the period	-	172	172
Balance at 31 March 2018	43,461	(44,895)	(1,434)
Loss for the period	-	(1,746)	(1,746)
Balance at 30 June 2018	43,461	(46,641)	(3,180)
Loss for the period	-	321	321
Balance at 30 September 2018	43,461	(46,320)	(2,859)

Company

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

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.

	30.09.2018	30.09.2017
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’s financial statements for the financial year ending 31 December 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) issued by the Accounting Standard Council (“ASC”).

Other than the adoption of the new framework and the new SFRS(I)s, which took effect from the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the latest audited annual financial statements for the financial year ended 31 December 2017.

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.

In adopting the new SFRS(I) 1 framework with effect from 1 January 2018, the Group is required to apply the specific transition requirement in SFRS(I) 1 First-time Adoption of International Financial Reporting Standards.

In 2Q2018 the Group disposed a foreign subsidiary and recorded a gain on disposal of \$1.6 million. The Group has elected the optional exemption under the new SFRS(I) 1 to reset cumulative currency translation reserve for all foreign operations to \$nil at the date of transition on 1 January 2017. As a result, the currency translation reserve of \$914k relating to this foreign subsidiary has been reclassified to retained earnings as at 1 January 2017. Thus, the gain on disposal of this subsidiary will exclude translation differences that arose before the date of transition. The gain on disposal of this subsidiary would have been \$686k if not for the election of this optional exemption.

In addition, during the current financial year, the Group and the Company have adopted the SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers.

Save for the impact of adoption of the new SFRS(I) 1 as disclosed above, the adoption of these new SFRS(I)s is assessed to have no material impact on the results and financial position of the Group and of the Company for the year ending 31 December 2018.

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.

(Loss)/Profit per ordinary share for the period based on net loss attributable to shareholders:-

Group

	3rd quarter ended 30.09.2018	3rd quarter ended 30.09.2017	1st half ended 30.09.2018	1st half ended 30.09.2017
(i) Based on number of ordinary shares in issue	0.44 cents	(1.75) cents	(2.20) cents	(1.41) cents
Net loss per ordinary share for the period	0.44 cents	(1.75) cents	(2.20) cents	(1.41) 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	0.44 cents	(1.75) cents	(2.20) cents	(1.41) cents
Net loss per ordinary share for the period	0.44 cents	(1.75) cents	(2.20) cents	(1.41) cents
Diluted number of ordinary shares in issue	119,999,995	119,999,995	119,999,995	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	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Net asset value per ordinary share based on existing share capital	28 cents	30 cents	(2) cents	(1) 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

(3Q2018 Vs 3Q2017)

	Group		% Change
	3Q2018	3Q2017	
	\$'000	\$'000	
Supply Chain Management			
Marine cables and accessories	6,407	2,916	120%
Marine lighting equipment and accessories	2,589	1,793	44%
Lamp and others	1,127	902	25%
	10,123	5,611	80%
Security	1,530	323	374%
Engineering Services	157	455	(65%)
Total sales revenue	11,810	6,389	85%

Supply Chain Management

Supply Chain Management Division accounts for 86% of the Group's turnover in 3Q2018, of which marine cables and accessories contributed 63%, marine lighting equipment and accessories 26% and others 11%. Revenue from the division increased by 80% due to increased business activities from customers.

Security

Security Division mainly provides security products and solutions relating to information technology. The division accounts for 13% of the Group's turnover in 3Q2018. Revenue from the division increased by 374% due to sales to new customers.

Engineering Services

Engineering Services Division accounts for 1% of the Group's turnover in 3Q2018. Revenue from Engineering Services Division decreased by 65% due mainly to termination of an engineering contract by a customer in 4Q2017. There is no other significant contract in 3Q2018.

Revenue

(9M2018 Vs 9M2017)

	Group		% Change
	9M2018	9M2017	
	\$'000	\$'000	
Supply Chain Management			
Marine cables and accessories	14,464	10,815	34%
Marine lighting equipment and accessories	7,685	6,160	25%
Lamp and others	3,187	3,603	(12%)
	25,336	20,578	23%
Security	2,727	2,176	25%
Engineering Services	312	3,949	(92%)
Total sales revenue	28,375	26,703	6%

Supply Chain Management

Supply Chain Management Division accounts for 89% of the Group's turnover in 9M2018, of which marine cables and accessories contributed 57%, marine lighting equipment and accessories 30% and others 13%. Revenue from the division increased by 23% due to increased business activities from customers.

Security

Security Division mainly provides security products and solutions relating to information technology. The division accounts for 10% of the Group's turnover in 9M2018. Revenue from the division increased by 25% due to sales to new customers.

Engineering Services

Engineering Services Division accounts for 1% of the Group's turnover in 9M2018. Revenue from Engineering Services Division decreased by 92% due mainly to termination of an engineering contract by a customer in 4Q2017. There is no other significant contract in 9M2018.

3Q2018 vs 3Q2017

Geographical segment

Revenue derived from Singapore increased by \$2.9 million or 78% from \$3.7 million in 3Q2017 to \$6.6 million in 3Q2018 due to increased business activities from customers and sales to new customers.

Revenue derived from overseas increased by \$2.5 million or 95% from \$2.7 million in 3Q2017 to \$5.2 million in 3Q2018 due to increased business activities from customers and sales to new customers.

Gross profit

The Group's overall gross profit increased by \$2.6 million or 193% from \$1.4 million in 3Q2017 to \$4.0 million in 3Q2018 was due mainly to higher revenue. The Group's overall gross margin increased by 13% from 21% in 3Q2017 to 34% in 3Q2018 due to higher revenue from Supply Chain Management where the gross margin is higher and write back of provision for claims and vendor costs by Engineering Division.

Other operating income/(expenses)

The Group recorded other operating income in 3Q2018 as compared to an expense in 3Q2017 was due mainly to lower foreign exchange loss.

Operating expenses

The Group's operating expenses comprise of mainly selling & distribution and administrative expenses. Selling & distribution expenses remain comparably unchanged. Administrative expenses increased by 12% to \$1.5 million was due mainly to the set-up of the new Taiwan branch by Omnisense Systems Pte Ltd ("OMS").

Share of results of joint venture

The decrease in share of profit in joint venture was due mainly to lesser business activities in 3Q2018.

Share of results of associated companies

The Group's share of loss in associated companies is due mainly to the performance of GL Lighting Holding Pte Ltd ("GLH"). GLH's results was affected by supplier-related issues which disrupted production and the associate company's ability to meet its sales orders.

Interest on borrowings

The increase in interest on borrowings in 3Q2018 as compared to 3Q2017 was mainly due to increase in bank borrowings and shareholder's loan.

Provision for stock obsolescence

The provision for stock obsolescence decrease is due mainly to the sale of its obsolete stocks in 3Q2018.

Write back/(Provision) for doubtful debts

The write back for doubtful debts is due mainly to repayment from customers of \$488k for debts previously provided, partially offset by addition provision of S\$343k.

Net profit/(loss) for the period

The Group reported a net profit of \$0.3 million in 3Q2018 as compared to a net loss of \$2.4 million in 3Q2017 was due mainly to higher revenue, lower foreign exchange loss, write back for doubtful debts, partially offset by increase in interest on borrowings.

(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 share of loss in GLH.

Intangible assets

Intangible assets remain comparably unchanged.

Inventories

Inventories decreased by \$0.9 million from \$24.8 million in FY2017 to \$23.9 million in 3Q2018 is due mainly to higher sales in 3Q2018 by Supply Chain Management division, partially offset by increase in raw materials and work in progress by the Security divisions.

Trade receivables

Trade receivables increased by \$2.2 million from \$8.9 million in FY2017 to \$11.1 million in 3Q2018 is due mainly to higher revenue.

Other receivables

The decrease in other receivables of \$0.8 million is due mainly to deposit paid to suppliers upon receipts of such supplies, partially offset by higher progressive recognition of deferred cost.

Tax recoverable/payable

The decrease in tax recoverable/payable is due to the tax authority allowing a subsidiary to claim group relief which was previously disallowed. The tax authority has refunded substantially the tax recoverable amount to the subsidiary in 2Q2018.

Disposal group assets classified as held for sale

Asset held for sale in FY2017 relates to the Batam Land and the assets held by a subsidiary where the Group has disposed in 2Q2018.

Convertible loan notes

One of the Group's subsidiary, OMS 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 its shareholders at an interest rate at 6.0% per annum. Subscription of the convertible loan closed on 30th December 2017.

Trade payables

The higher trade payables is due mainly to higher purchases as a result of higher revenue.

Other payables

The increase in other payables of \$154k was mainly due to higher deferred revenue billed in advance, partially offset by decrease in accruals.

Provisions

The decrease in provisions of \$16.9 million was mainly due to settlement of provision for liabilities of GSSI.

Cash flow

Net cash from operating activities amounted to \$1.2 million in 3Q2018 as compared to a net cash used in operating activities of \$0.7 million in 3Q2017. Net cash and cash equivalent decreased by \$4.1 million in 3Q2018 compared to an decrease of \$2.5 million in 3Q2017. The decrease was mainly due to settlement of provision for liabilities, partially offset by increase in drawdown of bank borrowings and shareholder's loan.

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 core business, the Supply Chain Management division, increased its revenue for 3Q2018 as continued focus on enhancing business functions helped stabilise core revenue for the division. A steady recovery in oil prices also revived some upstream activities, which resulted in the Group winning a new project from an existing customer that is expected to extend into FY2019. The Group also continues to explore viable opportunities in the industrial, petro-chemical and related sectors.

The Security division continues to show potential, steadily growing with orders from both government agencies and private companies in Singapore. With a research and development facility set up in Taipei, the Group hopes to push out proprietary technologies alongside establishing more distributorships. Leveraging on recent partnerships, the Group aims to broaden the reach of its cybersecurity, enterprise IT operation management and sensing security products to regional markets.

The Group's associated company's, GLH, new factory in Kunshan is completed and pending approvals. The Group expects to move into its new facility in 4Q2018 and will focus on securing major customers which it could not serve due to restrictions of the current facility. Production is expected to commence in 1Q2019.

In 1Q2018, the Group entered into a non-binding Letter of Intent ("LOI") to dispose its 51% equity interest in GSSI. The disposal of operating assets was completed in 3Q2018, for a total consideration of OMR1.90 million (approximately S\$6.71 million). The Group and its joint venture partner intend to wind-up GSSI and the Group will update on the progress accordingly.

On its Engineering Services division, the Group disposed the Batam Land in 2Q2018 with net proceeds of S\$2.90 million while the liquidation of OGS remains ongoing. The termination of an engineering contract has resulted in a gap in revenue, however, the Group will continue to seek more distributorships as well as viable opportunities for electrical installation packages, especially in Japan.

On 28 September 2018, the Group announced the proposal to undertake a renounceable non-underwritten rights issue (the "**Rights Issue**") on the basis of three (3) Rights Shares for every two (2) existing ordinary shares in the issued and paid up capital of the Company ("**Shares**") held by Entitled Shareholders. The Group is processing the necessary and will update on the progress accordingly.

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?

None

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/recommended, a statement to that effect.

No dividend has been declared or recommended for the quarter ended 30 September 2018.

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 2018 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
1 November 2018

Patrick Lim Hui Peng
Chief Operating Officer