

QUARTERLY FINANCIAL STATEMENTS FOR THE 4TH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2017

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), 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					
	4th quarter ended 31.12.2017 \$'000	4th quarter ended 31.12.2016 \$'000 (Restated)*	% Change	Financial year ended 31.12.2017 \$'000	Financial year ended 31.12.2016 \$'000 (Restated)*	% Change
Revenue	11,220	10,257	9%	37,923	51,987	(27%)
Cost of sales	(7,897)	(6,970)	13%	(25,937)	(34,099)	(24%)
Gross profit	3,323	3,287	1%	11,986	17,888	(33%)
Other operating income	325	1,367	(76%)	113	1,250	(91%)
Selling and distribution expenses#	(8,536)	(3,667)	133%	(14,598)	(10,169)	44%
Administrative expenses#	(18,667)	(8,796)	112%	(22,749)	(16,752)	36%
Finance costs	(104)	(106)	(2%)	(377)	(452)	(17%)
Loss from operations	(23,659)	(7,915)	199%	(25,625)	(8,235)	211%
Share of results of associated companies	(300)	(127)	136%	(1,112)	(798)	39%
Share of results of joint ventures	4	(2,475)	(100%)	762	(2,116)	(136%)
Loss before tax	(23,955)	(10,517)	128%	(25,975)	(11,149)	133%
Tax credit/(expense)	1,518	393	286%	1,373	(125)	N.M.
Net loss for the period	(22,437)	(10,124)	122%	(24,602)	(11,274)	118%
Attributable to:						
Equity holders of the Company	(20,901)	(10,212)	105%	(22,593)	(11,206)	102%
Non-controlling interests	(1,536)	88	N.M.	(2,009)	(68)	N.M.
	(22,437)	(10,124)	122%	(24,602)	(11,274)	118%

#Please refer to note 8.

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

	4th quarter ended 31.12.2017 \$'000	4th quarter ended 31.12.2016 \$'000 (Restated)*	%	Financial year ended 31.12.2017 \$'000	Financial year ended 31.12.2016 \$'000 (Restated)*	%
			Change			Change
Net loss for the period	(22,437)	(10,124)	122%	(24,602)	(11,274)	118%
Other Comprehensive income:						
Exchange differences on translation of the financial statements of foreign entities (net)	(175)	439	N.M.	296	60	N.M.
Total comprehensive loss for the period	<u>(22,612)</u>	<u>(9,685)</u>	133%	<u>(24,306)</u>	<u>(11,214)</u>	117%
Total comprehensive loss attributable to:						
Equity holders of the Company	(21,076)	(9,657)	118%	(22,297)	(11,146)	100%
Non-controlling interests	(1,536)	(28)	N.M.	(2,009)	(68)	N.M.
Total comprehensive loss for the period	<u>(22,612)</u>	<u>(9,685)</u>	133%	<u>(24,306)</u>	<u>(11,214)</u>	117%

N.M. – Not meaningful

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

1(a)(ii) Notes to income statement

	Group					
	4th quarter ended 31.12.2017 \$'000	4th quarter ended 31.12.2016 \$'000 (Restated)*	% Change	Financial year ended 31.12.2017 \$'000	Financial year ended 31.12.2016 \$'000 (Restated)*	% Change
Other income including interest income	443	148	N.M.	813	488	67%
Fair value gain on contingent consideration	765	-		765	-	
Foreign exchange (loss)/gain	(887)	796	(211%)	(1,468)	997	N.M.
Interest on borrowings	(104)	(106)	(2%)	(377)	(452)	(17%)
Amortisation of intangible assets	(212)	(286)	N.M.	(508)	(286)	N.M.
Depreciation of property, plant and equipment	(325)	(334)	(3%)	(1,344)	(1,449)	(7%)
Gain/(Loss) on disposal of property, plant and equipment	4	(101)	(104%)	4	(132)	N.M.
Provision for stock obsolescence	(2,507)	(72)	N.M.	(2,991)	(350)	N.M.
Provision for doubtful debts	(4,016)	(1,580)	154%	(4,147)	(1,281)	224%
Impairment loss in an associated company	(7,663)	(2,000)	100%	(7,663)	(2,000)	100%
Impairment loss of goodwill	(1,236)	-	N.M.	(1,236)	-	N.M.
Impairment loss of intangible assets	(2,482)	-	N.M.	(2,482)	-	N.M.
Provision for liabilities	(5,444)	(8,190)	(34%)	(5,444)	(8,190)	(34%)

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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	12,572	15,827	-	-
Investment in subsidiaries	-	-	11,336	14,654
Investment in joint ventures	2,504	2,705	912	912
Investment in associated companies	3,392	11,982	3,085	12,748
Other investment	42	-	1,307	-
Deferred tax assets	15	11	-	-
Intangible assets	1,154	5,254	49	49
Purchase deposit to a supplier	2,673	5,077	-	-
	22,352	40,856	16,689	28,363
Current assets				
Inventories	24,772	27,179	-	-
Due from customers on construction contracts	1,420	8	-	-
Trade receivables	8,945	14,222	-	-
Other receivables	2,477	5,044	114	5,126
Tax recoverable	1,708	-	-	-
Restricted cash	1,369	1,369	-	-
Cash and cash equivalents	5,850	7,040	194	180
	46,541	54,862	308	5,306
Asset held for sale	2,274	-	-	-
Total current assets	48,815	54,862	308	5,306
Total assets	71,167	95,718	16,997	33,669
Non-current liabilities				
Deferred tax liability	323	1,463	-	-
Convertible loan notes	690	-	-	-
Non-current payable	-	765	-	765
Finance lease liabilities	94	207	-	-
	1,107	2,435	-	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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
Due to customers on construction contracts	-	3,645	-	-
Trade payables	2,582	2,504	-	-
Other payables	3,593	2,351	2,009	1,300
Provisions	14,138	12,351	14,138	12,351
Bank borrowings	13,486	14,090	-	-
Finance lease liabilities	119	147	-	-
Tax payable	2,125	495	185	51
	<u>36,043</u>	<u>35,583</u>	<u>16,332</u>	<u>13,702</u>
Liabilities directly associated with asset classified as held for sale	587	-	-	-
Total current liabilities	<u>36,630</u>	<u>35,583</u>	<u>16,332</u>	<u>13,702</u>
Total liabilities	<u>37,737</u>	<u>38,018</u>	<u>16,332</u>	<u>14,467</u>
Net assets	<u>33,430</u>	<u>57,700</u>	<u>665</u>	<u>19,202</u>
Shareholders' equity				
Share capital	43,461	43,461	43,461	43,461
Equity component of convertible notes	36	-	-	-
Currency translation reserve	520	602	-	-
Retained earnings/(Accumulated losses)	(5,805)	16,788	(42,796)	(24,259)
Attributable to equity holders of the Company, total	<u>38,212</u>	<u>60,851</u>	<u>665</u>	<u>19,202</u>
Non-controlling interests	(4,782)	(3,151)	-	-
Total shareholders' equity	<u>33,430</u>	<u>57,700</u>	<u>665</u>	<u>19,202</u>

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 31.12.2017 (\$'000)		As at 31.12.2016 (\$'000)	
Secured	Unsecured	Secured	Unsecured
10,454	3,032	5,000	9,090

Amount repayable after one year

As at 31.12.2017 (\$'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:

- (a) Legal charge on the Group's leasehold property with net book value of \$11.24 million (31.12.2016: \$7.30 million)
- (b) Fixed deposits of a subsidiary.
- (c) Corporate guarantee by the Company.

Breach of bank's borrowing covenants

As at FY 2017, a subsidiary breached the covenant imposed by two banks which required the Group to maintain minimum net worth of \$45 million throughout the facilities. Total amount utilized by the subsidiary as at 31 December 2017 is \$13.0 million and this amount is included as current liabilities under bank borrowings.

Subsequent to the end of the reporting period, the Group is in the progress of requesting for a waiver in relation to the breach of financial covenant from the two banks.

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			
	4th quarter ended 31.12.2017 \$'000	4th quarter ended 31.12.2016 \$'000 Restated*	Financial year ended 31.12.2017 \$'000	Financial year ended 31.12.2016 \$'000 Restated*
Cash flows from operating activities				
Loss before tax	(23,955)	(10,517)	(25,975)	(11,149)
Adjustments for :				
Amortisation of intangible assets	212	286	508	286
Exchange difference	37	(16)	37	(16)
Depreciation	325	334	1,344	1,449
Fair value gain on contingent consideration	(765)	-	(765)	-
Interest expense	104	106	377	452
Interest income	(8)	(113)	(132)	(210)
Share of results of associated companies	300	127	1,112	798
Share of results of joint ventures	(4)	2,475	(762)	2,116
(Gain)/Loss on disposal of property, plant and equipment	(4)	101	(4)	132
Impairment loss on goodwill	1,236	-	1,236	-
Impairment loss of intangible assets	2,482	-	2,482	-
Impairment loss in an associated company	7,663	2,000	7,663	2,000
Impairment loss on other investment	14	-	14	-
Provision for liabilities, net	5,445	7,506	5,445	7,506
Loss on disposal of subsidiary	-	(13)	-	-
Operating cash flows before working capital changes	(6,918)	2,276	(7,420)	3,364
Inventories	3,220	650	2,407	3,421
Due (to)/from customers on construction contract, net	(1,953)	4,220	(5,057)	3,766
Receivables	3,066	4,106	6,136	461
Payables	1,933	(3,885)	2,621	(3,389)
Currency translation adjustments	3	(296)	803	(341)
Cash (used in)/generated from operations	(649)	7,071	(510)	7,282
Interest paid	(104)	(106)	(377)	(452)
Tax refund/(paid)	1,716	159	1,291	(790)
Net cash from operating activities	963	7,124	404	6,040

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

	Group			
	4th quarter ended 31.12.2017 \$'000	4th quarter ended 31.12.2016 \$'000 Restated*	Financial year ended 31.12.2017 \$'000	Financial year ended 31.12.2016 \$'000 Restated*
Cash flows from investing activities				
Contribution from a non-controlling interest	-	12	-	25
Dividend received from a joint venture	385	-	780	385
Interest received	8	113	132	210
Additional investment in associated companies	(258)	-	(258)	(2,743)
Equity loan to a joint venture	(1,550)	(2,749)	(3,658)	(2,749)
Investment in quoted equity	-	-	(56)	-
Net cash outflow from acquisition of subsidiary	-	(2,651)	-	(2,651)
Net cash outflow from disposal of subsidiary	-	(13)	-	(13)
Repayment of purchase deposit from a supplier	686	696	2,367	696
Net cash inflow on disposal of a subsidiary company	-	12	-	-
Proceeds from disposal of property, plant and equipment	4	13	4	21
Purchase of property, plant and equipment	(174)	(74)	(614)	(602)
Purchase of intangible asset	(55)	(538)	(272)	(538)
Investment in subsidiary	-	(69)	-	-
Net cash used in investing activities	(954)	(5,248)	(1,575)	(7,959)
Cash flows from financing activities				
Net drawdown/(repayment) of short term borrowings	48	(5,344)	1,004	3,233
Drawdown of bank borrowings	2,000	(2,879)	2,500	2,700
Repayment of bank borrowings	-	-	(4,108)	(1,153)
Repayment of finance lease liabilities	(33)	(46)	(141)	(171)
Issuance of convertible notes	481	-	726	-
Net cash from/(used in) financing activities	2,496	(8,269)	(19)	4,609
Net increase/(decrease) in cash and cash equivalents	2,504	(6,393)	(1,190)	2,690
Cash and cash equivalents at beginning of period	3,346	13,432	7,040	4,349
Effect of exchange rate changes on cash and cash equivalents	-	1	-	1
Cash and cash equivalents at end of period	5,850	7,040	5,850	7,040
Cash and cash equivalents comprises the following				
Cash and cash equivalents	7,219	8,409	7,219	8,409
Less Restricted cash	(1,369)	(1,369)	(1,369)	(1,369)
Cash and cash equivalents as per statement of cash flows	5,850	7,040	5,850	7,040

* 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

	Share capital \$'000	Equity component of convertible notes \$'000	Currency translation reserves \$'000	Retained earnings \$'000	Total \$'000	Non- Controlling interests \$'000	Total equity \$'000
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
Balance At 31 March 2017	43,461	-	655	17,155	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	-	239	17,193	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	-	933	15,096	59,490	(3,484)	56,006
Convertible loan notes – Equity component	-	36	-	-	36	-	36
Currency translation differences arising on consolidation, net of tax	-	-	(413)	-	(413)	238	(175)
Loss for the period	-	-	-	(20,901)	(20,901)	(1,536)	(22,437)
Balance At 31 December 2017	43,461	36	520	(5,805)	38,212	(4,784)	33,430

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	Equity component of convertible loan \$'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)
Balance At 31 March 2016	43,461	-	758	26,888	71,107	(5,139)	65,968
Currency translation differences arising on consolidation, net of tax	-	-	(182)	-	(182)	-	(182)
Profit/(loss) for the period	-	-	-	1,128	1,128	(1)	1,127
Balance At 30 June 2016	43,461	-	576	28,016	72,053	(5,140)	66,913
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
Balance At 30 September 2016	43,461	-	533	27,001	70,995	(3,300)	67,695
Currency translation differences arising on consolidation, net of tax	-	-	69	-	69	(18)	51
(Loss)/Profit for the period	-	-	-	(10,213)	(10,213)	90	(10,123)
Disposal of a subsidiary	-	-	-	-	-	(5)	(5)
Acquisition of new subsidiary	-	-	-	-	-	57	57
Contribution from a non-controlling interest	-	-	-	-	-	25	25
Balance At 31 December 2016	43,461	-	602	16,788	60,851	(3,151)	57,700

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 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
Loss for the period	-	(19,157)	(19,157)
Balance At 31 December 2017	43,461	(42,796)	665

Company

	Share capital \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2016	43,461	(11,853)	31,608
Loss for the period	-	(1,024)	(1,024)
Balance At 31 March 2016	43,461	(12,877)	30,584
Loss for the period	-	(720)	(720)
Balance At 30 June 2016	43,461	(13,597)	29,864
Loss for the period	-	(1,301)	(1,301)
Balance At 30 September 2016	43,461	(14,898)	28,563
Loss for the period	-	(9,361)	(9,361)
Balance At 31 December 2016	43,461	(24,259)	19,202

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.

	31.12.2017	31.12.2016
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 year ended 31 December 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.

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

Group

	4th quarter ended 31.12.2017	4th quarter ended 31.12.2016	Financial year ended 31.12.2017	Financial year ended 31.12.2016
(i) Based on number of ordinary shares in issue		(Restated*)		(Restated*)
Net loss per ordinary share for the period	(17.42) cents	(8.51) cents	(18.83) cents	(9.34) 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				
Net loss per ordinary share for the period	(17.42) cents	(8.51) cents	(18.83) cents	(9.34) 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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Net asset value per ordinary share based on existing share capital	32 cents	51 cents	1 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

(4Q2017 Vs 4Q2016)

	Group		% Change
	4Q2017	4Q2016	
	\$'000	\$'000	
		(Restated)*	
Supply Chain Management			
Marine cables and accessories	4,008	6,270	(36%)
Marine lighting equipment and accessories	3,203	1,366	134%
Lamp and others	852	1,406	(39%)
	8,063	9,042	(11%)
Security	594	260	128%
Engineering Services	2,563	955	168%
Total sales revenue	11,220	10,257	9%

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

Supply Chain Management

Supply Chain Management Division accounts for 72% of the Group's turnover in 4Q2017, of which marine cables and accessories contributed 50%, marine lighting equipment and accessories 40% and others 11%. Revenue from the division decreased by 11% due to continuing slowdown in activities in the marine and offshore sectors as a results of weak global shipping markets and low oil prices. However, revenue from marine lighting equipment and accessories increased by 134% due to sales of new product range to a Japanese customer.

Security

Security Division mainly provides security products and solutions relating to information technology. The division accounts for 5% of the Group's turnover in 4Q2017.

Engineering Services

Engineering Services Division accounts for 23% of the Group's turnover in 4Q2017. Revenue from Engineering Services Division increased by 168% due mainly to higher progressive recognition of revenue of an existing project in procurement phase in 4Q2017 as compared to 4Q2016 where the project was reaching the end of its engineering phase.

Revenue

(FY2017 Vs FY2016)

	Group		% Change
	FY2017	FY2016	
	\$'000	\$'000	
		(Restated)*	
Supply Chain Management			
Marine cables and accessories	14,274	35,305	(60%)
Marine lighting equipment and accessories	9,433	7,858	20%
Lamp and others	4,934	5,922	(17%)
	28,641	49,085	(42%)
Security	2,770	974	184%
Engineering Services	6,512	1,928	238%
Total sales revenue	37,923	51,987	(27%)

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

Supply Chain Management

Supply Chain Management Division accounts for 76% of the Group's turnover in FY2017, of which marine cables and accessories contributed 50%, marine lighting equipment and accessories 33% and others 17%. Revenue from the division decreased by 42% due to continuing slowdown in activities in the marine and offshore sectors as a results of weak global shipping markets and low oil prices. However, revenue from marine lighting equipment and accessories increased by 20% due to sales of new product range to a Japanese customer.

Security

Security Division was established in 2Q2016 and mainly provides products and solutions relating to cyber security and security system. The division accounts for 7% of the Group's turnover in FY2017.

Engineering Services

Engineering Services Division accounts for 17% of the Group's turnover in FY2017. Revenue from Engineering Services Division increased by 238% due mainly to higher progressive recognition of revenue of an existing project in procurement phase in FY2017 as compared to FY2016 where the project was in its engineering phase.

4Q2017 vs 4Q2016

Geographical segment

Revenue derived from Singapore decreased by \$1.1 million or 22% from \$5.1 million in 4Q2016 to \$4.0 million in 4Q2017 due mainly to slowdown in activities in marine and offshore sectors.

Revenue derived from overseas increased by \$1.8 million or 36% from \$5.2 million in 4Q2016 to \$7.0 million in 4Q2017 due mainly to higher marine lighting equipment and accessories sales to a customer in Japan and higher recognition of revenue of an existing oversea project.

Gross profit

The Group's overall gross profit remains comparably the same but the Group's overall gross margin decrease from 32% in 4Q2016 to 30% in 4Q2017 due to higher revenue from Engineering Division where the gross margin is lower.

Other operating income

Other operating income decreased by \$1.1 million from \$1.4 million in 4Q2016 to \$0.3 million in 4Q2017 due mainly to a foreign exchange loss in 4Q2017 as compared to a gain in 4Q2016.

Operating expenses

The Group's operating expenses comprise of mainly selling & distribution and administrative expenses. Selling & distribution expenses increased by 133% to \$8.5 million due to higher provision for doubtful debts and stock obsolescence. Administrative expenses increased by 112% due mainly to higher impairment loss on goodwill, intangible assets and investment in an associated company, and provision for liabilities.

Share of results in associated companies

The higher Group's share of loss in associated companies is due mainly to lower sales to major customers. In particular, the performance of GLH was affected by supplier-related issues which disrupted production and the associate company's ability to meet its sales orders.

Share of results in joint ventures

The Group's share of results in joint ventures registered a gain of \$4k in 4Q2017 as compared to a loss of \$2.5 million in 4Q2016 due mainly to the Group ceased to share the of loss in Gulf Specialty Steel Industries ("GSSI") as the cost of investment has been fully written down. However, the Group has provided additional provision for liabilities as a result of a corporate guarantee given by the Group to GSSI's banker.

Interest on borrowings

Interest on borrowings remains comparable.

Tax credit

The tax credit of \$1.5 million is due mainly to the utilisation of group relief of a loss making subsidiary and write back of deferred tax resulting from impairment loss on intangible assets.

Depreciation

Depreciation remains comparably the same.

Foreign exchange (loss)/gain

The Group reported a foreign exchange loss of \$0.9 million in 4Q2017 as compared to a foreign exchange gain of \$0.8 million in 4Q2016 is due mainly to translation of US\$ denominated bank balances and receivables as a result of weaker US\$ against S\$.

Provision for stock obsolescence

The Group has assessed its net realizable value of its inventory and has provided a higher provision for stock obsolescence.

Provision for doubtful debts

In view of the weak marine and offshore markets where payment from customers are slower coupled with poor performance announced by certain customers, the Group has provided a higher provision for doubtful debts.

Impairment loss in an associated company

The Group provided impairment on investment in an associated company after assessing the future discounted cash flow of GL Lighting Holding Pte Ltd ("GLH").

Impairment loss of goodwill

The Group provided impairment loss of goodwill after assessing the future discounted cash flow of Omnisense Systems Pte Ltd ("OMS").

Impairment loss of intangible assets

The Group provided impairment loss of intangible assets of OMS after assessing the future discounted cash flow from its technology acquired.

Provision for liabilities

The Group has provided additional provision for liabilities as a result of additional losses of GSSI in FY2017.

Net Loss for the Period

The Group registered a net loss of \$22.4 million in 4Q2017 as compared to \$10.1 million in 4Q2016 due mainly to higher provision for doubtful debts and stock obsolescence, impairment loss on goodwill, intangible assets and investment in an associated company, and provision 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 and Cash Flow Analysis**Investment in associated companies**

The decrease in investment in associated companies is due mainly to the share of loss and provision of impairment in GLH.

Intangible assets

The decrease in intangible assets is due mainly to impairment of goodwill and provision of impairment on acquired technology in OMS.

Purchase deposit to a supplier

The purchase deposit is paid to a main cable supplier which will be 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 year.

Inventories

Inventories decreased by \$2.4 million from \$27.2 million in FY2016 to \$24.8 million in FY2017 is due mainly to higher provision for stock obsolescence and management's intention to reduce the Group's inventory level as a result of the slowdown in the marine and offshore sectors.

Due from customers on construction contracts

The increase in amount due from customers on construction contracts is due to unbilled work-in-progress of project of the Engineering Division in 4Q2017.

Trade receivables

Trade receivables decreased by \$5.3 million from \$14.2 million in FY2016 to \$8.9 million in FY2017 due mainly to higher provision for doubtful debts in FY2017.

Other receivables

The decrease in other receivables of \$2.6 million is due mainly to offsetting of deposits paid to trade payables for project procurement upon receipts of such supplies.

Tax recoverable/payable

The increase in tax recoverable/payable is due to the utilization of group relief of a subsidiary. Subsequently the tax authority has disallowed this group relief but the Group, has reassessed and given the material facts of the case, the Group concluded we have a higher chance of utilizing this group relief and is in the midst of discussion with the tax authority.

Asset held for sale

Asset held for sale relate to the Batam yard where the group is in discussion with a potential buyer. Consequently, the Batam yard is classified from property, plant and equipment to asset held for sale.

Deferred tax liability

The decrease in deferred tax liability of \$1.1 million is due mainly to reversal of deferred tax liability arising from impairment loss of intangible assets and asset held for sale.

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 the Company at an interest rate at 6.0% per annum. Subscription of the convertible loan closed on 30th December 2017.

Non-current payables

The decrease in non-current payables is due mainly to fair value gain on contingent consideration payable arising from acquisition of OMS.

Other payables

The increase in other payables \$1.2 million is due mainly to increase in accrual of project cost from Engineering Division and deferred revenue arising from service contract from Security Division.

Provisions

The increase in provisions of \$1.7 million is due mainly to additional provision for impairment losses on investment in GSSI.

Cash flow

Net cash generated from operating activities amounted to \$0.9 million in 4Q2017 as compared to a net cash generated from operating activities of \$7.1 million in 4Q2016. Net cash and cash equivalent increased by \$2.5 million in 4Q2017 compared to a decrease of \$6.4 million in 4Q2016. The increase is due mainly to drawdown of bank borrowings.

In order to meet the Group's cash flow requirement for the next 12 months, its controlling shareholder, Beng Hui Holding (S) Pte Ltd has committed to extend up to S\$10 million loan to the Group. The loan will be interest-bearing and repayable after 12 months. Further details of the loan will be announced on a later date once the shareholder's agreement is formalised.

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, saw overall revenue decrease in 4Q2017 despite an increase in marine LED lighting sales. The Group is focused on consistent improvements to enhance its business functions that will help stabilize and subsequently bolster performance in the long run. The Group's cost cutting measures showed progress and it will maintain these measures while exploring other viable opportunities in the industrial and petrochemical space.

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 has shown considerable growth and potential with orders from both government agencies and private companies. The Group aims to further its exposure in regional markets.

The operations of GLH, the Group's associated company, faced supplier-related issues and delays in the completion of its new factory in FY2017 which resulted in lower sales to major customers. The construction of the new factory is poised to be completed by 2Q2018. The Group made provisions for losses after assessing the future discounted cash flow of GLH and will focus on ramping up production and sales once the factory has been completed.

The situation of the Group's galvanized steel wire factory in Oman has not improved and the Group has made the necessary provisions in its FY2017 financial statements. The Group will continue to work closely with its Omani joint venture partner to explore all possible options for this business.

On its Engineering Services division, the liquidation of OGS remains ongoing. On PTE, the Group is currently in discussion with a potential buyer for the Batam land. The recently formed BOS Engineering International Pte Ltd has entered into a joint venture with Japanese partners during FY2017 to explore any business expansion opportunities in the Japanese market.

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/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the year ended 31 December 2017.

13. 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.

	Group FY2017 \$'000	Group FY2016 \$'000 (Restated)*
Revenue by business segment		
Supply Chain Management		
Marine cables and accessories	14,274	35,305
Marine lighting equipment and accessories	9,433	7,858
Others	4,934	5,922
	<u>28,641</u>	<u>49,085</u>
Intersegment sales	<u>28,641</u>	<u>49,085</u>
Security		
Security	2,770	974
Engineering		
Engineering	6,512	1,928
	<u>9,282</u>	<u>2,902</u>
Total revenue	<u>37,923</u>	<u>51,987</u>

	Group FY2017 \$'000	Group FY2016 \$'000 (Restated)*
Segment results		
Supply Chain Management		
Marine cables and accessories	(12,006)	(7,168)
Marine lighting equipment and accessories	(7,576)	(1,654)
Others	(3,885)	(37)
	<u>(23,467)</u>	<u>(8,859)</u>
Security	(1,773)	(449)
Engineering	(385)	1,074
Total segment result	<u>(25,625)</u>	<u>(8,234)</u>
Share of results of associated companies	(1,112)	(798)
Share of results of joint ventures	762	(2,116)
Net loss before tax	<u>(25,975)</u>	<u>(11,148)</u>
Tax credit/(expense)	1,373	(125)
Net loss after Tax	<u>(24,602)</u>	<u>(11,273)</u>
Non – controlling interests	2,009	68
Net loss attributable to equity holders of the company	<u>(22,593)</u>	<u>(11,205)</u>

	Group FY2017 \$'000	Group FY2016 \$'000 (Restated)*
Group assets and liabilities		
Segment assets		
Supply Chain Management		
Marine cables and accessories	26,972	72,319
Marine lighting equipment and accessories	17,807	16,492
Others	8,741	443
Security	3,448	2,130
Engineering	1,706	4,334
Unallocated corporate assets	12,493	-
Total assets	<u>71,167</u>	<u>95,718</u>
Segment liabilities		
Supply Chain Management		
Marine cables and accessories	9,822	11,480
Marine lighting equipment and accessories	6,485	5,334
Others	3,923	5,104
Security	1,009	728
Engineering	1,449	3,682
Unallocated corporate liabilities	15,049	11,690
Total liabilities	<u>37,737</u>	<u>38,018</u>

	Group FY2017 \$'000	Group FY2016 \$'000 (Restated)
Other segment information		
Depreciation		
Supply Chain Management		
Marine cables and accessories	506	918
Marine lighting equipment and accessories	334	204
Others	174	398
Security	166	(84)
Engineering	164	6
	<u>1,344</u>	<u>1,442</u>

	Group FY2017 \$'000	Group FY2016 \$'000 (Restated)
Capital Expenditure		
Supply Chain Management		
Marine cables and accessories	245	489
Marine lighting equipment and accessories	162	113
Others	85	-
Security	120	-
Engineering	2	-
	<u>614</u>	<u>602</u>

	Group FY2017 \$'000	Group FY2016 \$'000
Other significant non-cash expenses		
Supply Chain Management		
Marine cables and accessories	4,591	333
Marine lighting equipment and accessories	3,031	74
Others	1,581	9,046
Security	69	-
Engineering	-	-
Unallocated corporate non-cash expenses	20,499	-
	<u>9,272</u>	<u>9,453</u>

By Geographical	Revenue	
	FY2017 \$'000	FY2016 \$'000
Singapore	20,649	34,741
South-East Asia	4,291	7,621
East Asia	10,881	7,833
Europe	344	482
Middle East	820	997
Others	938	313
	<u>37,923</u>	<u>51,987</u>

By Geographical	Non-current assets	
	FY2017 \$'000	FY2016 \$'000
Singapore	17,875	40,526
South-East Asia	4,462	312
Others	15	18
	<u>22,352</u>	<u>40,856</u>

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

Revenue from the Supply Chain Management Division decreased by \$21 million or 42% from \$49.0 million in FY2016 to \$28.4 million in FY2017. The decrease in revenue is due to the slowdown in activities in the marine and offshore sectors.

Security division was set up in 2Q2016. This division mainly provides security products and solutions relating to information technology. The revenue increased by \$1.8 million or 184% from \$974k in FY2016 to \$2.7 million in FY2017 due to more projects secured.

Revenue from Engineering Services Division increased by \$4.6 million or 238% from \$1.9 million in FY2016 to \$6.5 million in FY2017. The increase in revenue is due mainly to higher progressive recognition of revenue of an existing project in procurement phase in FY2017 as compared to FY2016 where the project was in its engineering phase.

The Group recorded a loss attributable to equity holders of \$22.6 million in FY2017 as compared to a loss of \$11.2 million in FY2016 due mainly to higher provision for doubtful debts and stock obsolescence, impairment loss on goodwill, intangible assets, equity loan to a joint venture and investment in an associated company, and provision for liabilities.

15. A breakdown of sales

	Group \$'000		%
	31.12.2017	31.12.2016	Change
Sales reported for first half year	16,820	24,978	(32)
Operating profit/(loss) after tax reported for the first half year	282	(39)	N.M
Sales reported for second half year	21,103	27,009	(22)
Operating loss after tax reported for the second half year	(24,884)	(11,235)	N.M

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

Nil

17. 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.

18. 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	49	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 - Sopex Innovations Pte Ltd	NA
Eileen Lim Chye Hoon	54	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	52	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
21 February 2018

Patrick Lim Hui Peng
Chief Operating Office