



(Company Registration No: 200404900H)

Unaudited Second Half and Full Year Financial Statements and Dividend Announcement for the Financial Year Ended 31 December 2020

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 2 <sup>nd</sup> half ended			Group Full year ended		
	31-Dec-20 \$'000	31-Dec-19 \$'000	% Change	31-Dec-20 \$'000	31-Dec-19 \$'000	% Change
Revenue	19,882	28,270	(30%)	53,219	49,369	8%
Cost of sales	(11,191)	(18,984)	(41%)	(26,132)	(32,444)	(19%)
<b>Gross profit</b>	<b>8,691</b>	<b>9,286</b>	<b>(6%)</b>	<b>27,087</b>	<b>16,925</b>	<b>60%</b>
Other operating income						
- Interest	115	117	(2%)	236	248	(5%)
- Others	1,695	38	N.M.	1,898	194	N.M.
Selling and distribution expenses	(4,918)	(5,404)	(9%)	(12,109)	(9,944)	22%
Administrative expenses	(2,577)	(2,906)	(11%)	(6,359)	(5,141)	24%
Finance costs	(393)	(596)	(34%)	(905)	(1,163)	(22%)
Reversal of impairment losses on financial assets	633	383	63%	917	549	67%
Loss on deconsolidation of a subsidiary in liquidation	(4,532)	-	N.M.	(4,532)	-	N.M.
<b>(Loss)/profit from operations</b>	<b>(1,286)</b>	<b>918</b>	<b>N.M.</b>	<b>6,233</b>	<b>1,668</b>	<b>274%</b>
Share of results of joint ventures	173	212	(18%)	422	407	4%
Share of results of associated companies	(234)	(314)	(25%)	(626)	(764)	(18%)
<b>(Loss)/profit before tax</b>	<b>(1,347)</b>	<b>816</b>	<b>N.M.</b>	<b>6,029</b>	<b>1,311</b>	<b>360%</b>
Income tax expenses	(253)	(174)	45%	(1,176)	(162)	626%
<b>(Loss)/profit for the period/year</b>	<b>(1,600)</b>	<b>642</b>	<b>N.M.</b>	<b>4,853</b>	<b>1,149</b>	<b>322%</b>
<b>Attributable to:</b>						
Equity holders of the Company	(1,717)	1,123	N.M.	3,218	1,736	85%
Non-controlling interests	117	(481)	N.M.	1,635	(587)	N.M.
	<b>(1,600)</b>	<b>642</b>	<b>N.M.</b>	<b>4,853</b>	<b>1,149</b>	<b>322%</b>

N.M. – Not meaningful

**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 2 <sup>nd</sup> half ended			Group Full year ended		
	31-Dec-20 \$'000	31-Dec-19 \$'000	% Change	31-Dec-20 \$'000	31-Dec-19 \$'000	% Change
<b>(Loss)/profit for the period/year</b>	<b>(1,600)</b>	<b>642</b>	<b>N.M.</b>	<b>4,853</b>	<b>1,149</b>	<b>322%</b>
<b>Other comprehensive loss:</b>						
Currency translation differences arising on consolidation, net of tax	(87)	(85)	2%	(60)	(119)	(50%)
Total comprehensive (loss)/income	(1,687)	557	N.M.	4,793	1,030	365%
Total comprehensive income attributable to:						
Equity holders of the Company	(1,825)	1,037	N.M.	3,113	1,616	93%
Non-controlling interests	138	(480)	N.M.	1,680	(586)	N.M.
	(1,687)	557	N.M.	4,793	1,030	365%

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

	Group 2 <sup>nd</sup> half ended			Group Full year ended		
	31-Dec-20 \$'000	31-Dec-19 \$'000	% Change	31-Dec-20 \$'000	31-Dec-19 \$'000	% Change
Interest income						
- From associated company	113	114	(1%)	233	235	(1%)
- Others	2	3	(33%)	3	13	(77%)
Government grant income	1,295	5	N.M.	1,441	91	N.M.
Fair value loss on financial assets at fair value through profit or loss	(2)	(3)	(33%)	(5)	(19)	(74%)
Loss on deconsolidation of a subsidiary in liquidation	(4,532)	-	N.M.	(4,532)	-	N.M.
Gain/(loss) on disposal of property, plant and equipment	24	(3)	N.M.	24	(2)	N.M.
Amortisation of intangible assets	(53)	(22)	141%	(73)	(50)	46%
Depreciation of property, plant and equipment	(722)	(588)	23%	(1,313)	(1,295)	1%
Foreign exchange loss	(102)	(42)	143%	(90)	(70)	29%
Interest on borrowings	(393)	(596)	(34%)	(905)	(1,163)	(22%)
Write down of inventories	(295)	(631)	(53%)	(943)	(1,562)	(40%)
Reversal of allowance for impairment of trade receivables	633	383	63%	917	549	67%
Over provision of income tax in prior year	180	425	(58%)	96	425	(77%)
Writeback/(impairment loss) on intangible assets	75	-	N.M.	(304)	-	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 immediately preceding financial year.

	Group		Company	
	31-Dec-20 \$'000	31-Dec-19 \$'000	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	18,812	19,406	-	-
Investment in subsidiaries	-	-	11,764	12,337
Investment in joint ventures	2,198	2,552	949	912
Investment in associated companies	630	1,105	2,485	2,485
Deferred tax assets	11	11	-	-
Intangible assets	3,234	2,288	-	-
Financial assets at fair value through profit or loss	4	9	-	-
Loan to an associated company	4,000	4,000	4,000	4,000
<b>Total non-current assets</b>	<b>28,889</b>	<b>29,371</b>	<b>19,198</b>	<b>19,734</b>
<b>Current assets</b>				
Inventories	33,038	28,521	-	-
Contract assets	1,245	2,584	-	-
Trade receivables	8,204	13,548	-	-
Other receivables	3,146	2,437	3,648	2,566
Tax recoverable	-	97	-	-
Cash and cash equivalents	12,070	6,225	2,448	380
<b>Total current assets</b>	<b>57,703</b>	<b>53,412</b>	<b>6,096</b>	<b>2,946</b>
<b>Total assets</b>	<b>86,592</b>	<b>82,783</b>	<b>25,294</b>	<b>22,680</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	256	302	-	-
Borrowings	3,800	2,667	1,867	2,667
Lease liabilities	8,371	8,431	-	-
<b>Total non-current liabilities</b>	<b>12,427</b>	<b>11,400</b>	<b>1,867</b>	<b>2,667</b>

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

	Group		Company	
	31-Dec-20 \$'000	31-Dec-19 \$'000	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>Current liabilities</b>				
Contract liabilities	3,069	504	-	-
Convertible loan notes	-	727	-	-
Trade payables	3,027	8,108	-	-
Other payables	5,985	4,928	13,387	12,235
Provisions	514	514	-	-
Borrowings	9,430	14,602	800	800
Lease liabilities	517	311	-	-
Tax payable	1,336	700	-	-
<b>Total current liabilities</b>	<b>23,878</b>	<b>30,394</b>	<b>14,187</b>	<b>13,035</b>
<b>Total liabilities</b>	<b>36,305</b>	<b>41,794</b>	<b>16,054</b>	<b>15,702</b>
<b>Net assets</b>	<b>50,287</b>	<b>40,989</b>	<b>9,240</b>	<b>6,978</b>
<b>Equity</b>				
Share capital	58,535	58,535	58,535	58,535
Currency translation reserve	(570)	(465)	-	-
Equity component of convertible loan notes	-	36	-	-
Capital reserves	(1,977)	(2,010)	-	-
Accumulated losses	(6,517)	(9,735)	(49,295)	(51,557)
Equity attributable to equity holders of the Company, total	49,471	46,361	9,240	6,978
Non-controlling interests	816	(5,372)	-	-
<b>Total equity</b>	<b>50,287</b>	<b>40,989</b>	<b>9,240</b>	<b>6,978</b>

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

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

As at 31.12.2020 (\$'000)		As at 31.12.2019 (\$'000)	
Secured	Unsecured	Secured	Unsecured
9,266	164	13,959	643

**Amount repayable after one year**

As at 31.12.2020 (\$'000)		As at 31.12.2019 (\$'000)	
Secured	Unsecured	Secured	Unsecured
3,800	-	2,667	-

**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 \$9.62 million (31.12.2019: \$10.15 million);
- (b) Corporate guarantee by the Company.

Included in the above borrowings is a term loan of \$2.67 million, which is also covered by corporate guarantee from its associated companies, GL Lighting Holding Pte. Ltd. and GL Lighting International Pte. Ltd.

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

	Group			
	2 <sup>nd</sup> half ended		Full year ended	
	31-Dec-20 \$'000	31-Dec-19 \$'000	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>Cash flows from operating activities</b>				
(Loss)/profit before tax	(1,347)	816	6,029	1,311
Adjustment for:				
Amortisation of intangible assets	53	22	73	50
Exchange difference	278	(10)	37	57
Depreciation of property, plant and equipment	722	588	1,313	1,295
(Gain)/loss on disposal of property, plant and equipment	(24)	3	(24)	2
Fair value loss on financial assets at fair value through profit or loss	2	3	5	19
(Writeback)/Impairment loss on intangible assets	(75)	–	304	–
Interest expenses	393	596	905	1,163
Interest income	(115)	(117)	(236)	(248)
Property, plant and equipment written off	–	6	–	6
Share of results of associated companies	234	314	626	764
Share of results of joint ventures	(173)	(212)	(422)	(407)
Loss on deconsolidation of a subsidiary in liquidation	4,532	–	4,532	–
Operating cash flows before working capital changes	4,480	2,009	13,142	4,012
Inventories	1,571	(3,420)	(4,439)	(6,261)
Contract assets and contract liabilities	1,738	(890)	3,904	(1,383)
Receivables	3,362	(1,990)	4,831	(4,271)
Payables	(4,505)	5,775	(4,024)	8,835
Currency translation adjustments	(110)	(4)	(192)	(4)
Cash generated from operations	6,536	1,480	13,222	928
Income tax (paid)/refund	(452)	11	(465)	11
<b>Net cash generated from operating activities</b>	<b>6,084</b>	<b>1,491</b>	<b>12,757</b>	<b>939</b>

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

	<b>Group</b>			
	<b>2<sup>nd</sup> half ended</b>		<b>Full year ended</b>	
	31-Dec-20 \$'000	31-Dec-19 \$'000	31-Dec-20 \$'000	31-Dec-19 \$'000
<b>Cash flows from investing activities</b>				
Dividends received from a joint venture	380	264	784	264
Interest received	2	2	3	12
Repayment of purchase deposit from a supplier	-	548	-	1,908
Proceeds of disposal of property, plant and equipment	57	-	57	1
Purchase of property, plant and equipment	(202)	(285)	(352)	(380)
Settlement of provision for liabilities	-	-	-	(15)
Development costs	(395)	(933)	(1,323)	(1,910)
Net cash outflow from changes in non-controlling interests in subsidiaries	(25)	-	(25)	-
<b>Net cash used in investing activities</b>	<b>(183)</b>	<b>(404)</b>	<b>(856)</b>	<b>(120)</b>
<b>Cash flows from financing activities</b>				
Net (repayment)/drawdown of short-term borrowings	(5,058)	427	(3,239)	1,258
Drawdown of bank borrowings	2,000	-	3,421	-
Repayment of bank borrowings	(3,821)	(400)	(4,221)	(533)
Repayment of lease liabilities	(151)	(104)	(325)	(304)
Interest paid	(393)	(541)	(905)	(1,108)
Decrease/(increase) in fixed deposits under pledge and restricted cash	3	-	(5)	26
Repayment of convertible loan notes	-	-	(727)	-
Refund of share application money received	-	-	-	(644)
Proceeds from issuance of rights issue	-	-	-	644
Rights issue expenses	-	(96)	-	(258)
<b>Net cash used in financing activities</b>	<b>(7,420)</b>	<b>(714)</b>	<b>(6,001)</b>	<b>(919)</b>

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

	Group			
	2 <sup>nd</sup> half ended		Full year ended	
	31-Dec-20 \$'000	31-Dec-19 \$'000	31-Dec-20 \$'000	31-Dec-19 \$'000
Net (decrease)/increase in cash and cash equivalents	(1,519)	373	5,900	(100)
Cash and cash equivalents at beginning of financial year	13,656	5,628	5,996	6,118
Effects of exchange rate changes on cash and cash equivalents	(301)	(5)	(60)	(22)
Cash and cash equivalents at end of the period	11,836	5,996	11,836	5,996
Cash and cash equivalents comprise the following:				
Cash and cash equivalents	12,070	6,225	12,070	6,225
Less Restricted cash	(234)	(229)	(234)	(229)
Cash and cash equivalents as per statement of cash flows	11,836	5,996	11,836	5,996



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.

<u>Group</u>	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
<b>At 1 January 2020</b>	<b>58,535</b>	<b>(465)</b>	<b>36</b>	<b>(2,010)</b>	<b>(9,735)</b>	<b>46,361</b>	<b>(5,372)</b>	<b>40,989</b>
Profit for the financial period	–	–	–	–	4,935	4,935	1,518	6,453
Currency translation differences arising on consolidation, net of tax	–	3	–	–	–	3	24	27
Repayment of convertible loan notes	–	–	(36)	36	–	–	–	–
<b>At 30 June 2020</b>	<b>58,535</b>	<b>(462)</b>	<b>–</b>	<b>(1,974)</b>	<b>(4,800)</b>	<b>51,299</b>	<b>(3,830)</b>	<b>47,469</b>
(Loss)/profit for the financial period	–	–	–	–	(1,717)	(1,717)	117	(1,600)
Currency translation differences arising on consolidation, net of tax	–	(108)	–	–	–	(108)	21	(87)
Effects of changes in non-controlling interests in subsidiaries	–	–	–	(3)	–	(3)	(22)	(25)
Loss on deconsolidation of a subsidiary in liquidation	–	–	–	–	–	–	4,530	4,530
<b>At 31 December 2020</b>	<b>58,535</b>	<b>(570)</b>	<b>–</b>	<b>(1,977)</b>	<b>(6,517)</b>	<b>49,471</b>	<b>816</b>	<b>50,287</b>

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Group</u>	Attributable to equity holders of the Company					Total	Non-controlling interests	Total equity
	Share capital	Currency translation reserve	Equity component of convertible loan notes	Capital reserves	Accumulated losses			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2019</b>	<b>43,461</b>	<b>(345)</b>	<b>36</b>	<b>(2,010)</b>	<b>(11,471)</b>	<b>29,671</b>	<b>(4,786)</b>	<b>24,885</b>
Profit for the financial period	-	-	-	-	613	613	(106)	507
Currency translation differences arising on consolidation, net of tax	-	(34)	-	-	-	(34)	-	(34)
Issue of shares	15,300	-	-	-	-	15,300	-	15,300
Share issue expenses	(226)	-	-	-	-	(226)	-	(226)
<b>At 30 June 2019</b>	<b>58,535</b>	<b>(379)</b>	<b>36</b>	<b>(2,010)</b>	<b>(10,858)</b>	<b>45,324</b>	<b>(4,892)</b>	<b>40,432</b>
Profit/(loss) for the financial period	-	-	-	-	1,123	1,123	(481)	642
Currency translation differences arising on consolidation, net of tax	-	(86)	-	-	-	(86)	1	(85)
<b>At 31 December 2019</b>	<b>58,535</b>	<b>(465)</b>	<b>36</b>	<b>(2,010)</b>	<b>(9,735)</b>	<b>46,361</b>	<b>(5,372)</b>	<b>40,989</b>

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

<u>Company</u>	Share capital \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2020	58,535	(51,557)	6,978
Loss for the financial period	–	(7)	(7)
<b>At 30 June 2020</b>	<b>58,535</b>	<b>(51,564)</b>	<b>6,971</b>
Profit for the financial period	–	2,269	2,269
<b>At 31 December 2020</b>	<b>58,535</b>	<b>(49,295)</b>	<b>9,240</b>

<u>Company</u>	Share capital \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2019	43,461	(50,749)	(7,288)
Loss for the financial period	–	(466)	(466)
Issue of shares	15,300	–	15,300
Share issue expenses	(226)	–	(226)
<b>At 30 June 2019</b>	<b>58,535</b>	<b>(51,215)</b>	<b>7,320</b>
Loss for the financial period	–	(342)	(342)
<b>At 31 December 2019</b>	<b>58,535</b>	<b>(51,557)</b>	<b>6,978</b>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital during the six months ended 31 December 2020.

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.

	31.12.2020	31.12.2019
Total number of issued shares excluding treasury shares	299,999,987	299,999,987

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 2019.

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 that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020. The adoption of these new and revised SFRS(I) and SFRS(I) INT did not result in changes to the Group's accounting policies.

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			
	2 <sup>nd</sup> half ended		Full year ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
(i) Based on weighted average number of ordinary shares in issue				
Net earnings/(loss) per ordinary share for the period	(0.57) cents	0.37 cents	1.07 cents	0.62 cents
Weighted average number of ordinary shares in issue	299,999,987	299,999,987	299,999,987	278,301,358
(ii) On a fully diluted basis				
Net earnings/(loss) per ordinary share for the period	(0.57) cents	0.37 cents	1.07 cents	0.62 cents
Weighted average number of ordinary shares in issue	299,999,987	299,999,987	299,999,987	278,301,358

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-20	31-Dec-19	31-Dec-20	31-Dec-19
Net asset value per ordinary share based on existing share capital	16.5 cents	15.5 cents	3.1 cents	2.3 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
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Key changes in the Group's financials:

(a) Profit and loss review

(i) 2H2020 vs 2H2019

Revenue

	Group		
	2H2020 \$'000	2H2019 \$'000	% Change
Electrical and Technical Supply	13,634	21,421	(36)
Security	4,738	1,556	204
Integration Engineering	1,510	5,293	(71)
<b>Total revenue</b>	<b>19,882</b>	<b>28,270</b>	<b>(30)</b>

**Electrical and Technical Supply**

The Electrical and Technical Supply Division accounts for 69% of the Group's turnover in 2H2020 compared to 76% in 2H2019. Revenue from the division decreased by 36% mainly attributable to a drop in the level of activities of customers brought about by restricted or temporary cessation of operations by shipyards in Singapore and in the region due to the Covid-19 pandemic.

**Security**

The Security Division comprises Infrared and Thermal Sensing Technology and Cyber Security businesses. The Security Division accounts for 24% of the Group's turnover in 2H2020 compared to 5% in 2H2019. The revenue for the Infrared and Thermal Sensing Technology business increased by \$2.6 million mainly driven by the global increase in demand for its Mass Fever Screening Systems ("MFSS") due to the widespread Covid-19 outbreak. The revenue for Cyber Security business also increased by \$0.6 million.

**Integration Engineering**

Integration Engineering Division accounts for 7% of the Group's turnover in 2H2020 compared to 19% in 2H2019, with revenue decreasing by \$3.8 million or 71% mainly due to reduced level of activities of customers due to the COVID-19 pandemic.

**Gross profit**

The Group's overall gross profit decreased from \$9.3 million in 2H2019 to \$8.7 million in 2H2020 in line with the decrease in revenue. However, overall gross margin increased from 33% in 2H2019 to 44% in 2H2020 mainly due to higher margin from the Infrared and Thermal Sensing Technology business under the Security Division.

### Other operating income – others

Other operating income increased by \$1.7 million from \$38,000 in 2H2019 to \$1.7 million in 2H2020, mainly due to grant income related to the Jobs Support Scheme, dividends from the liquidation of a subsidiary and write-back of credit balances in trade receivables.

### Operating expenses

Selling & Distribution expenses decreased by 9% or \$0.5 million, from \$5.4 million in 2H2019 to \$4.9 million in 2H2020, mainly due to decrease in write down of inventories, travelling and entertainment and R&D expenses, partially offset by increase in personnel related costs and advertising & promotion.

Administrative expenses decreased by 11% or \$0.3 million, from \$2.9 million in 2H2019 to \$2.6 million in 2H2020, mainly due to decrease in personnel related costs.

### Finance costs

Finance costs decreased by \$0.2 million, from \$0.6 million in 2H2019 to \$0.4 million in 2H2020 mainly due to lower interest rates on loans and the repayment of bank loans and convertible loan notes.

### Reversal of impairment losses on financial assets

Reversal of impairment losses on financial assets increased by \$0.2 million in 2H2020 due to reversal of allowance for impairment of trade receivables resulting from improvement in collections.

### 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 2H2020.

### 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 2H2020.

### Net (loss)/profit for the period

The Group registered a net loss of \$1.6 million in 2H2020 as compared with a net profit of \$0.6 million in 2H2019, mainly due to the recognition of a loss on deconsolidation of a subsidiary undergoing liquidation of \$4.5 million. The Group had to recognise the share of losses previously attributable to the non-controlling interests upon liquidation of the subsidiary.

Excluding the loss on deconsolidation of a subsidiary, the Group would have registered a profit after tax of \$2.9 million for the 2H2020, representing a significant increase compared to 2H2019 of \$0.6 million.

### (ii) FY2020 vs FY2019

#### Revenue

	Group		
	FY2020 \$'000	FY2019 \$'000	% Change
Electrical and Technical Supply	29,325	39,188	(25)
Security	20,302	3,757	440
Integration Engineering	3,592	6,424	(44)
<b>Total revenue</b>	<b>53,219</b>	<b>49,369</b>	<b>8</b>

### **Electrical and Technical Supply**

The Electrical and Technical Supply Division accounts for 55% of the Group's turnover in FY2020 compared to 79% in FY2019. Revenue from the division decreased by 25% mainly attributable to a drop in the level of activities of customers brought about by restricted or temporary cessation of operations by shipyards in Singapore and in the region due to the Covid-19 pandemic.

### **Security**

The Security Division comprises Infrared and Thermal Sensing Technology and Cyber Security businesses. The Security Division accounts for 38% of the Group's turnover in FY2020 compared to 8% in FY2019. The revenue increased by \$16.5 million or 440% mainly driven by the global increase in demand for its Mass Fever Screening Systems ("MFSS") from the Infrared and Thermal Sensing Technology business due to the widespread Covid-19 outbreak. The revenue for Cyber Security business remained stable.

### **Integration Engineering**

Integration Engineering Division accounts for 7% of the Group's turnover in FY2020 compared to 13% in FY2019, with revenue decreasing by \$2.8 million or 44% mainly due to reduced level of activities of customers due to the COVID-19 pandemic.

### **Gross profit**

The Group's overall gross profit increased from \$16.9 million in FY2019 to \$27.1 million in FY2020 mainly due to higher contribution from Cyber Security and Infrared and Thermal Sensing Technology, partially offset by lower contribution from lower revenues of the Electrical and Technical Supply Division and Integration Engineering Division. Overall gross margin increased from 34% in FY2019 to 51% in FY2020 mainly due to higher margin from the Infrared and Thermal Sensing Technology business under the Security Division.

### **Other operating income – others**

Other operating income increased by \$1.7 million from \$0.2 million in FY2019 to \$1.9 million in FY2020, mainly due to grant income related to the Jobs Support Scheme, dividends from the liquidation of a subsidiary and write back of credit balances in trade receivables.

### **Operating expenses**

Selling & Distribution expenses increased by 22% or \$2.2 million, from \$9.9 million in FY2019 to \$12.1 million in FY2020, mainly due to increase in personnel related costs and rental expenses, partially offset by decrease in write down of inventories and travelling and entertainment.

Administrative expenses increased by 24% or \$1.3 million, from \$5.1 million in FY2019 to \$6.4 million in FY2020, mainly due to increase in personnel related costs, impairment of intangible assets and legal & professional fees.

### **Finance costs**

Finance costs decreased by \$0.3 million, from \$1.2 million in FY2019 to \$0.9 million in FY2020 mainly due to lower interest rates on loans and the repayment of bank loans and convertible loan notes.

### **Reversal of impairment losses on financial assets**

Reversal of impairment losses on financial assets in FY2020 increased by \$0.4 million due to reversal of allowance for impairment of trade receivables resulting from improvement in collections.



### **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 FY2020.

### **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 FY2020.

### **Net profit for the year**

The Group registered an increase in net profit of \$3.8 million or 324%, from \$1.1 million in FY2019 to \$4.9 million in FY2020, mainly due to higher revenue and improved gross margin, partially offset by increases in personnel related costs, rental expenses, impairment of intangible assets and recognition of a loss of \$4.5 million on deconsolidation of a subsidiary undergoing liquidation. The Group had to recognise the share of losses previously attributable to the non-controlling interests upon liquidation of the subsidiary.

Excluding the loss on deconsolidation of a subsidiary, the Group would have registered a profit after tax of \$9.4 million, representing a significant increase as compared to FY2019's profit of \$1.1 million.

### **(b) Balance Sheet review**

#### **Investment in subsidiaries**

The Company's subsidiary, BOS Engineering International Pte. Ltd. ("BOSI") established a wholly-owned subsidiary in Singapore in October 2020, known as BOS Power Solutions Pte. Ltd. (subsequently renamed as Sea Forrest Power Solutions Pte. Ltd. in 2021).

#### **Investment in joint ventures**

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

#### **Investment in associated companies**

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

#### **Intangible assets**

Intangible assets increased by \$0.9 million from \$2.3 million as at 31 December 2019 to \$3.2 million as at 31 December 2020 due to the increase in development costs incurred by the Group's subsidiaries, partially offset by impairment of intangible assets of \$0.3 million in 1H2020.

#### **Inventories**

Inventories increased by \$4.5 million from \$28.5 million as at 31 December 2019 to \$33.0 million as at 31 December 2020, mainly due to increase in inventories in Infrared and Thermal Sensing Technology, Integration Engineering Divisions and Electrical and Technical Supply, partially offset by higher provision for stock obsolescence.

**Contract assets**

Contract assets decreased by \$1.4 million from \$2.6 million as at 31 December 2019 to \$1.2 million as at 31 December 2020, mainly due to decrease in unbilled receivables for projects relating to the Security and Integration Engineering Division.

**Trade receivables**

Trade receivables decreased by \$5.3 million from \$13.5 million as at 31 December 2019 to \$8.2 million in 31 December 2020, mainly due to improvement in the collections, resulting in decrease of the Group's average trade receivables turnover days.

**Other receivables**

Other receivables increased by \$0.7 million from \$2.4 million as at 31 December 2019 to \$3.1 million as at 31 December 2020 mainly due to increase in advance payments made to suppliers, advances to an associated company and prepayment, partially offset by decreased in GST receivables.

**Contract liabilities**

Contract liabilities increased by \$2.6 million from \$0.5 million as at 31 December 2019 to \$3.1 million as at 31 December 2020, due to increase in advance payments received from customers for the Infrared and Thermal Sensing Technology, Cyber Security and Electrical and Technical Supply, partially offset by decreased for the Integration Engineering Division.

**Convertible loan notes**

The convertible loan notes were redeemed in full in June 2020.

**Trade payables**

Trade payables decreased by \$5.1 million from \$8.1 million as at 31 December 2019 to \$3.0 million as at 31 December 2020 mainly due to repayment of trade payable balances and lower purchases.

**Other payables**

Other payables increased by \$1.1 million from \$4.9 million as at 31 December 2019 to \$6.0 million as at 31 December 2020 mainly due to increase in provisions for personnel related costs, provision for warranty and the recognition of unrecognised grant income related to the Jobs Support Scheme, partially offset by decreased in accrued operating expenses and other creditors.

**Borrowings**

Borrowings decreased by \$4.1 million from \$17.3 million as at 31 December 2019 to \$13.2 million as at 31 December 2020 mainly due to net repayment of bank borrowings.

(c) Cash flow review

(i) 2H2020 vs 2H2019

The net cash flows generated from operating activities for 2H2020 was \$6.1 million compared to \$1.5 million in 2H2019. This was mainly due to the increase in profit (excluding loss on deconsolidation of a subsidiary) and improvement in working capital management.

The net cash flows used in investing activities for 2H2020 was \$0.2 million, as compared to \$0.4 million in 2H2019, mainly due to lower development cost incurred.

The net cash used in financing activities for 2H2020 was \$7.4 million, as compared to \$0.7 million in 2H2019, mainly due to net repayment of bank borrowings.

(ii) FY2020 vs FY2019

The net cash flows generated from operating activities for FY2020 was \$12.7 million, as compared to \$0.9 million in FY2019. This was mainly due to the increase in profit and improvement in working capital management.

The net cash flows used in investing activities for FY2020 was \$0.9 million, as compared to \$0.1 million in FY2019. The increase was mainly because in FY2019, there was a repayment of purchase deposit from a supplier of \$1.9 million. This was partially offset by the decrease in development costs and higher dividends received from a joint venture.

The net cash used in financing activities for FY2020 was \$6.0 million, as compared to \$0.9 million in FY2019, mainly due to net repayment of bank borrowings.

**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 Covid-19 pandemic affected the Group's results for FY2020 across all subsidiaries, with both positive and negative impact across various business divisions.

The Electrical and Technical Supply Division suffered a 25% drop in sales revenue in FY2020 as compared to FY2019, mainly attributed to the shutdown of shipyard operations during Covid-19 lockdown. This caused the postponement and/or cancellations of retrofits and new builds projects. Most of the shipyards are slowly opening up with restricted operations by Covid-19 health controls, and we are expecting a slow recovery from the shipyard operations.

The Management is working on several fronts to build up more sustainable revenue streams, by deepening collaboration with local and overseas shipyards, and at the same time provide more competitive offers to boost sales for maintenance supplies. A dedicated business development team was set up to focus on securing LED retrofits and new build projects from ship owners.

The Integration Engineering Division's business on GRE (Glass Reinforced Epoxy) pipes suffered setbacks due to the Covid-19 pandemic when the yards were locked down. Many scrubber projects were delayed or diverted to China for the retrofits. Owners are holding back on installing scrubbers since the differential between compliance fuel LSFO (Low Sulphur Fuel Oil) and HFO (Heavy Duty Fuel Oil) narrows and does not justify for ROI (Return on Investments). The Management is working through our networks and contacts to find ways to supply GRE materials to the China shipyards for the scrubbers' installations.

With the successful launch of Singapore's first parallel hybrid electric propulsion fast launch with various project partners, the Group will continue the development of its Electrification business to tap on the increased market demand in sustainability for meeting GHG (Greenhouse gas) reduction requirements set by the International Maritime Organization (IMO) by years 2030 and 2050.

The Group's Security Division posted a stellar performance in FY2020, with an increased revenue of more than 400% compared to FY2019. This is mainly attributed to the increased in sales of MFSS (Mass Fever Screening System) from the Infrared and Thermal Sensing Technology business segment. The MFSS, which is one of the most advanced system in the world for mass detection of human with mild fever, were installed as a first line of defence against the Covid-19 pandemic in key installations locally, in regional countries, as well as in the Middle East and North American markets. The demand for MFSS has slowed down considerably, and the team is now focusing on developing the maritime night vision camera market. A marketing office was set up in Fort Lauderdale in Florida, USA in early 2020 to spearhead the global promotion of our range of infrared thermal imaging products.

On the Cyber Security front, the Group is working with key partners for collaborations in cyber solutions implementation in various market sectors. Several years ago, the Group was the first to introduce unique non-detection based CDR (Content Disarmed Reconstruction) technology for cyber protection in key governmental installations. The Group will continue to bring onboard technologies with unique product differentiations to tackle the challenging complexity in cyber protections.

The Group's Green LED Lighting Division suffered double whammies in FY2020 due to Covid-19 and the US-China trade war. Whilst the Group's associated company managed to reduce the loss with slight increase in sales in FY2020 as compared to the results in FY2019 and it was recently awarded "High Tech" company status by the China government for their R&D office in Shanghai and their production plant in Kunshan, China, it continues to operate in a challenging climate.

**11. Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

A final dividend in respect of the financial year ended 31 December 2020 has been recommended.

**(b)(i) Amount per share**

<b>Name of dividend</b>	<b>Proposed final dividend</b>
Dividend type	Cash
Dividend amount per ordinary share	0.50 Singapore cents
Tax rate	One tier tax exempt

**(b)(ii) Previous corresponding period**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

The dividend is tax exempt in the hands of shareholders.

**(d) The date the dividend is payable.**

To be announced at a later date.

**(e) The date which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

To be announced at a later date.

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

Not applicable.

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

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

**14. Interested Person Transactions**

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

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

15. 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.

FY2020

	Electrical and Technical Supply \$'000	Green LED Lighting \$'000	Security \$'000	Integration Engineering \$'000	Corporate \$'000	Eliminations \$'000	Total \$'000
<b>Segment revenue:</b>							
Sales to external customers	29,325	–	20,302	3,592	–	–	53,219
Intersegment sales	203	–	599	–	–	(802)	–
Total revenue	29,528	–	20,901	3,592	–	(802)	53,219
<b>Segment results</b>	<b>5,904</b>	<b>–</b>	<b>7,953</b>	<b>10</b>	<b>(7,634)</b>	<b>–</b>	<b>6,233</b>
Share of profit from equity-accounted joint ventures and associated companies	422	(626)	–	–	–	–	(204)
Profit before tax							6,029
Depreciation and amortisation	1,100	–	197	89	–	–	1,386
Impairment loss	–	–	264	40	–	–	304
Other significant non-cash items	5	–	31	–	–	–	36
<b>Segment assets</b>	<b>55,101</b>	<b>630</b>	<b>11,508</b>	<b>11,815</b>	<b>7,538</b>	<b>–</b>	<b>86,592</b>
Segment assets includes:							
Investment in joint ventures and associated companies	2,198	630	–	–	–	–	2,828
Additions to non-current assets	104	–	399	1,643	–	–	2,146
<b>Segment liabilities</b>	<b>24,906</b>	<b>–</b>	<b>5,643</b>	<b>1,129</b>	<b>4,627</b>	<b>–</b>	<b>36,305</b>

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)

FY2019

	Electrical and Technical Supply \$'000	Green LED Lighting \$'000	Security \$'000	Integration Engineering \$'000	Corporate \$'000	Eliminations \$'000	Total \$'000
<b>Segment revenue:</b>							
Sales to external customers	39,188	-	3,757	6,424	-	-	49,369
Intersegment sales	46	-	131	5	-	(182)	-
Total revenue	39,234	-	3,888	6,429	-	(182)	49,369
<b>Segment results</b>	<b>5,426</b>	<b>-</b>	<b>(2,811)</b>	<b>432</b>	<b>(1,379)</b>	<b>-</b>	<b>1,668</b>
Share of profit from equity-accounted joint ventures and associated companies	407	(764)	-	-	-	-	(357)
Profit before tax							1,311
Depreciation and amortisation	1,092	-	227	26	-	-	1,345
Other significant non-cash items	655	-	358	-	-	-	1,013
<b>Segment assets</b>	<b>58,838</b>	<b>1,105</b>	<b>6,395</b>	<b>11,161</b>	<b>5,284</b>	<b>-</b>	<b>82,783</b>
Segment assets includes							
Investment in joint ventures and associated companies	2,552	1,105	-	-	-	-	3,657
Additions to non-current assets	90	-	696	1,603	-	-	2,389
<b>Segment liabilities</b>	<b>27,320</b>	<b>-</b>	<b>3,630</b>	<b>5,694</b>	<b>5,150</b>	<b>-</b>	<b>41,794</b>

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	
	FY2020 \$'000	FY2019 \$'000	FY2020 \$'000	FY2019 \$'000
Singapore	27,871	27,425	21,781	21,503
United States of America	11,758	-	18	-
Japan	6,318	9,248	-	-
Indonesia	1,487	1,110	-	-
Vietnam	1,118	1,313	-	-
United Arab Emirates	785	2,232	2,198	2,552
Malaysia	642	4,340	-	-
China	138	417	630	1,105
Other countries	3,102	3,284	247	191
	53,219	49,369	24,874	25,351

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		
	FY2020 \$'000	FY2019 \$'000	% Change
Sales reported for first half year	33,337	21,099	58%
Operating profit after tax reported for the first half year	6,453	507	1173%
Sales reported for second half year	19,882	28,270	(30%)
Operating (loss)/profit after tax reported for the second half year	(1,601)	642	N.M.

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

	FY2020 \$'000	FY2019 \$'000
Proposed final dividend	1,500	-

The proposed final tax exempt (one-tier) dividend of 0.50 Singapore cents per ordinary share in respect of FY2020 is subject to shareholders' approval at the forthcoming AGM.



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	52	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 and One BHG Pte Ltd	NA
Eileen Lim Chye Hoon	57	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 and One BHG Pte Ltd	NA
Hing Kah Wah	55	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

Patrick Lim Hui Peng  
Chief Operating Officer

25 February 2021