

SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017

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

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

1(a)(i) Income Statement

	Group					
	2nd quarter ended 30.06.2017 \$'000	2nd quarter ended 30.06.2016 \$'000	% Change	1st half ended 30.06.2017 \$'000	1st half ended 30.06.2016 \$'000	% Change
Revenue	7,883	12,265	(36%)	16,820	24,978	(33%)
Cost of sales	(4,949)	(7,661)	(35%)	(9,738)	(16,121)	(40%)
Gross profit	2,934	4,604	(36%)	7,082	8,857	(20%)
Other operating income	513	71	N.M.	543	146	N.M.
Selling & Distribution expenses	(2,027)	(1,733)	17%	(4,066)	(4,055)	0%
Administrative expenses	(1,253)	(2,029)	(38%)	(2,653)	(4,259)	(38%)
Finance costs	(106)	(124)	(15%)	(195)	(236)	(17%)
Profit from operations	61	789	N.M.	711	453	57%
Share of results of associated companies	(251)	(218)	15%	(605)	(517)	17%
Share of results of joint ventures	281	80	N.M.	552	114	N.M.
Profit before taxation	91	651	(86%)	658	50	N.M.
Tax credit/(expense)	25	(238)	(111%)	(103)	(412)	(75%)
Profit/(Loss) from continuing operations, net of tax	116	413	(72%)	555	(362)	N.M.
(Loss)/Profit from discontinued operations, net of tax	(93)	715	(113%)	(273)	323	(185%)
Net profit/(loss) for the period	23	1,128	(98%)	282	(39)	N.M.
Attributable to:						
Equity holders of the Company	38	1,127	(97%)	405	21	N.M.
Non-controlling interests	(15)	1	N.M.	(123)	(60)	105%
	23	1,128	(98%)	282	(39)	N.M.

N.M. – Not meaningful

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

	2nd quarter ended 30.06.2017 \$'000	2nd quarter ended 30.06.2016 \$'000	%	1st half ended 30.06.2017 \$'000	1st half ended 30.06.2016 \$'000	%
			Change			Change
Net profit/(loss) for the period	23	1,128	(98%)	282	(39)	N.M.
Other Comprehensive loss:						
Exchange differences on translation of the financial statements of foreign entities (net)	(361)	(182)	98%	(375)	(336)	12%
Total comprehensive (loss) /income for the period	(338)	946	(136%)	(93)	(375)	(75%)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(323)	1,083	(130%)	30	(299)	(110%)
Non-controlling interests	(15)	(137)	(89%)	(123)	(76)	62%
Total comprehensive (loss) /income for the period	(338)	946	(136%)	(93)	(375)	(75%)

1(a)(ii) Notes to income statement

	2nd quarter ended 30.06.2017 \$'000	2nd quarter ended 30.06.2016 \$'000	% Change	1st half ended 30.06.2017 \$'000	1st half ended 30.06.2016 \$'000	% Change
<u>Continuing operations</u>						
Other income including interest income	179	167	7%	400	425	(6%)
Interest on borrowings	(106)	(124)	(15%)	(195)	(236)	(17%)
Amortisation of intangible assets	(116)	-	N.M.	(220)	-	N.M.
Depreciation of property, plant and equipment	(291)	(343)	(15%)	(653)	(694)	(6%)
Gain on disposal of property, plant and equipment	-	7	(100%)	-	7	(100%)
Foreign exchange gain/(loss)	334	(103)	N.M.	143	(286)	(150%)
Provision for stock obsolescence	(127)	(78)	62%	(235)	(106)	121%
Reversal/(Provision) for doubtful debts	11	564	(98%)	(120)	348	(134%)
<u>Discontinued operations</u>						
Other expense including interest income	(36)	(22)	64%	(72)	(37)	95%
Depreciation of property, plant and equipment	(2)	(17)	(88%)	(4)	(34)	(88%)
Foreign exchange (loss)/gain	(38)	54	(170%)	(285)	(225)	27%
Provision for stock obsolescence	(1)	-	N.M.	(1)	-	N.M.
Provision of doubtful debts	(1)	-	N.M.	(1)	-	N.M.
<u>Total</u>						
Other income including interest income	143	145	(1%)	328	388	(15%)
Interest on borrowings	(106)	(124)	(15%)	(195)	(236)	(17%)
Amortisation of intangible assets	(116)	-	N.M.	(220)	-	N.M.
Depreciation of property, plant and equipment	(293)	(360)	(19%)	(657)	(728)	(10%)
Gain on disposal of property, plant and equipment	-	7	(100%)	-	7	(100%)
Foreign exchange gain/(loss)	297	(49)	N.M.	(142)	(511)	(72%)
Provision for stock obsolescence	(128)	(78)	62%	(236)	(106)	122%
Reversal/(provision) for doubtful debts	10	564	(98%)	(121)	348	(135%)

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	
	30.06.2017 \$'000	31.12.2016 \$'000	30.06.2017 \$'000	31.12.2016 \$'000
Non-current assets				
Property, plant and equipment	15,232	15,827	-	-
Investment in subsidiaries	-	-	14,654	14,654
Investment in joint ventures	2,667	2,705	12,748	912
Investment in associated companies	11,225	11,982	912	12,748
Deferred tax assets	11	11	-	-
Intangible assets	5,180	5,254	49	49
Purchase deposit to a supplier	3,507	5,077	-	-
	37,822	40,856	28,363	28,363
Current assets				
Inventories	27,095	27,179	-	-
Due from customers on construction contracts	-	8	-	-
Trade receivables	14,345	14,222	-	-
Other receivables	3,917	5,044	4,585	5,126
Restricted cash	1,369	1,369	-	-
Cash and cash equivalents	5,860	7,040	494	180
Total current assets	52,586	54,862	5,079	5,306
Total assets	90,408	95,718	33,442	33,669
Non current liabilities				
Deferred tax liability	1,446	1,463	-	-
Non-current payable	765	765	765	765
Finance lease liabilities	135	207	-	-
	2,346	2,435	765	765
Current liabilities				
Due to customers on construction contracts	912	3,645	-	-
Trade payables	3,358	2,504	-	-
Other payables	2,381	2,351	590	1,300
Provisions	12,351	12,351	12,351	12,351
Bank borrowings	10,936	14,090	-	-
Finance lease liabilities	143	147	-	-
Tax payable	374	495	33	51
Total current liabilities	30,455	35,583	12,974	13,702
Total liabilities	32,801	38,018	13,739	14,467
Net assets	57,607	57,700	19,703	19,202

Shareholders' equity				
Share capital	43,461	43,461	43,461	43,461
Reserves	239	602	-	-
Accumulated profits/(losses)	17,193	16,788	(23,758)	(24,259)
Attributable to equity holders of the Company, total	60,893	60,851	19,703	19,202
Non-controlling interests	(3,286)	(3,151)	-	-
Total shareholders' equity	57,607	57,700	19,703	19,202

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 30.06.2017 (\$'000)		As at 31.12.2016 (\$'000)	
Secured	Unsecured	Secured	Unsecured
5,000	5,936	5,000	9,090

Amount repayable after one year

As at 30.06.2017 (\$'000)		As at 31.12.2016 (\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

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

- Legal charge on the Group's leasehold property with net book value of \$7.13million (31.12.2016: \$7.30million)
- Fixed deposits of a subsidiary.
- Corporate guarantee by the Company

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

	Group			
	2nd quarter ended 30.06.2017 \$'000	2nd quarter ended 30.06.2016 \$'000	1st half ended 30.06.2017 \$'000	1st half ended 30.06.2016 \$'000
Cash flows from operating activities				
Profit before tax from continuing operations	91	651	658	50
(Loss)/Profit before tax from discontinued operations	(93)	686	(288)	304
Total (loss)/profit before tax	(2)	1,337	370	354
Adjustments for :				
Amortisation of intangible assets	116	-	220	-
Depreciation	293	360	657	728
Interest income	(57)	(37)	(124)	(55)
Interest expense	106	124	195	236
Share of results of associated companies	251	218	605	517
Share of results of a joint venture	(281)	(80)	(552)	(114)
Gain on disposal of property, plant and equipment	-	(7)	-	(7)
Operating cash before movements in working capital	426	1,915	1,371	1,659
Inventories	(5)	1,045	84	(1,569)
Due from customers on construction contract, net	(623)	17	(2,725)	(33)
Receivables	582	(1,679)	1,003	(1,887)
Payables	850	(1,999)	2,241	(1,923)
Currency translation adjustments	(286)	(97)	(27)	57
Net cash generated from/(used in) operations	944	(798)	1,947	(3,696)
Tax paid	-	(468)	-	(469)
Interest paid	(106)	(124)	(195)	(236)
Net cash generated from/(used in) operating activities	838	(1,390)	1,752	(4,401)
Cash flows from investing activities				
Purchase of intangible asset	(145)	-	(145)	-
Purchase of property, plant and equipment	-	(126)	(76)	(152)
Proceeds from disposal of property, plant and equipment	-	8	-	8
Investment in subsidiary company	-	-	-	(169)
Investment in an associated company	-	(2,743)	-	(2,743)
Interest received	57	37	124	55
Dividend received from joint venture	395	385	395	385
Net cash generated from/(used in) investing activities	307	(2,439)	298	(2,616)

Cash flows from financing activities				
Proceeds from bank borrowings	4,790	4,717	4,790	8,371
Repayment of bank borrowings	(5,591)	(3,601)	(8,444)	(3,948)
Proceeds of short term loan	500	1,000	500	1,000
Repayment of finance lease liabilities	(34)	(42)	(76)	(83)
Net cash (used in)/generated from financing activities	(335)	2,074	(3,230)	5,340
Net increase/(decrease) in cash and cash equivalents	810	(1,755)	(1,180)	(1,677)
Cash and cash equivalents at beginning of period	5,050	4,427	7,040	4,349
Cash and cash equivalents at end of period	5,860	2,672	5,860	2,672
Cash and cash equivalents comprises the following				
Cash and cash equivalents	7,229	4,041	7,229	4,041
Less Restricted cash	(1,369)	(1,369)	(1,369)	(1,369)
Cash and cash equivalents as per statement of cash flows	5,860	2,672	5,860	2,672

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	Translation Reserves \$'000	Accumulated profit \$'000	Total \$'000	Non-Controlling interests \$'000	Total shareholders' 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

Group	Share capital \$'000	Translation Reserves \$'000	Accumulated profit \$'000	Total \$'000	Non-Controlling interests \$'000	Total shareholders' 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

Company	Share capital \$'000	Accumulated losses \$'000	Total shareholders' equity \$'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

Company	Share capital \$'000	Accumulated losses \$'000	Total shareholders' equity \$'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

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.

	30.06.2017	30.12.2016
Total number of issued shares (excluding treasury shares)	119,999,995	119,999,995

The company undertook a share consolidation exercise to consolidate every four (4) existing ordinary shares in the capital of the Company into one (1) ordinary share. The share consolidation has been completed and becomes effective on 29 February 2016.

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

Not applicable.

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

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the latest audited annual financial statements for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

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

Group				
	2nd quarter ended 30.06.2017	2nd quarter ended 30.06.2016	1st half ended 30.06.2017	1st half ended 30.06.2016
(i) Based on number of ordinary shares in issue:				
- Continuing operations	0.10 cents	0.14 cents	0.54 cents	(0.25) cents
- Discontinued operations	(0.07) cents	0.80 cents	(0.20) cents	0.27 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:				
- Continuing operations	0.10 cents	0.14 cents	0.54 cents	(0.25) cents
- Discontinued operations	(0.07) cents	0.80 cents	(0.20) cents	0.27 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	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Net asset value per ordinary share based on existing share capital	48 cents	48 cents	16 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

Revenue

(2Q2017 Vs 2Q2016)

	Group		% Change
	2Q2017	2Q2016	
	\$'000	\$'000	
Supply Chain Management			
Marine cables and accessories	2,651	8,299	(68%)
Marine lighting equipment and accessories	2,337	2,299	2%
Lamp and others	1,847	1,510	22%
	6,835	12,108	(44%)
Security	1,048	157	100%
Total sales revenue	7,883	12,265	(36%)

Supply Chain Management

Supply Chain Management division accounts for 87% of the Group's turnover in 2Q2017, of which marine cables and accessories contributed 39%, marine lighting equipment and accessories 34% and others 27%. Revenue from the Division decreased by 36% due to slowdown in activities in the marine and offshore sectors as a result of weak shipping markets and low oil prices.

Security

Security division was established in 2Q2016 and mainly provides products and solutions relating to cyber security and security systems. The division accounts for 13% of the Group's turnover in 2Q2017.

Revenue
(1H2017 Vs 1H2016)

	Group		% Change
	1H2017	1H2016	
	\$'000	\$'000	
Supply Chain Management			
Marine cables and accessories	7,275	17,375	(58%)
Marine lighting equipment and accessories	4,501	4,531	(1%)
Lamp and others	3,191	2,915	9%
	14,967	24,821	(40%)
Security	1,853	157	N.M
Total sales revenue	16,820	24,978	(33%)

Supply Chain Management

Supply Chain Management division accounts for 89% of the Group's turnover in 1H2017, of which marine cables and accessories contributed 49%, marine lighting equipment and accessories 30% and others 21%. Revenue from the Division decreased by 33% due to slowdown in activities in the marine and offshore sectors as a results of weak shipping markets and low oil prices.

Security

Security division was set up in 2Q2016. This division mainly provide security products and solutions relating to information technology. The division accounts for 11% of the Group's turnover in 1H2017.

2Q2017 vs 2Q2016

Geographical segment

Revenue derived from Singapore decreased by \$3.4 million or 38% from \$9.0 million in 2Q2016 to \$5.6 million in 2Q2017 due mainly to the slowdown in activities in the marine and offshore sectors.

Revenue derived from overseas decreased by \$1.0 million or 31% from \$3.2million in 2Q2016 to \$2.2 million in 2Q2017 due mainly to weak global shipping markets.

Gross profit

The Group's overall gross profit decreased by \$1.7million or 36% from \$4.6million in 2Q2016 to \$2.9million in 2Q2017 due to lower revenue. The Group's overall gross margin decreased marginally by 1% from 38% in 2Q2016 to 37% in 2Q2017.

Other operating income

The increase in other operating income in 2Q2017 as compared to 2Q2016 is due mainly to gain in foreign exchange.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. Selling & distribution increased by 17% mainly due to reversal of provision for doubtful debt in 2Q2016 and administrative expenses decreased by 38% is a result of the cost cutting measures implemented by the Group.

Share of results in associated companies

The increase in losses of the associated companies is mainly due to higher provision for stock obsolescence and certain cost relating to the construction of the factory were expensed off.

Share of results of joint ventures

The increase in share of results in joint venture is due to no further share of loss in GSSI in 2Q2017 as the Group has made provision for losses in 4Q2016.

Interest on borrowing

The decrease in interest on borrowings in 2Q2017 as compared to 2Q2016 is due mainly to lower usage of trade facilities by the Supply Chain Management division.

Depreciation

The decrease in depreciation in 2Q2017 as compared to 2Q2016 is due mainly to cessation of depreciation of certain fixed assets approaching the end of the depreciation period.

Foreign exchange gain/(loss)

The Group registered a foreign exchange gain in 2Q2017 as compared to a foreign exchange loss in 2Q2016 is due mainly to translation of US\$ denominated receivables and cash at bank as a result of the strengthening of USD against SGD.

Provision for Stock Obsolescence

The increase in provision for stock obsolescence is in accordance to the provision for stock obsolescence policy of the Group.

Profit from continuing operations, net of tax

A lower profit after tax from continuing operation of \$116k was recorded in 2Q2017 as compared to a profit of \$413k in 2Q2016 due mainly to lower revenue.

Net profit for the period

The Group registered a lower net profit of 23k for the period 2Q2017 as compared to \$1.1m for the period 2Q2016 mainly due to lower revenue and reversal of provision for impairment for a project in discontinued operation in 2Q2016.

Discontinued Operations

The Group recorded a loss from discontinued operations, net of tax, of \$93k as stated in detail below:

	Group			Group		
	2nd quarter ended 30.06.2017 \$'000	2nd quarter ended 30.06.2016 \$'000	% Change	1st half ended 30.06.2017 \$'000	1st half ended 30.06.2016 \$'000	% Change
Revenue	958	301	N.M.	3,494	524	N.M.
Cost of sales	<u>(907)</u>	<u>442</u>	N.M.	<u>(3,274)</u>	<u>242</u>	N.M.
Gross profit	51	743	(93%)	220	766	(71%)
Other operating (expenses)/income	(74)	33	N.M.	(357)	(261)	37%
Selling & Distribution expenses	(30)	(33)	(9%)	(64)	(80)	(20%)
Administrative expenses	<u>(40)</u>	<u>(57)</u>	(30%)	<u>(87)</u>	<u>(121)</u>	(28%)
(Loss)/Profit before taxation	(93)	686	(114%)	(288)	304	(195%)
Tax credit	<u>-</u>	<u>29</u>	100%	<u>15</u>	<u>19</u>	(21%)
Net (loss)/profit for the period	<u>(93)</u>	<u>715</u>	(113%)	<u>(273)</u>	<u>323</u>	(185%)

N.M. – Not meaningful

Discontinued Operations registered a higher revenue of \$0.9 million in 2Q2017 due mainly to higher progressive recognition of revenue of an existing project of BOS Offshore & Marine Pte Ltd (“BOS”) currently in its procurement phase as compared to 2Q2016 where the project was still in its engineering phase.

Discontinued Operations registered a gross profit of \$51k in 2Q2017 as compared to \$743k in 2Q2016 due mainly to reversal of provision for impairment for a project as a result of approval of various variation orders from a client and better project management in 2Q2016.

Discontinued Operations registered an other operating expenses in 2Q2017 as compared to an income in 2Q2016 is due mainly to a foreign exchange loss as a result of depreciation of Indonesian Rupiah against SGD in 2Q2017 as its payables are dominated in SGD.

The lower selling & distribution and administrative expenses in 2Q2017 is due mainly to the cost cutting measures implemented by the Group.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Balance Sheet and Cash Flow Analysis

Investment in associated companies

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

Intangible assets

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

Purchase deposit to a supplier

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

Trade receivables

Trade receivables remain comparatively unchanged.

Other receivables

The decrease in other receivables of \$1.1million is due mainly to offsetting of deposits paid to suppliers for project procurement upon receipts of such supplies.

Due to customers on construction contracts

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

Trade payables

Trade payables increased by \$0.9k from \$2.5million in 4Q2016 to \$3.4million in 2Q2017 due mainly to higher purchases made by Security division as a result of higher revenue from this division.

Other payables

Other payables remain relatively unchanged.

Bank borrowings

The decrease in bank borrowing by \$3.2million is due mainly to repayment of bank loan and trade facilities by Supply Chain Management division.

Cash flow

Net cash generated from operating activities amounted to \$0.8million in 2Q2017 as compared to a net cash used in operating activities of \$1.4million in 2Q2016. Net cash and cash equivalent increased by \$0.8million in 2Q2017 compared to a decrease of \$1.8million in 2Q2016. The increase is due mainly to dividend received from a joint venture, increase in payables and decrease in receivables offset by decrease in amount due to customers on construction contracts and higher repayment of bank borrowings in 2Q2017

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.

Our Supply Chain Management division is still facing difficult market conditions due to the continuing slowdown in the marine and offshore industries as a result of low oil prices. There were fewer new build projects as reflected by the significant decrease in our revenue from marine cables and accessories. This has severely affected the profitability of this division. The Group has implemented certain cost cutting measures. At the same time, the Group is exploring industrial and petro-chemical sectors.

The Security division was formed in 2Q2016 and focuses on cyber security, enterprise IT operation management and sensing security products for both public and private sectors in Singapore and the region. This division has since gained traction securing orders from both government agencies and private sectors. The Group remains enthusiastic on the prospect of this division.

The operations of GLH, the Group's associated company, has been adversely affected due to supplier-related issues resulting in lower sales to major customers in FY2016. However, GLH has since sourced for alternative suppliers. In addition, the construction of the new factory is expected to complete by end 2017 which will enhance production capacity.

The performance of the Group's galvanized steel wire factory in Oman continues to be very challenging as production and sales volumes are still below breakeven levels. Besides lower sales, the business is further affected by lower selling prices as a result of lower commodity prices and high fixed costs. The Group continues to work closely with its Omani joint venture partner to improve operational performance and explore all possible options with regards to the viability of this business.

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

On its discontinued operations under PTE, the Group continues to search for potential buyers to dispose the land.

11. Dividend

(a) Current Financial Period Reported On?

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

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

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/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. 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 June 2017 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Vincent Lim Hui Eng
Executive Chairman and
Chief Executive Officer
26 July 2017

Patrick Lim Hui Peng
Chief Operating Officer