

Third Quarter Financial Statements Announcement for the Financial Period Ended 30 September 2019

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

1(a)(i) Income statement

	3 <sup>rd</sup> quarter ended		%	Group		
	30-Sep-19	30-Sep-18		30-Sep-19	30-Sep-18	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	12,796	11,810	8%	33,895	28,375	19%
Cost of sales	(8,860)	(7,829)	13%	(22,320)	(18,443)	21%
<b>Gross profit</b>	<b>3,936</b>	<b>3,981</b>	<b>(1%)</b>	<b>11,575</b>	<b>9,932</b>	<b>17%</b>
Other operating income						
- Interest	66	21	214%	197	71	177%
- Others	103	26	296%	259	1,792	(86%)
Selling and distribution expenses	(2,067)	(2,093)	(1%)	(6,607)	(6,598)	N.M.
Administrative expenses	(1,429)	(1,496)	(4%)	(3,664)	(6,800)	(46%)
Finance costs	(263)	(278)	(5%)	(830)	(573)	45%
Net impairment gains/(losses) on financial assets	116	146	(21%)	282	(751)	366%
<b>Profit/(loss) from operations</b>	<b>462</b>	<b>307</b>	<b>50%</b>	<b>1,212</b>	<b>(2,927)</b>	<b>342%</b>
Share of results of joint ventures	150	118	27%	345	310	11%
Share of results of associated companies	(237)	(177)	(34%)	(687)	(868)	21%
<b>Profit/(loss) before tax</b>	<b>375</b>	<b>248</b>	<b>51%</b>	<b>870</b>	<b>(3,485)</b>	<b>501%</b>
Income tax (expenses)/credit	(148)	22	(773%)	(136)	87	(256%)
<b>Profit/(loss) for the period</b>	<b>227</b>	<b>270</b>	<b>(16%)</b>	<b>734</b>	<b>(3,398)</b>	<b>563%</b>
<b>Attributable to:</b>						
Equity holders of the Company	487	529	(8%)	1,100	(2,637)	340%
Non-controlling interests	(260)	(259)	N.M.	(366)	(761)	52%
	<b>227</b>	<b>270</b>	<b>(16%)</b>	<b>734</b>	<b>(3,398)</b>	<b>563%</b>

**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					
	3 <sup>rd</sup> quarter ended			9 months ended		
	30-Sep-19 \$'000	30-Sep-18 \$'000	%	30-Sep-19 \$'000	30-Sep-18 \$'000	%
		Change			Change	
<b>Profit/(loss) for the period</b>	<b>227</b>	<b>270</b>	<b>(16%)</b>	<b>734</b>	<b>(3,398)</b>	<b>563%</b>
<b>Other comprehensive income:</b>						
Currency translation differences arising on consolidation, net of tax	(17)	2	N.M.	(51)	(488)	90%
Total comprehensive income	<u>210</u>	<u>272</u>	<u>(23%)</u>	<u>683</u>	<u>(3,886)</u>	<u>669%</u>
Total comprehensive income attributable to:						
Equity holders of the Company	470	573	(18%)	1,049	(3,187)	404%
Non-controlling interests	(260)	(301)	14%	(366)	(699)	48%
	<u>210</u>	<u>272</u>	<u>(23%)</u>	<u>683</u>	<u>(3,886)</u>	<u>669%</u>

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

	Group					
	3 <sup>rd</sup> quarter ended			9 months ended		
	30-Sep-19 \$'000	30-Sep-18 \$'000	%	30-Sep-19 \$'000	30-Sep-18 \$'000	%
		Change			Change	
Other income	53	56	(5%)	252	225	12%
Interest income	66	21	214%	197	71	177%
Fair value loss on financial assets at fair value through profit or loss	(2)	(6)	(67%)	(18)	(17)	6%
Gain on disposal of a subsidiary	-	-	N.M.	-	1,581	N.M.
Gain on disposal of a property, plant and equipment	-	-	N.M.	1	-	N.M.
Amortisation of intangible assets	(11)	(50)	(78%)	(39)	(169)	(77%)
Depreciation of property, plant and equipment	(213)	(395)	(46%)	(684)	(1,114)	(39%)
Depreciation of right-of-use assets	(51)	-	N.M.	(287)	-	N.M.
Foreign exchange gain/(loss)	52	(24)	146%	24	3	700%
Interest on borrowings	(263)	(278)	(5%)	(830)	(573)	45%
Provision for liabilities	-	-	N.M.	-	(2,049)	N.M.
Provision for stock obsolescence	(95)	(223)	(57%)	(1,026)	(675)	52%
Write-back/(provision) for doubtful debts	116	146	(21%)	282	(751)	366%
Over provision of income tax in prior year	-	49	N.M.	10	49	(80%)

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-Sep-19 \$'000	31-Dec-18 \$'000	30-Sep-19 \$'000	31-Dec-18 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	10,762	11,378	-	-
Right-of-use assets	9,069	-	-	-
Investment in subsidiaries	-	-	12,337	12,337
Investment in joint ventures	2,539	2,431	912	912
Investment in associated companies	1,202	1,963	2,485	2,485
Deferred tax assets	11	11	-	-
Intangible assets	2,117	428	-	-
Financial assets at fair value through profit or loss	10	28	-	-
Loan to an associated company	4,000	4,000	4,000	4,000
<b>Total non-current assets</b>	<b>29,710</b>	<b>20,239</b>	<b>19,734</b>	<b>19,734</b>
<b>Current assets</b>				
Inventories	26,568	22,260	-	-
Contract assets	1,229	1,019	-	-
Trade receivables	11,417	9,922	-	-
Other receivables	2,281	3,467	2,307	569
Tax recoverable	97	97	-	-
Cash and cash equivalents	8,401	6,373	368	3,266
<b>Total current assets</b>	<b>49,993</b>	<b>43,138</b>	<b>2,675</b>	<b>3,835</b>
<b>Total assets</b>	<b>79,703</b>	<b>63,377</b>	<b>22,409</b>	<b>23,569</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	279	281	-	-
Bank borrowings	2,867	3,467	2,867	3,467
Lease liabilities	8,927	31	-	-
<b>Total non-current liabilities</b>	<b>12,073</b>	<b>3,779</b>	<b>2,867</b>	<b>3,467</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 immediate preceding financial year. (cont'd)

	Group		Company	
	30-Sep-19 \$'000	31-Dec-18 \$'000	30-Sep-19 \$'000	31-Dec-18 \$'000
<b>Current liabilities</b>				
Contract liabilities	537	322	-	-
Convertible loan notes	727	715	-	-
Trade payables	5,336	1,823	-	-
Other payables	3,580	17,635	11,074	26,625
Provisions	514	529	-	-
Bank borrowings	15,308	13,077	800	533
Lease liabilities	290	64	-	-
Tax payable	696	548	232	232
<b>Total current liabilities</b>	<b>26,988</b>	<b>34,713</b>	<b>12,106</b>	<b>27,390</b>
<b>Total liabilities</b>	<b>39,061</b>	<b>38,492</b>	<b>14,973</b>	<b>30,857</b>
<b>Net assets/(liabilities)</b>	<b>40,642</b>	<b>24,885</b>	<b>7,436</b>	<b>(7,288)</b>
<b>Equity</b>				
Share capital	58,535	43,461	58,535	43,461
Currency translation reserve	(396)	(345)	-	-
Equity component of convertible loan notes	36	36	-	-
Capital reserves	(2,010)	(2,010)	-	-
(Accumulated losses)/retained earnings	(10,371)	(11,471)	(51,099)	(50,749)
Equity attributable to equity holders of the Company, total	45,794	29,671	7,436	(7,288)
Non-controlling interests	(5,152)	(4,786)	-	-
<b>Total equity</b>	<b>40,642</b>	<b>24,885</b>	<b>7,436</b>	<b>(7,288)</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 immediate preceding financial year.

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

As at 30.09.2019 (\$'000)		As at 31.12.2018 (\$'000)	
Secured	Unsecured	Secured	Unsecured
14,883	425	13,077	-

**Amount repayable after one year**

As at 30.09.2019 (\$'000)		As at 31.12.2018 (\$'000)	
Secured	Unsecured	Secured	Unsecured
2,867	-	3,467	-

**Details of any collateral**

- (i) The Group's banking facilities were secured by the following:
  - (a) Legal charge on the Group's leasehold property with net book value of \$10.27 million (31.12.2018: \$10.64 million);
  - (b) Corporate guarantee by the Company.

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

	Group			
	3 <sup>rd</sup> quarter ended		9 months ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	375	248	870	(3,485)
Adjustment for:				
Amortisation of intangible assets	11	50	39	169
Exchange difference	(58)	372	9	98
Depreciation of property, plant and equipment	213	395	684	1,114
Depreciation of right-of-use assets	51	-	287	-
Gain on disposal of property, plant and equipment	-	-	(1)	-
Fair value loss on financial assets at fair value through profit or loss	2	6	18	17
Interest expenses	263	278	830	573
Interest income	(66)	(21)	(197)	(71)
Provision, net	-	-	-	2,049
Property, plant and equipment written off	6	-	6	-
Share of results of associated company	237	177	687	868
Share of results of joint ventures	(150)	(118)	(345)	(310)
Gain on disposal of a subsidiary	-	-	-	(1,581)
Operating cash flows before working capital changes	884	1,387	2,887	(559)
Inventories	(1,467)	1,297	(4,308)	887
Contract assets and contract liabilities	498	(12)	5	1,583
Receivables	182	(1,642)	(2,220)	(1,889)
Payables	1,710	392	4,770	1,155
Provision for claims and vendor costs	-	(653)	-	(1,211)
Cash used in operations	1,807	769	1,134	(34)
Income tax paid	-	(4)	-	(196)
<b>Net cash from/(used in) operating activities</b>	<b>1,807</b>	<b>765</b>	<b>1,134</b>	<b>(230)</b>

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

	Group			
	3 <sup>rd</sup> quarter ended		9 months ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from investing activities</b>				
Dividend received from a joint venture	264	392	264	392
Interest received	66	21	197	71
Loan to an associated company	-	(2,000)	-	(4,000)
Proceeds from disposal of a subsidiary	-	-	-	3,000
Repayment of purchase deposit from a supplier	548	410	1,908	410
Proceeds of property, plant and equipment	-	1	1	1
Purchase of property, plant and equipment	(48)	(52)	(143)	(268)
Settlement of provision for liabilities	-	(12,583)	(15)	(17,783)
Development costs	(684)	(47)	(1,661)	(270)
Government grant received	-	279	-	279
<b>Net cash from/(used in) investing activities</b>	<b>146</b>	<b>(13,579)</b>	<b>551</b>	<b>(18,168)</b>
<b>Cash flows from financing activities</b>				
Net drawdown/(repayment) of short-term borrowings	1,133	(240)	1,964	(1,515)
Drawdown of bank borrowings	-	2,055	-	6,000
Repayment of bank borrowings	(200)	-	(333)	(600)
Repayment of lease liabilities	(34)	(38)	(234)	(98)
Interest paid	(263)	(328)	(830)	(573)
(Increase)/decrease in fixed deposits under pledge and restricted cash	-	12	26	12
Proceeds from shareholder loan	-	7,300	-	11,500
Refund of share application money received	-	-	(644)	-
Proceeds from issuance of rights issue	-	-	644	-
Rights issue expenses	(96)	-	(258)	-
<b>Net cash from financing activities</b>	<b>540</b>	<b>8,761</b>	<b>335</b>	<b>14,726</b>

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

	<b>Group</b>			
	3 <sup>rd</sup> quarter ended		9 months ended	
	30-Sep-19 \$'000	30-Sep-18 \$'000	30-Sep-19 \$'000	30-Sep-18 \$'000
Net increase/(decrease) in cash and cash equivalents	2,493	(4,053)	2,020	(3,672)
Cash and cash equivalents at beginning of financial year	5,628	6,710	6,118	6,329
Effects of exchange rate changes on cash and cash equivalents	51	-	34	-
Cash and cash equivalents at end of the period	<u>8,172</u>	<u>2,657</u>	<u>8,172</u>	<u>2,657</u>
Cash and cash equivalents comprise the following:				
Cash and cash equivalents	8,401	3,535	8,401	3,535
Less Restricted cash	(229)	(878)	(229)	(878)
Cash and cash equivalents as per statement of cash flows	<u>8,172</u>	<u>2,657</u>	<u>8,172</u>	<u>2,657</u>



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

Group	Attributable to equity holders of the Company							Total equity
	Share capital	Currency translation reserve	Equity component of convertible loan notes	Capital reserves	Accumulated losses	Total	Non-controlling interest	
	\$'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 year	–	–	–	–	129	129	34	163
Currency translation differences arising on consolidation, net of tax	–	61	–	–	–	61	–	61
Issuance of rights issue	15,300	–	–	–	–	15,300	–	15,300
Rights issue expenses	(226)	–	–	–	–	(226)	–	(226)
<b>At 31 March 2019</b>	<b>58,535</b>	<b>(284)</b>	<b>36</b>	<b>(2,010)</b>	<b>(11,342)</b>	<b>44,935</b>	<b>(4,752)</b>	<b>40,183</b>
Profit/(loss) for the financial year	–	–	–	–	484	484	(140)	344
Currency translation differences arising on consolidation, net of tax	–	(95)	–	–	–	(95)	–	(95)
<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 year	–	–	–	–	487	487	(260)	227
Currency translation differences arising on consolidation, net of tax	–	(17)	–	–	–	(17)	–	(17)
<b>At 30 September 2019</b>	<b>58,535</b>	<b>(396)</b>	<b>36</b>	<b>(2,010)</b>	<b>(10,371)</b>	<b>45,794</b>	<b>(5,152)</b>	<b>40,642</b>

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

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

Company	Share capital \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2018	43,461	(45,067)	(1,606)
Profit for the financial period	–	172	172
<b>At 31 March 2018</b>	<b>43,461</b>	<b>(44,895)</b>	<b>(1,434)</b>
Loss for the financial period	–	(1,746)	(1,746)
<b>At 30 June 2018</b>	<b>43,461</b>	<b>(46,641)</b>	<b>(3,180)</b>
Profit for the financial period	–	321	321
<b>At 30 September 2018</b>	<b>43,461</b>	<b>(46,320)</b>	<b>(2,859)</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 three months ended 30 September 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.09.2019	31.12.2018
Total number of issued shares excluding treasury shares	299,999,987	119,999,995

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

Not applicable.

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

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

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

Not applicable.

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

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

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

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

SFRS(I) 16 Leases

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

The Group adopted the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening retained earnings as at 1 January 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

As at 1 January 2019, the Company recorded right-of-use assets and corresponding lease liabilities of approximately \$9.5 million.

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

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

Group

	Group			
	3 <sup>rd</sup> quarter ended		9 months ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
(i) Based on weighted average number of ordinary shares in issue				
Net earnings/(loss) per ordinary share for the period	0.16 cents	0.44 cents	0.41 cents	(2.20) cents
Weighted average number of ordinary shares in issue	299,999,987	119,999,995	271,544,106	119,999,995

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

	Group			
	3 <sup>rd</sup> quarter ended		9 months ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
(ii) On a fully diluted basis Net earnings/(loss) per ordinary share for the period	0.17 cents	0.44 cents	0.45 cents	(2.63) cents
	0.17 cents	0.44 cents	0.45 cents	(2.63) cents
Weighted average number of ordinary shares in issue	299,999,987	119,999,995	271,544,106	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-Sep-19	31-Dec-18	30-Sep-19	31-Dec-18
Net asset value per ordinary share based on existing share capital	15 cents	25 cents	2 cents	(6) cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Key changes in the Group's financials:

Profit and loss review

3Q2019 vs 3Q2018

Revenue

	Group		
	3Q2019	3Q2018	%
	\$'000	\$'000	Change
<b>Supply Chain Management</b>			
Marine cables and accessories	7,350	6,407	15
Marine lighting equipment and accessories	2,798	2,589	8
Lamp and others	913	1,127	(19)
	<b>11,061</b>	<b>10,123</b>	<b>9</b>

<b>Security</b>	<b>658</b>	<b>1,530</b>	<b>(57)</b>
<b>Engineering Services</b>	<b>1,077</b>	<b>157</b>	<b>586</b>
<b>Total revenue</b>	<b>12,796</b>	<b>11,810</b>	<b>8</b>

### **Supply Chain Management**

Supply Chain Management Division accounts for 87% of the Group's turnover in 3Q2019, of which marine cables and accessories contributed 67%, marine lighting equipment and accessories 25% and others 8%. Revenue from the division increased by 9% mainly due to the increase in business activities of customers.

### **Security**

Security Division provides products and solutions relating to cybersecurity and surveillance security. The division accounts for 5% of the Group's turnover in 3Q2019.

### **Engineering Services**

Engineering Services Division accounts for 8% of the Group's turnover in 3Q2019. Revenue from Engineering Services Division increased by 586% mainly due to increase in business activities and sales to new customers.

### **Gross profit**

The Group's overall gross profit remain comparably unchanged. The Group's overall gross margin decreased marginally by 3% from 34% in 3Q2018 to 31% in 3Q2019, mainly due to higher costs and lower margins in the Group's Engineering Services division.

### **Other operating income**

Other operating income increased from \$0.05 million in 3Q2018 to \$0.2 million in 3Q2019, mainly due to higher foreign exchange gains and interest income in 3Q2019.

### **Operating expenses**

The Group's operating expenses comprise mainly of selling & distribution and administrative expenses. Selling & distribution expenses remain largely unchanged. Administrative expenses decreased by 4% or \$0.1 million, from \$1.5 million in 3Q2018 to \$1.4 million in 3Q2019, mainly due to lower depreciation of property, plant and equipment.

### **Net impairment gains on financial assets**

Net impairment gains on financial assets decreased by 21%, mainly due to lower reversal of provision for doubtful debts provided for in previous periods.

### **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 3Q2019.

### **Share of results of associated companies**

The increase in share of losses of associated companies was due to higher losses recognized by the Group's associated companies for 3Q2019.

## Net profit for the period

The Group net profit for the period remain largely unchanged.

## 9M2019 vs 9M2018

### Revenue

	Group		
	9M2019	9M2018	%
	\$'000	\$'000	Change
<b>Supply Chain Management</b>			
Marine cables and accessories	18,410	14,464	27
Marine lighting equipment and accessories	7,229	7,685	(6)
Lamp and others	3,189	3,187	N.M.
	<b>28,828</b>	<b>25,336</b>	<b>14</b>
<b>Security</b>	<b>2,859</b>	<b>2,727</b>	<b>5</b>
<b>Engineering Services</b>	<b>2,208</b>	<b>312</b>	<b>608</b>
<b>Total revenue</b>	<b>33,895</b>	<b>28,375</b>	<b>19</b>

### Supply Chain Management

Supply Chain Management Division accounts for 85% of the Group's turnover in 9M2019, of which marine cables and accessories contributed 64%, marine lighting equipment and accessories 25% and others 11%. Revenue from the division increased by 14% mainly due to the increase in business activities of customers.

### Security

Security Division provides products and solutions relating to cybersecurity and surveillance security. The division accounts for 8% of the Group's turnover in 9M2019. Revenue from the division increased by 5% mainly due to sales to new customers.

### Engineering Services

Engineering Services Division accounts for 7% of the Group's turnover in 9M2019. Revenue from Engineering Services Division increased by 608% mainly due to increase in business activities and sales to new customers.

### Gross profit

The Group's overall gross profit increased by \$1.6 million or 17% from \$9.9 million in 9M2018 to \$11.6 million in 9M2019, mainly due to higher revenue in the Supply Chain Management division. The Group's overall gross margin remain comparably unchanged.

### Other operating income

Other operating income decreased from \$1.9 million to \$0.5 million, mainly due to gain on disposal of a subsidiary in 2Q2018.



### **Operating expenses**

The Group's operating expenses comprise mainly of selling & distribution and administrative expenses. Selling & distribution expenses remain largely unchanged. Administrative expenses decreased by 46% or \$3.1 million, from \$6.8 million in 9M2018 to \$3.7 million in 9M2019, mainly due to lower provision for liabilities, legal and professional fees and depreciation of property, plant and equipment.

### **Finance costs**

The increase in finance costs in 9M2019 compared to 9M2018 was mainly due to increase in interests expense on lease liabilities as a result of the adoption of SFRS(I) 16 - Leases.

### **Net impairment gains/(losses) on financial assets**

Net impairment gains on financial assets in 9M2019 was due to reversal of provision for doubtful debts which have been provided for in previous periods. Losses on financial assets in 9M2018 was mainly due to higher impairment provisions recognized in 9M2018 in view of the weak marine and offshore markets where payment from customers are slower coupled with poor performance by certain customers.

### **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 9M2019.

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

The Group registered a net profit of \$0.7 million in 9M2019 as compared with a net loss of \$3.4 million in 9M2018, mainly due to higher revenue, lower provision for doubtful debt and impairment expenses and amortisation of intangible assets, partially offset by higher provisions for stock obsolescence.

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

### **Balance Sheet review**

#### **Right-of-use assets ("ROU assets")**

With effect from 1 January 2019, the Group has adopted a new accounting standard SFRS(I) 16 Leases. This has resulted in the recognition of a Right-of-use assets of \$9.5 million and its related lease liabilities.

#### **Investment in subsidiaries**

The Company has received notification that the liquidation of its indirect subsidiary, PT. BH Marine & Offshore Engineering has been completed.

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

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

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

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

#### **Intangible assets**

The increase in intangible assets was mainly due to increase in development costs incurred by the Group's subsidiaries.

#### **Inventories**

Inventories increased by \$4.3 million from \$22.3 million as at 31 December 2018 to \$26.6 million in 9M2019, mainly due to increase in raw materials and work in progress by the Supply Chain Management and Engineering Services Division, partially offset by higher provision for stock obsolescence.

#### **Contract assets**

This relates to unbilled receivables for projects relating to the Security Division.

#### **Trade receivables**

Trade receivables increased by \$1.5 million from \$9.9 million as at 31 December 2018 to \$11.4 million in 9M2019, mainly due to higher revenue.

#### **Other receivables**

The decrease in other receivables of \$1.2 million from \$3.5 million as at 31 December 2018 to \$2.3 million in 9M2019 was mainly due to offsetting of deposit to supplier upon receipts of such supplies, partially offset by loan to an associated company.

#### **Contract liabilities**

This relates to advance consideration received from customers for the Security Division.

#### **Convertible loan notes**

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

#### **Trade payables**

Trade payables increased by \$3.5 million from \$1.8 million as at 31 December 2018 to \$5.3 million in 9M2019, mainly due to higher purchases as a result of increased level of activities.

#### **Other payables**

The decrease in other payables of \$14.1 million from 31 December 2018 was mainly due to the application of advance subscription monies received from undertaking shareholders in relation to the rights issues that was completed in February 2019.

## **Cash flow review**

### **3Q2019 vs 3Q2018**

The net cash flows from operating activities for 3Q2019 was \$1.8 million compared to \$0.8 million in 3Q2018. This were mainly due to increase in payables and decreases in contract assets and liabilities, and receivables, offset by increases in inventories.

The net cash flows generated from investing activities for 3Q2019 was \$0.1 million, as compared to net cash flows used in investing activities of \$14.0 million in 3Q2018, mainly due to the settlement of provisions for liabilities and loan to an associated company.

The net cash generated from financing activities for 3Q2019 was \$0.5 million compared to \$8.8 million in 3Q2018, mainly due to a decrease in drawdown of bank borrowings and shareholder's loan, partially offset by increases in draw down on short-term borrowings.

### **9M2019 vs 9M2018**

The net cash flows from operating activities for 9M2019 was \$1.1 million compared to net cash flows used in operating activities of \$0.2 million in 9M2018. This was mainly due to the increase in payables and nil provisions for claims in 9M2019, partially offset by increases in inventories and trade receivables.

The net cash flows generated from investing activities for 9M2019 was \$0.6 million, as compared to net cash flows used in investing activities of \$18.6 million in 9M2018, mainly due to the settlement of provisions for liabilities and loan to an associated company in 9M2018, as well as higher repayment of purchase deposit from supplier in 9M2019. This was partially offset by proceeds from disposal of a subsidiary in 9M2018 as well as higher development costs in 9M2019.

The net cash generated from financing activities for 9M2019 was \$0.3 million compared to \$14.7 million in 9M2018, mainly due to the drawdown of bank borrowings and proceeds from shareholders' loan of \$11.5 million in 9M2018, partially offset by higher drawdown of short-term borrowings in 9M2019.

### **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.**

In the midst of persisting macro-economic challenges such as the US-China trade war, continuing volatility in oil prices and the slowing global economy which has impacted shipping and maritime activities, BH Global managed to achieve a third consecutive quarter of profitability, registering a 19% year-on-year revenue increase for the 9 months ended 30 September 2019.

The Supply Chain Management Division, the Group's core business, saw a 14% increase in revenue to \$28.8 million in 9M2019 from \$25.3 million in 9M2018, driven primarily by increased orders for marine cables and accessories. The Group maintains cautious optimism on the continuing increase in demand for the Supply Chain Management Division's offerings as marine operators look towards installing Exhaust Gas Cleaning Systems ("EGCS") for vessels in order to comply with International Maritime Organization regulation which caps sulphur emissions from marine fuels to less than 0.5% from 2020 onwards ("IMO 2020").

The Group's Engineering Services Division continues to make steady progress in the third quarter of the year with its Glass Reinforced Epoxy ("GRE") pipes supply and installation projects, registering a 586% increase in year-on-year revenue from \$0.2 million in 3Q2018 to \$1.1 million in 4Q2019. As with the Group's Supply Chain Management Division, IMO 2020 has also fuelled demand for the Engineering Services Division's turn-key solutions in the GRE pipe material supply, pre-fabrications, engineering designs, installations and commissioning. The Group announced in July 2019 that it had secured 11 projects worth S\$3.8 million to provide end-to-end services of GRE pipes in Singapore, Japanese and Chinese shipyards. While the Group's Engineering Services Division continue to deliver on these secured contracts, it continues to see strong interest in its GRE pipes offerings and is projecting continuing growth in orders going into the fourth quarter of the year.

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

The Group is continuing to build on its strength in the LED lighting systems business through its associated company, GL Lighting Holding Pte Ltd ("GLH"). With the opening of its new Kunshan plant in June 2019, GLH has engaged with several major international lighting companies who has started utilising the Group's R&D and product design services, and these are expected to translate into Original Equipment Manufacturing (OEM) and Original Design Manufacturing (ODM) contracts subsequently. The outlook for green and energy efficient lighting solutions remain robust with significant growth opportunities in the horizon.

## **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 quarter ended 30 September 2019.

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

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

**14. Interested Person Transactions**

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

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

**15. Negative assurance confirmation**

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the financial period ended 30 September 2019 to be false or misleading, in any material respect.

## 16. Use of proceeds from rights issue

The Board of Directors refers to its announcements made by the Company on 28 September 2018, 13 December 2018, 19 December 2018, 3 January 2019, 18 January 2019, 22 January 2019, 13 February 2019, 10 May 2019 and 8 August 2019, the circular to the shareholders of the Company dated 19 December 2018 and the offer information statement dated 18 January 2019, relating to the renounceable non-underwritten rights issue (the “Rights Issue”) of up to 179,999,992 Rights Shares at an issue price of S\$0.085 for each Rights Share, on the basis of three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders as at Books Closure Date, fractional entitlements to be disregarded.

The Board wishes to provide an update on the usage of the Rights Issue proceeds of approximately S\$3.5 million from the Rights Issue completed on 13 February 2019 as follows:

Use of proceeds	Intended use of proceeds allocated based on final results of Rights Issue	Amount utilised as per previously announced on 8 August 19	Amount utilised as per this announcement	Balance
	S\$'000	S\$'000	S\$'000	S\$'000
R&D activities and patents applications	1,800	1,345	455	-
Expansion of production facilities, product range, engineering capabilities, cyber security operation and digitalisation service offerings	1,400	1,400	-	-
General working capital**	347	347	-	-
Total	3,547	3,092	455	-

Note:

\*\* General working capital includes salary related expenses, payment to suppliers, rental expenses and other expenses incurred related to business operation.

The utilisation of the Net Proceeds as disclosed above is in accordance with the intended uses as disclosed in the Offer Information Statement.

On behalf of the Board of Directors

Vincent Lim Hui Eng  
Executive Chairman and  
Chief Executive Officer  
14 November 2019

Patrick Lim Hui Peng  
Chief Operating Officer