

First Quarter Financial Statements Announcement for the Financial Period Ended 31 March 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

	Group		% Change Increase/ (Decrease)
	1 st quarter ended 31-Mar-19 \$'000	31-Mar-18 \$'000	
Revenue	10,327	7,331	41%
Cost of sales	(6,434)	(4,889)	32%
Gross profit	3,893	2,442	59%
Other operating income/(expenses)			
- Interest	62	25	148%
- Others	105	(255)	(141%)
Selling and distribution expenses	(2,364)	(2,214)	7%
Administrative expenses	(1,045)	(1,323)	(21%)
Finance costs	(347)	(93)	273%
Net impairment gains/(losses) on financial assets	91	(549)	(117%)
	395	(1,967)	(120%)
Share of results of joint ventures	100	94	6%
Share of results of associated companies	(345)	(488)	(29%)
Profit/(loss) before tax	150	(2,361)	(106%)
Income tax credit	13	2	550%
Profit/(loss) for the period	163	(2,359)	(107%)
Attributable to:			
Equity holders of the Company	129	(1,988)	(106%)
Non-controlling interests	34	(371)	(109%)
	163	(2,359)	(107%)

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		% Change Increase/ (Decrease)
	1 st quarter ended		
	31-Mar-19 \$'000	31-Mar-18 \$'000	
Profit/(loss) for the period	163	(2,359)	(107%)
Other comprehensive income:			
Currency translation differences arising on consolidation, net of tax	61	244	(75%)
Total comprehensive income	224	(2,115)	(111%)
Total comprehensive income attributable to:			
Equity holders of the Company	190	(1,744)	(111%)
Non-controlling interests	34	(371)	(109%)
	224	(2,115)	(111%)

1(a)(ii) Notes to income statement

	Group		% Change Increase/ (Decrease)
	First quarter ended		
	31-Mar-19 \$'000	31-Mar-18 \$'000	
Other income including interest income	208	117	78%
Fair value loss on financial assets at fair value through profit or loss	(11)	(6)	83%
Gain on disposal of a property, plant and equipment	1	-	N.M.
Amortisation of intangible asses	(8)	(62)	(87%)
Depreciation of property, plant and equipment	(239)	(303)	(21%)
Depreciation of right-of-use assets	(107)	-	N.M.
Foreign exchange loss	(31)	(342)	(91%)
Interest on borrowings	(347)	(93)	273%
Provision for stock obsolescence	(531)	(163)	226%
Write-back/(provision) for doubtful debts	91	(549)	(117%)

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

	Group		Company	
	31-Mar-19 \$'000	31-Dec-18 \$'000	31-Mar-19 \$'000	31-Dec-18 \$'000
Non-current assets				
Property, plant and equipment	11,135	11,378	-	-
Right-of-use assets	9,448	-	-	-
Investment in subsidiaries	-	-	12,337	12,337
Investment in joint ventures	2,520	2,431	912	912
Investment in associated companies	1,693	1,963	2,485	2,485
Deferred tax assets	11	11	-	-
Intangible assets	930	428	-	-
Financial assets at fair value through profit or loss	17	28	-	-
Loan to an associated company	4,000	4,000	4,000	4,000
Total non-current assets	29,754	20,239	19,734	19,734
Current assets				
Inventories	23,197	22,260	-	-
Contract assets	1,266	1,019	-	-
Trade receivables	12,849	9,922	-	-
Other receivables	2,874	3,467	1,284	569
Tax recoverable	97	97	-	-
Restricted cash	222	255	200	200
Cash and cash equivalents	4,673	6,118	1,404	3,066
Total current assets	45,178	43,138	2,888	3,835
Total assets	74,932	63,377	22,622	23,569
Non-current liabilities				
Deferred tax liabilities	278	281	-	-
Bank borrowings	3,267	3,467	3,267	3,467
Lease liabilities	9,121	31	-	-
Total non-current liabilities	12,666	3,779	3,267	3,467

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

	Group		Company	
	31-Mar-19 \$'000	31-Dec-18 \$'000	31-Mar-19 \$'000	31-Dec-18 \$'000
Current liabilities				
Contract liabilities	438	322	-	-
Convertible loan notes	733	715	-	-
Trade payables	4,546	1,823	-	-
Other payables	2,762	17,635	10,929	26,625
Provisions	514	529	-	-
Bank borrowings	12,103	13,077	733	533
Lease liabilities	439	64	-	-
Tax payable	548	548	232	232
Total current liabilities	22,083	34,713	11,894	27,390
Total liabilities	34,749	38,492	15,161	30,857
Net assets/(liabilities)	40,183	24,885	7,461	(7,288)
Equity				
Share capital	58,535	43,461	58,535	43,461
Currency translation reserve	(284)	(345)	-	-
Equity component of convertible loan notes	36	36	-	-
Capital reserves	(2,010)	(2,010)	-	-
(Accumulated losses)/retained earnings	(11,342)	(11,471)	(51,074)	(50,749)
Equity attributable to equity holders of the Company, total	44,935	29,671	7,461	(7,288)
Non-controlling interests	(4,752)	(4,786)	-	-
Total equity	40,183	24,885	7,461	(7,288)

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

Amount repayable in one year or less, or on demand

As at 31.03.2019 (\$'000)		As at 31.12.2018 (\$'000)	
Secured	Unsecured	Secured	Unsecured
12,103	-	13,077	-

Amount repayable after one year

As at 31.03.2019 (\$'000)		As at 31.12.2018 (\$'000)	
Secured	Unsecured	Secured	Unsecured
3,267	-	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 \$10.50 million (31.12.2017: \$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	
	1 st quarter ended 31-Mar-19 \$'000	1 st quarter ended 31-Mar-18 \$'000
Cash flows from operating activities		
Profit/(loss) before tax	150	(2,361)
Adjustment for:		
Amortisation of intangible assets	8	62
Exchange difference	58	254
Depreciation of property, plant and equipment	239	303
Depreciation of right-of-use assets	107	-
Gain on disposal of property, plant and equipment	(1)	-
Fair value loss on financial assets at fair value through profit or loss	11	6
Interest expenses	347	93
Interest income	(62)	(25)
Share of results of associated companies	345	488
Share of results of joint ventures	(100)	(94)
	<hr/>	<hr/>
Operating cash flows before working capital changes	1,102	(1,274)
Inventories	(873)	137
Contract assets and contract liabilities	(131)	26
Receivables	(3,092)	689
Payables	3,072	(445)
Provision for claims and vendor costs	-	(199)
	<hr/>	<hr/>
Cash used in operations	78	(1,066)
Income tax (paid)/refund	-	(1,071)
Net cash from/(used in) operating activities	<hr/> 78	<hr/> (2,137)

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	
	1 st quarter ended 31-Mar-19 \$'000	1 st quarter ended 31-Mar-18 \$'000
Cash flows from investing activities		
Interest received	62	25
Loan to an associated company	-	(2,000)
Repayment of purchase deposit from a supplier	745	-
Proceeds of property, plant and equipment	1	-
Purchase of property, plant and equipment	(59)	(127)
Settlement of provision for liabilities	(15)	(1,000)
Development costs	(510)	(169)
Net cash from/(used in) investing activities	224	(3,271)
Cash flows from financing activities		
Net repayment of short term borrowings	(1,174)	(930)
Drawdown of bank borrowings	-	2,000
Repayment of bank borrowings	-	(600)
Repayment of lease liabilities	(90)	(27)
Interest paid	(347)	(98)
Decrease in fixed deposits under pledge and restricted cash	32	-
Refund of share application money received	(644)	-
Proceeds from issuance of rights issue	644	-
Rights issue expenses	(162)	-
Net cash (used in)/from financing activities	(1,741)	345
Net decrease in cash and cash equivalents	(1,439)	(5,063)
Cash and cash equivalents at beginning of financial year	6,118	6,329
Effects of exchange rate changes on cash and cash equivalents	(6)	-
Cash and cash equivalents at end of the period	4,673	1,266
Cash and cash equivalents comprise the following:		
Cash and cash equivalents	4,895	2,156
Less Restricted cash	(222)	(890)
Cash and cash equivalents as per statement of cash flows	4,673	1,266

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	\$'000
At 1 January 2019	43,461	(345)	36	(2,010)	(11,471)	29,671	(4,786)	24,885
Loss 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)
At 31 March 2019	58,535	(284)	36	(2,010)	(11,342)	44,935	(4,752)	40,183

Group	Attributable to equity holders of the Company						Total	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			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2018	43,461	268	36	-	(7,454)	(32)	36,279	(5,209)	31,070
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
At 31 March 2018	43,461	702	36	-	(9,442)	(32)	34,725	(5,770)	28,955

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)
Profit for the financial period	–	(325)	(325)
Issue of right shares	15,300	–	15,300
Right shares expenses	(226)	–	(226)
At 31 March 2019	58,535	(51,074)	7,461

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
At 31 March 2018	43,461	(44,895)	(1,434)

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.

Changes in share capital during the financial period

	31.03.2019	31.12.2018
At beginning of the period	119,999,995	119,999,995
Issuance of new ordinary shares pursuant to:		
- Rights issue exercise	179,999,992	-
At the end of the period	299,999,987	119,999,995

The Company has undertaken a renounceable non-underwritten right issue (the "Rights Issue") of up to 179,999,992 new ordinary shares in the capital of the company ("Rights Shares") at an issue price of S\$0.085 for each rights share ("Issue Price"), on the basis of three (3) rights share for every two (2) existing ordinary shares in the issued and paid up capital of the Company ("Shares") held by Entitled Shareholders. On 14 February 2019, the Company announced that pursuant to the Rights Issue, an aggregate of 179,999,992 Rights Shares were allotted and issued by the Company. The number of issued Shares in the Company has increased from 119,999,995 to 299,999,987 Shares.

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.

	31.03.2019	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 \$9.4 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

	1 st quarter ended	
	31-Mar-19	31-Mar-18
(i) Based on weighted average number of ordinary shares in issue	0.06 cents	(1.66) cents
Net earnings/(loss) per ordinary share for the period	0.06 cents	(1.66) cents
Weighted average number of ordinary shares in issue	213,033,699	119,999,995
(ii) On a fully diluted basis	0.10 cents	(1.97) cents
Net earnings/(loss) per ordinary share for the period	0.10 cents	(1.97) cents
Weighted average number of ordinary shares in issue	213,033,699	119,999,995

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
Net asset value per ordinary share based on existing share capital	15 cents	25 cents	3 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 or loss review

Revenue

	Group		
	1Q2019	1Q2018	%
	\$'000	\$'000	Change
Supply Chain Management			
Marine cables and accessories	5,279	3,743	41
Marine lighting equipment and accessories	2,106	2,065	2
Lamp and others	1,264	1,119	13
	8,649	6,927	25
Security	1,579	341	363
Engineering Services	99	63	57
Total revenue	10,327	7,331	41

Supply Chain Management

Supply Chain Management Division accounts for 84% of the Group's turnover in 1Q2019, of which marine cables and accessories contributed 61%, marine lighting equipment and accessories 24% and others 15%. Revenue from the division increased by 20% mainly due to the increase in business activities of customers.

Security

Security Division mainly provides security products and solutions relating to information technology. The division accounts for 15% of the Group's turnover in 1Q2019. Revenue from the division increased by 78% mainly due to sales to new customers.

Engineering Services

Engineering Services Division accounts for 1% of the Group's turnover in 1Q2019. Revenue from Engineering Services Division increased by 36% mainly due to sales to new customers.

Gross profit

The Group's overall gross margin increased from 33% in 1Q2018 to 38% in 1Q2019, mainly due to higher revenue in the Supply Chain Management division where the margins are higher.

Other operating income/(expenses)

Other operating income/(expenses) increased by \$0.4 million from expenses of \$230,000 in 1Q2018 to an income of \$167,000 in 1Q2019, mainly due to increase in interest income and lower foreign exchange losses.

Operating expenses

The Group's operating expenses comprise mainly of selling & distribution and administrative expenses. Selling & distribution expenses increased by 7% or \$0.2 million, from \$2.2 million in 1Q2018 to \$2.4 million in 1Q2019, mainly due to higher provisions for stock obsolescence, partially offset by decrease in personnel related cost.

Administrative expenses decreased by 21% or \$0.3 million, from \$1.3 million in 1Q2018 to \$1.0 million in 1Q2019, mainly due to lower personnel related cost, partially offset by increase in depreciation of right-of-use assets which was applicable from 1Q2019 as a result of the adoption of SFRS(I) 16.

Share of results of joint venture

The increase in share of results of joint venture was mainly due to higher profit recognized by the Group's joint venture company in 1Q2019.

Share of results of associated companies

The decrease in share of losses of associated companies was mainly due to lower losses recognized by the Group in relation to its associated companies for 1Q2019.

Income tax credit

The income tax credit was due mainly to the recognition of income tax refund from the tax authority.

Interest on borrowings

The increase in interest on borrowings in 1Q2019 compared to 1Q2018 was mainly due to increase in bank borrowings to support the Group's working capital.

Provision for stock obsolescence

The higher provision for stock obsolescence is in accordance to the Group's stock policy.

Write-back/(provision) for doubtful debts

Higher provision for doubtful debts in 1Q2018 was mainly due to higher impairment provisions recognized in 1Q2018 in view of the weak marine and offshore markets where payment from customers are slower coupled with poor performance by certain customers.

Net profit/(loss) for the period

The Group registered a net profit of \$163,000 in 1Q2019 as compared with a net loss of \$2.4 million in 1Q2018, mainly due to higher revenue, lower provision for doubtful debt expenses and lower personnel related costs, 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 Analysis

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 associated companies

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

Intangible assets

The increase in intangible assets was mainly due to increase the development cost of a Group subsidiary.

Inventories

Inventories increased by \$0.9 million from \$22.3 million as at 31 December 2018 to \$23.2 million in 1Q2019, mainly due to increase in raw materials and work in progress by the Security and Engineering Services Division, partially offset by higher provision for stock obsolescence.

Contract assets

This relates to unbilled work-in-progress for a project of the Security Division.

Trade receivables

Trade receivables increased by \$2.9 million from \$9.9 million as at 31 December 2018 to \$12.8 million in 1Q2019, mainly due to higher revenue.

Other receivables

The decrease in other receivables of \$0.6 million from \$3.5 million as at 31 December 2018 to \$2.9 million in 1Q2019 was mainly due to offsetting of deposit to supplier upon receipts of such supplies.

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.

Trade payables

Trade payables increased by \$2.7 million from \$1.8 million as at 31 December 2018 to \$4.5 million in 1Q2019, mainly due to higher purchases as a result of increased level of activities.

Other payables

The decrease in other payables of \$14.9 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

The net cash flows generated from operating activities for 1Q2019 was \$78,000, as compared to net cash flows used in operating activities of \$2.1 million in 1Q2018. The decreases were mainly due to higher income tax paid in 1Q2018.

The net cash flows generated from investing activities for 1Q2019 was \$0.4 million, as compared to net cash flows used in investing activities of \$3.3 million in 1Q2018, mainly due to the settlement of provisions for liabilities and loan to an associated company made in 1Q2018.

The net cash used in financing activities for 1Q2019 was \$1.6 million, as compared to net cash flows generated from financing activities of \$0.3 million in 1Q2018, mainly due to decrease in drawdown 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 Group entered FY2019 with cautious optimism.

Offshore and Marine (O&M) activities saw some indications of improvements coming into 2019 with some level of stabilisation of oil prices from 2018. The Group's core business, the Supply Chain Management ("SCM") division, regained some footing on the back of these developments with a 20% increase in revenue for 1Q2019 to S\$8.6 million, from \$6.9 million in 1Q2018, driven primarily by increased orders from the marine cables and accessories segment. The Group looks forward to new regulations by the International Maritime Organization ("IMO") to reduce sulphur oxide emissions coming into effect in 2020 as a strong driver for the increase in demand for the SCM division's products in FY2019 and FY2020.

The Engineering Services division continues to work with reputable Japanese partners, Taiyo Electric Co. Ltd ("Taiyo") and Sanshin Electric Corporation Ltd ("Sanshin"). The Group is working on securing orders to be delivered in Japan and China in FY2019 and FY2020, tapping on the strong network and connections of its Japanese partners. Another key initiative that the Engineering Services division is driving relates to the exclusive distribution agreement obtained from Future Pipes Industry ("FPI") for glass reinforced epoxy ("GRE") pipes in the territories of Singapore, Vietnam and Japan. Similar to what is noted for the SCM division, upcoming IMO regulations has produced rising demand for the Engineering division's turn key solutions in GRE pipes material supplies, pre-fabrications, engineering designs, installation and commissioning. Such solutions and capabilities were strategically planned ahead by the Group two years prior, making for a timely entrance into the market as demand increases in reaction to the related IMO regulations. The Engineering division is also looking towards environmental, electrification and digitalization initiatives in Singapore to uplift the presence and quality of green technologies and solutions in Singapore, as part of the Group's pivot of its business focus towards solutions that reinforce green practices and sustainability development.

The Group's Security division continues to see orders from both government agencies and private companies in Singapore and overseas. Focus for this division is on expediting the pace of research and development ("R&D") through its Taipei facility, thereby facilitating the launch of a series of products to complete the division's range of advanced sensing systems. Once achieved, the full product range will increase the division's competitiveness and standing in the market. The division also seeks to grow its cyber security business regionally by leveraging on partnerships with strong partners such as Sasa

Software (Israel) and Horangi Cyber Security, providing access and solutions to powerful and effective cyber security solutions towards the protection of critical info-infrastructures.

For its LED lighting systems business, the Group's associated company, GL Lighting Holding Pte Ltd ("GLH"), saw the completion of its new LED factory in Kunshan in 4Q2018. The new factory offers 22,500 square meters of mechanical and electronic production facilities featuring automation processes. With the increased capacities and the ability to comply with strict safety and technical requirements, GLH will be able to take on long-term OEM/ODM contracts with major international customers. Production has commenced in 1Q2019.

11. Dividend

(a) Current Financial Period Reported On?

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year?

None.

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the quarter ended 31 March 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 31 March 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 and 13 February 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 under the Minimum Subscription Scenario as previously announced S\$’000	Intended use of proceeds allocated based on final results of Rights Issue S\$’000	Amount utilised as per this announcement S\$’000	Balance S\$’000
R&D activities and patents applications	1,800	1,800	746	1,054
Expansion of production facilities, product range, engineering capabilities, cyber security operation and digitalisation service offerings	1,400	1,400	1,400	-
General working capital**	100	347	347	-
Total	3,300	3,547	2,493	1,054

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.

The Board will continue to provide periodic announcements on the utilisation of the balance of the proceeds from the Rights Issue as and when the proceeds are materially disbursed.

On behalf of the Board of Directors

Vincent Lim Hui Eng
Executive Chairman and
Chief Executive Officer
10 May 2019

Patrick Lim Hui Peng
Chief Operating Officer