

AMOS GROUP LIMITED
 (Company Registration Number: 201004068M)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

CONSOLIDATED INCOME STATEMENT

	Group 1st Qtr Ended		Incr/ (decr) %
	30/06/2019 S\$'000	30/06/2018 S\$'000	
Revenue	33,155	31,955	3.8
Cost of sales	(26,371)	(25,275)	4.3
Gross profit	6,784	6,680	1.6
Distribution costs	(2,984)	(2,768)	7.8
Administrative cost	(7,926)	(5,731)	38.3
Other Operating (expenses) income	(859)	545	NM
Finance cost	(600)	(494)	21.5
Loss before income tax	(5,585)	(1,768)	215.8
Income tax (expense) credit	(6)	30	NM
Loss for the period	(5,591)	(1,738)	221.6
Loss attributable to:			
Owners of the Company	(5,547)	(1,685)	229.1
Non-controlling interests	(44)	(53)	(17.0)
	(5,591)	(1,738)	221.6
Gross profit margin	20.5%	20.9%	(2.1)
Net loss margin	-16.9%	-5.4%	210.0
EBITDA ⁽¹⁾ (S\$'000)	(1,881)	(374)	402.9
EBITDA margin	-5.7%	-1.2%	384.7

⁽¹⁾ : Denotes earnings before finance cost, taxes, other operating (expenses) income, depreciation and amortization

NM: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group 1st Qtr Ended		Incr/ (decr)
	30/06/2019	30/06/2018	%
	S\$'000	S\$'000	%
Loss for the period	(5,591)	(1,738)	221.6
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Translation (loss) gain arising on consolidation	(205)	397	NM
Other comprehensive income for the period, net of tax	(205)	397	NM
Total comprehensive income for the period	(5,796)	(1,341)	332.2
Total comprehensive income attributable to:			
Owners of the Company	(5,751)	(1,289)	346.2
Non-controlling interests	(45)	(52)	NM
	(5,796)	(1,341)	332.2

1(a)(ii) Loss before income tax is arrived at after charging/(crediting) the following:

	Group 1st Qtr Ended		Incr/ (decr) %
	30/06/2019 S\$'000	30/06/2018 S\$'000	
Acquisition and restructuring cost	271	147	84.4
Depreciation – Right of use assets ("ROU")	470	-	NM
Depreciation	1,775	1,445	22.7
Foreign exchange loss (gain)	423	(155)	NM
Interest expense	600	494	21.5
Gain on disposal of property, plant and equipment ("PPE")	(16)	(595)	(96.6)

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2019 S\$'000	31/03/2019 S\$'000	30/06/2019 S\$'000	31/03/2019 S\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	18,036	28,607	11,066	11,192
Trade receivables	35,958	32,512	1,300	1,745
Contract assets	3,247	3,465	-	334
Other receivables	5,798	4,540	849	769
Income tax receivables	2	34	-	-
Inventories	56,313	57,867	-	-
	119,354	127,025	13,215	14,040
Assets held for sale	8,556	8,556	-	-
Total current assets	127,910	135,581	13,215	14,040
Non-current assets				
Property, plant and equipment	75,219	75,816	186	227
Club membership	27	27	-	-
Intangible assets	185	-	185	-
Goodwill	100	125	-	-
Deferred tax assets	100	101	-	-
Right of use assets	7,505	-	1,043	-
Subsidiary	-	-	153,266	153,461
Associates	42	42	-	-
Total non-current assets	83,178	76,111	154,680	153,688
Total assets	211,088	211,692	167,895	167,728
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	27,452	26,092	-	-
Contract liabilities	277	394	-	-
Other payables	10,586	10,554	920	911
Provision	408	408	-	-
Current portion of bank borrowings	11,121	11,363	-	-
Current portion of lease liabilities	1,727	144	420	-
Income tax payable	2	-	-	-
Total current liabilities	51,573	48,955	1,340	911

STATEMENTS OF FINANCIAL POSITION - continued

	Group		Company	
	30/06/2019	31/03/2019	30/06/2019	31/03/2019
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Bank borrowings	35,996	39,326	-	-
Lease liabilities	5,995	89	649	
Deferred tax liabilities	60	62	9	9
Total non-current liabilities	<u>42,051</u>	<u>39,477</u>	<u>658</u>	<u>9</u>
Total liabilities	<u>93,624</u>	<u>88,432</u>	<u>1,998</u>	<u>920</u>
Net assets	<u>117,464</u>	<u>123,260</u>	<u>165,897</u>	<u>166,808</u>
Capital, reserves and non-controlling interests				
Share capital	166,256	166,256	166,256	166,256
(Accumulated losses) / Retained earnings	(50,277)	(44,730)	(359)	552
Translation reserve	863	1,067	-	-
Other reserve	598	598	-	-
Equity attributable to owners of the Company	<u>117,440</u>	<u>123,191</u>	<u>165,897</u>	<u>166,808</u>
Non-controlling interests	24	69	-	-
Total equity	<u>117,464</u>	<u>123,260</u>	<u>165,897</u>	<u>166,808</u>
Total liabilities and equity	<u>211,088</u>	<u>211,692</u>	<u>167,895</u>	<u>167,728</u>

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

Amount repayable in one year or less, or on demand

	30/06/2019		31/03/2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	1,296	-	1,516	-
Short terms loan	9,500	-	9,500	-
Lease liabilities	112	1,615	144	-
Overdrafts	-	325	-	347
	10,908	1,940	11,160	347

Amount repayable after one year

Term loans	35,996	-	39,326	-
Lease liabilities	79	5,916	89	-
	36,075	5,916	39,415	-

Details of any collaterals

Certain bank borrowings are secured by a legal mortgage over the Group's freehold & leasehold land and buildings, certain plant and machinery, a floating charge over certain inventories of the Group.

The expected proceeds from the sale of assets classified as held for sale will be contractually required to be utilized to repay SG\$20.5 million term loans.

Certain lease liabilities are secured by charges over the leased assets.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	30/06/2019	30/06/2018
	S\$'000	S\$'000
Operating activities	(5,585)	(1,768)
Loss before income tax		
Adjustments for:		
Interest expense	600	448
Interest income	(2)	(8)
Depreciation	1,775	1,445
Depreciation – right of use	470	-
Trade receivables written down (recovered)	20	16
Gain on disposal of PPE	(16)	(595)
Net foreign exchange (gain) loss - unrealized	(215)	124
Operating cash flows before movements in working capital	<u>(2,953)</u>	<u>(338)</u>
Trade receivables	(3,537)	(4,113)
Contract assets	215	(1,624)
Other receivables and prepayments	(1,277)	4,114
Inventories	1,471	1,999
Trade payables	4,507	(390)
Contract liabilities	(116)	653
Other payables	298	(10,858)
Provision	-	(231)
Bank bills payable	-	(4,734)
Cash used in operations	<u>(1,392)</u>	<u>(15,522)</u>
Interest paid for bank bills	(36)	(42)
Interest received	2	8
Income tax refund (paid)	27	(241)
Net cash used in operating activities	<u>(1,399)</u>	<u>(15,797)</u>
Investing activities		
Proceeds on disposal of PPE	30	692
Purchases of PPE	(4,382)	(936)
Acquisition for intangible assets	(185)	-
Net cash used in from investing activities	<u>(4,537)</u>	<u>(244)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS - continued

	Group	
	1st Qtr Ended	
	30/06/2019	30/06/2018
	S\$'000	S\$'000
Financing activities		
Repayments of loan from third party	-	(2,000)
Repayments of other payables	-	(1,400)
Interest paid for other borrowings	(564)	(537)
Repayment of obligations under leased liabilities	(487)	(192)
Repayment of bank loans	(3,549)	(3,472)
Restricted cash at bank	300	(603)
Net cash used in financing activities	(4,300)	(8,204)
Net decrease in cash and cash equivalents	(10,236)	(24,245)
Effect of exchange rate changes on cash and cash equivalents	(12)	36
Cash and cash equivalents at beginning of the period	26,652	71,210
Cash and cash equivalents at end of the period	16,404	47,001
Cash and cash equivalents comprise the following:		
Cash and bank balances	18,036	47,604
Fixed deposit	(790)	-
Restricted cash at bank	(517)	(603)
Bank overdraft	(325)	-
	16,404	47,001

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

	Share Capital S\$'000	(Accumulated losses) Retained earnings S\$'000	Translation reserve S\$'000	Other reserves		Attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
				Merger reserves S\$'000	Revaluation reserves S\$'000			
At 1 April 2019	166,256	(44,730)	1,067	(19,769)	20,367	123,191	69	123,260
Total comprehensive income for the period								
Loss for the period	-	(5,547)	-	-	-	(5,547)	(44)	(5,591)
Other comprehensive income for the period	-	-	(204)	-	-	(204)	(1)	(205)
Total	166,256	(5,547)	(204)	-	-	(5,751)	(45)	(5,796)
At 30 June 2019	166,256	(50,277)	863	(19,769)	20,367	117,440	24	117,464
1 April 2018	166,302	(10,189)	691	(19,769)	-	137,035	83	137,118
Total comprehensive income for the period								
Loss for the period	-	(1,685)	-	-	-	(1,685)	(53)	(1,738)
Other comprehensive income for the period	-	-	396	-	-	396	1	397
Total	-	(1,685)	396	-	-	(1,289)	(52)	(1,341)
At 30 June 2018	166,302	(11,874)	1,087	(19,769)	-	135,746	31	135,777
At 1 April 2019	166,256	552	-	-	-	166,808	-	166,808
Loss for the period, representing total comprehensive income for the period	-	(911)	-	-	-	(911)	-	(911)
At 30 June 2019	166,256	(359)	-	-	-	165,897	-	165,897
At 1 April 2018	118,340	3,041	-	-	-	121,381	-	121,381
Loss for the period, representing total comprehensive income for the period	-	(356)	-	-	-	(356)	-	(356)
At 30 June 2018	118,340	2,685	-	-	-	121,025	-	121,025

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 were no outstanding convertibles which may be converted to shares. There were no treasury shares and subsidiary holdings held.

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

	30/6/2019	31/03/2019
The total number of issued shares excluding treasury shares	2,597,374,250	2,597,374,250

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

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

As at 30 June 2019, there were no sales, transfers, cancellation and / or use of subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited and/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, the Group has adopted the same accounting policies and methods of computation in the announcement for the current financial period as those applied in the Group's most recently audited financial statements for the financial year ended 31 March 2019 as well as all the applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 April 2019.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2019. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

The Group has adopted a new accounting policy as follows:

SFRS(I) 16 Leases

SFRS(I) 16 Leases SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group recognizes its existing operating lease arrangements as ROU assets with corresponding lease liabilities and measures lease liabilities by applying a single discount rate to its leases.

The Group has applied SFRS (I) 16 using the modified retrospective approach to recognize amounts of ROU assets equal to its lease liabilities on 1 April 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with the principles of SFRS(I) 16. Accordingly, the comparative information presented for 2019 has not been restated – it is presented, as previously reported, under SFRS (I) 1- 17 and related interpretations.

Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

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

	Group	
	1st Qtr Ended	
	30/06/2019	30/06/2018
	S\$'000	S\$'000
Net loss after attributable to owners of the Company (S\$'000)	(5,547)	(1,685)
Weighted average number of ordinary shares for calculation of ('000):		
- Basic earnings per share	2,597,374	2,597,374
- Diluted earnings per share	2,597,374	2,597,374
Earnings per share (“EPS”) (cents/share)		
(a) Based on weighted average number of ordinary shares	-0.21	-0.06
(b) On a fully diluted basis	-0.21	-0.06

The Company has no dilutive equity instruments as at 30 June 2019.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year**

	Group		Company	
	30/06/2019 S\$'000	31/03/2019 S\$'000	30/06/2019 S\$'000	31/03/2019 S\$'000
Net asset value attributable to shareholders of the Company (S\$'000)	117,440	123,191	165,897	166,808
Number of ordinary shares ('000)	2,597,374	2,597,374	2,597,374	2,597,374
Net asset value per ordinary share (cents)	4.52	4.74	6.39	6.42

8. Review of the Group's performance

Revenue

	1st Qtr Ended		Incr/ (decr) %
	30/06/2019	30/06/2018	
	S\$'000	S\$'000	
Marine	17,986	19,866	(9.5)
Offshore	15,169	12,089	25.5
Total	<u>33,155</u>	<u>31,955</u>	3.8

1Q FY2020 vs 1Q FY2019

For first quarter ended 30 June 2019 ("1Q FY2020"), the Group's revenue was S\$33.2 million, representing an increase of S\$1.2 million or 3.8% compared to S\$31.9 million for the corresponding period ended 30 June 2018 ("1Q FY2019"). The increase in revenue is due to an increase of S\$3.1 million in the Offshore segment and partially offset by the decrease of S\$1.9 million in the Marine Segment.

Gross profit

1Q FY2020 vs 1Q FY2019

Gross profit showed a slight increase of S\$0.1 million in 1Q FY2020, compared to S\$6.7 million in 1Q FY2019. The corresponding gross profit margin did not vary significant from that of 1Q FY2019.

Distribution costs

1Q FY2020 vs 1Q FY2019

Distribution costs in 1Q FY2020 did not vary significantly from that of 1Q FY 2019.

Administrative expenses

1Q FY2020 vs 1Q FY2019

Administrative expenses in 1Q FY2020 increased by 38.3% to S\$7.9 million compared to S\$5.7 million in 1Q FY2019. This is primarily due to an increase in headcount and the corresponding staff related costs to support expected higher revenue base and volume. Another increase is a result from revaluation of PPE which increased the depreciation amount.

Other operating (expenses) income

1Q FY2020 vs 1Q FY2019

1Q FY2020 incurred S\$0.8 million of other operating expenses, which was mainly due to a foreign exchange loss of S\$0.4 million as a result from the depreciation in RMB and USD.

Finance cost

1Q FY2020 vs 1Q FY2019

The Finance cost in 1Q FY2020 increased by 21.5% due to adoption of SFRS(I) 16 Leases.

Loss before income tax

As a result of the above reasons, the loss before income tax was S\$5.6 million for 1Q FY2020.

Review of statement of financial position

Current assets

The current assets decreased by S\$7.7 million from S\$135.6 million as at 31 March 2019 to S\$127.9 million as at 30 June 2019. The decrease was mainly due to: (i) a decrease in cash and cash equivalents of S\$10.6 million for loan repayment and capital expenditure, and (ii) a decrease in inventories by S\$1.6 million due to inventories sales during the normal course of business, offset by an increase in trade receivables of S\$3.4 million.

Non-current assets

The non-current assets increased by S\$7.1 million from S\$76.1 million as at 31 March 2019 to S\$83.2 million as at 30 June 2019. The increase is mainly due to adoption of SFRS (I) 16 Leases on 1 April 2019.

Current liabilities

The current liabilities increased by S\$2.6 million from S\$48.9 million as at 31 March 2019 to S\$51.6 million as at 30 June 2019. The increase was mainly due to increase in trade payables of S\$1.4 million and the impact of the adoption of SFRS(I) 16 Leases on 1 April 2019.

Non-current liabilities

Non-current liabilities increased by S\$2.6 million from S\$39.5 million as at 31 March 2019 to S\$42.1 million as at 30 June 2019. The increase was mainly due to the adoption of SFRS (I), 16 Leases on 1 April 2019 and the increase was offset by repayment of bank borrowings.

Capital, reserves and non-controlling interests

The decrease in shareholder's equity of S\$5.8 million was mainly due to a loss of S\$5.6 million during the period.

Review of statement of Cash Flows

1Q FY2020 ended 30 June 2019

Net cash used in operating activities

In 1Q FY2020, the Group had operating cash outflows of S\$3.0 million from operating activities before movements in working capital.

The Group's net working capital inflow amounted to S\$1.6 million, mainly due to: (i) an increase in trade payables of S\$4.5 million, (ii) a decrease in inventories by S\$1.5 million resulting from sales during the normal course of business. These changes were offset by (i) an increase in trade receivables of S\$3.5 million, (ii) an increase in other receivables and prepayments of S\$1.3 million.

Overall, the Group's net cash used in operating activities amounted to S\$1.4 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$4.5 million in 1Q FY2020 mainly due to the payment for purchase and construction of PPE of S\$4.4 million and acquisition of intangible assets of S\$0.2 million.

Net cash used in financing activities

Net cash used in financing activities amounted to S\$4.3 million in 1Q FY2020. The cash were used for: (i) the repayment of bank borrowings and related interest of S\$4.1 million, (ii) leased liabilities paid of S\$0.5 million, offset by reduction in restricted cash at bank of S\$0.3 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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 1Q FY2020, both the Marine and Offshore industries continued to face challenging market conditions due to slowing international trade and slow activity in oil & gas exploration and production. In response, AMOS management executed several initiatives to better compete in supplying customers with competitively priced and quality products and services.

AMOS has experienced reasonably good sales growth in 1Q FY2020, which was up 6% compared to recent 4Q FY2019 and 3.8% compared to previous year's 1Q FY2019. The Group also reduced administrative expenses by 8% compared to 4Q FY2019. In FY 2020, the Group will continue to enhance operating efficiencies and streamline its cost structure to improve its future financial performance. For example, the Group is undertaking a major investment in advanced enterprise resource planning (ERP) software to better integrate and align business functions. Once the ERP implementation is completed, AMOS will leverage the leading data analytics and process management capabilities to better serve its growing customer base.

Importantly, AMOS continues investing in facility modernization, certification, efficiency improvements and capability enhancements across its major facilities. These investments will provide both near-term and long-term benefits to AMOS.

In 1Q FY2020, AMOS expanded its headquarter property at 156 Gul Circle in Singapore by 37% to 246,000 sq. ft. to provide modern corporate offices and a state-of-the-art fulfilment and solutions center with warehousing and cold-chain storage. This technologically advanced facility is now the home of all of the Group's Singapore staff. An additional benefit from the upgraded property was a S\$20.4 million increase in valuation of this property, which correspondingly increased shareholders' equity by the same amount. In addition, AMOS will complete capacity expansion and upgrade of its existing Johor Bahru facility in Malaysia by 2Q FY2020 to expand production capacity as well as lower costs. In tandem with the Johor Bahru expansion a portion of the current Singapore production activities will transfer to Malaysia to support increased market activity in the country's offshore market.

With the consolidation and optimization of the facilities in Singapore and Malaysia, certain owned and leased properties are no longer needed. Therefore, in FY2020, the Group terminated several leased properties in Singapore to reduce operating expenses going forward. In addition, the Group has already announced the divestment of three under-utilized properties in Singapore and plans to receive gross proceeds of S\$20.5 million in FY2020 with the proceeds used to pay down bank loans and improve the capital structure.

AMOS is striving to generate cashflow and better utilize financial assets and reduce bank debt. The Group improved net cash used in operating activities to S\$1.4 million, which is down significantly from S\$15.8 million used in 1Q FY2019 and S\$19.7 million in full year FY2019. AMOS's total bank loans decreased in 1Q FY2020 by S\$3.5 million to a balance amounting to S\$47.1 million as of 30 June 2019. In addition to reducing the bank loan balance through the Group's future operational activities, AMOS intends to pay down bank loans by S\$20.5 million through proceeds from the announced sale of three Singapore properties in FY2020.

These important strategic initiatives are helping AMOS position itself as a global leader in supplying products, services, and solutions to marine and offshore customers across Asia, the Middle East and Europe for a sustainable and successful future.

11. Dividend

11(a) Any dividend declared for the current financial period reported on?

Nil

11(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

No

11(c) Date payable

Not applicable.

11(d) Books closure date

Not applicable.

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

No dividend has been declared as the Group has incurred a loss for the 1Q FY2020 ended 30 June 2019.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

Not applicable as no IPT mandate has been obtained.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1) of the Listing Manual.

15. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.

The Company would like to update that for the 1st Quarter ended 30 June 2019, further funds from the Net Proceeds have been utilized and the details are as depicted in table below:

Table showing utilization of Net Proceeds

Use of Net Proceeds	Revised Allocation of the Net Proceeds set out in the 23 May 2019 Announcement		Balance of Net Proceeds as at 31 March 2019	Net Proceeds utilized from 1 April 2019 to 30 June 2019	Balance of Net Proceeds as at 30 June 2019
	S\$'000	%	S\$'000	S\$'000	S\$'000
Repayment of loan	8,100	11.95	-	-	-
Strengthening the financial position of the Group by enlarging the Company's working capital	54,700	80.68	25,967	10,186	15,781
Growing the existing business of the Group (2)	5,000	7.37	2,640	385	2,255
	67,800		28,607	10,571	18,036

Breakdown for working capital:

	S\$'000
Upgrade of Group's existing facilities and purchase of equipment	3,907
Trade and other payables	6,279
Total	10,186

Notes (as set out in the 13 March 2018 Announcement):

- (1) For the purposes of financing (i) the purchase of new equipment, (ii) the recruitment and retention of new sales and engineering staff, to bring in new sales and to provide technical know-how and services and/or create value-added products needed for the new sales respectively, in order to reduce inventory, (iii) upgrades and resizing of the Group's existing facilities and/or offices in order to tailor to future business needs, and (iv) the procurement of additional SAP modules to enhance corporate management and accounting controls.
- (2) Including to (i) invest in marketing programs to enhance the Group's brand image in the marketplace and better position the Group for future business opportunities, (ii) pursue potential strategic growth opportunities (including alliances, mergers and acquisitions, joint ventures and investments as and when they may arise) and (iii) participate in tender bids with customers in the O&G and marine sectors.

16. Negative confirmation pursuant to Rule 705(5)

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 3 months ended 30 June 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

KYLE ARNOLD SHAW, JR

Executive Chairman

9 August 2019