

Asiatravel.com



ASIATRavel.COM HOLDINGS LTD ("Company")
(Co. Regn. No.: 199907534E)

First Quarter Financial Statement And Related Announcement For The Period Ended 31st December 2015

PART I - INFORMATION REQUIRED FOR FIRST QUARTER RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2015

- 1(a) 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.

	GROUP S\$'000		%
	October 2015 to December 2015	October 2014 to December 2014	Increase / (Decrease)
Revenue			
Sales of services	24,228	23,497	3.1
Other items of income			
Interest income from loans and receivables	1	2	N/M
Other income	273	222	23.0
	<u>24,502</u>	<u>23,721</u>	3.3
Items of expenses			
Changes in inventories	20,404	19,507	4.6
Amortisation of intangible assets	310	344	(9.9)
Salaries and employee benefits	2,413	2,343	3.0
Depreciation of property, plant and equipment	251	185	35.7
Other operating expenses	2,715	3,043	(10.8)
Finance costs	62	30	N/M
	<u>26,155</u>	<u>25,452</u>	2.8
Loss before tax	(1,653)	(1,731)	(4.5)
Income tax	(12)	(14)	N/M
Loss net of tax	<u>(1,665)</u>	<u>(1,745)</u>	(4.6)
Attributable to:			
Owners of the Company	(1,546)	(1,559)	(0.8)
Non-controlling interests	(119)	(186)	(36.0)
	<u>(1,665)</u>	<u>(1,745)</u>	(4.6)

N/M = Not Meaningful

STATEMENT OF COMPREHENSIVE INCOME FOR FIRST QUARTER RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2015

	GROUP S\$'000		%
	October 2015 to December 2015	October 2014 to December 2014	Increase / (Decrease)
Loss net of tax	(1,665)	(1,745)	(4.6)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation of financial statements of foreign subsidiaries	(133)	524	N/M
Total comprehensive income for the year	(1,798)	(1,221)	47.3
Total comprehensive income attributable to:			
Owners of the Company	(1,678)	(1,035)	62.1
Non-controlling interests	(120)	(186)	(35.5)
Total comprehensive income for the year	(1,798)	(1,221)	47.3

Notes :

- (i) Loss before tax is determined after charging / (crediting) the following :

	GROUP S\$'000		%
	October 2015 to December 2015	October 2014 to December 2014	Increase / (Decrease)
(a) Amortisation of intangible assets	310	344	(9.9)
(b) Depreciation of property, plant and equipment	251	185	35.7
(c) Foreign exchange(gain) / loss, net	(127)	92	N/M
(d) Interest income	(1)	(2)	N/M
(e) Finance costs	62	30	N/M
(f) Loss on disposal of property, plant and equipment	22	-	NA

N/M = Not Meaningful

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

	Group S\$'000		Company S\$'000	
	31/12/2015	30/09/2015	31/12/2015	30/09/2015
Intangible assets	8,023	8,132	3,859	3,908
Property, plant and equipment	5,731	5,932	260	297
Investment in subsidiaries	-	-	8,732	8,732
Other investments	85	85	-	-
Deferred tax assets	4	5	-	-
	13,843	14,154	12,851	12,937
Current Assets				
Inventories	4,500	4,996	65	65
Trade receivables	11,104	10,835	624	308
Prepaid operating expenses ¹	3,402	2,003	560	564
Other receivables	2,223	2,148	96	94
Amounts due from subsidiaries	-	-	15,145	13,967
Amounts due from other related parties	6	7	-	-
Fixed deposits and cash pledged	2,904	2,974	2,720	2,730
Cash and cash equivalents	5,869	6,074	3,578	3,262
	30,008	29,037	22,788	20,990
Current Liabilities				
Trade payables ²	5,094	3,494	-	-
Deferred income	4,562	4,782	179	250
Other payables ²	6,860	5,549	2,083	1,597
Amounts due to other related parties	-	-	-	-
Amounts due to subsidiaries	-	-	14,867	12,666
Obligations under finance leases	1,785	917	32	32
Income tax payable	26	38	-	-
	18,327	14,780	17,161	14,545
Net Current Assets	11,681	14,257	5,627	6,445
Non-Current Liabilities				
Obligations under finance leases	549	1,639	158	165
Deferred tax liabilities	2	3	-	-
Net Assets	24,973	26,769	18,320	19,217
Equity attributable to owners of the Company				
Share capital and treasury shares	52,983	52,981	52,983	52,981
Reserves	(30,093)	(28,415)	(34,663)	(33,764)
Shareholders' equity	22,890	24,566	18,320	19,217
Non-controlling interests	2,083	2,203	-	-
Total equity	24,973	26,769	18,320	19,217

¹ The Group's prepaid operating expenses increased by S\$1.4 million. The increase was mainly due to prepayment to hotels, resorts and suppliers to secure allotments for bookings.

² The Group's trade payables and other payables increased by S\$1.6 million and S\$1.3 million respectively. The increase was mainly due to longer credit terms given by suppliers.

(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2015		As at 30/09/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,785	NIL	917	NIL

Amount repayable after one year

As at 31/12/2015		As at 30/09/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
549	NIL	1,639	NIL

Details of any collateral

S\$2.33 million of hire purchase has been pledged against the Group's fleet of vehicles.

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.

	01/10/2015 to 31/12/2015 S\$'000	01/10/2014 to 31/12/2014 S\$'000
Cash flows from operating activities :		
Loss before income tax and non-controlling interests	(1,653)	(1,731)
Adjustments for :		
Depreciation of property, plant and equipment	251	185
Amortisation of intangible assets	310	344
Interest expense	62	30
Interest income	(1)	(2)
Share based compensation	-	1
Loss on disposal of property, plant and equipment	22	-
Exchange (gain) / loss - unrealised	(127)	92
Operating cash flows before changes in working capital	(1,136)	(1,081)
Changes in working capital		
Decrease / (increase) in inventories	496	(119)
Increase in receivables and prepaid operating expenses	(1,741)	(1,148)
Increase in payables	2,687	2,707
Increase in net amounts due from other related parties	-	9
Cash generated from operations	306	368
Interest paid	(62)	(30)
Interest received	1	2
Income tax paid	(22)	(81)
Translation adjustment	5	140
Net cash flows generated from operating activities	228	399
Cash flows from investing activities :		
Purchase of property, plant and equipment	(73)	(231)
Additional intangible assets	(229)	(337)
Decrease in fixed deposit pledged	129	-
Net cash flows used in investing activities	(173)	(568)
Cash flows from financing activities :		
Repayment of obligations under finance leases	(222)	(325)
Proceeds from conversion of warrants	3	-
Shares issuance expenses	(1)	-
Net cash flows used in from financing activities	(220)	(325)
Net decrease in cash and cash equivalents	(165)	(494)
Cash and cash equivalents at the beginning of year	6,074	5,500
Effects of exchange rate changes on cash and cash equivalents	(40)	30
Cash and cash equivalents at end of the period	5,869	5,036
Fixed deposit and cash pledged	2,904	1,850
Total cash balance	8,773	6,886

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Group</u>	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Share-based compensation reserve S\$'000	Total reserves S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
2016									
Balance at 1 October 2015	56,105	(3,124)	(28,792)	(1,008)	1,372	13	(28,415)	2,203	26,769
Loss net of tax	-	-	(1,546)	-	-	-	(1,546)	(119)	(1,665)
Other comprehensive income for the period									
Translation of financial statements of foreign subsidiaries	-	-	-	(132)	-	-	(132)	(1)	(133)
Total comprehensive income for the period	-	-	(1,546)	(132)	-	-	(1,678)	(120)	(1,798)
Others									
Proceed from conversion of warrants	3	-	-	-	-	-	-	-	3
Share issuance expenses	(1)	-	-	-	-	-	-	-	(1)
Total Others	2	-	-	-	-	-	-	-	2
Balance at 31 December 2015	56,107	(3,124)	(30,338)	(1,140)	1,372	13	(30,093)	2,083	24,973

<u>Group</u>	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Share-based compensation reserve S\$'000	Total reserves S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
2015									
Balance at 1 October 2014	46,530	(3,124)	(17,976)	(2,418)	1,372	9	(19,013)	2,289	26,682
Loss net of tax	-	-	(1,559)	-	-	-	(1,559)	(186)	(1,745)
<u>Other comprehensive income for the period</u>									
Translation of financial statements of foreign subsidiaries	-	-	-	524	-	-	524	-	524
Total comprehensive income for the period	-	-	(1,559)	524	-	-	(1,035)	(186)	(1,221)
<u>Contributions by and distributions to owners</u>									
Grant of employee share options	-	-	-	-	-	1	1	-	1
Total contributions by and distributions to owners	-	-	-	-	-	1	1	-	1
Balance at 31 December 2014	46,530	(3,124)	(19,535)	(1,894)	1,372	10	(20,047)	2,103	25,462

<u>Company</u>	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Share-based compensation reserve S\$'000	Total reserves S\$'000	Total equity S\$'000
2016						
Balance at 1 October 2015	56,105	(3,124)	(33,777)	13	(33,764)	19,217
Loss net of tax	-	-	(899)	-	(899)	(899)
Total comprehensive income for the period	-	-	(899)	-	(899)	(899)
<u>Contribution by and distributions to owners</u>						
Proceed from conversion of warrants	3	-	-	-	-	3
Share issuance expenses	(1)	-	-	-	-	(1)
Total contribution by and distributions to owners	2	-	-	-	-	2
Balance at 31 December 2015	56,107	(3,124)	(34,676)	13	(34,663)	18,320

<u>Company</u> 2015	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Share-based compensation reserve S\$'000	Total reserves S\$'000	Total equity S\$'000
Balance at 1 October 2014	46,530	(3,124)	(25,487)	9	(25,478)	17,928
Loss net of tax	-	-	(1,839)	-	(1,839)	(1,839)
Total comprehensive income for the period	-	-	(1,839)	-	(1,839)	(1,839)
<u>Contribution by and distributions to owners</u>						
Grant of employee share options	-	-	-	1	1	1
Total contribution by and distributions to owners	-	-	-	1	1	1
Balance at 31 December 2014	46,530	(3,124)	(27,326)	10	(27,316)	16,090

- 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.**

Details of any changes in the Group's issued share capital		Number of Ordinary Shares	Paid-up Capital S\$
As at 1 October 2015	Issued and fully paid ordinary shares at beginning of financial period	350,577,036	52,981,491
19 October 2015	Conversion of warrants into ordinary shares at conversion price of S\$0.273 each	11,250	3,071
As at 31 December 2015	Issued and fully paid ordinary shares at end of financial period	350,588,286	52,984,562

Note : There were 10,646,000 Treasury Shares as at 31 December 2015 and 31 December 2014.

The number of shares that may be issued on conversion of all outstanding options granted pursuant to the Employees' Share Option Scheme amounted to 300,000 as at 31 December 2015 and 31 December 2014.

As at 31 December 2015, there are 29,507,535 tranche 2 warrants in issue. Each warrant confers upon the warrant holder the right to subscribe in cash, one new share at an exercise price of S\$0.273 for Tranche 2.

Tranche 2 warrants will expire on 15 July 2016.

Save as disclosed above, there have been no bonus or other issues of shares during the period.

- 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.**

	Number of Ordinary Shares	Number of Ordinary Shares
	31/12/2015	30/09/2015
Total number of issued shares excluding treasury shares	350,588,286	350,577,036

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

During the financial period, there was no transaction pertaining to treasury shares.

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

The figures in this announcement have not been audited or reviewed.

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

N/A

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

Other than as mentioned in Section 5 regarding the adoption of new and revised Singapore Financial Reporting Standards, the same accounting policies and methods of computation have been applied as of the most recently audited annual financial statements.

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 adopted all new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2015. The adoption of the new and revised FRS had no significant impact on the financial statements of the Group.

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.

	GROUP	
	Oct 2015 to Dec 2015	Oct 2014 to Dec 2014
Loss per Ordinary Share for the full-year based on net profit attributable to shareholders:-		
(i) Based on the weighted average number of ordinary shares on issue	(0.44) cts	(0.50) cts
(ii) On a fully diluted basis	(0.44) cts	(0.50) cts

The basic loss per share (LPS) is computed based on the weighted average number of shares in issue of 350,585,963 during this period (1QFY2015: 310,577,036).

The financial effect of share options and warrants issued has been disregarded in the calculation for dilutive LPS for the period as they are anti-dilutive.

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	
	As at 31 December 2015	As at 30 September 2015
Net Asset Value per Ordinary Share based on issued share capital	6.53cts	7.01 cts

	COMPANY	
	As at 31 December 2015	As at 30 September 2015
Net Asset Value per Ordinary Share based on issued share capital	5.23 cts	5.48 cts

The Net Assets Value per Ordinary Share is computed on the number of 350,588,286 shares in issue as at 31 December 2015 and 350,577,036 shares as at 30 September 2015.

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group's revenue increased by 3.1% (S\$0.7 million) from S\$23.5 million in the corresponding financial period in FY 2015 to S\$24.2 million in the current financial period under review:

The increase in the Group's revenue was mainly due to the following:

- 1) Online China Outbound business increased by 10.7% (S\$0.4 million) from S\$4.1 million in 1QFY2015 to S\$4.5 million in 1QFY2016;
- 2) Online B2B business (TACentre.com) increased by 46.8% (S\$1.7 million) from S\$3.7 million in 1QFY2015 to S\$5.4 million in 1QFY2016; and
- 3) Online flight and tour package business increased by 3.1% (S\$0.1 million) from S\$3.4 million in 1QFY2015 to 1QS\$3.5 million in FY2016.

However the increase in revenue is offset by the other businesses mentioned below.

The revenue of the Group's online B2C reservation business decreased by 10.1% (S\$0.9 million) from S\$8.8 million in 1QFY2015 to S\$7.9 million in 1QFY2016 and the Group's offline wholesale business decreased by 19.0% (S\$0.7 million) from S\$3.5 million in 1QFY2015 to S\$2.8 million in 1QFY2016.

The decrease in the Group's revenue is mainly due to intense competition in the online hotel reservation environment coupled with general slow-down in tourism in the Group's core destinations in Asia.

To mitigate risk, the Group is converting the arrangement with some of the meta-search sites from a cost per click (acquiring traffic) model to commission/profit share arrangement which means there will be no cost if there is no booking.

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

No specific forecast or prospect statement was previously disclosed.

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.

Despite the competitive online hotel reservation environment and entry of global players into its markets in the past few years, the Group has been able to maintain its business volume and position as a major player in the S.E. Asian destinations and markets. At the same time the Group allocates significant expenses and resources to further develop its IT and booking platform to offer the full spectrum of travel products across multiple distribution channels, strengthen relationship with travel product owners and suppliers to secure competitive and comprehensive products and establish ground and servicing operation in all major S.E. Asian destinations and markets. The Group believes its investments in all these areas are now in a strong position to support significant scaling up of its business volume and revenue.

In addition to its online B2C channel (consumers direct bookings via asiatravel.com for global markets and cn.asiatravel.com for China market), the Group is now a major player in the online B2B channel (wholesaling to travel agencies via TACentre.com) and online B2B2C channel (corporate travelers bookings via closed platform (Saviost.com)). With this, the Group is now a multi-channel player in the consumer, wholesaling and corporate travel space.

The Company entered into an agreement in respect of placement of new shares worth S\$100 million and S\$126 million placement of new warrants on 26 November 2015 (as announced on 27 November 2015). A whitewash waiver was received from Securities Industry Council for the Proposed Placement of new shares and warrants to ZhongHong New World International Limited ("Placee") on 28 January 2016 (as announced on 29 January 2016). The Company has since submitted the additional listing application to its Sponsor on 5 February 2016. Once the Company receives its approval from Singapore Stock Exchange, the Company will convene an Extraordinary General Meeting to seek shareholders' approval on the proposed whitewash resolution and the issuance of new shares and warrants to the Placee.

With the completion of the placement (targeted to be completed by end March 2016), the Group will raise S\$100 million. This will be a game changer for the Group as it will have substantial financial resources to significantly scale up its revenue and fast track its profitability turnaround. The usage of the S\$100 million will be allocated to 3 main programs, namely Advertisement & Promotion, bulk purchase of hotel rooms and other travel products to secure rates that are even below wholesales rates in the market and China market expansion plan.

The Group's operating cost over the last 3 years has stabilized and with minimum incremental increase in the operating cost it can support a significant revenue growth. The Group has done many test marketing of the full spectrum of its products on many meta-search engines and advertising platforms and has been able to achieve a blended return for every \$1 spent with a S\$10 revenue generated in the B2C channel (business to consumers).

The Group's online B2B channel (TACentre.com) has gained significant traction as the revenue of this division has increased by 46.8% (S\$1.7 million) from S\$3.7 million in the corresponding financial period in FY2015 to S\$5.4 million in the current financial period in FY2016.

The Group launched its B2B2C channel (Saviost.com) in April 2015 and has amassed a reach of over 1.2 million persons employed by the corporate clients. It has been launched in Singapore, the Philippines, Thailand, U.A.E., Indonesia and Vietnam. In March 2016, it will be launched in China.

With its multi-channel distribution and expected placement proceeds, the Group is confident of achieving significant revenue growth in the next 12 months.

The Group believes that it has put in place vital strategies and corporate action plans that would well justify its last 3 years of perseverance, commitment and focus in its business value proposition which will ultimately enhance and create shareholder value.

11. Dividend

(a) Current Financial Period Reported On

Name of Dividend	NA
Dividend Type	
Dividend Amount per Share (in cents)	
Tax Rate	

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend NA
 Dividend Type
 Dividend Amount per Share (in cents)
 Tax Rate

(c) Date payable

NA

(d) Books closure date

NA

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

No final dividend has been declared.

13. If the group has obtained a general mandate from shareholders for interested person transactions (“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 the effect.

The Group has not obtained a general mandate from shareholders for IPTs.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
NA	NIL	NIL

14. Use of proceeds from placement

Further to the Company’s announcement made on 8 April 2015 relating to the completion of the placement, the Company wish to provide an update on the utilisation of the net proceeds from the placement of approximately S\$9,575,000.

As per the announcement on 14 August 2015, the balance of the net proceeds of the placement was S\$7,375,000. The Company has utilised S\$3,375,000 for its general working capital which is in line with the intended use of the net proceeds stated in the Announcement made on 23 October 2014. Subsequent to the aforementioned, the remaining balance of the net proceeds amounts to approximately S\$4,000,000 was in the Company’s current account.

15. Confirmation by the Board

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to its attention of which may render the interim financial statement for the financial period ended 31 December 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Boh Tuang Poh
Executive Director
(13/02/2016)

Heng Su-Ling, Mae
Independent Director
(13/02/2016)

*This announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

The Company's Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor is:-

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