



# ALLIED TECHNOLOGIES LIMITED

## Financial Statement for the period ended 31 March 2018

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

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

|                                                                                  | GROUP<br>3 months ended |                                  |              |
|----------------------------------------------------------------------------------|-------------------------|----------------------------------|--------------|
|                                                                                  | 1Q FY18<br>S\$'000      | 1Q FY17<br>S\$'000<br>(restated) | +/(-)<br>%   |
| <b><u>Continuing operations</u></b>                                              |                         |                                  |              |
| Revenue                                                                          | 26,759                  | 21,980                           | 22%          |
| Other income                                                                     | 102                     | 197                              | (48%)        |
| <b>Total revenue</b>                                                             | <b>26,861</b>           | <b>22,177</b>                    | <b>21%</b>   |
| Change in inventories of finished goods and work-in-progress                     | (1,470)                 | (739)                            | 99%          |
| Raw materials and consumables used                                               | (17,546)                | (14,602)                         | 20%          |
| Depreciation expenses                                                            | (474)                   | (368)                            | 29%          |
| Amortisation expenses                                                            | (1)                     | (3)                              | (67%)        |
| Staff costs                                                                      | (3,967)                 | (2,846)                          | 39%          |
| Other operating expenses                                                         | (2,796)                 | (2,743)                          | 2%           |
| <b>Total operating expenses</b>                                                  | <b>(26,254)</b>         | <b>(21,301)</b>                  | <b>23%</b>   |
| <b>Profit from operating activities</b>                                          | <b>607</b>              | <b>876</b>                       | <b>(31%)</b> |
| Interest on borrowings                                                           | (37)                    | (12)                             | 208%         |
| <b>Profit before tax from continuing operations</b>                              | <b>570</b>              | <b>864</b>                       | <b>(34%)</b> |
| Tax expense                                                                      | (54)                    | (16)                             | 238%         |
| <b>Profit from continuing operations, net of tax</b>                             | <b>516</b>              | <b>848</b>                       | <b>(39%)</b> |
| <b><u>Discontinued operation</u></b>                                             |                         |                                  |              |
| Profit from discontinued operation, net of tax                                   | 97                      | 714                              | (86%)        |
| <b>Profit after tax</b>                                                          | <b>613</b>              | <b>1,562</b>                     | <b>(61%)</b> |
| <b>Attributable to:</b>                                                          |                         |                                  |              |
| <b>Equity holders of the Company</b>                                             |                         |                                  |              |
| Profit from continuing operations, net of tax                                    | 516                     | 848                              | (39%)        |
| Profit from discontinued operations, net of tax                                  | 97                      | 714                              | (86%)        |
|                                                                                  | <b>613</b>              | <b>1,562</b>                     | <b>(61%)</b> |
| <b><u>Statement of comprehensive income</u></b>                                  |                         |                                  |              |
| <b>Profit after tax</b>                                                          | <b>613</b>              | <b>1,562</b>                     | <b>(61%)</b> |
| <i>Other comprehensive income</i>                                                |                         |                                  |              |
| <b><i>Items that may be reclassified to profit or loss</i></b>                   |                         |                                  |              |
| Disposal of subsidiaries                                                         | 291                     | -                                | n.m.         |
| Translation differences relating to financial statements of foreign subsidiaries | 451                     | (897)                            | (150%)       |
| <b>Total comprehensive income for the period</b>                                 | <b>1,355</b>            | <b>665</b>                       | <b>104%</b>  |
| <b>Attributable to equity holders of the Company</b>                             | <b>1,355</b>            | <b>665</b>                       | <b>104%</b>  |

**Note:**

- (i) n.m. - not meaningful  
(ii) Profit and loss for 1Q FY2017 have been restated in order to present the results of discontinued operation for comparative purposes.

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

Profit before income tax from continuing and discontinued operations is arrived at after charging/(crediting) the following:

|                                                                   | <b>1Q FY18</b> | <b>GROUP<br/>1Q FY17</b> | <b>+/(-)</b> |
|-------------------------------------------------------------------|----------------|--------------------------|--------------|
|                                                                   | <b>S\$'000</b> | <b>S\$'000</b>           | <b>%</b>     |
| <b>(a) Raw materials and consumables used:</b>                    |                |                          |              |
| Allowance for inventory obsolescence                              | 43             | 51                       | (16%)        |
| <b>(b) Other income:</b>                                          |                |                          |              |
| Interest income                                                   | (8)            | (16)                     | (50%)        |
| Loss/(gain) on disposal of property, plant and equipment          | 11             | (5)                      | n.m.         |
| Gain on disposal of club membership                               | -              | (41)                     | n.m.         |
| Amortisation of deferred interest income                          | (19)           | (81)                     | (77%)        |
| Amortisation of deferred compensation income                      | (40)           | (122)                    | (67%)        |
| Rental income                                                     | (42)           | (22)                     | 91%          |
| <b>(c) Operating profit is stated after (crediting)/charging:</b> |                |                          |              |
| Write back of impairment on trade debtors                         | (37)           | (23)                     | 61%          |
| Loss on disposal of subsidiaries                                  | 124            | -                        | n.m.         |
| Foreign exchange (gains)/losses                                   | (118)          | 611                      | n.m.         |

**Note:**

(i) 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          |                | COMPANY               |               |
|-----------------------------------------------------------|----------------|----------------|-----------------------|---------------|
|                                                           | 31/03/18       | 31/12/17       | 31/03/18              | 31/12/17      |
|                                                           | S\$'000        | S\$'000        | S\$'000               | S\$'000       |
| <b>Non-current assets</b>                                 |                |                |                       |               |
| Intangible assets                                         | 60             | 124            | -                     | -             |
| Property, plant and equipment                             | 21,252         | 20,572         | -                     | 93            |
| Investment in subsidiaries                                | -              | -              | 28,425 <sup>(i)</sup> | 12,602        |
| Loan receivables from subsidiaries                        | -              | -              | 3,126                 | 13,638        |
| Other investment                                          | 2,205          | 2,205          | -                     | 2,081         |
|                                                           | <u>23,517</u>  | <u>22,901</u>  | <u>31,551</u>         | <u>28,414</u> |
| <b>Current assets</b>                                     |                |                |                       |               |
| Inventories                                               | 9,591          | 10,332         | -                     | -             |
| Amounts due from subsidiaries                             | -              | -              | 33                    | 4,760         |
| Trade debtors                                             | 19,430         | 20,582         | 1,180                 | 1,953         |
| Other debtors                                             | 26,454         | 3,527          | 23,297                | 398           |
| Prepayments and advances to suppliers                     | 259            | 962            | 23                    | 46            |
| Fixed deposits                                            | 1,834          | 1,757          | -                     | -             |
| Cash and bank balances                                    | 57,501         | 58,051         | 47,873                | 51,215        |
|                                                           | <u>115,069</u> | <u>95,211</u>  | <u>72,406</u>         | <u>58,372</u> |
| Assets of disposal group classified as held for sale      | -              | 54,407         | -                     | 19,044        |
|                                                           | <u>115,069</u> | <u>149,618</u> | <u>72,406</u>         | <u>77,416</u> |
| <b>Current liabilities</b>                                |                |                |                       |               |
| Amount due to a subsidiary                                | -              | -              | -                     | 139           |
| Trade creditors                                           | 23,086         | 22,772         | 135                   | 177           |
| Hire purchase creditor                                    | 2              | 4              | -                     | -             |
| Other creditors and accruals                              | 8,699          | 8,798          | 3,966                 | 3,314         |
| Deposit received                                          | -              | 2,000          | -                     | 2,000         |
| Income tax payable                                        | 37             | 118            | -                     | -             |
| Loans and borrowings                                      | 2,536          | 3,258          | -                     | -             |
|                                                           | <u>34,360</u>  | <u>36,950</u>  | <u>4,101</u>          | <u>5,630</u>  |
| Liabilities of disposal group classified as held for sale | -              | 32,728         | -                     | -             |
|                                                           | <u>34,360</u>  | <u>69,678</u>  | <u>4,101</u>          | <u>5,630</u>  |
| <b>Net current assets</b>                                 | 80,709         | 79,940         | 68,305                | 71,786        |
| <b>Non-current liabilities</b>                            |                |                |                       |               |
| Other creditors and accruals                              | 1,183          | 1,183          | 1,183                 | 1,183         |
| Loans and borrowings                                      | 1,907          | 1,877          | -                     | -             |
|                                                           | <u>3,090</u>   | <u>3,060</u>   | <u>1,183</u>          | <u>1,183</u>  |
| <b>TOTAL NET ASSETS</b>                                   | <u>101,136</u> | <u>99,781</u>  | <u>98,673</u>         | <u>99,017</u> |
| <b>Equity attributable to owners of the Company</b>       |                |                |                       |               |
| Share capital                                             | 90,738         | 90,738         | 90,738                | 90,738        |
| Foreign currency translation reserve                      | 1,323          | 872            | -                     | -             |
| Statutory reserve fund                                    | 16             | 16             | -                     | -             |
| Other reserves                                            | 189            | 189            | 189                   | 189           |
| Retained earnings                                         | 8,870          | 6,319          | 7,746                 | 8,090         |
| Reserves of disposal group classified as held for sale    | -              | 1,647          | -                     | -             |
| <b>TOTAL EQUITY</b>                                       | <u>101,136</u> | <u>99,781</u>  | <u>98,673</u>         | <u>99,017</u> |

(i) The Company has undertaken an internal restructuring exercise by transferring its interest and certain amount of receivables in the overseas subsidiaries (engaging in precision metal stamping industry) and its unquoted investment to Allied Technologies Holdings Pte. Ltd. ("ATH"), a wholly-owned subsidiary of the Company, by way of allotment of shares for an aggregate consideration of S\$28,425,174.

**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. (continued)**

**Subsidiary classified as held for sale**

The Company had on 20 December 2017 entered into a sale and purchase agreement ("**SPA**") with Madam Hong Siou-Jhu (the "**Purchaser**") as the purchaser in respect of the proposed transaction in which the Company will be selling to the Purchaser the entire equity interest of Allied Technologies (Suzhou) Co., Ltd. ("**ATSU**") comprising a registered capital of USD 11,050,000 (the "**Equity**") on the terms of the SPA (the "**Proposed Disposal**").

On 29 December 2017, the Company received a deposit of S\$2,000,000 in accordance with the SPA.

As at 31 December 2017, the assets and liabilities related to ATSU are classified as held for sale ("**Disposal Group**"). The disposal was completed on 31 January 2018 ("**Completion Date**"), while the proceed from disposal has been fully collected in April 2018.

The value of assets and liabilities of Disposal Group classified as held for sale and the related reserves as at 31 December 2017 are as follows:

|                                                           | <b>ATSU</b><br><b>S\$'000</b> |
|-----------------------------------------------------------|-------------------------------|
| <b><u>Assets:</u></b>                                     |                               |
| Property, plant and equipment                             | 22,874                        |
| Deferred tax assets                                       | 235                           |
| Inventories                                               | 3,117                         |
| Trade and other debtors                                   | 26,614                        |
| Cash and bank balances                                    | <u>1,567</u>                  |
| Assets of disposal group classified as held for sale      | <u>54,407</u>                 |
| <b><u>Liabilities:</u></b>                                |                               |
| Trade and other creditors                                 | (12,948)                      |
| Deferred compensation income                              | (8,007)                       |
| Loans and borrowings                                      | (8,226)                       |
| Deferred tax liabilities                                  | <u>(3,547)</u>                |
| Liabilities of disposal group classified as held for sale | <u>(32,728)</u>               |
| Net assets of disposal group classified as held for sale  | <u>21,679</u>                 |
| <b><u>Reserves:</u></b>                                   |                               |
| Statutory reserve fund                                    | 1,938                         |
| Foreign currency translation reserve                      | <u>(291)</u>                  |
|                                                           | <u>1,647</u>                  |

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

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

| As at 31 March 2018 |                      | As at 31 December 2017 |                      |
|---------------------|----------------------|------------------------|----------------------|
| Secured<br>S\$'000  | Unsecured<br>S\$'000 | Secured<br>S\$'000     | Unsecured<br>S\$'000 |
| 2,538               | -                    | 3,262                  | -                    |

**Amount repayable after one year**

| As at 31 March 2018 |                      | As at 31 December 2017 |                      |
|---------------------|----------------------|------------------------|----------------------|
| Secured<br>S\$'000  | Unsecured<br>S\$'000 | Secured<br>S\$'000     | Unsecured<br>S\$'000 |
| 1,907               | -                    | 1,877                  | -                    |

**Details of any collateral**

The Group's borrowings comprise of hire purchase creditor and amounts due to bankers.

The hire purchase creditor relates to an asset of the Company's subsidiary which is financed under hire purchase.

The amounts due to bankers are secured facilities granted to the Company's subsidiaries (collectively, the "**Group**"). The secured facilities granted are secured by:

- (1) fixed deposits placement by the Company's respective subsidiaries;
- (2) lands and properties of the respective subsidiaries; and
- (3) an agreed amount of corporate guarantee provided by the Company.

**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 cash flow statement for the year ended 31 December**

|                                                                | <b>3 months ended</b> |                       |
|----------------------------------------------------------------|-----------------------|-----------------------|
|                                                                | <b>1Q FY18</b>        | <b>1Q FY17</b>        |
|                                                                | <b>S\$'000</b>        | <b>S\$'000</b>        |
|                                                                |                       | <b>(restated)</b>     |
| <b>Cash flows from operating activities</b>                    |                       |                       |
| Profit before tax from continuing operations                   | 570                   | 864                   |
| Profit before tax from discontinued operation                  | 97                    | 714                   |
| Profit before tax, total                                       | <u>667</u>            | <u>1,578</u>          |
| <u>Adjustments for:</u>                                        |                       |                       |
| Loss/(gain) on disposal of property, plant and equipment       | 11                    | (5)                   |
| Gain on disposal of intangible assets                          | -                     | (41)                  |
| Loss on disposal of subsidiaries                               | 124                   | -                     |
| Depreciation of property, plant and equipment                  | 632                   | 860                   |
| Amortisation of intangible assets                              | 1                     | 3                     |
| Amortisation of deferred interest income                       | (19)                  | (81)                  |
| Amortisation of deferred compensation income                   | (40)                  | (122)                 |
| Interest income                                                | (8)                   | (16)                  |
| Interest expense                                               | 86                    | 65                    |
| Exchange differences                                           | (117)                 | 388                   |
| <b>Operating profit before working capital changes</b>         | <b><u>1,337</u></b>   | <b><u>2,629</u></b>   |
| Decrease in inventories                                        | 697                   | 575                   |
| Decrease/(increase) in trade debtors and other debtors         | 1,414                 | (3,981)               |
| Decrease in trade creditors and other creditors                | (835)                 | (1,225)               |
| Cash generated from/(used in) operations                       | <u>2,613</u>          | <u>(2,002)</u>        |
| Interest paid                                                  | (86)                  | (65)                  |
| Interest received                                              | 8                     | 16                    |
| Tax paid                                                       | (133)                 | -                     |
| <b>Net cash generated from/(used in) operating activities</b>  | <b><u>2,402</u></b>   | <b><u>(2,051)</u></b> |
| <b>Cash flows from investing activities</b>                    |                       |                       |
| Proceeds from disposal of property, plant and equipment        | -                     | 5                     |
| Proceeds from disposal of intangible assets                    | 61                    | 45                    |
| Purchase of property, plant and equipment                      | (919)                 | (706)                 |
| Prepayment for building construction cost                      | -                     | (99)                  |
| Net cashflow on disposal of subsidiaries                       | (2,917)               | -                     |
| <b>Net cash used in investing activities</b>                   | <b><u>(3,775)</u></b> | <b><u>(755)</u></b>   |
| <b>Cash flows from financing activities</b>                    |                       |                       |
| Net decrease in hire purchase creditors                        | (2)                   | (2)                   |
| Drawdown of bank borrowings                                    | 1,515                 | 8,505                 |
| Repayment of bank borrowings                                   | (2,262)               | (4,873)               |
| (Increase)/decrease in fixed deposits                          | (61)                  | 31                    |
| <b>Net cash (used in)/generated from financing activities</b>  | <b><u>(810)</u></b>   | <b><u>3,661</u></b>   |
| Net (decrease)/increase in cash and cash equivalents           | (2,183)               | 855                   |
| Cash and cash equivalents at beginning of period               | 59,618                | 13,939                |
| Effects of exchange rates on opening cash and cash equivalents | 66                    | (429)                 |
| <b>Cash and cash equivalents at end of period</b>              | <b><u>57,501</u></b>  | <b><u>14,365</u></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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.**

**Consolidated Statement of Changes in Shareholders' Equity for the period ended 31 March  
(In S\$'000)**

|                                           | Share<br>Capital | Foreign<br>currency<br>translation<br>reserve | Statutory<br>reserve<br>fund | Other<br>reserves | Retained<br>earnings | Reserve of<br>disposal group<br>classified as<br>held for sale | Total equity<br>attributable<br>to owners of<br>the Company |
|-------------------------------------------|------------------|-----------------------------------------------|------------------------------|-------------------|----------------------|----------------------------------------------------------------|-------------------------------------------------------------|
| <b>Group</b>                              |                  |                                               |                              |                   |                      |                                                                |                                                             |
| <b>Balance as at 1 January 2018</b>       | 90,738           | 872                                           | 16                           | 189               | 6,319                | 1,647                                                          | 99,781                                                      |
| Total comprehensive income for the period | -                | 742                                           | -                            | -                 | 516                  | -                                                              | 1,258                                                       |
| Attributable to disposal group            | -                | (274)                                         | -                            | -                 | 97                   | 274                                                            | 97                                                          |
| Disposal of subsidiaries                  | -                | (17)                                          | -                            | -                 | 1,938                | (1,921)                                                        | -                                                           |
| <b>Balance as at 31 March 2018</b>        | <b>90,738</b>    | <b>1,323</b>                                  | <b>16</b>                    | <b>189</b>        | <b>8,870</b>         | <b>-</b>                                                       | <b>101,136</b>                                              |
| <b>Balance as at 1 January 2017</b>       | 57,337           | 1,050                                         | 1,938                        | 189               | 3,060                | -                                                              | 63,574                                                      |
| Total comprehensive income for the period | -                | (897)                                         | -                            | -                 | 1,562                | -                                                              | 665                                                         |
| <b>Balance as at 31 March 2017</b>        | <b>57,337</b>    | <b>153</b>                                    | <b>1,938</b>                 | <b>189</b>        | <b>4,622</b>         | <b>-</b>                                                       | <b>64,239</b>                                               |

(In S\$'000)

|                                           | Share<br>capital | Other<br>reserves | Retained<br>earnings | Total equity<br>attributable<br>to owners of<br>the Company |
|-------------------------------------------|------------------|-------------------|----------------------|-------------------------------------------------------------|
| <b>Company</b>                            |                  |                   |                      |                                                             |
| <b>Balance as at 1 January 2018</b>       | 90,738           | 189               | 8,090                | 99,017                                                      |
| Total comprehensive income for the period | -                | -                 | (344)                | (344)                                                       |
| <b>Balance as at 31 March 2018</b>        | <b>90,738</b>    | <b>189</b>        | <b>7,746</b>         | <b>98,673</b>                                               |
| <b>Balance as at 1 January 2017</b>       | 57,337           | 189               | 2,537                | 60,063                                                      |
| Total comprehensive income for the period | -                | -                 | (512)                | (512)                                                       |
| <b>Balance as at 31 March 2017</b>        | <b>57,337</b>    | <b>189</b>        | <b>2,025</b>         | <b>59,551</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 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.**

**Details of any changes in the Company's issued share capital**

|                                                 | <b>No. of ordinary shares<br/>(‘000)</b> | <b>Amount<br/>(S\$’000)</b> |
|-------------------------------------------------|------------------------------------------|-----------------------------|
| <b>As at 31 March 2018 and 31 December 2017</b> | 1,350,329                                | 90,738                      |

As at 31 March 2018 and 31 March 2017, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings.

**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.**

|                                                                     | <b>31 March 2018</b> | <b>31 December 2017</b> |
|---------------------------------------------------------------------|----------------------|-------------------------|
| Total number of issued shares (‘000)<br>(excluding treasury shares) | 1,350,329            | 1,350,329               |

There were no treasury shares as at 31 March 2018 and 31 December 2017.

**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 as the Company did not have any treasury shares as at 31 March 2018 and 31 December 2017.

**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.**

Not applicable as the Company did not hold any subsidiary holdings as at 31 March 2018 and 31 December 2017.

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

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

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2017.

- 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.**

As required by the listing requirements of the Singapore Exchange, the Group has adopted the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") that are relevant to the Group on 1 January 2018. The adoption of SFRS(I)s did not result in a restatement of prior periods' financial information nor any material impact to the financial statements for the current financial period.

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

**Earnings Per Share**

| The Group                                             | 3 months ended |                |
|-------------------------------------------------------|----------------|----------------|
|                                                       | <u>1Q FY18</u> | <u>1Q FY17</u> |
| Earnings per share from continuing operations (cents) |                |                |
| - Basic and diluted                                   | 0.04           | 0.13           |
| Earnings per share (cents)                            |                |                |
| - Basic and diluted                                   | 0.05           | 0.23           |
| Weighted average number of ordinary shares ('000)     | 1,350,329      | 675,164        |

- 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.**

**Net asset value per ordinary share**

|                                                                                                  | Group     |           | Company   |           |
|--------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
|                                                                                                  | 31-Mar-18 | 31-Dec-17 | 31-Mar-18 | 31-Dec-17 |
| Net asset value per ordinary share based on issued share capital at end of the period (in cents) | 7.49      | 7.39      | 7.31      | 7.33      |
| Net asset value as at end of period (S\$'000)                                                    | 101,136   | 99,781    | 98,673    | 99,017    |
| No. of ordinary shares ('000)                                                                    | 1,350,329 | 1,350,329 | 1,350,329 | 1,350,329 |

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**a. Revenue**

**Continuing operations**

The Group's revenue in 1Q FY2018 increased by 22% to S\$26.76 million as compared to 1Q FY2017. The increase is mainly contributed by the Company's overseas subsidiaries located in Malaysia, Vietnam and Thailand.

The revenue recorded by the Malaysia subsidiaries, in aggregate, has increased by S\$4.32 million in 1Q FY2018, due to the operations commencement of the Malaysia subsidiary located in Melaka in end of December 2017. The increase is also partly contributed by the sales transferred from the Company in the current period. Correspondingly, the revenue of the Company has decreased in 1Q FY2018 as compared to 1Q FY2017.

The revenues recorded by both Vietnam and Thailand subsidiaries have increased by S\$0.80 million and S\$0.31 million, respectively, in 1Q FY2018. The increases are mainly to the higher sales orders received from its existing and new customers.

Other income of the Group's continuing operations comprises mainly of rental income, interest income, amortisation of deferred compensation income and gain on disposal of property, plant and equipment ("PPE") and intangible assets. Other income of the Group's continuing operations is lower than that in 1Q FY2017 by S\$0.09 million mainly due to the absence of amortisation of interest income and gain on disposal of intangible assets that were recorded in 1Q FY2017, of S\$0.06 million and S\$0.04 million, respectively. The increase is partly offset by the increase in rental income generated by the Group in 1Q FY2018 as compared to 1Q FY2017.

**Discontinued operation**

Consequent to the Proposed Disposal, ATSU's assets and liabilities are classified as Disposal Group held for sales on balance sheet as at 31 December 2017 and its profit or loss is presented as discontinued operation in the income statement and cash flow statement for the financial period ended 31 March 2017 and 2018.

The discontinued operation result includes the result of ATSU until its disposal in January 2018. Hence, meaningful comparison could not be made against the results of 1Q FY2017.

**b. Operating results**

**Continuing operations**

The Group recorded profit before interest and tax ("PBIT") of S\$0.61 million in 1Q FY2018, which derived from the Company's overseas subsidiaries located in Malaysia, Vietnam, and Thailand.

The PBIT in 1Q FY2018 is lower than that in 1Q FY2017 despite the Group recorded higher revenue. This is mainly due to higher staff cost incurred during the period and loss on disposal of subsidiaries recorded.

As one of the Malaysia subsidiaries has started its operations in end of December 2017, headcount has been increased to meet the operation's needs. This has led to the increase in staff cost in 1Q FY2018.

After taking into consideration the interest on borrowings and tax expense, the Group's continuing operations recorded a profit after tax of S\$0.52 million in 1Q FY2018.

#### Raw materials and consumables used

Raw materials and consumables used by the Group in 1Q FY2018 moved in tandem with the revenue. However, the increase of 20% in raw materials and consumables used by the Group is lower than the 22% increase in revenue in 1Q FY2018.

This is mainly due to the provision of value added service to our customers by our Malaysia subsidiary in Melaka in 1Q FY2018, which is more labour intensive.

#### Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group increased by 28% in 1Q FY2018, compared to 1Q FY2017.

The 28% increase in depreciation and amortisation expenses in 1Q FY2018 is mainly due to the depreciation charged on the addition of PPE acquired by the Malaysia subsidiary in 4Q FY2017 and 1Q FY2018.

#### Staff costs

Staff costs in 1Q FY2018 increased by 39% as compared to 1Q FY2017.

The increase is mainly due to the increase in headcount of the Group from 1,369 as at 31 March 2017 to 1,684 as at 31 March 2018.

The increase in headcount is mainly attributable to the operations commencement of the Malaysia subsidiary located in Melaka towards the end of December 2017, which led to more manpower being deployed and hired for its operation's needs.

#### Other operating expenses

Other operating expenses mainly include packaging costs, carriage inwards, utilities, foreign exchange differences, and administrative expenses.

Other operating expenses in 1Q FY2018 increased by 1% to S\$2.80 million mainly due to increase in sales and loss on disposal of subsidiaries of S\$0.12 million. The increase is partly offset by the foreign exchange gains resulted from foreign currencies movement in 1Q FY2018.

#### Finance costs

The Group's finance costs have increased from S\$0.01 million to S\$0.04 million in 1Q FY2018 due to higher bank borrowings drawdown by the Group as at 31 March 2018 as compared to 31 March 2017.

#### Discontinued operation

The discontinued operation result includes the result of ATSU until its disposal in January 2018. Hence, meaningful comparison could not be made against the results of 1Q FY2017.

### **c. Balance Sheet**

#### **Group**

The intangible assets balance has decreased to S\$0.06 million as at 31 March 2018 due to disposal and amortisation charged during the current period.

The increase in PPE from S\$20.57 million as at 31 December 2017 to S\$21.25 million as at 31 March 2018 is mainly due to addition of PPE and partly offset by the depreciation charged in 1Q FY2018.

The decrease in Group's inventories balance from S\$10.33 million as at 31 December 2017 to S\$9.59 million as at 31 March 2018 is due to the higher consumption of inventories resulted from higher revenue. The Group has recorded a lower trade debtors balances as at 31 March 2018 of S\$19.43 million due to collection from customers.

The Group's other debtors balances have increased to S\$26.45 million as at 31 March 2018 from S\$3.53 million as at 31 December 2017. The increase is attributable to the balance considerations (comprise of equity and loan considerations) due from the Purchaser of ATSU to the Company, amounting to S\$23.00 million, after offsetting the deposit received in 4Q FY2017 of S\$2.00 million.

The Group's prepayments and advances to suppliers balances as at 31 March 2018 have decreased to S\$0.26 million, mainly due to the down payment and prepayments made to suppliers as at 31 December 2017 to purchase materials and machineries, have been reclassified to inventories and PPE, respectively.

Trade creditors balance has increased to S\$23.09 million as at 31 March 2018 due to higher purchases made by its Malaysia subsidiary. The other creditors and accruals balances have decreased from S\$9.98 million as at 31 December 2017 to S\$9.88 million as at 31 March 2018. The decrease is mainly due to repayment made during the period and partially offset by the provision of capital gains tax arising from the disposal of ATSU of S\$1.68 million.

The decrease in the Group's loans and borrowings to S\$4.44 million as at 31 March 2018 is mainly due to the net repayment made to the banks by its Malaysia and Vietnam subsidiaries.

The equity attributable to owners of the Company has increased by S\$1.36 million to S\$101.14 million as at 31 March 2018. The increase is due to the profit generated during the period and favourable foreign currency translation reserve movement.

#### **Company**

The increase in the investment in subsidiaries is due to the internal restructuring exercise undertaken by the Company to consolidate the entities with similar businesses under ATH.

### **d. Cash Flow Statements**

In 1Q FY2018, the Group generated net cash from operating activities of S\$2.40 million compared to net cash outflow in operating activities of S\$2.05 million in 1Q FY2017. This is mainly due to positive working capital changes generated by the Group of approximately S\$1.28 million and profit generated during the period.

The Group recorded a net cash used in investing activities in 1Q FY2018 of S\$3.78 million, which mainly comprise of PPE acquisition of S\$0.92 million and net cash outflow of S\$2.92 million as a result of disposal of ATSU. The net cash outflow on disposal of ATSU pertains to ATSU's cash and bank balance as at the Completion Date.

In financing activities, the Group has recorded a net cash used of S\$0.81 million mainly due to the net repayment of bank borrowings of S\$0.75 million by its Malaysia subsidiaries.

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

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.**

The business environment remains challenging for the Group in light of the uncertain global economic outlook. Besides streamlining its operations, the Group is also exploring into all possible avenues for other business opportunities. With the economic uncertainty ahead, increase in production costs across the region and stiff pricing competition, the Group expects to face challenging business conditions in the next 12 months.

As part of its diversification strategy into ecommerce, ticketing and related technology platforms, on 4 April 2018, the Group completed the acquisition of 51% stake in Asia Box Office Pte Ltd (“**ABO**”), a company that specialises in online ticketing as well as event management. We are cautiously optimistic of the performance of ABO in the coming 12 months, as ABO has built up a steady pipeline of ticketing projects and events both locally and regionally. The demand for entertainment events may, however, be affected by unforeseen economic and political uncertainties which may curtail consumer spending in this sector.

**11 Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared or recommended**

None.

**(b) (i) Amount per share**

Not applicable.

**(i) Previous corresponding period**

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) Date payable**

Not applicable.

**(e) Books closure date**

Not applicable.

**12 If no dividend has been declared (recommended), a statement to that effect.**

No dividend for the period ended 31 March 2018 has been declared or recommended.

- 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.**

The Company has not obtained a general mandate from shareholders for interested person transactions.

- 14 Negative confirmation by the Board pursuant to Rule 705(5)**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the first quarter ended 31 March 2018 to be false or misleading in any material aspect.

- 15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

- 16 Use of proceeds**

On 31 October 2017, the Company completed the issuance of 675,164,460 ordinary shares via placement and raised net proceeds of S\$33.40 million ("**Net Proceeds**").

On 4 April 2018, the Company announced the completion of proposed acquisition of 51% of the entire issued and fully paid-up capital of Asia Box Office Pte. Ltd. ("**Proposed Acquisition**"). Consideration sum of S\$30.00 million and the Proposed Acquisition related transaction costs of S\$0.10 million have been paid to the vendor.

The table below reflected the status on the use of Net Proceeds as at the date of announcement:

| <b>Use of Net Proceeds</b> |                                                                                                                         | <b><u>Allocation<br/>of Net<br/>Proceeds</u></b> | <b><u>Net Proceeds<br/>utilised as at<br/>the date of<br/>announcement</u></b> | <b><u>Balance of Net<br/>Proceeds as at<br/>the date of<br/>announcement</u></b> |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
|                            |                                                                                                                         | S\$ million                                      | S\$ million                                                                    | S\$ million                                                                      |
| (i)                        | Business expansion through acquisitions, joint ventures and collaborations and funding needs of such business expansion | 30.1                                             | (30.1)                                                                         | -                                                                                |
| (ii)                       | General working capital purposes                                                                                        | 3.3                                              | -                                                                              | 3.3                                                                              |
|                            |                                                                                                                         | 33.4                                             | (30.1)                                                                         | 3.3                                                                              |

## ON BEHALF OF THE BOARD

Poh Wee Chiow, Roger  
Executive Director

14 May 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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