

Unaudited Financial Statement and Dividend Announcement – For Quarter 1 FY2017 from 1 January 2017 to 31 March 2017

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

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

Unaudited Consolidated Income Statement

	Group		
	Quarter Ended 31-Mar-17	Quarter Ended 31-Mar-16	Increase / (Decrease)
	S\$	S\$	%
Revenue	494,689	778,286	-36%
Cost of sales	(71,492)	(447,345)	-84%
Administrative expenses	(1,137,696)	(1,073,648)	6%
Other income - net	265,599	252,158	5%
Other expenses - net	-	(420)	-100%
Loss from operations	(448,900)	(490,969)	-9%
Finance income	11	446	-98%
Finance costs	(48,633)	(60,998)	-20%
Share of profit of associated companies	183,012	791,585	-77%
(Loss)/Profit before tax	(314,510)	240,064	nm
Income tax expense	-	(1,873)	-100%
(Loss)/Profit after tax	(314,510)	238,191	nm
(Loss)/Profit attributable to:			
Owners of the Company	(239,558)	273,704	nm
Non-controlling interest	(74,952)	(35,513)	111%
	(314,510)	238,191	nm

nm = not meaningful

Unaudited Consolidated Statement of Comprehensive Loss

	Group		
	Quarter Ended 31-Mar-17	Quarter Ended 31-Mar-16	Increase / (Decrease)
	S\$	S\$	%
(Loss)/Profit after tax	(314,510)	238,191	nm
<u>Other comprehensive loss, net of tax:</u>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	238,770	(305,683)	nm
Net fair value gain on financial assets, available-for-sale	4,205	117,616	-96%
Share of other comprehensive loss of associated company:			
Exchange differences on translation of foreign operations	(470,715)	(306,686)	53%
Other comprehensive loss for the period, net of tax	(227,740)	(494,753)	-54%
Total comprehensive loss for the period	<u>(542,250)</u>	<u>(256,562)</u>	111%
Total comprehensive loss attributable to:			
Owners of the Company	(467,298)	(221,049)	111%
Non-controlling interest	(74,952)	(35,513)	111%
	<u>(542,250)</u>	<u>(256,562)</u>	111%

nm = not meaningful

Notes to the Statement of Comprehensive Income

(Loss)/Profit before tax is after crediting/(charging):-

	Group	
	Quarter Ended 31-Mar-17	Quarter Ended 31-Mar-16
	S\$	S\$
Depreciation and amortisation expenses	(109,532)	(507,134)
Fair value gain on financial liability, at fair value through profit or loss	83,368	-
Finance income	11	446
Finance costs	(48,633)	(60,998)
Foreign exchange gain - net	173,031	125,522
Write back of impairment loss on trade and other receivables	-	100,000
Share of profit of associated companies	183,012	791,585

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

	Group		Company	
	As at 31 March 2017	As at 31 December 2016	As at 31 March 2017	As at 31 December 2016
	S\$	S\$	S\$	S\$
ASSETS				
Current Assets				
Cash and bank balances	124,780	517,224	29,003	110,737
Trade receivables	80,374	84,445	-	-
Other current assets	3,174,698	3,144,881	2,706,416	2,584,254
Amount due from subsidiaries	-	-	2,165,647	1,724,608
Total Current Assets	3,379,852	3,746,550	4,901,066	4,419,599
Non-Current Assets				
Investments in subsidiaries	-	-	141,498	141,498
Investments in associated company	1,720,333	1,922,726	-	-
Financial assets, available-for-sale	3,742,210	3,738,005	-	-
Property, plant and equipment	540,226	614,369	155,906	175,095
Investment properties	2,141,022	2,151,944	-	-
Intangible assets	425,000	450,000	-	-
Other non-current assets	119,013	119,013	-	-
Amount due from subsidiaries	-	-	2,221,435	2,221,435
Total Non-Current Assets	8,687,804	8,996,057	2,518,839	2,538,028
Total Assets	12,067,656	12,742,607	7,419,905	6,957,627
Current Liabilities				
Trade and other payables	8,660,372	8,948,811	2,451,683	2,469,420
Amount due to subsidiary	-	-	854,730	726,697
Financial guarantee contract	8,443,788	8,736,766	8,443,788	8,736,766
Borrowings	1,516,911	1,734,513	17,868	23,697
Total Current Liabilities	18,621,071	19,420,090	11,768,069	11,956,580
Non-Current Liabilities				
Financial liability, at fair value through profit or loss	2,792,824	2,876,192	-	-
Provision for reinstatement cost	96,720	96,720	-	-
Borrowings	1,740,962	1,291,276	981,093	531,093
Total Non-Current Liabilities	4,630,506	4,264,188	981,093	531,093
Total Liabilities	23,251,577	23,684,278	12,749,162	12,487,673
Equity Attributable to Owners of the Company				
Share capital	120,212,067	119,912,067	120,212,067	119,912,067
Accumulated losses	(122,163,286)	(121,923,728)	(125,627,243)	(125,528,032)
Foreign currency translation reserve	617,997	849,942	85,919	85,919
Other reserve	(10,429,690)	(10,429,690)	-	-
Fair value reserve	928,713	924,508	-	-
Total Shareholders' Funds	(10,834,199)	(10,666,901)	(5,329,257)	(5,530,046)
Non-controlling Interests	(349,722)	(274,770)	-	-
Total Equity	(11,183,921)	(10,941,671)	(5,329,257)	(5,530,046)
Total Liabilities and Equity	12,067,656	12,742,607	7,419,905	6,957,627

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

(A) Amount repayable in one year or less, or on demand

As at 31 March 2017		As at 31 December 2016	
S\$	S\$	S\$	S\$
Secured	Unsecured	Secured	Unsecured
716,911	800,000	769,513	965,000

(B) Amount repayable after one year

As at 31 March 2017		As at 31 December 2016	
S\$	S\$	S\$	S\$
Secured	Unsecured	Secured	Unsecured
790,962	950,000	791,276	500,000

(C) Whether the amounts are secured or unsecured

The amounts are secured by investment properties, plant and equipment, personal guarantee from key management personnel, the proceeds from sales of media content and debenture on assets.

(D) Details of any collateral:

- (1) The Company is a corporate guarantor for a term loan granted to a wholly owned subsidiary. The term loan is for the purchase of a leasehold property and is secured by the said property.
- (2) The Group's motor vehicles are purchased under Hire Purchase and are secured by the said vehicles.
- (3) The Company is a corporate guarantor to a fund managed by a former subsidiary for the fund's investee company secured redeemable notes. The Company has a back to back indemnity from the former subsidiary for the amount guaranteed by the Company and is working towards the eventual release of the corporate guarantee. The company has made a provision for the corporate guarantee expenses amounting to US\$6,040,770 in year 2016.
- (4) Term loans are granted to subsidiaries which are secured by personnel guarantees from key management personals and proceeds from sales of media content and debenture on assets.

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

	Group	
	Quarter Ended 31 March 2017	Quarter Ended 31 March 2016
	S\$	S\$
Cash flows from operating activities:		
(Loss)/Profit before tax	(314,510)	240,064
Adjustments for:		
Depreciation and amortisation expenses	109,533	507,134
Fair value gain on financial liability, at fair value through profit or loss	(83,368)	-
Finance costs	48,633	60,998
Finance income	(11)	(446)
Gain on disposal of property, plant and equipment	-	(193)
Share of profit of associated companies	(183,012)	(791,585)
Write back of impairment loss on other receivables	-	(100,000)
Unrealised foreign currency gain	(172,488)	(152,141)
Operating cash flows before changes in working capital	(595,223)	(236,169)
Changes in working capital:		
Financial assets, available-for-sale	4,204	-
Trade and other receivables and other current assets	3,127	27,675
Trade and other payables	(348,001)	441,421
Net cash (used in)/from operations	(935,893)	232,927
Income tax paid	-	(254)
Net cash (used in)/from operating activities	(935,893)	232,673
Cash flows from investing activities:		
Interest received	11	446
Purchase of intangible assets	-	(307,202)
Proceeds from disposal of property, plant and equipment	-	240
Net cash from/(used in) investing activities	11	(306,516)
Cash flows from financing activities:		
Proceeds from borrowings	-	300,000
Proceeds from issuance of convertible notes	750,000	-
Repayment of borrowings	(209,864)	(14,864)
Repayment of finance leases	(7,627)	(7,246)
Advances from/(Repayment to) former subsidiary	10,929	(67,275)
Interest paid	-	(33,574)
Net cash generated from financing activities	543,438	177,041
Net (decrease)/increase in cash and cash equivalents	(392,444)	103,198
Cash and cash equivalents at the beginning of the year	517,224	729,008
Cash and cash equivalent at the end of the quarter	124,780	832,206

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 distribution to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Foreign Currency Translation Reserve	Accumulated Losses	Fair Value Reserve	Other Reserves	Total	Non- Controlling Interest	Total Equity
Group	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>3 months ended 31 March 2017</u>								
At 1 January 2017	119,912,067	849,942	(121,923,728)	924,508	(10,429,690)	(10,666,901)	(274,770)	(10,941,671)
Conversion of shares from convertible notes	300,000	-	-	-	-	300,000	-	300,000
Loss	-	-	(239,558)	-	-	(239,558)	(74,952)	(314,510)
Other comprehensive loss	-	(231,945)	-	4,205	-	(227,740)	-	(227,740)
Total comprehensive (loss)/income	-	(231,945)	(239,558)	4,205	-	(467,298)	(74,952)	(542,250)
Balance as at 31 March 2017	120,212,067	617,997	(122,163,286)	928,713	(10,429,690)	(10,834,199)	(349,722)	(11,183,921)
Group	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>3 months ended 31 March 2016</u>								
At 1 January 2016	119,912,067	865,650	(110,176,659)	2,181,604	(10,429,690)	2,352,972	24,472	2,377,444
Profit	-	-	273,704	-	-	273,704	(35,513)	238,191
Other comprehensive (loss)/income	-	(612,369)	-	117,616	-	(494,753)	-	(494,753)
Total comprehensive (loss)/income	-	(612,369)	273,704	117,616	-	(221,049)	(35,513)	(256,562)
Balance as at 31 March 2016	119,912,067	253,281	(109,902,955)	2,299,220	(10,429,690)	2,131,923	(11,041)	2,120,882

	Share Capital	Foreign Currency Translation Reserve	Accumulated Losses	Total
Company	S\$	S\$	S\$	S\$
<u>3 months ended 31 March 2017</u>				
At 1 January 2017	119,912,067	85,919	(125,528,032)	(5,530,046)
Conversion of shares from convertible notes	300,000	-	-	300,000
Loss	-	-	(99,211)	(99,211)
Total comprehensive loss	-	-	(99,211)	(99,211)
Balance as at 31 March 2017	120,212,067	85,919	(125,627,243)	(5,329,257)
Company	S\$	S\$	S\$	S\$
<u>3 months ended 31 March 2016</u>				
At 1 January 2016	119,912,067	85,919	(110,021,448)	9,976,538
Loss	-	-	(249,663)	(249,663)
Total comprehensive loss	-	-	(249,663)	(249,663)
Balance as at 31 March 2016	119,912,067	85,919	(110,271,111)	9,726,875

- 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 the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The changes in the Company's paid-up capital were as follows:

Issued and fully paid (ordinary shares ("Shares"))	No. of Shares	Share Capital (\$)
As at 1 January 2017	1,097,505,101	119,912,067
New Shares issued in relation to conversion of S\$200,000 convertible notes at a price of S\$0.0032 on 13 January 2017.	62,500,000	200,000
New Shares issued in relation to conversion of S\$100,000 convertible notes at a price of S\$0.0027 on 27 February 2017.	37,037,037	100,000
As at 31 March 2017	1,197,042,138	120,212,067

The number of Shares that may be issued on conversion of the outstanding convertibles as at 31 March 2017 is as follows:

As at 31 March 2017	No. of Shares that may be issued	Share Capital (\$)
New Shares to be issued on conversion of current outstanding convertible notes of S\$0.95 million and the remaining convertible notes of approximately S\$48.75 million which has yet to drawn down. For illustrative purposes, the table shows the number of Shares to be issued assuming full conversion of the convertible notes at the conversion price of S\$0.0024.	20,708,333,333	49,700,000

There are no shares that may be issued on conversion of all the outstanding convertibles as at 31 March 2016.

There are no treasury shares as at the end of the current financial period and as at end of the immediately preceding financial year.

- 1(d)(iii) 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**

	As at 31 March 2017	As at 31 December 2016
Total number of issued shares	1,197,042,138	1,097,505,101
Less: Treasury Shares	Nil	Nil
Total number of issued shares excluding treasury shares	1,197,042,138	1,097,505,101

- 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**

Not applicable.

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

The financial results of the Group for the quarter ended 31 March 2017 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).**

The financial results of the Group for the quarter ended 31 March 2017 have not been audited or reviewed.

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

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements as at 31 December 2016.

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 changes.**

The Group has adopted the same accounting policies and method of computations in the financial statements for the current financial period reported as in the last audited financial statements, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2017. The adoption of these new and revised FRS has no material effect 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

	Group	
	Quarter ended 31 March 2017	Quarter ended 31 March 2016
(Loss)/Profit per ordinary share after deducting any provision for preference dividend:-		
Basic and fully diluted		
Group (Singapore cents)	(0.02)	0.02
Weighted average number of ordinary shares for the purposes of computing basic and diluted earnings per share	1,164,146,047	1,097,505,101
(Loss)/Profit attributable to owners of the Company (\$\$)	(239,558)	273,704

7. **Net asset value (for the issuer and the 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**

	As at 31 March 2017	As at 31 December 2016
Net asset value per ordinary share based on existing issued share capital at the end of the period :-		
(i) Based on number of ordinary shares		
Group (Singapore cents)	(0.91)	(0.97)
Company (Singapore cents)	(0.45)	(0.50)
Number of shares in issue applicable to net asset value per ordinary share	1,197,042,138	1,097,505,101

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) **Income Statement**

Revenue

Revenue decreased by 36% or by S\$0.3 million from S\$0.8 million in Q1 FY2016 to S\$0.5 million in Q1 FY2017 as the Group recorded lower revenue from its media sales segment from its subsidiary Hub Media Group Pte Ltd ("Hub Media").

(Loss)/Profit before tax

The Group recorded a loss before tax of approximately S\$0.3 million in Q1 FY2017 as compared to a profit before tax of approximately S\$0.2 million in Q1 FY2016. The profit before tax in Q1 FY2016 was mainly due to the share of profit of associated company.

Comprehensive loss

The Group recorded other comprehensive loss of approximately S\$0.2 million in Q1 FY2017 and S\$0.5 million in Q1 FY2016 respectively.

The other comprehensive loss in Q1 FY2017 and Q1 FY2016 were mainly due from the exchange differences on translation of foreign operations and share of other comprehensive loss of associated company.

Expenses

- (1) **Cost of sales** in Q1 FY2017 was due mainly to the amortization of Hi-5 House of Learning license fee.
- (2) **Administrative expenses** increased by approximately of S\$0.06 million in Q1 FY2017 as compared to Q1 FY2016 due mainly to the additional headcount for new preschool centre as a result of higher employee cost.
- (3) **Other income** increased by approximately of S\$0.01 million in Q1 FY2017 as compared to Q1 FY2016 due mainly to higher foreign exchange gain recognized in Q1 FY2017.
- (4) **Other expenses** decreased by S\$420 in Q1 FY2017 as compared to Q1 FY2016 due mainly to no foreign exchange loss recognized in Q1 FY2017.
- (5) **Finance income** comprised of interest income from bank deposits.
- (6) **Finance cost** decreased by S\$0.01 million in Q1 FY2017 as compared to Q1 FY2016. The decrease was due mainly to the decrease in the interest expenses on borrowings as the cost of fund decreased.

	Q1 FY2017	Q1 FY2016	Variance
	S\$'000	S\$'000	S\$'000
Interest expenses on borrowings	7	34	(27)
Interest expenses on advances from other payables	42	27	15
Total	49	61	(12)

- (7) The Group recorded lower share of profit from associated company in Q1 FY2017 compared to Q1 FY2016. The share of profit of S\$0.2 million included the reversal of impairment of S\$0.7 million according to the market value of the quoted equity share and share of loss of associated company of S\$0.6 million.

(b) **Consolidated Balance Sheet and Cash Flow:**

The **net current liabilities** of the Group was approximately S\$15.3 million as at 31 March 2017 as compared to net current liabilities of S\$15.7 million as at 31 December 2016.

The subscription agreement was signed on 2 October 2015 for the issuance of 1% unsecured equity linked redeemable structured convertible notes due 2018.

The decrease of approximately S\$0.4 million in net current liabilities was primarily due to:

- 1a. **Cash and Cash Equivalent** decreased by approximately S\$0.4 million. This was due to the Group having used S\$0.9 million in its operating activities and net cash generated from financing activities of S\$0.5 million.

The cash generated from financing activities of S\$0.5 million was due mainly due to the proceeds from borrowings. The increase were offset by the repayment of borrowings and banks.

- 1b. The decrease in **trade receivables** were mainly due to the collection from subsidiary Hub Media.
- 1c. The **other current assets** comprised of prepayments, deposit paid and the amount due from a former subsidiary amounting to S\$2.4 million represents the estimated fair value of the counter indemnity recoverable from the former subsidiary pursuant to the financial guarantee.
- 1d. **Trade and other payables** decreased by approximately S\$0.3 million. This was due mainly to the decrease of provision made during the period.
- 1e. **Borrowings** refer to the current portion of the bank term loans, hire purchase creditors and third party loans.

The net non-current assets of the Group was approximately S\$3.1 million as at 31 March 2017 as compared with \$4.7 million as at 31 December 2016. The decrease of S\$1.6 million was mainly due to:

- 2a. **Investments in associated companies** decreased mainly due from the decline in market value of investments.
- 2b. **Financial assets, available for sale** increased by approximately S\$4,200 mainly due to the fair value gain recognized in other comprehensive income in Q1 FY2017.
- 2c. The decrease in **Property, plant and equipment** was due to the depreciation charged for the quarter.
- 2d. The decrease in **Investment properties** was due to the depreciation charged for the quarter.
- 2e. The decrease in **Intangible assets** was due to the amortisation charged of license fee for the quarter. See also note 8(a)(1).
- 2f. **Other non-current assets** refer to the long term portion of the deposit paid for rental.
- 2g. **Borrowings** refer to the convertible notes and long term portion of the bank term loans for property, hire purchase creditors and third party loans.
- 2h. **Financial liability, at fair value through profit or loss** refer to the long term portion of the economic right on quoted securities payable to former subsidiary. The decrease was due to fair value gain recognized for the quarter.

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 was made previously.

10. A commentary at the date of the announcement of the 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 year and the next 12 months

Our first Hi-5 House of Learning preschool centre has officially opened on 10 June 2016 and commenced operation at 10 Hoe Chiang Road, #01-03 Keppel Towers, Singapore 089315. The preschool centre is going through the development phase and we expect the preschool business to be stabilised towards the end of year and also considering an expansion plan subsequently.

The Group continues to face challenges such as currency fluctuations, soft consumer demand, and competitive environment especially in the media sales division. We remain mindful and will take appropriate action to mitigate the impact on the Group's business.

11. Dividend

(a) Current Financial Year Reported On 31 March 2017

Any dividend declared for the current financial year reported on?

Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividend has been declared for the corresponding year of the immediately preceding financial year ended 31 December 2016.

(c) **Date payable**

Not Applicable.

(d) **Books closure date**

Not applicable.

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

No dividend has been recommended or declared by the Company for the financial period under review.

13. Summary of Interested Person Transactions

Summary of Interested Person Transactions for the financial period ended 31 March 2017

There is no general mandate on Interested Person Transactions.

The aggregate value of interested person transactions for the period ended 31 March 2017 is as follows:

Name of interested person and nature of transactions	Group			
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transaction conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 excluding (excluding transactions less than S\$100,000)	
	Quarter ended 31 March 2017	Quarter ended 31 March 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016
Datuk Jared Lim Chih Li	N.A.	N.A.	N.A.	N.A.
Mr. Ng Teck Wah	N.A.	N.A.	N.A.	N.A.

Material Contracts

Save as disclosed above, there were no other material contracts of the Company and its subsidiaries involving the interests of the Managing Director, any director or controlling shareholders for the financial period ended 31 March 2017.

14. Confirmation pursuant to the Rule 705(5) of the listing manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim results of the Group for the 3 months ended 31 March 2017 to be false and misleading in any material aspect.

15. Confirmation pursuant to the Rule 720(1) of the listing manual

The Company has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the listing manual.

BY ORDER OF THE BOARD

Datuk Jared Lim Chih Li
Managing Director
12 May 2017

Jaleeludeen Bin Abu Baker
Audit Committee Chairman
12 May 2017