

ATTILAN GROUP LIMITED

Registration Number 199906459N
(Incorporated in the Republic of Singapore)

DIFFERENCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors of Attilan Group Limited (the “Company” and together with its subsidiaries, the “Group”) refer to the unaudited full year financial results announcement for the financial year ended 31 December 2017 (“FY2017”) released via the SGX-NET on 1 March 2018 (the “**Unaudited Financial Statements**”). Further reference is made to the Audited Financial Statements of the Company for FY2017 (the “**Audited Financial Statements**”) which will be provided to shareholders and the SGX-ST in due course.

Pursuant to Rule 704(6) of the Listing Manual, the Board wishes to highlight that there are certain adjustments made by the Company to the Consolidated Statement of Comprehensive Income, Statements of Financial Position and Consolidated Statement of Cash Flows in the Audited Financial Statements compared to what was disclosed in the Unaudited Financial Statements.

Below is a comparison between the earlier announced Unaudited Financial Statements and the Audited Financial Statements. Details of the material variances and reasons for such variances are set out in the explanatory notes below.

Audited Consolidated Income Statement

	Audited Financial Statements S\$	Unaudited Financial Statements S\$	Differences	Notes
Revenue	2,315,929	2,284,679	31,250	a
Cost of sales	(279,608)	(233,886)	(45,722)	b
Administrative expenses	(3,850,109)	(3,751,028)	(99,081)	c
Other income - net	4,173,543	1,299,340	2,874,203	d
Other expenses - net	(6,469,515)	(2,815,298)	(3,654,217)	e
(Loss)/Profit from operations	(4,109,760)	(3,216,193)		
Finance income	344	344	-	
Finance costs	(511,322)	(194,772)	(316,550)	f
Share of loss of associated company	(541,134)	(541,134)	-	
(Loss)/Profit before tax	(5,161,872)	(3,951,755)		
Income tax expense	(14,384)	(14,384)	-	
(Loss)/Profit after tax	(5,176,256)	(3,966,139)		
(Loss)/Profit attributable to:				
Owners of the Company	(4,457,462)	(3,683,245)		
Non-controlling interest	(718,794)	(282,894)	(435,900)	g
	<u>(5,176,256)</u>	<u>(3,966,139)</u>		

Audited Statement of Financial Position

	Audited Financial Statements	Unaudited Financial Statements	Change	Notes
	S\$	S\$	S\$	
ASSETS				
Current Assets				
Cash and bank balances	318,499	320,498	(1,999)	Immaterial
Trade receivables	-	77,238	(77,238)	eiv
Other current assets	5,465,999	2,973,472	2,492,527	d
Amount due from subsidiaries	-	-	-	
	5,784,498	3,371,208		
Investment properties held for sale	2,050,001	-	(2,050,001)	h
Total Current Assets	7,834,499	3,371,208		
Non-Current Assets				
Investments in subsidiaries	-	-	-	
Investments in associated company	-	1,113,158	(1,113,158)	eiii
Financial assets, available-for-sale	2	2	-	
Property, plant and equipment	330,699	330,699	-	
Investment properties	-	2,108,240	(2,108,240)	h
Intangible assets	350,000	978,850	(628,850)	e ii
Other non-current assets	119,013	119,013	-	
Total Non-Current Assets	799,714	4,649,962		
Total Assets	8,634,213	8,021,170		
Current Liabilities				
Trade and other payables	11,470,879	9,497,113	1,973,766	i
Financial guarantee contracts	8,074,093	8,523,698	449,605	h
Put Options liabilities	24,500,000	24,500,000	-	
Borrowings	1,482,414	1,526,870	44,456	h
	45,527,386	44,047,681		
Liabilities directly associated with assets classified as held-for-sale	744,008	-	744,008	h
Total Current Liabilities	46,271,394	44,047,681		
Non-Current Liabilities				
Financial liability, at fair value through profit or loss	2,542,721	2,542,721	-	
Provision for reinstatement cost	96,720	96,720	-	
Borrowings	14,334	1,548,886	(1,534,552)	h
Total Non-Current Liabilities	2,653,775	4,188,327		
Total Liabilities	48,925,169	48,236,008		
Equity Attributable to Owners of the Company				
Share capital	120,312,067	120,312,067	-	
Accumulated losses	(150,881,190)	(150,106,973)	(774,217)	j
Foreign currency translation reserve	567,421	567,422	(1)	Immaterial
Other reserve	(10,429,690)	(10,429,690)	-	
Convertible Notes	1,134,000	-	(1,134,000)	f
Total Shareholders' Funds	(39,297,392)	(39,657,174)		
Non-controlling Interests	(993,564)	(557,664)	(435,900)	g
Total Equity	(40,290,956)	(40,214,838)		
Total Liabilities and Equity	8,634,213	8,021,170	-	

Notes:-

- (a) It is mainly due to the under recognition of fund management income in one of the subsidiaries.
- (b) It is mainly due to the under recognition of amortisation of intangible assets pertaining to Hi-5 Franchise License.
- (c) It is mainly due to the reversal of depreciation for investment properties classified as assets held-for-sale during the financial year ended 31 December 2017 and recognition of fund management expense of S\$158,813.
- (d) It is mainly due to the accruals and other payables written back of S\$189,572 and also a write back of a financial guarantee contract of S\$2,684,685, which is the increase in the estimated counter indemnity recoverable from a former subsidiary amounting to S\$5,040,079, as compared to the previous financial year of S\$2,355,394.
- (e) The difference is mainly due to the following:
 - i). Impairment loss of S\$101,943 provided on the investment properties classified as assets held-for-sale during the financial year ended 31 December 2017 as the Group measures the investment properties at the lower of the carrying amount and fair value less cost to sell as at 31 December 2017.
 - ii). Impairment loss on intangible assets of S\$1,407,728 provided on the Hi-5 Franchise Licenses in Malaysia and Indonesia which have yet to commence operations.
 - iii). Impairment loss on investment in an associated company of S\$1,113,158 provided in view of the continuing operating losses and a proposed restructuring exercise of the associated company, in relation to its ability to continue as a going concern, for which the outcome is inherently uncertain.
 - iv). Impairment loss on the trade and other receivables of S\$1,031,838 provided for amounts due from related parties which are not recoverable in the view of the directors of the Group.
- (f) It is mainly due to the recognition of an accreted interest on the convertible notes of S\$299,000 following a valuation assessment provided by the professional external valuer for the financial year ended 31 December 2017.
- (g) This is mainly due to the increase in net loss after taking in the amortisation and impairment loss of the intangible assets.
- (h) It is due to the classification of investment properties to assets held-for-sale arising from the Option to Purchase agreement with an external party for the disposal of the investment properties in May 2017. The put options liabilities of S\$24,500,000 has been separately disclosed under current liabilities in the audited financial statements.
- (i) It is mainly due to the reclassification of accounts from receivables to payables and also increase in accruals for unbilled expenses such as management fees.
- (j) As a result of taking in notes a to f.

BY ORDER OF THE BOARD

Datuk Jared Lim Chih Li
Managing Director
6 July 2018