

# ATTILAN GROUP LIMITED

Registration Number 199906459N

(Incorporated in the Republic of Singapore)

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## RESPONSE TO SGX QUERIES

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In response to the SGX's queries dated 14 March 2016 for clarification on the Full Year 2015 results, the Board of Directors (the "Board") of Attilan Group Limited (the "Company") wishes to announce the following:

### **Query 1:**

On page 1 of the FY2015 Results (the "Announcement") of the Company, the Company announced that "this Announcement has not been approved by the Audit Committee of the Company due to certain outstanding issues. Notwithstanding so, due to the need to comply with the timelines prescribed by the relevant listing rules to release the financial results, the board of directors has approved this Announcement via a majority decision".

Please provide further disclosure on the following:

- a) Elaboration on what the "certain outstanding issues" are; and
- b) Whether the approval of the board for the release of the Announcement include the members of the Audit Committee?

### **Response 1:**

- a) The certain outstanding issues refer to the accounting treatment of (i) the application of equity accounting to an associated company following the transfer of the Group's economic rights in the associated company to a former subsidiary and; (ii) the carrying amount of a bank loan of a subsidiary
- b) The approval of the board for the release of the Announcement includes a member of the Audit Committee.

With reference to on the certain outstanding issues, for 1(a)(i) the AC Chairman and a member of the Audit Committee are of the view that as the Group had previously restructured its debts and surrendered most of the economic benefits relating to its interests in associate company, the Group should discontinue equity accounting of the associated company. The management has consulted the auditors and the auditors have advised the management that their view is that the investment in associate company meets the definition of paragraph 5 and 12 of FRS 28 and accordingly, the investment has to be accounted for as an associate and equity accounting would apply under the provisions of FRS 28.

For 1(a)(ii), the AC Chairman and a member of the Audit Committee are of the view that the Loan ought to be fair-valued to zero as it requires no repayment. The management has consulted the auditors and the auditors have advised the management that their view is that the loan granted to a subsidiary should be

consolidated into the financial statements in accordance with paragraph 20 of FRS 110 because the holding company has control over the subsidiary through its 100% shareholdings and representation on the board of directors in the subsidiary. In addition, the subsidiary has not discharged all its obligations and has received no notice from the bank for a waiver thus, the Loan should remain as a liability of the Group.

The issues were discussed during the Board and AC meetings held on 25 February and in order to comply with the timelines prescribed by the relevant listing rules to release the financial results, the Board of Directors approved the release of the Announcement via a majority decision.

**Query 2:**

In the FY2015 income statement, the Company reported a S\$6.3 million share of loss of associated companies for FY2015.

Please provide further details for a reasonable understanding of the business of these associated companies and factors which resulted in the loss of S\$6.3 million, which is significant to the Group's loss after tax of S\$5.3 million.

**Response 2:**

The associated company operates principally in a single segment business which is the casual dining business serving food and beverages. The share of loss of S\$6.3 million includes share of results of the associated company of S\$2.2 million and the write down of the investment of S\$4.1 million to the recoverable amount which is the market value of the quoted equity shares as at 31 December 2015.

**Query 3:**

In the review of its performance on page 8 of the Announcement, the Company reported that "the Company completed the acquisition of the balance 30% of the issued share capital of TAP Partners Sdn Bhd ("TAPPSB") from the non-controlling shareholder".

Please provide further disclosure on the net financial impact of such acquisition to the Group's net income and Net Asset Value ("NAV").

**Response 3:**

As previously announced on 30 October 2015, the Group acquired TAPPSB for a consideration of \$1. None of the relative figures competed based on Rule 1006 of the Listing Manual exceeds 5%.

**Query 4:**

On page 8 of the Announcement, the Company announced that “The revenue in FY2014 had been restated due to the recognition of certain advance payments of media content contract as revenue in FY2014. These advance payments should have been recorded as unearned revenue instead of revenue in the income statement of the financial year ended 31 December 2014”.

Please quantify the amount unearned revenue recognized as revenue in the income statement and reasons why this was not highlighted by the auditors in the FY2014 audit.

**Response 4:**

The unearned revenue recognised as revenue amounted to approximately S\$3.09 million. It was not highlighted in the auditor’s report for FY2014 as the restatement was only ascertained during the course of the FY2015 audit where it was noted that the delivery of certain media contents to a customer of approximately S\$3.09 million was still outstanding. Accordingly, the revenue should have been deferred.

**Query 5:**

On page 8 of the Announcement, the Company announced that “Other income increased by approximately of S\$5.9 million in FY2015 as compared to FY2014 due mainly as the Group recognized the fair value gain on financial liability, at fair value through profit or loss and write back of impairment loss on other receivables in FY2015”.

The Company had announced that other income amounted to S\$7.3 million. Please provide further disclosure on the following:

- a) Provide a breakdown of material increase in other income attributable to:
- b) The factors which resulted in “the fair value gain on financial liability”;
- c) Provide details of the financial liabilities and nature of the underlying transaction which resulted in the financial liabilities;
- d) The reasons that resulted in the “write back of impairment loss on other receivables”; and
- e) What were the receivables written back in FY2015, the nature of the underlying transaction for the other receivables and the factors which resulted in the write back.

**Response 5:**

- a) A breakdown of material increase in other income attributable to:

	S\$
Dilution gain on the transfer from investment in associated company to financial assets, available-for-sale	457,249
Fair value gain on financial liability, at fair value through profit or loss	4,817,141
Gain on disposal of subsidiary	104,410
Write back of impairment loss on trade and other receivables	<u>1,649,564</u>

- b) The assigned economic rights to a former subsidiary have been accounted as a financial liability at fair value through profit or loss and at the balance sheet date, the amount has been stated at fair value resulting in a fair value gain of S\$4,817,141.
- c) As explained in part (b), the financial liability arises from the assignment of the Group's Economic Rights in associated company to a former subsidiary during the current financial year.
- d) The write back of impairment loss on other receivables is a result of a partial repayment by former investee companies and a fund managed by a subsidiary in FY2015.
- e) The other receivables written back in FY2015 refers to the professional and investment expenses paid on behalf of the former investee companies and fund managed by a subsidiary.

**Query 6:**

An issuer is required under paragraph 20 of Appendix 7.2 of the Listing Manual to disclose if there are any person(s) occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder.

Please disclose accordingly or provide an appropriate negative statement, where applicable.

**Response 6:**

For the financial year 2015, there are no employee holding managerial positions in the Group who are related to the directors, chief executive officer or substantial shareholders of the Company or of any of its principal subsidiaries.

**BY ORDER OF THE BOARD**

Datuk Jared Lim Chih Li  
Managing Director  
21 March 2016