



# ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 31 March 2019

## 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 |                   |            |
|--------------------------------------------------------------------------------------------------------------|-------------------------|-------------------|------------|
|                                                                                                              | 1Q2019<br>S\$'000       | 1Q2018<br>S\$'000 | + / (-)    |
| <b>Continuing operations</b>                                                                                 |                         |                   |            |
| Revenue                                                                                                      | 25,365                  | 26,759            | (5%)       |
| Cost of revenue                                                                                              | (24,948)                | (24,560)          | 2%         |
| Gross profit                                                                                                 | 417                     | 2,199             | (81%)      |
| Other income/(expenses)                                                                                      | 270                     | (59)              | n.m        |
| General and administrative expenses                                                                          | (2,266)                 | (1,533)           | 48%        |
| Finance costs                                                                                                | (237)                   | (37)              | 541%       |
| <b>(Loss)/profit before tax from continuing operations</b>                                                   | <b>(1,816)</b>          | <b>570</b>        | <b>n.m</b> |
| Income tax expense                                                                                           | (47)                    | (54)              | (13%)      |
| <b>(Loss)/profit from continuing operations, net of tax</b>                                                  | <b>(1,863)</b>          | <b>516</b>        | <b>n.m</b> |
| <b>Discontinued operation</b>                                                                                |                         |                   |            |
| Profit from discontinued operation, net of tax                                                               | -                       | 97                | n.m        |
| <b>(Loss)/profit for the financial period</b>                                                                | <b>(1,863)</b>          | <b>613</b>        | <b>n.m</b> |
| <b>Attributable to:</b>                                                                                      |                         |                   |            |
| <b>Owners of the Company</b>                                                                                 |                         |                   |            |
| (Loss)/profit from continuing operations, net of tax                                                         | (1,714)                 | 516               | n.m        |
| Profit from discontinued operation, net of tax                                                               | -                       | 97                | n.m        |
| <b>(Loss)/profit for the financial period attributable to owners of the Company</b>                          | <b>(1,714)</b>          | <b>613</b>        | <b>n.m</b> |
| <b>Non-controlling interests</b>                                                                             |                         |                   |            |
| Loss from continuing operations, net of tax                                                                  | (149)                   | -                 | n.m        |
| <b>Loss for the financial period attributable to non-controlling interests</b>                               | <b>(149)</b>            | <b>-</b>          | <b>n.m</b> |
| <b>Earnings per share from continuing operations attributable to owners of the company (cents per share)</b> |                         |                   |            |
| Basic and diluted                                                                                            | (0.10)                  | 0.04              |            |
| <b>Earnings per share (cents per share)</b>                                                                  |                         |                   |            |
| Basic and diluted                                                                                            | (0.10)                  | 0.05              |            |
| <b>Other comprehensive income :</b>                                                                          |                         |                   |            |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                                        |                         |                   |            |
| Foreign currency translation of foreign subsidiaries                                                         | 80                      | 451               | (82%)      |
| Foreign currency translation recycled to profit or loss upon disposal and liquidation of subsidiaries        | -                       | 291               | n.m        |
| <b>Total comprehensive income for the financial period</b>                                                   | <b>(1,783)</b>          | <b>1,355</b>      | <b>n.m</b> |
| <b>Attributable to:</b>                                                                                      |                         |                   |            |
| <b>Owners of the Company</b>                                                                                 | (1,628)                 | 1,355             | n.m        |
| <b>Non-controlling interests</b>                                                                             | (155)                   | -                 | n.m        |
| <b>Total comprehensive income for the financial period</b>                                                   | <b>(1,783)</b>          | <b>1,355</b>      | <b>n.m</b> |
| <b>Attributable to:</b>                                                                                      |                         |                   |            |
| <b>Owners of the Company</b>                                                                                 |                         |                   |            |
| Total comprehensive income from continuing operations                                                        | (1,628)                 | 1,258             | n.m        |
| Total comprehensive income from discontinued operation                                                       | -                       | 97                | n.m        |
| <b>Total comprehensive income for the financial period attributable to owners of the Company</b>             | <b>(1,628)</b>          | <b>1,355</b>      | <b>n.m</b> |

Note:

n.m - not meaningful

**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)**

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

|                                                           | <b>GROUP</b>   |                |                |
|-----------------------------------------------------------|----------------|----------------|----------------|
|                                                           | <b>1Q2019</b>  | <b>1Q2018</b>  | <b>+ / (-)</b> |
|                                                           | <b>S\$'000</b> | <b>S\$'000</b> |                |
| <b>(a) Cost of revenue:</b>                               |                |                |                |
| Allowance for of inventory obsolescence                   | 156            | 43             | 263%           |
| Depreciation of property, plant and equipment             | 719            | 565            | 27%            |
| Depreciation of right-of-use assets                       | 158            | -              | n.m            |
| <b>(b) Other income:</b>                                  |                |                |                |
| Interest income from bank deposits                        | (33)           | (8)            | 313%           |
| (Gain)/loss on disposal of property, plant and equipment  | (100)          | 11             | n.m            |
| Amortisation of deferred interest income                  | -              | (19)           | n.m            |
| Amortisation of deferred compensation Income              | -              | (40)           | n.m            |
| Rental income                                             | (14)           | (42)           | (67%)          |
| Loss on disposal of a subsidiary                          | -              | 124            | n.m            |
| <b>(c) General and administrative expenses:</b>           |                |                |                |
| Allowance for/(write back of) impairment on trade debtors | 2              | (37)           | n.m            |
| Foreign exchange gain                                     | (62)           | (118)          | (47%)          |
| Depreciation of property, plant and equipment             | 117            | 67             | 75%            |
| Depreciation of right-of-use assets                       | 64             | -              | n.m            |
| Amortisation of intangible assets                         | 11             | 1              | 1000%          |

Note:

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.**

|                                                             | <b>GROUP</b>      |                   | <b>COMPANY</b>    |                   |
|-------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                             | <b>31.03.2019</b> | <b>31.12.2018</b> | <b>31.03.2019</b> | <b>31.12.2018</b> |
|                                                             | <b>S\$'000</b>    | <b>S\$'000</b>    | <b>S\$'000</b>    | <b>S\$'000</b>    |
| <b>Non-current assets</b>                                   |                   |                   |                   |                   |
| Intangible assets                                           | 24,070            | 24,080            | -                 | -                 |
| Property, plant and equipment                               | 24,710            | 24,084            | 9                 | -                 |
| Right-of-use assets                                         | 2,360             | -                 | -                 | -                 |
| Investment in joint venture                                 | -                 | -                 | -                 | -                 |
| Investment in subsidiaries                                  | -                 | -                 | 55,583            | 53,083            |
| Loan receivables from subsidiaries                          | -                 | -                 | 4,793             | 7,326             |
| Other investments                                           | 1,960             | 1,960             | -                 | -                 |
| Prepayments                                                 | 3,189             | 2,056             | -                 | -                 |
|                                                             | <u>56,289</u>     | <u>52,180</u>     | <u>60,385</u>     | <u>60,409</u>     |
| <b>Current assets</b>                                       |                   |                   |                   |                   |
| Inventories                                                 | 12,607            | 15,053            | -                 | -                 |
| Trade debtors                                               | 18,189            | 21,297            | -                 | -                 |
| Other debtors                                               | 5,897             | 6,371             | 17                | 11                |
| Contract assets                                             | 969               | 1,500             | -                 | -                 |
| Prepayments and advances to suppliers                       | 598               | 601               | 14                | 8                 |
| Fixed deposits                                              | 3,185             | 4,957             | -                 | -                 |
| Cash and bank balances                                      | 8,270             | 9,016             | 10                | 127               |
| Amount due from a law firm                                  | 34,246            | 34,542            | 33,153            | 33,449            |
|                                                             | <u>83,961</u>     | <u>93,337</u>     | <u>33,194</u>     | <u>33,595</u>     |
| <b>Current liabilities</b>                                  |                   |                   |                   |                   |
| Amount due to a subsidiary                                  | -                 | -                 | 177               | 138               |
| Trade creditors                                             | 23,474            | 29,046            | -                 | -                 |
| Contract liabilities                                        | 1,037             | 827               | -                 | -                 |
| Lease liabilities                                           | 715               | -                 | -                 | -                 |
| Other creditors and accruals                                | 8,426             | 8,069             | 617               | 419               |
| Amount due to a former director                             | 1,183             | 1,479             | 1,183             | 1,479             |
| Amount due to a non-controlling shareholder of a subsidiary | 325               | 238               | -                 | -                 |
| Loans and borrowings                                        | 3,382             | 3,823             | -                 | -                 |
| Income tax payable                                          | 154               | 192               | -                 | -                 |
|                                                             | <u>38,696</u>     | <u>43,674</u>     | <u>1,977</u>      | <u>2,036</u>      |
| <b>Net current assets</b>                                   | 45,265            | 49,663            | 31,217            | 31,559            |
| <b>Non-current liabilities</b>                              |                   |                   |                   |                   |
| Lease liabilities                                           | 1,679             | -                 | -                 | -                 |
| Loans and borrowings                                        | 6,728             | 6,840             | -                 | -                 |
| Deferred tax liabilities                                    | 27                | 28                | -                 | -                 |
|                                                             | <u>8,434</u>      | <u>6,868</u>      | <u>-</u>          | <u>-</u>          |
| <b>Net assets</b>                                           | <u>93,120</u>     | <u>94,975</u>     | <u>91,602</u>     | <u>91,968</u>     |
| <b>Equity attributable to owners of the Company</b>         |                   |                   |                   |                   |
| Share capital                                               | 115,898           | 115,898           | 115,898           | 115,898           |
| Statutory reserve fund                                      | 131               | 131               | -                 | -                 |
| Other reserves                                              | 189               | 189               | 189               | 189               |
| Fair value adjustment reserve                               | (245)             | (245)             | -                 | -                 |
| Accumulated losses                                          | (23,472)          | (21,692)          | (24,485)          | (24,119)          |
| Foreign currency translation reserve                        | 1,066             | 986               | -                 | -                 |
|                                                             | <u>93,567</u>     | <u>95,267</u>     | <u>91,602</u>     | <u>91,968</u>     |
| Non-controlling interests                                   | (447)             | (292)             | -                 | -                 |
|                                                             | <u>93,120</u>     | <u>94,975</u>     | <u>91,602</u>     | <u>91,968</u>     |

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

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

| <b>GROUP<br/>31.03.2019</b> |                              | <b>GROUP<br/>31.12.2018</b> |                              |
|-----------------------------|------------------------------|-----------------------------|------------------------------|
| <b>Secured<br/>S\$'000</b>  | <b>Unsecured<br/>S\$'000</b> | <b>Secured<br/>S\$'000</b>  | <b>Unsecured<br/>S\$'000</b> |
| 3,382                       | 1,321                        | 3,823                       | 1,412                        |

**Amount repayable after one year**

| <b>GROUP<br/>31.03.2019</b> |                              | <b>GROUP<br/>31.12.2018</b> |                              |
|-----------------------------|------------------------------|-----------------------------|------------------------------|
| <b>Secured<br/>S\$'000</b>  | <b>Unsecured<br/>S\$'000</b> | <b>Secured<br/>S\$'000</b>  | <b>Unsecured<br/>S\$'000</b> |
| 6,728                       | -                            | 6,840                       | -                            |

**Details of any collateral**

The Group's borrowings comprise the following:

- (i) amounts due to bankers;
- (ii) amount due to a non-controlling shareholder of a subsidiary;
- (iii) amount due to a director-related company (included in other creditors and accruals); and
- (iv) amount due to a director (included in other creditors and accruals).

The amounts due to bankers are secured facilities granted to 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 and its subsidiary.

The amounts due to a non-controlling shareholder of a subsidiary, a director-related company and a director are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

**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.**

|                                                                                    | <b>GROUP</b>          |                |
|------------------------------------------------------------------------------------|-----------------------|----------------|
|                                                                                    | <b>3 months ended</b> |                |
|                                                                                    | <b>1Q2019</b>         | <b>1Q2018</b>  |
|                                                                                    | <b>S\$'000</b>        | <b>S\$'000</b> |
| <b>Cash flows from operating activities:</b>                                       |                       |                |
| (Loss)/profit before tax from continuing operations                                | (1,816)               | 570            |
| (Loss)/profit before tax from discontinued operation                               | -                     | 97             |
| (Loss)/profit before tax, total                                                    | (1,816)               | 667            |
| Adjustments for:                                                                   |                       |                |
| (Gain)/loss on disposal of property, plant and equipment                           | (100)                 | 11             |
| Depreciation of property, plant and equipment                                      | 836                   | 632            |
| Depreciation of right-of-use assets                                                | 222                   | -              |
| Amortisation of deferred interest income                                           | -                     | (19)           |
| Loss on disposal of a subsidiary                                                   | -                     | 124            |
| Amortisation of intangible assets                                                  | 11                    | 1              |
| Amortisation of deferred compensation income                                       | -                     | (40)           |
| Interest income                                                                    | (16)                  | (8)            |
| Interest expense                                                                   | 204                   | 86             |
| Interest expense - lease liability                                                 | 33                    | -              |
| Unrealised foreign exchange loss                                                   | (149)                 | (117)          |
| Currency realignment                                                               | (119)                 | -              |
| <b>Operating cash flows before changes in working capital</b>                      | <b>(894)</b>          | <b>1,337</b>   |
| Decrease in inventories                                                            | 2,463                 | 697            |
| Decrease in trade debtors, contract assets, other debtors and prepayments          | 4,492                 | 1,414          |
| Decrease in trade creditors, contract liabilities and other creditors and accruals | (4,790)               | (835)          |
| Payment to a former director in relation to termination of service agreement       | (296)                 | -              |
| <b>Cash flows generated from operations</b>                                        | <b>975</b>            | <b>2,613</b>   |
| Interest paid                                                                      | (204)                 | (86)           |
| Interest received                                                                  | 16                    | 8              |
| Tax paid                                                                           | (86)                  | (133)          |
| <b>Net cash flows generated from operating activities</b>                          | <b>701</b>            | <b>2,402</b>   |
| <b>Cash flows from investing activities:</b>                                       |                       |                |
| Proceeds from disposal of property, plant and equipment                            | 100                   | -              |
| Proceeds from disposal of intangible assets                                        | -                     | 61             |
| Purchase of property, plant and equipment                                          | (1,476)               | (919)          |
| Prepayment for purchase of land                                                    | (1,133)               | -              |
| Net cash outflows on disposal of a subsidiary                                      | -                     | (2,917)        |
| <b>Net cash flows used in investing activities</b>                                 | <b>(2,509)</b>        | <b>(3,775)</b> |
| <b>Cash flows from financing activities:</b>                                       |                       |                |
| Net decrease in hire purchase creditors                                            | -                     | (2)            |
| Increase in amount due to non-controlling shareholder of a subsidiary              | 87                    | -              |
| Drawdown of bank borrowings                                                        | 2,699                 | 1,515          |
| Repayment of bank borrowings                                                       | (3,258)               | (2,262)        |
| Repayment of lease liabilities                                                     | (240)                 | -              |
| Decrease/(increase) in fixed deposits                                              | 1,776                 | (61)           |
| <b>Net cash flows generated from/(used in) financing activities</b>                | <b>1,064</b>          | <b>(810)</b>   |
| Net decrease in cash and cash equivalents                                          | (744)                 | (2,183)        |
| Cash and cash equivalents at beginning of period (Note A)                          | 9,016                 | 59,618         |
| Effects of exchange rates on opening cash and cash equivalents                     | (2)                   | 66             |
| <b>Cash and cash equivalents at end of period</b>                                  | <b>8,270</b>          | <b>57,501</b>  |

Note A:

As at 31 December 2018, cash of S\$34.54 million were held in trust and/or in escrow by a Singapore law firm JLC Advisors LLP ("JLC"). On 9 January 2019, the Company authorised JLC to make payment of \$0.30 million to a former director of the Company for termination of his service agreement. On 2 April 2019, the Group received fund placed by its subsidiary, Asia Box Office Pte. Ltd. in trust with JLC in full \$1.09 million. Consequently, the remaining balance held in escrow by JLC is \$33.15 million ("Escrow Funds"). The Company had made repeated demands for repayment of the Escrow Funds from JLC since 23 March 2019. On 17 May 2019, the Company's legal counsel issued a letter of demand to JLC to release the Escrow Funds to the Company. As there have been alleged unauthorised payments of such Escrow Funds and on-going investigation by various authorities, the Group and the Company have classified the cash of S\$34.25 million (2018: S\$34.54 million) and S\$33.15 million (2018: S\$33.45 million) as amount due from a law firm respectively as at 31 March 2019 instead of cash and cash equivalents as the Company is currently taking all steps necessary to recover the Escrow Funds from JLC ("JLC Issue").

**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.**

In S\$'000

| <u>Group</u>                                                                                                 | Ordinary shares<br>\$ | Foreign currency translation reserve<br>\$ | Statutory reserve fund<br>\$ | Other reserves<br>\$ | Fair value adjustment reserve<br>\$ | (Accumulated losses)/ retained earnings<br>\$ | Reserves of disposal group classified as held for sale<br>\$ | Total equity attributable to owners of the Company<br>\$ | Non-controlling interests<br>\$ | Total equity<br>\$ |
|--------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------------------|------------------------------|----------------------|-------------------------------------|-----------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------|---------------------------------|--------------------|
| <b>Balance as at 1 January 2019</b>                                                                          | 115,898               | 986                                        | 131                          | 189                  | (245)                               | (21,692)                                      | -                                                            | 95,267                                                   | (292)                           | 94,975             |
| Cumulative effects of adopting SFRS(I)16                                                                     | -                     | -                                          | -                            | -                    | -                                   | (66)                                          | -                                                            | (66)                                                     | -                               | (66)               |
| Loss for the period                                                                                          | -                     | -                                          | -                            | -                    | -                                   | (1,714)                                       | -                                                            | (1,714)                                                  | (149)                           | (1,863)            |
| <i>Other comprehensive income:</i>                                                                           |                       |                                            |                              |                      |                                     |                                               |                                                              |                                                          |                                 |                    |
| Foreign currency translation                                                                                 | -                     | 80                                         | -                            | -                    | -                                   | -                                             | -                                                            | 80                                                       | (6)                             | 74                 |
| <b>Balance as at 31 March 2019</b>                                                                           | <b>115,898</b>        | <b>1,066</b>                               | <b>131</b>                   | <b>189</b>           | <b>(245)</b>                        | <b>(23,472)</b>                               | <b>-</b>                                                     | <b>93,567</b>                                            | <b>(447)</b>                    | <b>93,120</b>      |
| <b>Balance as at 1 January 2018</b>                                                                          | 90,738                | 872                                        | 16                           | 189                  | -                                   | 6,319                                         | 1,647                                                        | 99,781                                                   | -                               | 99,781             |
| Profit for the period                                                                                        | -                     | -                                          | -                            | -                    | -                                   | 516                                           | -                                                            | 516                                                      | -                               | 516                |
| <i>Other comprehensive income:</i>                                                                           |                       |                                            |                              |                      |                                     |                                               |                                                              |                                                          |                                 |                    |
| Foreign currency translation                                                                                 | -                     | 742                                        | -                            | -                    | -                                   | -                                             | -                                                            | 742                                                      | -                               | 742                |
| Transfer of reserve attributable to disposal group classified as held for sale upon disposal of a subsidiary | -                     | (291)                                      | -                            | -                    | -                                   | 2,035                                         | (1,647)                                                      | 97                                                       | -                               | 97                 |
| <b>Balance as at 31 March 2018</b>                                                                           | <b>90,738</b>         | <b>1,323</b>                               | <b>16</b>                    | <b>189</b>           | <b>-</b>                            | <b>8,870</b>                                  | <b>-</b>                                                     | <b>101,136</b>                                           | <b>-</b>                        | <b>101,136</b>     |

In S\$'000

| <u>Company</u>                            | Ordinary shares<br>\$ | Other reserves<br>\$ | (Accumulated losses)/ retained earnings<br>\$ | Total equity attributable to owners of the Company<br>\$ |
|-------------------------------------------|-----------------------|----------------------|-----------------------------------------------|----------------------------------------------------------|
| <b>Balance as at 1 January 2019</b>       | 115,898               | 189                  | (24,119)                                      | 91,968                                                   |
| Total comprehensive income for the period | -                     | -                    | (366)                                         | (366)                                                    |
| <b>Balance as at 31 March 2019</b>        | <b>115,898</b>        | <b>189</b>           | <b>(24,485)</b>                               | <b>91,602</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>                                            |

**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.**

|                                 | <b>No. of ordinary<br/>shares<br/>'000</b> | <b>Amount<br/>S\$'000</b> |
|---------------------------------|--------------------------------------------|---------------------------|
| As at 31.03.2019 and 31.12.2018 | 1,770,329                                  | 115,898                   |

As at 31 March 2019 and 31 December 2018, 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>31.03.2019</b> | <b>31.12.2018</b> |
|---------------------------------------------------------------------|-------------------|-------------------|
| Total number of issued shares ('000)<br>(excluding treasury shares) | 1,770,329         | 1,770,329         |

There were no treasury shares as at 31 March 2019 and 31 December 2018.

**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 2019.

**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 2019.

**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 2018 and new and amended Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which became effective on or after 1 January 2019.

**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.**

Except for SFRS(I) 16 *Leases*, the adoption of the new and amended standards does not have material impact on the financial statements.

SFRS(I) 16 *Leases*

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. The Group has adopted SFRS (I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings as the date of initial application, 1 January 2019. The Group measures the right-of-use assets at their carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019, except for leases of 'low value' assets and short-term leases.

The adoption of SFRS(I) 16 resulted in the following adjustments to the balance sheet of the Group as at 1 January 2019:

| <b>Balance sheet item</b>     | <b>S\$'000</b> |
|-------------------------------|----------------|
| Right-of-use assets           | 2,568          |
| Property, plant and equipment | (42)           |
| Prepayments                   | (4)            |
| Lease liabilities             | 2,588          |
| Opening retained earnings     | (66)           |

**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.**

|                                                       | <b>GROUP</b>          |                      |
|-------------------------------------------------------|-----------------------|----------------------|
|                                                       | <b>3 months ended</b> |                      |
|                                                       | <b><u>1Q2019</u></b>  | <b><u>1Q2018</u></b> |
| Earnings per share from continuing operations (cents) |                       |                      |
| - Basic and diluted                                   | (0.10)                | 0.04                 |
| Earnings per share (cents)                            |                       |                      |
| - Basic and diluted                                   | (0.10)                | 0.05                 |
| Weighted average number of ordinary shares ('000)     | 1,770,329             | 1,350,329            |

- 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.**

|                                                                                                  | <b>Group</b>      |                   | <b>Company</b>    |                   |
|--------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                                  | <b>31.03.2019</b> | <b>31.12.2018</b> | <b>31.03.2019</b> | <b>31.12.2018</b> |
| Net asset value per ordinary share based on issued share capital at end of the period (in cents) | 5.26              | 5.36              | 5.17              | 5.19              |
| Net asset value as at end of period (S\$'000)                                                    | 93,120            | 94,975            | 91,602            | 91,968            |
| No. of ordinary shares ('000)                                                                    | 1,770,329         | 1,770,329         | 1,770,329         | 1,770,329         |

- 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 has decreased by 5% to S\$25.37 million in 1Q2019 as compared to S\$26.76 million in 1Q2018. The decrease is mainly contributed by the Company's subsidiaries located in Singapore and Malaysia of S\$3.00 million in aggregate, which is offset by the increase in revenue contributed by the subsidiaries located in Vietnam and Thailand of S\$1.5 million.

The Company ceased to generate revenue since 4Q2018 due to the change of its principal business activities to that of investment holding company, as a result of the Group's internal restructuring to streamline the subsidiaries into two business segments, namely precision metal stamping and e-commerce.

##### **Precision metal stamping**

In 1Q2019, the Company's subsidiary located in Singapore reported revenue of S\$0.07 million, a decrease of \$0.69 million as compared to 1Q2018 of S\$0.76 million. This is mainly due to majority of sales were transferred to one of the subsidiaries located in Malaysia.

Its subsidiaries located in Malaysia reported a decrease in revenue of S\$2.32 million from S\$10.40 million to S\$8.08 million as compared to 1Q2018. The decrease is mainly resulting from lower sales demand from the existing projects.

The subsidiary located in Vietnam reported higher revenue of S\$15.30 million in 1Q2019 due to increase in sales demand from customers as compared to 1Q2018 of S\$14.10 million.

The subsidiary located in Thailand recorded higher revenue of S\$1.85 million in 1Q2019 as compared to that of S\$1.50 million in 1Q2018, arising from more orders received from its existing main customer.

##### **E-commerce**

E-commerce segment reported revenue of S\$0.07 million in 1Q2019. As the acquisitions of the e-commerce subsidiaries, namely Asia Box Office Pte. Ltd. and its subsidiary, Asia Box Office (HK)

Limited (collectively, “**ABO Group**”) and Activpass Holdings Pte. Ltd. (“**Activpass**”), were completed in April 2018 and July 2018 respectively, no comparative is available for analysis.

ABO Group did not record revenue in 1Q2019 as it is facing challenges in securing contracts in light of the matters as announced on 8 May 2019.

Activpass recorded revenue of S\$0.07 million in 1Q2019 which is mainly derived from subscription revenue, commission revenue, software hosting and maintenance revenue, software development revenue and cash and media sponsorship.

## **b. Operating results**

### **Continuing operations**

The Group recorded loss before tax (“**LBT**”) of S\$1.82 million in 1Q2019 as compared to profit before tax (“**PBT**”) of S\$0.57 million in 1Q2018. Save for the subsidiaries located in Vietnam, Thailand and Suzhou, the Company and the remaining subsidiaries reported loss during 1Q2019.

#### **Precision metal stamping**

Precision metal stamping segment reported LBT of S\$1.15 million in 1Q2019 as compared to PBT of S\$0.57 million in 1Q2018 is mainly due to declining revenue as mentioned in the foregoing section on revenue analysis. Coupled with rising cost of revenue which includes, amongst others, material cost, labour cost, sub-contractor cost and overhead, which resulted in eroding profit margin for the precision metal stamping segment.

#### **E-commerce**

ABO Group reported LBT of S\$0.08 million in 1Q2019 as a result of no revenue recorded during the period as highlighted in the earlier section on revenue analysis.

Activpass reported LBT of S\$0.22 million as it is unable to generate sufficient profit to meet its operations cost such as payroll related cost as a result of delay in funding and execution of marketing plans locally and overseas to motivate merchants and users to join its platform.

#### **Cost of revenue**

Cost of revenue (“**COR**”) consists of material cost, labour cost, sub-contractor cost and overhead and procurement cost of e-commerce services. The COR in 1Q2019 increased by 2% as compared to 1Q2018.

The increase in COR is mainly due to change in material mix for the precision metal stamping segment’s new products, which requires a higher percentage of raw material used, resulting in higher material cost. Other than the material cost, the increase in COR is due to higher labour cost, sub-contractor cost and overhead incurred during the period.

The higher labour and sub-contractor costs are due to the increase in headcount and manpower to meet the operational needs. The increase in overhead arose due to higher depreciation expenses as a result of additions of property, plant and equipment (“**PPE**”).

#### **Other income/(expenses)**

Other income/(expenses) comprises mainly rental income, interest income, gain/(loss) on disposal of PPE, amortisation of deferred interest income and compensation income and loss on disposal of a subsidiary.

Other income was recorded in 1Q2019 as compared to other expenses in 1Q2018. This is mainly due to absence of loss on disposal of a subsidiary and loss on disposal of PPE.

#### General and administrative expenses

General and administrative expenses mainly include professional fees, staff salaries, directors' fee, office expenses and foreign exchange loss.

These expenses have increased by 48% in 1Q2019 as compared to 1Q2018.

The increase is mainly due to an increase in staff related cost as a result of additional headcount for operational needs and headcount from e-commerce segment, comprising ABO Group and Activpass which were acquired in April 2018 and July 2018 respectively.

#### Finance costs

Finance costs have increased by S\$0.20 million in 1Q2019 due to increase in bank borrowings by the Group in 1Q2019 of S\$10.11 million as compared to 1Q2018 of S\$4.45 million.

#### Discontinued operation

Discontinued operation relates to the results of the Company's former subsidiary, Allied Technologies (Suzhou) Co, Ltd ("**ATSU**"), which was disposed of with effect from January 2018. Hence, no comparative is available for analysis.

### **c. Balance Sheet**

#### Group

As at 31 March 2019, intangible assets of S\$24.07 million relate to (i) goodwill arising from the acquisitions of ABO Group and Activpass (ii) contractual customer relationships arising from existing contracts in force with Activpass and (iii) corporate contract arising from a material corporate contract with a fixed fee in force with Activpass that were acquired in a business combination in July 2018. The decrease of \$0.01 million is mainly due to the amortisation charged during the period.

The increase in PPE from S\$24.08 million as at 31 December 2018 to S\$24.71 million as at 31 March 2019 is mainly due to additions in PPE of S\$1.48 million, which is offset by the depreciation charged of \$0.84 million in during the period.

The Group has 50% interest in the ownership and voting rights in a joint venture ("**JV**"), ABO Labs Pte. Ltd. that is held by ABO, amounting to S\$50. This JV is incorporated in Singapore and its principal business activities are software consultancy and development of other software and programming activities with its main focus to develop a proprietary e-commerce ticketing system. The Group jointly controls the venture with other partner under the contractual agreement. The JV did not generate any revenue during the period. The Group has stopped recognising its share of loss and recorded its investment at \$Nil as at 31 March 2019 and 31 December 2018.

Right-of-use assets of S\$2.36 million as at 31 March 2019 relate to assets that represents the Group's right to use underlying assets for the lease term, which arise from the adoption of SFRS(I) 16 *Leases* as disclosed in section 5 of the announcement.

Other investments of S\$1.96 million as at 31 March 2019 and 31 December 2018 relate to the unquoted shares of 3.85% interest in a Taiwanese company which is in the electronics components industry.

Prepayments recorded under non-current assets of S\$3.19 million as at 31 March 2019 and S\$2.06 million as at 31 December 2018 relate to the prepayments made for land acquired by one of the subsidiaries located in Malaysia.

Inventories decreased from S\$15.05 million as at 31 December 2018 to S\$12.61 million in 31 March 2019 due to sale of goods during the period.

Trade debtors decreased from S\$21.30 million as at 31 December 2018 to S\$18.29 million as a result of declining revenue and receipts from customers during the period.

Other debtors decreased from S\$6.37 million as at 31 December 2018 to S\$5.80 million as at 31 March 2019. The decrease is mainly due to (i) repayment of S\$0.35 million between 28 January 2019 to 15 March 2019 in relation to a revolving loan extended to an event financier pursuant to an interest-free revolving loan facility on 1 October 2018 (ii) partial repayment of S\$0.05 million on 28 March 2019 of an outstanding deposit for a cancelled concert of S\$1.70 million pursuant to a financing agreement dated 8 June 2018 from an event financier.

Contract assets relate to billings from subcontractor for services rendered for construction of tooling as a result of the adoption of SFRS (I) 15 *Revenue from Contracts with Customers* in FY2018.

Prepayments and advances to suppliers recorded under current assets of S\$0.60 million as at 31 March 2019 and as at 31 December 2018 are mainly due to the downpayment and prepayments made to suppliers to purchase materials and machineries.

Amount due from a law firm relates to cash of \$34.25 million as at 31 March 2019 and \$34.54 million as at 31 December 2018 respectively which were held in trust and/or in escrow by JLC as disclosed in Note 1(c) of the announcement.

Trade creditors decreased from S\$29.05 million as at 31 December 2018 to S\$23.47 million as at 31 March 2019 mainly due to payments made during the period.

Contract liabilities relates to advanced billings to customers for tooling sales as a result of the adoption of SFRS(I) 15 *Revenue from Contracts with Customers* in FY2018.

Lease liabilities (current and non-current) of S\$2.39 million as at 31 March 2019 relate to the Group's liabilities to make lease payments during the lease term, which arise from the adoption of SFRS(I) 16 *Leases* as disclosed in section 5 of the announcement.

Other creditors and accruals increased to S\$8.43 million as at 31 March 2019 from S\$8.07 million as at 31 December 2018 mainly due to increase in payable to sundry creditors i.e. non-trade suppliers, including suppliers for purchase of property, plant and equipment and provision of professional and legal services.

Amount due to a former director relates to the compensation payable to a former director of the Company arising from the termination of service agreement with the director. The decrease from S\$1.48 million as at 31 December 2018 to S\$1.18 million as at 31 March 2019 is due to repayment of \$0.30 million made during the period.

Amount due to a non-controlling shareholder of a subsidiary relates to advances from the 49% non-controlling shareholder of Activpass to fund the operations of Activpass and director's fee and allowance payable to the same non-controlling shareholder, who is also one of the directors of Activpass.

Loans and borrowings (current and non-current) decreased from S\$10.66 million as at 31 December 2018 to S\$10.11 million. This is mainly repayment of bank borrowings of S\$3.26 million which is offset by drawdown of bank borrowings of S\$2.70 million during the period.

Deferred tax liability in the Group's balance sheet relates to the deferred tax liability recognised on the unremitted earnings of an overseas subsidiary.

The equity attributable to owners of the Company has decreased from S\$95.27 million as at 31 December 2018 to S\$93.57 million as at 31 March 2019. The decrease is mainly due to loss for the financial period of S\$1.71 million.

### **Company**

The increase in investment in subsidiaries from S\$53.08 million as at 31 December 2018 to S\$55.58 million as at 31 March 2019 is mainly due to the partial capitalisation of S\$2.50 million owed by one of the subsidiaries in the precision metal stamping segment by way of allotment of 2.50 million ordinary shares to the Company.

The decrease in loan receivables from subsidiaries from S\$7.33 million as at 31 December 2018 to S\$4.79 million as at 31 March 2019 is due to the reason mentioned in the foregoing paragraph.

### **c. Consolidated Cash Flow Statement**

The Group recorded net cash flows generated from operating activities of S\$0.70 million in 1Q2019 compared to net cash generated from operating activities of S\$2.40 million in 1Q2018. The decrease is mainly due to loss reported and repayments made to trade and other creditors which is offset by collection from trade debtors during the period.

The Group recorded net cash used in investing activities of S\$2.51 million in 1Q2019 as compared to S\$3.78 million in 1Q2018. The decrease is mainly due to absence of net cash outflows on disposal of a subsidiary of S\$2.92 million, which is offset by increase in cash used in the purchase of property, plant and equipment of S\$0.56 million and prepayment for purchase of land of S\$1.13 million.

The Group recorded net cash flows generated from financing activities of S\$1.06 million in 1Q2019 as compared to net cash flows used in financing activities of S\$0.81 million in 1Q2018. The net cash flows generated from financing activities is mainly due to withdrawal of fixed deposits for operation use of S\$1.78 million.

### **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 within the next 12 months is expected to remain challenging for the Group in light of the weak global economic outlook and the JLC issue as disclosed in Note 1(c) of the announcement. Besides streamlining its operations, the Group is also exploring possible avenues for business opportunities in both its precision metal stamping and e-commerce business segments. The Group will review and assess its existing business strategies and overall financial performance of the Group concurrently and carry out reorganisation and restructuring of the Group as and when appropriate.

The Group is also working towards completing the special audit, and resolving the audit issues highlighted by our auditor as announced on 8 May 2019. The Group is also taking all steps necessary to recover the Escrow Funds placed with JLC. Notwithstanding the foregoing, the Group will continue to engage and maintain good relationships with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group.

**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 2019 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 2019 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 acquisition of 51% of the entire issued and fully paid-up capital of ABO Group ("**ABO Acquisition**"). Consideration sum of S\$30.00 million and the ABO Acquisition related transaction costs of S\$0.15 million had been paid to professional parties.

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 | 30.06                                            | (30.06)                                                                        | -                                                                                |
| (ii)                       | General working capital purposes                                                                                        | 3.34                                             | (0.09)                                                                         | 3.25                                                                             |
|                            |                                                                                                                         | 33.40                                            | (30.15)                                                                        | 3.25                                                                             |

The balance of net proceeds is held with JLC as part of the Escrow Funds pending recovery from JLC as disclosed in Note 1(c) of the announcement.

## ON BEHALF OF THE BOARD

Leow Wee Kia Clement  
Chief Executive Officer and Executive Director

25 July 2019

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*This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes 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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