ALLIED TECHNOLOGIES LIMITED

Company Registration No: 199004310E

SECOND QUARTER AND HALF YEAR UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

*Pursuant to the Notice of Compliance in relation to the requirement to perform quarterly reporting issued by Singapore Exchange Regulation Pte Ltd ("**SGX Regco**") on 6 February 2020, the Company is required to continue with the quarterly reporting of its unaudited financial statements under Rules 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") with effect from 7 February 2020.*

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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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF YEAR AND FULL YEAR RESULTS

Condensed interim consolidated statement of profit or loss and other comprehensive income

		GROUP					
		3 months ended			6 months ended		
	Note	2Q2021	2Q2020	+/(-)	1H2021	1H2020	+/(-)
		S$'000	S$'000	%	S$'000	S$'000	%
Revenue		21,595	17,857	21%	59,249	49,711	19%
Cost of revenue		(20,181)	(18,032)	12%	(55,561)	(48,360)	15%
Gross profit/(loss)		1,414	(175)	n.m	3,688	1,351	173%
Other income		544	590	(8%)	812	703	16%
General and administrative expenses		(1,783)	(1,961)	(9%)	(3,459)	(3,535)	(2%)
Finance costs		(194)	(243)	(20%)	(386)	(527)	(27%)
(Loss)/profit before tax	6	(19)	(1,789)	(99%)	655	(2,008)	n.m
Income tax (expense)/credit	7	(54)	35	n.m	(141)	(46)	207%
(Loss)/profit for the financial period		**(73)**	**(1,754)**	(96%)	**514**	**(2,054)**	n.m
Attributable to:							
Owners of the Company		(51)	(1,735)	(97%)	550	(2,002)	n.m
Non-controlling interests		(22)	(19)	16%	(36)	(52)	(31%)
(Loss)/profit for the financial period attributable to non-controlling interests		**(73)**	**(1,754)**	(96%)	**514**	**(2,054)**	n.m
(Loss)/profit per share (cents per share)							
- Basic		(0.00)	(0.10)		0.03	(0.11)	
- Diluted		(0.00)	(0.10)		0.03	(0.11)	
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation of foreign subsidiaries		(114)	(19)	500%	(286)	7	n.m
Total comprehensive income for the financial period		**(187)**	**(1,773)**	(89%)	**228**	**(2,047)**	n.m
Attributable to:							
Owners of the Company		(165)	(1,756)	(91%)	265	(1,992)	n.m
Non-controlling interests		(22)	(17)	29%	(37)	(55)	(33%)
Total comprehensive income for the financial period		**(187)**	**(1,773)**	(89%)	**228**	**(2,047)**	n.m

Note:
n.m - not meaningful

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Condensed interim statements of financial position

	Note	GROUP 30.06.2021 S$'000	GROUP 31.12.2020 S$'000	COMPANY 30.06.2021 S$'000	COMPANY 31.12.2020 S$'000
Non-current assets					
Intangible assets	11	-	-	-	-
Property, plant and equipment	12	24,842	25,620	1	2
Right-of-use assets		4,144	4,615	-	-
Investment in joint venture		-	-	-	-
Investment in subsidiary companies		-	-	30,925	30,925
Goodwill		-	-	-	-
Loan receivables from subsidiary companies		-	-	-	-
Other investments		2,361	2,361	-	-
		31,347	32,596	30,926	30,927
Current assets					
Inventories		13,192	13,534	-	-
Amounts due from subsidiary companies		-	-	-	-
Trade debtors		16,106	22,988	-	-
Other debtors		1,274	986	9	19
Contract assets		475	283	-	-
Income tax recoverable		6	-	-	-
Prepayments and advances to suppliers		869	229	5	3
Fixed deposits		1,990	1,676	-	-
Cash and bank balances		7,477	8,899	141	8
Amount due from a law firm		33,153	33,153	33,153	33,153
		74,542	81,748	33,308	33,183
Current liabilities					
Amount due to a subsidiary		-	-	2,204	1,646
Trade creditors		15,895	24,918	-	-
Contract liabilities		841	184	-	-
Lease liabilities		786	858	-	-
Other creditors and accruals		7,301	7,315	2,186	2,149
Deferred grant income		-	54	-	-
Amount due to a former director		1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder of a subsidiary		417	415	-	-
Loans and borrowings	13	4,225	3,792	-	-
Income tax payable		-	84	-	-
		30,648	38,803	5,573	4,978
Net current assets		43,894	42,945	27,735	28,205
Non-current liabilities					
Accruals		94	85	-	-
Lease liabilities		3,826	4,242	-	-
Loans and borrowings	13	5,789	5,910	-	-
Deferred tax liabilities		19	19	-	-
		9,728	10,256	-	-
TOTAL NET ASSETS		65,513	65,285	58,661	59,132
Equity attributable to owners of the Company					
Share capital	14	115,898	115,898	115,898	115,898
Statutory reserve fund		241	241	-	-
Other reserves		189	189	189	189
Fair value adjustment reserve		156	156	-	-
Accumulated losses		(48,812)	(49,362)	(57,426)	(56,955)
Foreign currency translation reserve		750	1,035	-	-
		68,422	68,157	58,661	59,132
Non-controlling interests		(2,909)	(2,872)	-	-
		65,513	65,285	58,661	59,132

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Condensed interim statements of changes in equity

Group

	Note	Ordinary shares $'000	Foreign currency translation reserve $'000	Statutory reserve fund $'000	Other reserves $'000	Fair value adjustment reserve $'000	Accumulated losses $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
1H2021										
Balance as at 1 January 2021		115,898	1,035	241	189	156	(49,362)	68,157	(2,872)	65,285
Profit/(loss) for the period		-	-	-	-	-	601	601	(14)	587
Other comprehensive income:										
Foreign currency translation		-	(171)	-	-	-	-	(171)	(1)	(172)
Balance as at 31 March 2021		**115,898**	**864**	**241**	**189**	**156**	**(48,761)**	**68,587**	**(2,887)**	**65,700**
Loss for the period		-	-	-	-	-	(51)	(51)	(22)	(73)
Other comprehensive income:										
Foreign currency translation		-	(114)	-	-	-	-	(114)	-	(114)
Balance as at 30 June 2021		**115,898**	**750**	**241**	**189**	**156**	**(48,812)**	**68,422**	**(2,909)**	**65,513**
1H2020										
Balance as at 1 January 2020		115,898	1,116	231	189	(135)	(49,990)	67,309	(2,794)	64,515
Loss for the period		-	-	-	-	-	(267)	(267)	(33)	(300)
Other comprehensive income:										
Foreign currency translation		-	31	-	-	-	-	31	(5)	26
Balance as at 31 March 2020		**115,898**	**1,147**	**231**	**189**	**(135)**	**(50,257)**	**67,073**	**(2,832)**	**64,241**
Loss for the period		-	-	-	-	-	(1,735)	(1,735)	(19)	(1,754)
Other comprehensive income:										
Foreign currency translation		-	(21)	-	-	-	-	(21)	2	(19)
Balance as at 30 June 2020		**115,898**	**1,126**	**231**	**189**	**(135)**	**(51,992)**	**65,317**	**(2,849)**	**62,468**

Company

	Ordinary shares $'000	Other reserve $'000	Accumulated losses $'000	Total equity attributable to owners of the Company $'000
1H2021				
Balance as at 1 January 2021	115,898	189	(56,955)	**59,132**
Total comprehensive income for the period	-	-	(196)	(196)
Balance as at 31 March 2021	**115,898**	**189**	**(57,151)**	**58,936**
Total comprehensive income for the period	-	-	(275)	(275)
Balance as at 30 June 2021	**115,898**	**189**	**(57,426)**	**58,661**
1H2020				
Balance as at 1 January 2020	115,898	189	(55,599)	**60,488**
Total comprehensive income for the period	-	-	(303)	(303)
Balance as at 31 March 2020	**115,898**	**189**	**(55,902)**	**60,185**
Total comprehensive income for the period	-	-	(302)	(302)
Balance as at 30 June 2020	**115,898**	**189**	**(56,204)**	**59,883**

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Condensed interim consolidated statement of cash flows

		Group			
		3 months ended		6 months ended	
	Note	2Q2021	2Q2020	1H2021	1H2020
		S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities					
(Loss)/profit before tax		(19)	(1,789)	655	(2,008)
Adjustments for:					
(Gain)/loss on disposal of property, plant and equipment	6	(9)	1	(18)	1
Depreciation of property, plant and equipment	6	714	773	1,435	1,518
Depreciation of right-of-use assets	6	204	206	410	413
Interest income	6	(27)	(34)	(33)	(46)
Interest expense	6	130	168	255	375
Interest expense - lease liabilities	6	64	75	131	152
Dividend income from other investments	6	(435)	(232)	(435)	(232)
Exchange differences		(75)	12	(107)	1,001
Operating profit/(loss) before working capital changes		**547**	**(817)**	**2,293**	**(126)**
(Increase)/decrease in inventories		(1,905)	(1,406)	376	1,378
Decrease in trade debtors and other debtors		11,580	7,337	5,725	13,861
Decrease in trade creditors and other creditors		(10,918)	(6,560)	(8,448)	(13,085)
Cash generated (used in)/from operations		(696)	(1,446)	(54)	2,028
Interest paid		(130)	(168)	(255)	(375)
Interest paid for lease liabilities		(64)	(75)	(131)	(152)
Interest received		27	34	33	46
Tax paid		(149)	(66)	(231)	(238)
Net cash generated (used in)/from operating activities		**(1,012)**	**(1,721)**	**(638)**	**1,309**
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		9	3	18	3
Purchase of property, plant and equipment		(693)	(764)	(831)	(1,154)
Dividend receipt from other investments		435	232	435	232
Net cash used in investing activities		**(249)**	**(529)**	**(378)**	**(919)**
Cash flows from financing activities					
Repayment of lease liabilities		(210)	(198)	(421)	(391)
Increase in amount due to non-controlling shareholder		-	1	2	4
Drawdown of bank borrowings		5,949	2,927	13,930	10,987
Repayment of bank borrowings		(6,639)	(1,574)	(13,513)	(9,447)
Net increase in fixed deposit		(23)	(311)	(329)	794
Net cash (used in)/from financing activities		**(923)**	**845**	**(331)**	**1,947**
Net (decrease)/increase in cash and cash equivalents		(2,184)	(1,405)	(1,347)	2,337
Cash and cash equivalents at beginning of period	A	9,668	9,775	8,899	5,946
Effects of exchange rates on opening cash and cash equivalents		(7)	(30)	(75)	57
Cash and cash equivalents at end of period		**7,477**	**8,340**	**7,477**	**8,340**

Note A:

Reference is made to:

(a) the announcement of the Company on 8 May 2019 in relation to the notice of compliance dated 8 May 2019 received by the Company from the Singapore Exchange Securities Trading Limited, and in particular, the funds which have been deposited by the Company into an escrow account held by JLC Advisors LLP ("**JLC**"), a Singapore law firm; and

(b) the announcements of the Company on 23 May 2019, 25 May 2019, 28 May 2019 and 29 May 2019 in relation to escrow monies deposited with JLC.

The opening balance as at 1 January 2021 is not inclusive of the funds which have been deposited with JLC of S$33.15 million from JLC (the "**Escrow Funds**").

The Group and the Company have classified the cash of S$33.15 million (31 December 2020: S$33.15 million) and S$33.15 million (31 December 2020: S$33.15 million) as amount due from a law firm respectively as at 30 June 2021 instead of cash and cash equivalents as the Company is monitoring the situation closely and will take rigorous steps to protect its interests and the recovery of escrow funds of $33.15 million from JLC (the "**JLC Issue**"), as previously announced. However, the whereabouts of the Escrow Funds remain unclear to the Company as at the date of this report. The Company will continue to provide further updates to shareholders on subsequent material developments.

1. Corporate information

Allied Technologies Limited (the "**Company**") is a limited liability company listed on the Singapore Exchange. It is incorporated and domiciled in Singapore with its registered office and principal place of business at 2 Venture Drive, #16-09 Vision Exchange, Singapore 608526. These condensed interim consolidated financial statements as at and for the second quarter and half year ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are:

(a) Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services;
(b) Events promoter and ticketing agencies; and
(c) Business and management consultancy services – The wellness, fitness and beauty platform.

2. Basis of preparation

The condensed interim financial statements for second quarter and half year ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last unaudited annual financial statements for the year ended 31 December 2020.

The management of the Group's subsidiary, Asia Box Office Pte. Ltd. ("**ABO**") initiated a reconstruction exercise of ABO and its subsidiary's current and previous year financial statements. As at the date of this report, the reconstruction exercise has not been completed due to absence of certain documents and the inability to identify the underlying reasons behind certain transactions. Hence, the management financial statements of ABO have been used for the purpose of preparing the consolidated financial statements of the Group for the second quarter and half year ended 30 June 2021. In view of the foregoing, the board of directors is unable to determine whether the financial statements of ABO were appropriately presented and disclosed in the financial statements for the second quarter and half year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2 to the condensed interim consolidated financial statements.

The financial statements, which are presented in Singapore Dollars (SGD or S$), have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

2.1. Basis of going concern assumption

The Group incurred a net loss of $73,000 and made a net profit $514,000 and the Company incurred net losses of $275,000 and $471,000 (Group: net losses of $1,754,000 for 2Q2020 and $2,054,000 for 1H2020; Company: $302,000 for 2Q2020 and $605,000 for 1H2020) during the second quarter and half year ended 30 June 2021 respectively and as at that date, the Group's and the Company's current and total assets exceeded its current and total liabilities by $43,894,000 and $27,735,000 (2020: $42,945,000 and $28,205,000) and $65,513,000 and $58,661,000 (2020: $65,285,000 and $59,132,000) respectively.

2.1 Basis of going concern assumption (cont'd)

As disclosed in the Company's announcements dated 23 May 2019 and 5 June 2019, the Company had entered into an escrow agreement with a Singapore law firm, JLC Advisors LLP ("**JLC**") on 23 October 2017 ("**Escrow Agreement**"). This was for the purpose of holding the proceeds arising from the placement exercise which was completed on 31 October 2017. At that time, the then board of directors had decided to maintain the proceeds from the placement exercise with a law firm to provide assurance to the placees that the proceeds from the placement would be utilised for its intended purposes. Consequently, for the same reason, the Company had deposited the balance proceeds arising from the disposal of subsidiaries, Allied Machineries (Shanghai) Co., Ltd. on November 2017 and Allied Technologies (Suzhou) Co., Ltd. on April 2018, in the same escrow account. The proceeds from these transactions were mainly utilised for acquisitions-related professional fees and working capital, including payment to a former director, during the financial year ended 31 December 2018, and for the acquisition of 51% interest in the issued and paid up share capital of Asia Box Office Pte. Ltd. and its subsidiary in April 2018.

On 22 May 2019, the Company received a letter on JLC's letterhead stating that the funds of "S$33.4 million" deposited by the Company with JLC have been purportedly paid out from the escrow account, and that JLC is still investigating, but has reasons to believe the said funds were paid out on the instructions of its partner, Mr. Ong Su Aun, Jeffrey, and "might have been unauthorized". The letter also stated that JLC has lodged reports with relevant authorities.

The Company has appointed Messrs Rajah & Tann Singapore LLP ("**R&T**") to advise the Company on, amongst others, the matters arising out of JLC's letter of 22 May 2019. Amongst other things, the Company has instructed R&T to take all steps necessary to recover the funds from JLC. Since then, the Company had, through R&T:

(a) responded to the aforesaid JLC letter to clarify the situation, including requiring JLC to, amongst others, provide documentary evidence and a statement of accounts of the escrow funds as well as to update the Company as to the whereabouts of Mr. Ong Su Aun, Jeffrey;

(b) lodged a report with the Singapore Police Force; and

(c) reported the matter to the Law Society of Singapore.

The Company will also be commencing legal proceedings to protect the interests of the Company as appropriate.

The Company noted from the media reports on the following dates that the managing director for JLC has since been charged in relation to the Company's Escrow Funds:

(i) On 24 February 2020, he has been charged with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the Escrow Funds;

(ii) On 30 June 2020, he has been charged with additional 15 different charges, 14 of which involving cheating the Company by deceiving the Company into believing its escrow account maintained by JLC contained certain balance amounts on certain dates; and

(iii) On 11 August 2020, he has been charged with additional 4 charges of criminal breach of trust as an attorney in relation to misappropriation of S$11.7 million from the escrow facility held by JLC for the Company.

However, the whereabouts of the Escrow Funds remain unclear to the Company as at the date of this report.

2.1 Basis of going concern assumption (cont'd)

The Company is monitoring the situation closely and will take rigorous steps to protect its interests. The Company will continue to provide further updates to shareholders on subsequent material developments. In light of the abovementioned, cash of $33,153,417 and $34,542,477 has been classified as amount due from a law firm as at 30 June 2021 and 31 December 2020 respectively, pending recovery of the remaining balance of $33,153,417 subsequent to year end.

During the financial year ended 31 December 2019, the Company also received notices of compliance issued by Singapore Exchange Regulation Pte. Ltd. ("**Notices of Compliance**") dated 8 May 2019 and 23 May 2019. Pursuant to the Notices of Compliance, the Company is required to appoint a Special Auditor to (i) undertake a review on, amongst others, the observations identified by the Auditor, including the circumstances surrounding the placing of the Escrow Funds with JLC, and (ii) investigate the subsequent developments surrounding the Escrow Funds, and the progress in procuring the deposit of the Escrow Funds in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore ("**MAS**") as required under the Notices of Compliance ("**Special Audit**").

Consequently, the board of directors of the Company (the "**Board**") had on 14 June 2019 appointed PricewaterhouseCoopers Risk Services Pte. Ltd. as Special Auditor to undertake the Special Audit. To date, the special auditor has yet to complete the special audit and has given the Company an update as to the factors resulting in further time being required for the preparation and release of the special audit report, as set out in our announcement dated 15 April 2021. As such, the Board is not in a position to comment on the resolution of these issues at the present time.

Arising from the foregoing, the Group's stakeholders including, amongst others, customers, suppliers, bankers and some shareholders have raised concerns on the implication on the business of the Group in relation to the abovementioned matters as well as the negative public news on the Company relating to these matters.

The factors highlighted in the earlier paragraphs indicate the existence of material uncertainties which may cast significant doubts about the Group's and the Company's ability to continue as a going concern.

Nonetheless, the Board believes that the use of the going concern in the preparation of the financial statements for the second quarter and half year ended 30 June 2021 is still appropriate after taking into consideration the following assumptions and measures:

(a) The Group and the Company are able to obtain new banking facilities and other potential fund-raising options for their working capital requirements for the next twelve months as and when required;

(b) The Group's existing lenders continue to support the current credit facilities for their working capital requirements and purchase of property, plant and equipment for the next twelve months as and when required;

(c) The Group will continue to review and assess the Group's existing business strategies and overall financial performance of the Group and carry out reorganisation and restructuring of the Group as and when appropriate;

2.1 Basis of going concern assumption (cont'd)

(d) Given the positive net tangible assets ("**NTA**") position of the Group of $65,513,000 (NTA of $32,360,000 without taking into consideration the amount due from a law firm) as at 30 June 2021, the ability to unlock some value from a restructuring process;

(e) That the Group is able to preserve and maintain its revenue streams from its business operations over the next twelve months;

(f) The Group will continue to engage and maintain good relationship with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group; and

(g) The COVID-19 global outbreak does not materially impact the demand from customers, our suppliers nor the ability to carry on production in our factories.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.3 Use of judgements and estimates (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 10 to the condensed interim consolidated financial statements – Classification of equity investments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 11 to the condensed interim consolidated financial statements – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their business segments and geographical locations in each business segments. There are three business segments: Corporate, Precision Metal Stamping and E-commerce.

Management monitors the operating results of its business units separately for the purpose of making decisions which in certain respects, as explained in the table below, is measured differently from operating income statement in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments. Inter-segment pricing is on terms agreed between the segments.

4.1. Reportable segments

6 months ended 30 Jun 2021	**Corporate**	**Precision Metal Stamping**					**E-commerce**			
(S$'000)	**Singapore**	**Singapore**	**Malaysia**	**Vietnam**	**Thailand**	**Others**	**Singapore**	**Hong Kong**	**Elimination**	**Group**
Segment revenue										
External customers	-	286	21,951	31,907	5,067	38	-	-	-	59,249
Inter segment revenue	-	-	-	-	-	584	-	-	(584)	-
Total revenue	-	286	21,951	31,907	5,067	622	-	-	(584)	59,249
Segment (loss)/profit	(432)	698	(654)	1,144	393	(54)	(53)	(1)	-	1,041
Finance costs										(386)
Profit before tax										655
Income tax expense										(141)
Profit for the period										514
Segment assets	33,310	1,784	38,302	21,271	8,203	645	13	-	-	103,528
Unallocated assets										2,361
										105,889
Other segment information										
Additions to non-current assets	-	-	131	106	594	-	-	-	-	831
Depreciation	1	41	1,541	188	62	12	-	-	-	1,845
Write-back of inventory obsolescence	-	-	(78)	(112)	(4)	-	-	-	-	(194)
Allowance for/(write-back of) impairment on:										
- trade debtors	-	2	(35)	-	-	-	-	-	-	(33)
- other debtors	(2)	-	-	-	-	-	-	-	-	(2)
Gain on disposal of property, plant and equipment	-	-	(1)	(4)	(13)	-	-	-	-	(18)

4.1. Reportable segments (cont'd)

6 months ended 30 Jun 2020	**Corporate**	**Precision Metal Stamping**					**E-commerce**			
(S$'000)	**Singapore**	**Singapore**	**Malaysia**	**Vietnam**	**Thailand**	**Others**	**Singapore**	**Hong Kong**	**Elimination**	**Group**
Segment revenue										
External customers	-	433	20,047	25,367	3,852	-	12	-	-	49,711
Inter segment revenue	-	-	-	-	-	357	-	-	(357)	-
Total revenue	-	433	20,047	25,367	3,852	357	12	-	(357)	49,711
Segment (loss)/profit	(605)	690	(2,172)	48	449	209	(83)	(17)	-	(1,481)
Finance costs										(527)
Loss before tax										(2,008)
Income tax expense										(46)
Loss for the period										(2,054)
Segment assets	33,269	1,159	42,652	21,824	6,140	497	36	2	-	105,579
Unallocated assets										2,070
										107,649
Other segment information										
Additions to non-current assets	-	-	1,087	65	2	-	-	-	-	1,154
Depreciation	1	55	1,527	273	63	12	-	-	-	1,931
Allowance for/(write-back of) inventory obsolescence	-	-	46	209	(37)	-	-	-	-	218
Allowance for impairment on:										
- trade debtors	-	1	-	(1)	-	-	-	-	-	-
Loss on disposal of property, plant and	-	-	1	-	-	-	-	-	-	1

4.2. Disaggregation of Revenue

	Group 6 months ended 30 Jun 2021		
	Precision metal stamping	**E-commerce**	**Total revenue**
	$'000	**$'000**	**$'000**
Major product or service lines			
Metal stamped parts	58,480	-	58,480
Tooling	727	-	727
Provision of design services	42	-	42
Total revenue	59,249	-	59,249
Timing of revenue recognition:			
At a point in time	59,249	-	59,249
Total revenue	59,249	-	59,249
Geographical information:			
Vietnam	31,907	-	31,907
Malaysia	21,951	-	21,951
Thailand	5,067	-	5,067
Singapore	286	-	286
People’s Republic of China	38	-	38
Total revenue	59,249	-	59,249

4.2. Disaggregation of Revenue (cont'd)

	Group		
	6 months ended 30 Jun 2020		
	Precision metal stamping	E-commerce	Total revenue
	$'000	$'000	$'000
Major product or service lines			
Metal stamped parts	47,835	-	47,835
Tooling	1,840	-	1,840
Provision of design services	24	-	24
Provision of software as a service	-	11	11
Commission fee	-	1	1
Total revenue	49,699	12	49,711
Timing of revenue recognition:			
At a point in time	49,699	12	49,711
Total revenue	49,699	12	49,711
Geographical information:			
Vietnam	25,366	-	25,366
Malaysia	20,047	-	20,047
Thailand	3,853	-	3,853
Singapore	433	12	445
Total revenue	49,699	12	49,711

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30 Jun 2021 $'000	31 Dec 2020 $'000	30 Jun 2021 $'000	31 Dec 2020 $'000
Financial assets at amortised cost				
Trade debtors	16,106	22,988	–	–
Other debtors	1,274	532	9	4
Fixed deposits	1,990	1,719	–	–
Cash and bank balances	7,477	8,899	141	8
Amount due from a law firm	33,153	33,153	33,153	33,153
Total	60,000	67,291	33,303	33,165
Financial assets at fair value through other comprehensive income (OCI)				
Other investments	2,361	2,361	–	–
Financial liabilities at amortised cost				
Trade creditors	15,895	24,918	–	–
Other creditors and accruals	7,301	7,339	2,186	2,190
Amount due to a former director	1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder	417	415	–	–
Loans and borrowings	10,014	10,971	–	–
Lease liabilities	4,612	5,881	–	–
Amount due to a subsidiary	–	–	2,204	1,646
Total	39,422	50,707	5,573	5,019

6. (Loss)/profit before taxation

6.1. Significant items

		Group					
		3 months ended			6 months ended		
		2Q2021	2Q2020	+/(-)	1H2021	1H2020	+/(-)
		S$'000	S$'000		S$'000	S$'000	
(a)	**Cost of revenue:**						
	(Write-back of)/allowance for inventory obsolescence	(95)	240	n.m	(194)	218	n.m
	Depreciation of property, plant and equipment	639	674	(5%)	1,284	1,320	(3%)
	Depreciation of right-of-use assets	146	148	(1%)	295	297	(1%)
	Salaries, bonus and other costs	3,246	2,675	21%	7,438	6,879	8%
(b)	**Other income:**						
	Interest income	(27)	(34)	(21%)	(33)	(46)	(28%)
	Dividend income from other investment	(435)	(232)	88%	(435)	(232)	88%
	(Gain)/loss on disposal of property, plant and equipment	(9)	1	n.m	(18)	1	n.m
	Government grant income	(51)	(189)	(73%)	(246)	(189)	30%
(c)	**General and administrative expenses:**						
	Legal and other professional fees	240	107	124%	335	218	54%
	Salaries, bonus and other costs	823	838	(2%)	1,618	1,695	(5%)
	(Write-back of)/allowance for impairment on :						
	- trade debtors	(35)	1	n.m	(33)	-	n.m
	- other debtors	(2)	-	n.m	(2)	-	n.m
	Depreciation of property, plant and equipment	75	99	(24%)	151	198	(24%)
	Depreciation of right-of-use assets	58	58	0%	115	116	(1%)
	Written-off of trade debtors	-	5	(100%)	-	5	(100%)
	Foreign exchange (gain)/loss	(11)	183	n.m	(37)	(153)	(76%)
(d)	**Finance costs**						
	Interest of loans and borrowings	130	168	(23%)	255	375	(32%)
	Interest of lease liabilities	64	75	(15%)	131	152	(14%)

Note:
(i) n.m. - not meaningful

6.2. Related party transactions

In addition to related party transactions disclosed in other notes to the financial statements, the following are significant related party transactions entered into, at terms agreed between the parties, by the Group with:

(i) Transactions with related parties

The transactions and outstanding balances related to key management personnel, close family members of key management personnel and entities in which the key management personnel have control or joint control were as follows:

			Group			
			Transactions during the period		Outstanding balances as at	
Related parties	**Transactions**		**30 Jun 2021**	**30 Jun 2020**	**30 Jun 2021**	**31 Dec 2020**
			$'000	**$'000**	**$'000**	**$'000**
Mr Peter Seow	Advances for working capital to Activpass	(a)	2	3	177	175
Mr Peter Seow	Settlement of liability on behalf for Activpass	(b)	–	–	14	14
Mr Peter Seow	Unpaid director's fee and allowance due to non-controlling shareholder	(c)	–	–	187	187
Ms Amy Leow	Advances for working capital to Activpass	(a)	–	–	10	10
Ms Amy Leow	Outstanding salaries and allowance	(d)	–	–	29	29
Mr Kenneth Low	Deposit paid on behalf of ABO for an event	(e)	–	–	234	234
Mr Kenneth Low	Settlement of liability on behalf of ABO	(b)	–	–	3	3
Platform Capital Asia (Singapore) Pte Ltd	Advances for working capital to ABO	(a)	–	6	255	255
Hawker Food Delivery Pte Ltd	Rendering of services by Activpass	(f)	–	3	2	2
Asia Box Office Pte Ltd	Advances for working capital by the Company	(g)	13	43	3,900*	3,887*
Asia Box Office Pte Ltd	Provision of office space to the Company	(h)	–	–	34*	34*
Asia Box Office Pte Ltd	Corporate support rendered by the Company	(i)	18	–	175*	155*

6.2. Related party transactions (cont'd)

(i) Transactions with related parties (cont'd)

			Group			
			Transactions during the period		Outstanding balances as at	
Related parties	**Transactions**		**30 Jun 2021**	**30 Jun 2020**	**30 Jun 2021**	**31 Dec 2020**
			$'000	**$'000**	**$'000**	**$'000**
Asia Box Office (HK) Limited	Advances paid for working capital by the Company	(g)	–	–	15*	15*
Activpass Holdings Pte Ltd	Advances for working capital by the Company	(g)	2	9	233*	231*
Activpass Holdings Pte Ltd	Corporate support rendered by the Company	(i)	3	3	13	9
Allied Technologies Holdings Pte Ltd	Advances to the Company	(j)	530	470	2,160	1,630
Allied Technologies Holdings Pte Ltd	Interest payable	(j)	28	–	44	16

(a) The Group received advances from (i) Mr Peter Seow and Ms Amy Leow who are non-controlling shareholders and directors of Activpass Holdings Pte Ltd ("**Activpass**"), (ii) Platform Capital Asia (Singapore) Pte. Ltd., a company controlled by Mr Kenneth Low, a director of the Company, appointed on 27 June 2018, (iii) Mr Kenneth Low and (iv) Allied Technologies Holdings Pte Ltd. The advances were received for working capital purpose, are non-interest bearing and due and payable on demand.

(b) Activpass incurred utilities, tele-communication and entertainment expenses which were paid on behalf by Mr Peter Seow.

(c) Activpass incurred director's fee and allowance payable to Mr Peter Seow. The liability is due and payable on demand.

(d) Activpass incurred salaries and allowance payable to Ms Amy Leow. The liability is due and payable on demand.

(e) ABO recorded an event deposit, which was paid on behalf by Mr Kenneth Low, a director of the Company appointed on 27 June 2018. The liability is due and payable on demand.

(f) Activpass rendered administrative services to Hawker Food Delivery Pte Ltd, which Mr Peter Seow has controlling interest in. The services are based on normal market rate for such services and had been fully repaid during the financial year ended 31 December 2019 under normal payment terms.

6.2. Related party transactions (cont'd)

(i) Transactions with related parties (cont'd)

(g) Activpass, ABO and Asia Box Office (HK) Limited ("**ABO HK**") received advances from the Company. The advances were received for working capital purpose, are non-interest bearing and due and payable on demand. The Company did not advance more than S$100,000 in any single transaction to any of Activpass, ABO and ABO HK.

(h) ABO provided office space to the Company from May to September 2019. The services are based on normal market rate for such services. The liability is due and payable on demand.

(i) The Company rendered corporate support services to ABO and Activpass. The services are based on normal market rate for such services. The liability is due and payable on demand.

(j) Allied Technologies Holdings Pte Ltd provided advances to the Company for working capital purpose which are non-trade in nature and bear interest ranging from 3.000% - 3.031% per annum (2020: 2.250% - 2.254%). The liability is due and payable on or before 31 December 2021.

* The Company has provided full impairment on loans receivables from subsidiaries and amount due from subsidiaries.

7. Taxation

The Group calculates the period income tax expense/(credit) using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense/(credit) in the condensed interim consolidated statement of profit or loss are:

	Group			
	3 months ended		**6 months ended**	
	2Q2021	**2Q2020**	**1H2021**	**1H2020**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax expense/(credit)				
- Current income taxation	34	(35)	120	31
- Underprovision in respect of previous years	20	–	21	15
	54	(35)	141	46

8. (Loss)/ profit earnings per share

	Group			
	3 months ended		6 months ended	
	2Q2021	2Q2020	1H2021	1H2020
(Loss)/profit attributable to the owners of the Company (S$'000)	(51)	(1,735)	550	(2,002)
(Loss)/profit per share (cents)				
- Basic	(0.00)	(0.10)	0.03	(0.11)
- Diluted	(0.00)	(0.10)	0.03	(0.11)
Weighted average number of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

9. Net Asset Value

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Net asset value per ordinary share based on issued share capital as at end of the period/year (in cents)	3.70	3.69	3.31	3.34
Number of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

10. Financial assets at fair value through other comprehensive income (FVOCI)

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table presented the assets measured at fair value:

Group – 30 Jun 2021	**Level 1 ($'000)**	**Level 2 ($'000)**	**Level 3 ($'000)**	**Total ($'000)**
Financial assets				
FVOCI investments (Quoted investments)	–	–	2,361	2,361
Group – 31 Dec 2020				
Financial assets				
FVOCI investments (Quoted investments)	–	–	2,361	2,361

11. Intangible assets

	The Group				
	Goodwill	Contractual customer relationships	Corporate contract	Consultancy agreement	Total
	$'000	$'000	$'000	$'000	$'000
At 31 Dec 2020					
Cost	55,222	76	78	545	55,921
Accumulated amortisation and impairment	(55,222)	(76)	(78)	(545)	(55,921)
Net book amount	-	-	-	-	-
At 30 Jun 2021					
Cost	55,222	76	78	545	55,921
Accumulated amortisation and impairment	(55,222)	(76)	(78)	(545)	(55,921)
Net book amount	-	-	-	-	-

(i) Contractual customer relationships

Contractual customer relationships relate to the existing contracts in force with the Group's subsidiary, Activpass Holdings Pte. Ltd. ("**Activpass**"), that were acquired in a business combination in July 2018. The balance was fully impaired as at 31 December 2019.

(ii) Corporate contract

Corporate contract relates to a material corporate contract with fixed fee in force with the Group's subsidiary, Activpass, that was acquired in a business combination in July 2018. The corporate contract expires in September 2020. The balance was fully impaired as at 31 December 2019.

(iii) Consultancy agreement

Consultancy agreement relates to an agreement for which the Group's subsidiary, Asia Box Office Pte. Ltd. ("**ABO**"), provided consultation services in relation to an international sporting event, that was acquired in business combination in April 2018. As of date of acquisition, the consultancy agreement had remaining useful life of 9 months and the contract expired on 31 December 2018.

Amortisation expense

The amortisation of membership rights, contractual customer relationships, corporate contract, consultancy agreement is included in the "General and administrative expenses" line item in income statement.

Impairment testing of goodwill

Goodwill acquired through business combinations relates to two cash-generating units ("**CGU**") within the e-commerce segment - ABO and Activpass, which was fully impaired as at 31 December 2019.

12. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting $831,000 (30 June 2020: $1,154,000) and disposed of assets amounting to $363,000 (30 June 2020: $81,000)

13. Loans and borrowings

	Group	
	30 Jun 2021	**31 Dec 2020**
	$'000	**$'000**
Amount repayable within one year or on demand		
Secured	4,225	3,792
Unsecured	909	906
Amount repayable after one year		
Secured	5,789	5,910
Unsecured	–	–

The current and non-current borrowings bear effective interest rates ranging from 3.16% to 4.52% (2020: 3.16% to 4.52%) per annum.

Loans and borrowings are secured facilities granted to the Group. The facilities granted are secured as follows:

(a) $8,555,000 (2020: $8,998,000) of the outstanding loans are secured by corporate guarantees of the Company) and fixed deposits pledged by the respective subsidiaries.

(b) $8,052,000 (2020: $8,533,000) of the outstanding loans are secured by pledging freehold land of a subsidiary and leasehold properties of certain subsidiaries.

(c) $1,459,000 (2020: $704,000) of the loans and borrowings are secured by pledging leasehold land and properties of a subsidiary.

(d) $8,052,000 (2020: $8,998,000) of the loans and borrowings are secured using a debenture by way of fixed and floating charge over the entire assets of a subsidiary.

The Group's unsecured borrowings comprise the following:

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

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.

14. Share capital

	Group and Company			
	30 Jun 2021		**31 Dec 2020**	
	No. of shares ‘000	$ $’000	No. of shares ‘000	$ $’000
Beginning of interim period	1,770,329	115,899	1,770,329	115,899
End of interim period	1,770,329	115,899	1,770,329	115,899

Since 31 December 2020, there has been no change in share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.

As at 30 June 2021, 31 December 2020 and 30 June 2020, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings. There are no statements to be made on the sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the current financial period reported on, as the Company did not have any treasury shares and subsidiary holdings as at 30 June 2021.

15. Subsequent events

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 2.1(b) to the financial statements and Note 5 of the other information to the financial statements. The worsening business environment is further exacerbated by the recent COVID-19 issue that has particularly affected economies in globally.

Further, as a result of the developing COVID-19 situation despite multiple restrictions imposed previously, the Malaysian Federal Government had, on 10 May 2021, announced that a nationwide Movement Control Order lockdown would be reinstated from 12 May to 7 June 2021. In enforcing this lockdown, dining in, social activities, shopping areas and inter-district and inter-state travel are banned. Subsequently, on 28 May 2021, the Malaysian Federal Government further announced that a nationwide “total lockdown” will be imposed on all social and economic sectors in Malaysia from 1 June to 14 June 2021. Under this lockdown, only essential economic and social services listed by the National Security Council will be allowed to operation. (“Total Lockdown”). During this period, the Group’s operations in both Malacca and Johor Bahru have obtained approval from the Malaysian Government to operate at a limited capacity of 60%.

The total lockdown in Malacca and Johor Bahru has been extended since 14 June 2021 and it will be further extended until the nation’s COVID-19 situation is progressing towards the targets set by the Malaysian Government before they can enter into Phase 2, which allowing more economic sectors to be opened.

Meanwhile in Vietnam, authorities in Ho Chi Minh City have on 15 July 2021 shut down several factories in Saigon Hi-Tech Park, where our Vietnam operation is located in. Arrangements have been made that partial of the employees to stay within the premise or nearby hotel to continue our operation and partially will be working from home. The lockdown will be extended until further notice.

15. Subsequent events (cont'd)

At present, we are unable to assess the impact of the lockdowns and the COVID-19 situation that may have on the Group's financials for the financial year ending 31 December 2021 due to the uncertain and evolving situation in the various countries. However, the Company wishes to add that the Covid-19 pandemic and its effects on the global and domestic economy may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months.

The Company will continue to monitor the evolving situation and will update the shareholders as and when there are material developments on this matter.

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.

PART II - OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1. Review

The condensed consolidated statement of financial position of Allied Technologies Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the second quarter and half year then ended and certain explanatory notes have not been audited or reviewed.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue. (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Reference is made to pages 64 to 66 of the FY2019 Annual Report. The disclaimer of opinion by the Company's auditor arose from the following five (5) issues:

1) Funds held with JLC Advisors LLP (the "**Missing Funds**");
2) Purchase price allocation, impairment assessments of goodwill and interest in subsidiaries;
3) Asia Box Office Pte. Ltd. and its subsidiary;
4) On-going special audit and investigation; and
5) Going concern assumption.

(a) Updates on the efforts taken to resolve each outstanding audit issue highlighted above:

In relation to issues (1) to (4) above, the Company has, as announced on 14 June 2019, appointed PricewaterhouseCoopers Risk Services Pte Ltd as the Special Auditor to undertake a special audit to look into, amongst others, the issues pertaining to issues (1) to (4) above. To date, the Special Auditor has yet to complete the special audit and has given the Company an update as to the factors resulting in further time being required for the preparation and release of the special audit report, as set out in our announcement dated 15 April 2021. As such, the Company is not in a position to comment on the resolution of these issues at the present time. Notwithstanding the foregoing, the Company has provided its full cooperation during the course of the special audit. The Board will review the findings of the special audit and use its best efforts to resolve the outstanding issues surrounding the special audit.

As regards the Missing Funds, as the Company had stated in our announcement dated 23 May 2019, JLC informed the Company that the Company's funds of "S$33.4 million" had been purportedly paid out from the escrow account, and that JLC is still investigating, but has reasons to believe that the said funds were paid out on the instructions of its partner, Mr. Ong Su Aun, Jeffrey, and "might have been unauthorized". More information can be found in the Company's announcement dated 23 May 2019.

The Company noted from the media reports on the following dates that the managing director for JLC has since been charged in relation to the Company's Escrow Funds:

(i) On 24 February 2020, he has been charged with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the Escrow Funds;
(ii) On 30 June 2020, he has been charged with additional 15 different charges, 14 of which involving cheating the Company by deceiving the Company into believing its escrow account maintained by JLC contained certain balance amounts on certain dates; and
(iii) On 11 August 2020, he has been charged with additional 4 charges of criminal breach of trust as an attorney in relation to misappropriation of S$11.7 million from the escrow facility held by JLC for the Company.

However, the whereabouts of the escrow funds remain unclear to the Company as at the date of this announcement.

As the Company had previously announced on 30 July 2019, the Company had been advised by our legal counsel to await the conclusion of the special audit and/or further information before deciding on what steps to take, and against who, to recover the Missing Funds. This is in the interest of not incurring unnecessary costs. To date, the special audit is still ongoing, and to the best of the Company's knowledge, the investigations by the Commercial Affairs Department is still ongoing, and such investigations may uncover further facts and/or relevant parties that might be culpable, and to which the Company is unaware of at the present time.

In any event, and as announced on, amongst others, our announcement of 30 July 2019, the Company had already taken all other practicable steps to recover the Missing Funds. More details can be found in our announcement of 30 July 2019.

In relation to issue (5) above, the Board, together with the management of the Company, has assessed and is of the view that the use of the going concern in the preparation of the financial statements for the financial year ended 31 December 2019 is still appropriate. The assumptions and measures for this assessment can be found in our announcement of 13 April 2020. In relation to the assumption set out in item (g) of the announcement dated 13 April 2020 and the Group's efforts in this regard, please refer to the Company's updates on the movement control orders implemented by the Malaysian Government and the COVID-19 situation in our announcement of 30 April 2020. The Group's factories have resumed its operations since the announcement dated 30 April 2020.

(b) Nonetheless, the Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed in these financial statements.

3. Review of performance of the Group

a. Revenue

The Group's revenue increased by 21% from S$17.86 million in 2Q2020 to S$21.60 million in 2Q2021 and increased by 19% from S$49.71 million in 1H2020 to S$59.25 million in 1H2021 respectively mainly attributable to the increase in revenue generated by the precision metal stamping segment.

Precision metal stamping

A geographical breakdown of revenue recorded by the precision metal stamping segment is set out as follows:

	3 months ended			**6 months ended**		
	2Q2021 $'000	**2Q2020 $'000**	**2Q +/(-)**	**1H2021 $'000**	**1H2020 $'000**	**1H +/(-)**
Singapore	158	84	88%	286	433	(34%)
Malaysia	7,879	7,354	7%	21,951	20,046	10%
Vietnam	11,581	8,310	39%	31,907	25,367	26%
Thailand	1,939	2,106	(8%)	5,067	3,853	32%
China	38	-	n.m.	38	-	n.m.
	21,595	17,854	21%	59,249	49,699	19%

The precision metal stamping recorded an increase in revenue from S$17.85 million in 2Q2020 to S$21.60 million in 2Q2021 and from S$49.70 million in 1H2020 to S$59.25 million in 1H2021 respectively due to increase in demand of our customers' products mainly consisting of office equipment such as copiers and printers as a result of pent-up demand following a drop in demand caused by the initial discovery of the worldwide COVID-19 pandemic in early 2020.

<u>E-commerce</u>

E-commerce segment reported a decrease in revenue from S$3,000 in 2Q2020 to S$Nil in 2Q2021 and from S$12,000 in 1H2020 to S$Nil in 1H2021 respectively.

Asia Box Office Pte. Ltd. ("**ABO**") and its subsidiary, Asia Box Office (HK) Limited (collectively, "**ABO Group**") did not record revenue in 2Q2021 and 1H2021 (2Q2020: S$Nil and 1H2020: S$Nil) as it is still facing challenges in securing contracts in light of the audit matters as announced on 8 May 2019. The COVID-19 pandemic has further worsened the situation as many physical concerts and events have been cancelled and/or postponed.

Activpass Holdings Pte. Ltd. ("**Activpass**") recorded a decrease in revenue from S$3,000 in 2Q2020 to S$Nil in 2Q2021 and from S$12,000 in 1H2020 to S$Nil in 1H2021 respectively. This is due to the audit matters as announced on 8 May 2019 which caused delay in funding and inability to secure funding internally and externally. As such, Activpass is unable to execute marketing plans locally and overseas to motivate merchants and users to join its platform.

b. Operating results

A breakdown of the Group's (loss)/profit before tax by segment is set out as follows:

	3 months ended			6 months ended		
	2Q2021 $'000	**2Q2020 $'000**	**2Q +/(-)**	**1H2021 $'000**	**1H2020 $'000**	**1H +/(-)**
Corporate	(237)	(303)	(22%)	(432)	(605)	(29%)
Precision Metal Stamping	246	(1,447)	n.m	1,143	(1,298)	n.m
E-commerce	(28)	(39)	(28%)	(56)	(105)	(47%)
	(19)	(1,789)	(99%)	655	(2,008)	n.m.

Note:
n.m. - not meaningful

The Group recorded a decrease in loss before tax ("**LBT**") from S$1.79 million to S$19,000 in 2Q2021 and recorded profit before tax ("**PBT**") of S$0.66 million in 1H2021 as compared to LBT of S$2.01 million in 1H2020 mainly due to the higher profit recorded by the precision metal stamping segment and lower losses recorded by the corporate and e-commerce segments as shown in the breakdown above. The LBT recorded for 2Q2021 may be attributed to the profit generated from the metal stamping segment being unable to cover the losses sustained by the e-commerce and corporate segments for 2Q2021 as a result of the recent global chip shortage, which caused reduced global demand and production for the products of our customers in the metal stamping segment.

<u>Corporate</u>

The decrease in LBT by 22% from LBT of S$0.30 million in 2Q2020 to LBT of S$0.24 million 2Q2021 and decrease by 29% from LBT of S$0.61 million in 1H2020 to LBT of S$0.43 million in 1H2021 mainly due to a decrease in payroll related costs and other general & administrative ("**G&A**") expenses as part of the cost control measures undertaken by the Company in light of the COVID-19 pandemic.

Precision metal stamping

The precision metal stamping segment recorded PBT of S$0.25 million in 2Q2021 and PBT of S$1.14 million in 1H2021 as compared to LBT of S$1.45 million in 2Q2020 and LBT of S$1.30 million in 1H2020 respectively largely due to the increase in revenue by 21% for the second quarter and by 19% for the half year as compared to the prior period as highlighted in the revenue analysis section, and improvements in gross profit as a result of lower material costs and overhead costs as a percentage of revenue and decrease in finance costs by 32% (as further explained below).

E-commerce

The decrease in LBT by 28% from LBT of S$39,000 in 2Q2020 to LBT of S$28,000 2Q2021 and decrease in LBT by 47% from LBT of S$105,000 in 1H2020 to S$56,000 in 1H2021 mainly due to the reasons mentioned in the revenue analysis section in Note 3a of the other information to the financial statements above.

Cost of revenue

Cost of revenue ("**COR**") mainly consists of material cost, labour cost, sub-contractor cost and overhead costs. COR increased from S$18.03 million in 2Q2020 to S$20.18 million in 2Q2021 and it increased from S$48.36 million in 1H2020 to S$55.56 million in 1H2021 respectively. The increase in COR is in tandem with the increase in revenue from 2Q2020 to 2Q2021 and 1H2020 and 1H2021 respectively.

Depreciation

Depreciation of property, plant and equipment ("**PPE**") and right-of-use assets recorded in COR and G&A expenses amounted to S$0.71 million in 2Q2021 and S$1.43 million in 1H2021 as compared to S$0.77 million in 2Q2020 and S$1.52 million in 1H2020 respectively. The variance for second quarter and half year is not material i.e. less than 10%.

Other income

Other income comprises mainly interest income, gain/(loss) on disposal of PPE and sundry income. The other income decreased from S$0.59 million in 2Q2020 and to S$0.51 million in 2Q2021. The variance for second quarter is not material i.e. less than 10%. The other income increased from S$0.70 million in 1H2020 to S$0.81 million in 1H2021. The increase is mainly due to increase in other income arising from dividend income from other income by $0.20 million which is offset by absence of consultancy income of S$0.09 million.

General and administrative expenses

G&A expenses mainly include professional fees, salaries and other payroll related costs, directors' fee, office expenses and foreign exchange (gain)/loss. G&A expenses decreased from S$1.96 million in 2Q2020 to S$1.78 million in 2Q2021 and it decreased from S$3.54 million in 1H2020 to S$3.46 million in 1H2021 respectively. The variance for second quarter and half year is not material i.e. less than 10%.

Finance costs

Finance costs decreased from S$0.24 million in 2Q2020 to S$0.19 million in 2Q2021 and it decreased from S$0.53 million in 1H2020 to S$0.39 million in 1H2021 respectively. The decrease is mainly due to lower interest on loans and borrowings as a result of decrease in interest rates between approximately 25 basis points to 110 basis points.

Income tax expense

The Group recorded income tax credit of S$35,000 in 2Q2020 as compared to income tax expense of S$54,000 in 2Q2021 and it recorded an increase in income tax expense from S$46,000 in 1H2020 to S$141,000 in 1H2021. The increase is mainly due to the accrual of income tax expense arising from subsidiaries which are in taxable income position.

c. Balance Sheet

Group

Intangible assets relate to (i) goodwill arising from the acquisitions of ABO Group and Activpass in April 2018 and July 2018 respectively; (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. Intangible assets are recorded at S$Nil as at 30 June 2021 and 31 December 2020 as they had been fully impaired as at 31 December 2019.

PPE decreased from S$25.68 million as at 31 December 2020 to S$24.84 million as at 30 June 2021 mainly due to depreciation charged of S$1.43 million, which is offset by additions in PPE of S$0.83 million.

Right-of-use assets ("**ROU**") decreased from S$4.62 million as at 31 December 2020 to S$4.14 million as at 30 June 2021 largely due to depreciation charged of S$0.41 million.

Investment in joint venture relates to the Group's 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$50. This JV is incorporated in Singapore and its principal business activities are software consultancy and development of other software and programming activities with its main focus to develop a proprietary e-commerce ticketing system. The Group jointly controls the venture with another partner under the contractual agreement. The JV did not generate any revenue during the period. The Group has stopped recognising its share of loss and recorded its investment at S$Nil as at 30 June 2021 and 31 December 2020.

Other investments of S$2.36 million as at 30 June 2021 and 31 December 2020 relate to the unquoted shares of 3.85% interest in a Taiwanese company which is in the electronics components industry.

Inventories decreased from S$13.53 million as at 31 December 2020 to S$13.19 million as at 30 June 2021 mainly due to decrease in work-in-progress and finished goods as a result of delivery of goods to customers during the period.

Trade debtors decreased from S$22.99 million as at 31 December 2020 to S$16.11 million as at 30 June 2021 largely due to the collection from customers during the period.

Other debtors increased from S$0.99 million as at 31 December 2020 to S$1.27 million as at 30 June 2021 mainly due to VAT receivable, pending refund from the local tax authority of the overseas subsidiaries and receivables from sundry debtors.

Contract assets increased from S$0.28 million as at 31 December 2020 to S$0.48 million as at 30 June 2021 mainly to due to costs incurred for ongoing tooling projects.

Prepayments and advances to suppliers increased from S$0.23 million as at 31 December 2020 to S$0.87 million as at 30 June 2021 largely due to the increase in prepayments made to suppliers to purchase PPE.

Fixed deposits increased from S$1.68 million as at 31 December 2020 to S$1.99 million as at 30 June 2021 mainly due to conservation of short-term cashflows for operational requirements.

Amount due from a law firm relates to cash of S$33.15 million as at 30 June 2021 and 31 December 2020 which were held in escrow by JLC as disclosed in Note A of the condensed interim consolidated statement of cash flows.

Trade creditors decreased from S$24.92 million as at 31 December 2020 to S$15.90 million as at 30 June 2021 to mainly due to payments made to suppliers during the period.

Contract liabilities increased from S$0.18 million as at 31 December 2020 to S$0.84 million as at 30 June 2021 largely due to ongoing tooling projects which have yet to be completed.

Lease liabilities (current and non-current) decreased from S$5.10 million as at 31 December 2020 to S$4.61 million as at 30 June 2021 mainly due to payment of lease liabilities of S$0.42 million during the period.

Other creditors and accruals decreased from S$7.32 million as at 31 December 2020 to S$7.30 million as at 30 June 2021 mainly due to payments made for accrued operating expenses such as payroll related costs and other miscellaneous expenses during the period, which is offset by increase in amount due to sundry creditors i.e. non-trade suppliers.

Deferred grant income arises from the accounting treatment of the JSS.

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.

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) increased from S$9.70 million as at 31 December 2020 to S$10.01 million as at 30 June 2021 mainly due to drawdown of bank borrowings of S$13.93 million for operational needs which is offset by repayment of bank borrowings of S$13.51 million made during the period.

The Group recorded income tax recoverable of S$6,000 as at 30 June 2021 as compared to $84,000 as at 31 December 2020 largely due to income tax of $0.23 million paid which is offset by provision of current period income tax and previous years’ tax of S$0.14 million.

Deferred tax liabilities mainly relate to temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, which include, amongst others, differences in depreciation and amortisation, fair value adjustments on acquisition of subsidiaries and unabsorbed capital allowances.

Equity attributable to owners of the Company increased from S$68.16 million as at 31 December 2020 to S$68.42 million as at 30 June 2021 largely due to profit for the period under review, of S$0.55 million.

Company

Amount due to a subsidiary increased from S$1.65 million as at 31 December 2020 to S$2.20 million as at 30 June 2021 due to advances from a subsidiary to the Company for working capital.

d. Consolidated Cash Flow Statement

The Group recorded decrease in net cash flows used in operating activities from S$1.72 million in 2Q2020 to S$1.01 million in 2Q2021 largely due to lesser loss from operations as compared to the prior period. The Group recorded net cashflows used in operating activities of S$0.58 million in 1H2021 as compared to net cashflows generated from operating activities of S$1.31 million in 1H2020 mainly due to more payments made to suppliers than collections from customers.

The Group recorded decrease in net cash used in investing activities from S$0.53 million in 2Q2020 to S$0.25 million in 2Q2021 and a decrease in net cash used in investing activities from S$0.92 million in 1H2020 to S$0.43 million mainly due to decrease in capital expenditure to conserve cashflows for working capital and an increase in dividend receipt from other investments.

The Group recorded decrease in net cash flows used in financing activities of S$0.92 million in 2Q2021 and S$0.33 million in 1H2021 as compared to net cashflows generated from financing activities of S$0.85 million in 2Q2020 and S$1.95 million in 1H2020 mainly due to more repayment of bank borrowings and lease liabilities utilised for operational needs.

4. 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.

5. 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 operating 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 uncertain global economic outlook and the JLC issue as disclosed in Note A of the condensed interim consolidated statement of cash flows. The worsening business environment is further exacerbated by the COVID-19 issue that has particularly affected economies globally.

The COVID-19 pandemic and its effects on the global and domestic economy, coupled with the recent global chip shortage, may cause a decline in global demand and production for our customers' products, mainly consisting of office equipment such as copiers, which in turn may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months.

With the continuing spread of COVID-19 pandemic around the world, there is also no clear indication when COVID-19 can be eradicated globally and when business conditions and market sentiment can return to pre-COVID-19 levels. Besides streamlining its operations, the Group is also exploring possible avenues for business opportunities in its precision metal stamping segment. The Group has explored, and will continue to look for, ways to reduce expenditure. 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.

6. Dividend information

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

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) 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.

7. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend for the period ended 30 June 2021 has been declared or recommended as the Company is in a loss-making position and an accumulated loss position.

8. Interested person transactions

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

9. Negative confirmation by the Board pursuant to Rule 705(5)

The Board of Directors of the Company hereby confirm to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group and the Company for the second quarter and half year ended 30 June 2021 to be false or misleading in any material aspect.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Catalist Rule 720(1)

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

11. 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:

	Use of Net Proceeds	**Allocation of Net Proceeds**	**Net Proceeds utilised as at the date of announcement**	**Balance of Net Proceeds as at the date of announcement**
		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 2 of the other information to the financial statements above.

On behalf of the Board of Directors

Leow Wee Kia Clement
Chief Executive Officer and Executive Director
Singapore
12 August 2021