



ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 30 September 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					
	3 months ended 3Q2019 S\$'000	3Q2018 S\$'000	+ / (-) %	9 months ended 9M2019 S\$'000	9M2018 S\$'000	+ / (-) %
Continuing operations						
Revenue	34,156	31,221	9%	90,667	97,387	(7%)
Cost of revenue	(31,255)	(28,180)	11%	(85,959)	(88,933)	(3%)
Gross profit	2,901	3,041	(5%)	4,708	8,454	(44%)
Other income	139	98	42%	641	639	0%
Marketing and distribution cost	-	(54)	(100%)	-	(373)	(100%)
General and administrative expenses	(2,214)	(3,018)	(27%)	(7,765)	(6,896)	13%
Finance costs	(260)	(53)	391%	(739)	(138)	436%
Profit/(loss) before tax from continuing operations	566	14	3943%	(3,155)	1,686	n.m
Income tax expense	(121)	(78)	55%	(258)	(175)	47%
Profit/(loss) from continuing operations, net of tax	445	(64)	n.m	(3,413)	1,511	n.m
Discontinued operation						
Profit from discontinued operation, net of tax	-	-	n.m	-	97	(100%)
Profit/(loss) for the financial period	445	(64)	n.m	(3,413)	1,608	n.m
Attributable to:						
Owners of the Company						
Profit/(loss) from continuing operations, net of tax	537	23	2235%	(3,007)	1,174	n.m
Profit/(loss) from discontinued operation, net of tax	-	-	n.m	-	97	(100%)
Profit/(loss) for the financial period attributable to owners of the Company	537	23	2235%	(3,007)	1,271	n.m
Non-controlling interests						
(Loss)/profit from continuing operations, net of tax	(92)	(87)	6%	(406)	337	n.m
(Loss)/profit for the financial period attributable to non-controlling interests	(92)	(87)	6%	(406)	337	n.m
Earnings/(loss) per share from continuing operations attributable to owners of the Company (cents per share)						
Basic and diluted	0.03	0.001		(0.17)	0.079	
Earnings/(loss) per share (cents per share)						
Basic and diluted	0.03	0.001		(0.17)	0.085	
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation of foreign subsidiaries	163	(126)	n.m	227	200	14%
Foreign currency translation recycled to profit or loss upon disposal and liquidation of subsidiaries	-	-	n.m	-	291	(100%)
Total comprehensive income for the financial period	608	(190)	n.m	(3,186)	2,099	n.m
Attributable to:						
Owners of the Company						
689	(107)	n.m	(2,787)	1,732	n.m	
Non-controlling interests	(81)	(83)	(2%)	(399)	367	n.m
Total comprehensive income for the financial period	608	(190)	n.m	(3,186)	2,099	n.m
Attributable to:						
Owners of the Company						
Total comprehensive income from continuing operations	689	(107)	n.m	(2,787)	1,732	(95%)
Total comprehensive income from discontinued operation	-	-	n.m	-	97	n.m
Total comprehensive income for the financial year attributable to owners of the Company	689	(107)	n.m	(2,787)	1,829	(95%)

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)

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

	GROUP					
	3Q2019	3Q2018		9M2019	9M2018	
	S\$'000	S\$'000		S\$'000	S\$'000	
(a) Cost of revenue:						
(Writeback of)/allowance for inventory obsolescence	(94)	(59)	59%	444	77	477%
Depreciation of property, plant and equipment	727	583	25%	2,221	1,714	30%
Depreciation of right-of-use assets	159	-	n.m	475	-	n.m
(b) Other income:						
Interest income	(17)	(33)	(48%)	(89)	(52)	71%
Investment return on amount due from the principal of an international sporting event	-	-	n.m	-	(202)	(100%)
Dividend income from other investments	-	(8)	(100%)	(217)	(195)	11%
Gain on disposal of intangible assets	-	-	n.m	-	(30)	(100%)
Gain on disposal of property, plant and equipment	(33)	(12)	175%	(95)	(33)	188%
Amortisation of deferred interest income	(47)	-	n.m	(47)	(19)	147%
Amortisation of compensation Income	-	-	n.m	-	(40)	(100%)
Rental income	(14)	(14)	0%	(41)	(86)	(52%)
(c) General and administrative expenses:						
Allowance for/(Write back of) impairment on :						
- trade debtors	2	(25)	n.m	14	(54)	n.m
Depreciation of property, plant and equipment	126	98	29%	380	228	67%
Depreciation of right-of-use assets	68	-	n.m	199	-	n.m
Amortisation of intangible assets	11	-	n.m	32	1	3100%
Loss on disposal of a subsidiary	-	-	n.m	-	103	(100%)
Foreign exchange (gain)/loss	(271)	553	n.m	(4)	524	n.m

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.

	GROUP		COMPANY	
	30.09.2019	31.12.2018	30.09.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Intangible assets	24,049	24,080	-	-
Property, plant and equipment	24,545	24,084	7	-
Right-of-use assets	1,897	-	-	-
Investment in joint venture	-	-	-	-
Investment in subsidiary companies	-	-	55,583	53,083
Loan receivables from subsidiary companies	-	-	3,956	7,326
Other investments	1,960	1,960	-	-
Prepayments	3,728	2,056	-	-
	<u>56,179</u>	<u>52,180</u>	<u>59,546</u>	<u>60,409</u>
Current assets				
Inventories	11,147	15,053	-	-
Trade debtors	26,746	21,297	-	-
Other debtors	5,512	6,371	47	11
Contract assets	1,377	1,500	-	-
Prepayments and advances to suppliers	502	601	24	8
Fixed deposits	2,742	4,957	-	-
Cash and bank balances	5,059	9,016	2	127
Amount due from a law firm	33,153	34,542	33,153	33,449
	<u>86,238</u>	<u>93,337</u>	<u>33,226</u>	<u>33,595</u>
Current liabilities				
Amount due to a subsidiary	-	-	200	138
Trade creditors	25,895	29,046	-	-
Contract liabilities	1,715	827	-	-
Lease liabilities	515	-	-	-
Other creditors and accruals	7,515	8,069	1,336	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	392	238	-	-
Loans and borrowings	5,426	3,823	-	-
Income tax payable	213	192	-	-
	<u>42,854</u>	<u>43,674</u>	<u>2,719</u>	<u>2,036</u>
Net current assets	43,384	49,663	30,507	31,559
Non-current liabilities				
Lease liabilities	1,436	-	-	-
Loans and borrowings	6,382	6,840	-	-
Deferred tax liabilities	22	28	-	-
	<u>7,840</u>	<u>6,868</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>91,723</u>	<u>94,975</u>	<u>90,053</u>	<u>91,968</u>
Equity attributable to owners of the Company				
Share capital	115,898	115,898	115,898	115,898
Statutory reserve fund	209	131	-	-
Other reserves	189	189	189	189
Fair value adjustment reserve	(245)	(245)	-	-
Accumulated losses	(24,843)	(21,692)	(26,035)	(24,119)
Foreign currency translation reserve	1,206	986	-	-
	<u>92,414</u>	<u>95,267</u>	<u>90,052</u>	<u>91,968</u>
Non-controlling interests	(691)	(292)	-	-
	<u>91,723</u>	<u>94,975</u>	<u>90,052</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

GROUP		GROUP	
30.09.2019		31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,426	892	3,823	1,412

Amount repayable after one year

GROUP		GROUP	
30.09.2019		31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,382	-	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.

	GROUP			
	3 months ended 3Q2019 S\$'000	3 months ended 3Q2018 S\$'000	9 months ended 9M2019 S\$'000	9 months ended 9M2018 S\$'000
Cash flows from operating activities				
Profit/(loss) before tax from continuing operations	566	14	(3,155)	1,686
Profit before tax from discontinued operation	-	-	-	97
Profit/(loss) before tax, total	566	14	(3,155)	1,783
Adjustments for:				
Gain on disposal of property, plant and equipment	(33)	(12)	(95)	(33)
Gain on disposal of intangible assets	-	-	-	(30)
Loss on disposal of a subsidiary	-	-	-	103
Depreciation of property, plant and equipment	853	681	2,601	1,942
Depreciation of right-of-use assets	227	-	674	-
Amortisation of deferred interest income	(47)	-	(47)	(19)
Amortisation of intangible assets	11	-	32	1
Amortisation of compensation income	-	-	-	(40)
Interest income	(17)	(33)	(89)	(52)
Interest expense	232	53	649	187
Interest expense - lease liability	27	-	90	-
Dividend income from other investments	-	(8)	(217)	(195)
Investment return on amount due from the principal of an international sporting event	-	-	-	(202)
Exchange differences	(267)	574	(297)	265
Operating cash flow before changes in working capital	1,552	1,269	146	3,710
Decrease/(increase) in inventories	1,472	(1,485)	3,995	(1,455)
Increase in trade debtors and other debtors, contract assets, prepayments and amount due from a law firm	(2,018)	(5,422)	(2,635)	(2,035)
(Increase)/decrease in trade creditors and other creditors other liabilities and accruals	(263)	5,937	(2,843)	(669)
Payment to a former director in relation to termination of service agreement	-	(296)	(296)	(592)
Cash flows generated from/(used in) operations	743	3	(1,633)	(1,041)
Interest paid	(232)	(53)	(649)	(187)
Interest received	17	33	89	52
Tax paid	(111)	(46)	(245)	(224)
Net cash flows generated from/(used in) operating activities	417	(63)	(2,438)	(1,400)
Cash flows from investing activities :				
Net cash outflow on acquisition a subsidiary	-	(25,194)	-	(54,196)
Proceeds from disposal of property, plant and equipment	34	16	704	219
Proceeds from disposal of intangible assets	-	1	-	152
Purchase of property, plant and equipment	(863)	(3,347)	(3,625)	(5,455)
Prepayment for purchase of land	(14)	-	(1,672)	-
Net cash outflows from disposal of subsidiaries	-	-	-	202
Dividend receipt from other investments	-	8	217	195
Net cashflow on disposal of subsidiaries	-	-	-	20,083
Net cash flows used in investing activities	(843)	(28,516)	(4,376)	(38,800)
Cash flows from financing activities :				
Dividend paid on ordinary shares	-	-	-	(135)
Proceeds from issuance of ordinary shares	-	25,161	-	25,161
Repayment of lease liabilities	(249)	-	(733)	-
Net decrease in hire purchase creditors	-	-	-	(4)
Repayment of bank borrowings	18	-	153	-
Drawdown of bank borrowings	7,205	6,159	12,995	9,316
Repayment of bank borrowings	(5,878)	(5,366)	(11,862)	(9,235)
Net increase in fixed deposit	(254)	(107)	2,234	(585)
Net cash flows generated from financing activities	842	25,847	2,787	24,518
Net increase/(decrease) in cash and cash equivalents	416	(2,732)	(4,027)	(15,682)
Cash and cash equivalents at beginning of period (Note A)	4,570	46,797	9,016	59,618
Effects of exchange rates on opening cash and cash equivalents	73	(58)	70	71
Cash and cash equivalents at end of period	5,059	44,007	5,059	44,007

Note A:

As at 31 December 2018, cash of S\$33.45 million and S\$1.09 million were held in trust and/or in escrow by a Singapore law firm, JLC Advisors LLP ("JLC") for the Company and its subsidiary, Asia Box Office Pte. Ltd. ("ABO"), respectively. On 9 January 2019, the Company authorised JLC to make payment of \$0.30 million to a former director of the Company in relation to the termination of his service agreement. On 2 April 2019, JLC paid the sum of S\$1.09 million to the Group, being the balance funds that ABO had placed in trust with JLC as at 2 April 2019. This was pursuant to ABO's request to withdraw the funds held in trust with JLC on 23 March 2019. Consequently, the remaining balance held by the Group 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\$33.15 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 30 September 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.

	Ordinary shares S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve fund S\$'000	Other reserves S\$'000	Fair value adjustment reserve S\$'000	Retained earnings/ (accumulated losses) S\$'000	Reserves of disposal group classified as held for sale S\$'000	Total equity attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
Balance as at 1 January 2019	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>										
<i>Foreign Currency translation</i>	-	80	-	-	-	-	-	80	(6)	74
Balance as at 31 March 2019	115,898	1,066	131	189	(245)	(23,472)	-	93,567	(447)	93,120
Loss for the period	-	-	-	-	-	(1,830)	-	(1,830)	(165)	(1,995)
<i>Other comprehensive income:</i>										
<i>Foreign Currency translation</i>	-	(12)	-	-	-	-	-	(12)	2	(10)
Balance as at 30 June 2019	115,898	1,054	131	189	(245)	(25,302)	-	91,725	(610)	91,115
Loss for the period	-	-	-	-	-	537	-	537	(92)	445
<i>Other comprehensive income:</i>										
<i>Transfer to capital reserve</i>	-	-	78	-	-	(78)	-	-	-	-
<i>Foreign Currency translation</i>	-	152	-	-	-	-	-	152	11	163
Balance as at 30 Sept 2019	115,898	1,206	209	189	(245)	(24,843)	-	92,414	(691)	91,723
Balance as at 1 January 2018	90,738	872	16	189	-	6,319	1,647	99,781	-	99,781
Profit for the period	-	-	-	-	-	516	-	516	-	516
Other comprehensive income	-	742	-	-	-	-	-	742	-	742
Attributable to disposal group	-	(274)	-	-	-	97	274	97	-	97
Disposal of subsidiaries	-	(17)	-	-	-	1,938	(1,921)	-	-	-
Balance as at 31 March 2018	90,738	1,323	16	189	-	8,870	-	101,136	-	101,136
Profit for the period	-	-	-	-	-	635	-	635	424	1,059
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	(396)	(396)
Dividend paid during the period	-	-	-	-	-	(135)	-	(135)	-	(135)
Other comprehensive income	-	(151)	-	-	-	-	-	(151)	26	(125)
Transfer to statutory reserve fund	-	-	143	-	-	(143)	-	-	-	-
Balance as at 30 June 2018	90,738	1,172	159	189	-	9,227	-	101,485	54	101,539
Profit/(loss) for the period	-	-	-	-	-	23	-	23	(87)	(64)
Issuance of ordinary shares (net of transaction costs)	25,160	-	-	-	-	-	-	25,160	-	25,160
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	94	94
Other comprehensive income	-	(130)	-	-	-	-	-	(130)	4	(126)
Balance as at 30 September 2018	115,898	1,042	159	189	-	9,250	-	126,538	65	126,603

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.

<u>Company</u>	Share capital S\$'000	Other reserves S\$'000	Retained earnings/ (accumulated losses) S\$'000	Total equity attributable to owners of the Company S\$'000
Balance as at 1 January 2019	115,898	189	(24,119)	91,968
Total comprehensive income for the period	-	-	(366)	(366)
Balance as at 31 March 2019	115,898	189	(24,485)	91,602
Total comprehensive income for the period		-	(945)	(945)
Balance as at 30 June 2019	115,898	189	(25,430)	90,657
Total comprehensive income for the period	-	-	(605)	(605)
Balance as at 30 September 2019	115,898	189	(26,035)	90,052
Balance as at 1 January 2018	90,738	189	8,090	99,017
Total comprehensive income for the period	-	-	(344)	(344)
Balance as at 31 March 2018	90,738	189	7,746	98,673
Total comprehensive income for the period	-	-	(476)	(476)
Dividend paid during the year	-	-	(135)	(135)
Balance as at 30 June 2018	90,738	189	7,135	98,062
Total comprehensive income for the period	-	-	(413)	(413)
Issuance of ordinary shares (net of transaction costs)	25,160	-	-	25,160
Balance as at 30 September 2018	115,898	189	6,722	122,809

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.

	No. of ordinary shares '000	Amount S\$'000
As at 30.09.2019, 30.06.2019 and 31.12.2018	1,770,329	115,898

As at 30 September 2019, 31 December 2018 and 30 September 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.

	30.09.2019	31.12.2018
Total number of issued shares ('000) (excluding treasury shares)	1,770,329	1,770,329

There were no treasury shares as at 30 September 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 30 September 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 30 September 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:

Balance sheet item	S\$'000
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.

	GROUP		GROUP	
	3 months ended		9 months ended	
	<u>3Q2019</u>	<u>3Q2018</u>	<u>9M2019</u>	<u>9M2018</u>
Earnings/(loss) (S\$'000)				
Attributable to the owners of the Company				
Profit/(loss) from continuing operations, net of tax	537	23	(3,007)	1,174
Profit/(loss) for the period	537	23	(3,007)	1,271
Earnings/(loss) per share from continuing operations (cents)				
- Basic and diluted	0.03	0.001	(0.17)	0.079
Earnings/(loss) per share (cents)				
- Basic and diluted	0.03	0.001	(0.17)	0.085
Weighted average number of ordinary shares ('000)	1,770,329	1,761,198	1,770,329	1,488,790

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.

	Group		Company	
	30.09.2019	31.12.2018	30.09.2019	31.12.2018
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	5.18	5.36	5.09	5.19
Net asset value as at end of period (\$'000)	91,723	94,975	90,052	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 increased by 9% in 3Q2019 (from S\$31.22 million in 3Q2018 to S\$34.16 million in 3Q2019), but decreased by 7% for the period of 9M2019 (from S\$97.39 million in 9M2018 to S\$90.67 million in 9M2019). For 3Q, the increase is mainly due to increase of S\$3.39 million in revenue contributed by the precision metal stamping segment which is offset by the decrease of \$0.46 million from e-commerce segment during the period. For 9M, the decrease is mainly due to a decrease of S\$13.82 million in revenue from the e-commerce segment, which is offset by an increase in revenue of S\$7.10 million from the precision metal stamping segment.

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

Precision metal stamping

The Company's subsidiary located in Singapore reported revenue of S\$0.20 million in 3Q2019 and \$0.84 million in 9M2019 as compared to S\$0.02 million in 3Q2018 and S\$0.66 million in 9M2018 of respectively. The increase in 3Q2019 and 9M2019 is mainly due to a project awarded by a major customer during the period.

Its subsidiaries located in Malaysia reported an increase in revenue of S\$0.62 million and a decrease in revenue of S\$0.80 million in 3Q2019 and 9M2019 respectively. The increase in revenue from S\$11.51 million in 3Q2018 to S\$12.13 million in 3Q2019 is mainly due to sales arising from new projects. The decrease in revenue from S\$32.03 million in 3Q2018 to S\$31.23 million in 9M2019 is mainly due to lower demand of an existing project from a major customer for which the increase in sales from new projects in 3Q2019 is unable to make up for the shortfall in revenue.

The subsidiary located in Vietnam reported higher revenue of S\$19.36 million in 3Q2019 and S\$51.91 million in 9M2019 as compared to S\$16.99 million in 3Q2018 and S\$44.62 million in 9M2018 respectively due to new projects awarded by customers.

The subsidiary located in Thailand recorded higher revenue of S\$2.40 million in 3Q2019 and S\$6.51 million in 9M2019 as compared to that of S\$1.95 million in 3Q2018 and S\$5.07 million in 9M2018 respectively mainly due to more orders received from its existing customers.

E-commerce

The e-commerce segment reported revenue of S\$0.06 million in 3Q2019 and S\$0.17 million in 9M2019 as compared to S\$0.52 million in 3Q2018 and S\$13.99 million in 9M2018 respectively. The decrease in revenue is mainly due to the fact that the ABO Group did not promote and organise any event during the said period. The promotion of a major event in 9M2018 accounted for the bulk of the revenue recorded by the E-commerce segment in 9M2018

ABO Group recorded ticketing revenue of S\$0.01 million in 3Q2019 and 9M2019 and it did not record promotion of event revenue as it is facing challenges in securing contracts in light of the matters as announced on 8 May 2019. This is as compared to revenue of S\$0.42 million in 3Q2018 and S\$13.89 million in 9M2018 reported respectively.

Activpass recorded revenue of S\$0.05 million in 3Q2019 and S\$0.16 million in 9M2019 as compared to S\$0.10 million in 3Q2018 and 9M2019 respectively. The revenue 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 profit before tax (“PBT”) of S\$0.57 million and loss before tax (“LBT”) of S\$3.16 million in 9M2019 as compared to PBT of S\$0.01 million in 3Q2018 and S\$1.69 million in 9M2018 respectively. For 3Q, the PBT is mainly contributed by the profit-making subsidiaries in the precision metal stamping segment. For 9M, the LBT is mainly contributed by the Company, the precision metal stamping subsidiaries located in Malaysia and subsidiaries in e-commerce segment.

Corporate

The Company reported LBT of S\$0.61 million in 3Q2019 and S\$1.92 million in 9M2019 as compared to LBT of S\$0.41 million in 3Q2018 and S\$1.63 million in 9M2018 respectively. The increase in LBT is mainly due to increase in general and administrative expenses arising from increase in headcount from March 2019 and professional fees i.e. special audit and legal fee due to issues faced by the Company and the Group as announced on 8 May 2019 and the JLC issue.

Precision metal stamping

Precision metal stamping segment reported PBT of S\$1.35 million in 3Q2019 and LBT of S\$0.41 million in 9M2019 as compared to PBT of S\$0.60 million in 3Q2018 and S\$2.63 million in 9M2018 respectively. For 3Q, the increase in PBT is mainly due to increase in revenue of S\$3.39 million as a result of new projects awarded by customers. For 9M, the LBT is mainly from the previous quarters as a result of 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\$0.10 million in 3Q2019 and \$0.30 million in 9M2019 as compared to LBT of S\$0.3 million in 3Q2018 and LBT of S\$0.84 million in 9M2018 respectively. This is mainly due to as ABO Group did not promote any event during the period as highlighted in the section 8a on revenue analysis.

Activpass reported LBT of S\$0.07 million in 3Q2019 and S\$0.53 million in 9M2019, as compared to LBT of S\$0.15 million in both 3Q2018 and 9M2018 respectively. The LBT is mainly due to inability 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 increased by 11% from S\$28.18 million in 3Q2018 to S\$31.26 million in 3Q2019 and decreased by 3% from S\$88.93 million in 9M2018 to S\$85.96 million in 9M2019 respectively. For 3Q, the increase in COR is in tandem with the increase in revenue as a result of the increase in revenue from the precision metal stamping segment. For 9M, the decrease in COR is mainly due to no promotion of event cost of S\$12.06 million recorded by the ABO Group, which is offset by the increase in COR of \$9.08 million from the precision metal stamping segment.

The increase in COR from the precision metal stamping segment is mainly due to changes in material mix for the precision metal stamping segment’s new products, which require 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

Other income comprises mainly dividend income from other investments for which the Group has 3.85% interest in a Taiwanese company which is in the electronics components industry, 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 increased from S\$0.10 million in 3Q2018 and S\$0.64 million in 9M2018 to S\$0.14 million in 3Q2019 and S\$0.64 million in 9M2019 respectively. For 3Q, the increase is mainly due to the increase in interest income of S\$0.05 million arising from a repayment plan for which the Group had worked out with an event financier for an outstanding deposit for a concert which was cancelled and due to refund to the Group. For 9M, the increase is mainly due to increase in interest income and dividend income from other investments of S\$0.08 million and S\$0.02 million respectively which is offset by the absence of investment return on amount due from the principal of an international sporting event of \$0.20 million for which the Group decided to withdraw from the investment post-acquisition of ABO and loss on disposal of a subsidiary of S\$0.10 million.

General and administrative expenses

General and administrative (“**G&A**”) expenses mainly include professional fees, staff salaries, directors’ fee, office expenses and foreign exchange (gain)/loss.

G&A expenses decreased by 27% from S\$3.01 million in 3Q2018 to S\$2.21 million in 3Q2019 and increased by 13% from S\$6.90 million in 9M2018 to S\$7.77 million in 9M2019 respectively. For 3Q, the decrease is mainly due to foreign exchange gain of \$0.03 million recorded in 3Q2019 instead of foreign exchange loss of S\$0.55 million in 3Q2018. The decrease is offset by increase in payroll 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. Other than payroll related cost, the increase in G&A expenses is also due to professional fee incurred by the Company as highlighted in the foregoing paragraph 8b under the sub-heading “Corporate”. For 9M, the increase is due to similar reasons as explained for 3Q.

Finance costs

Finance costs have increased from S\$0.05 million in 3Q2018 and S\$0.14 million in 9M2018 to S\$0.26 million in 3Q2019 and S\$0.74 million in 9M2019 respectively. The increase is due to the increase in bank borrowings by the Group in 3Q2019 and 9M2019 of S\$11.81 million as compared to 3Q2018 and 9M2018 of S\$5.27 million for the purchase of land and building and financing of working capital for precision metal stamping operations.

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 30 September 2019, intangible assets of S\$24.05 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 \$0.03 million from 31 December 2018 of S\$24.08 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\$24.54 million as at 30 September 2019 is mainly due to additions in PPE of S\$3.63 million, which is offset by the depreciation charged of \$2.60 million, disposal of PPE with net book value of S\$0.61 million during the period.

Right-of-use assets of S\$1.90 million as at 30 September 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.

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 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 \$Nil as at 30 September 2019 and 31 December 2018.

Other investments of S\$1.96 million as at 30 September 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\$3.73 million as at 30 September 2019 and S\$2.06 million as at 31 December 2018 relate to the prepayments by one of the subsidiaries located in Malaysia to a third party to acquire a freehold land for precision metal stamping operations.

Inventories decreased from S\$15.05 million as at 31 December 2018 to S\$11.15 million as at 30 September 2019 due to sale of finished goods during the period.

Trade debtors increased from S\$21.30 million as at 31 December 2018 to S\$26.75 million as at 30 September 2019 which is mainly derived from the precision metal stamping segment. The increase in trade debtors is in line with the surge in revenue arising from the precision metal stamping segment during the period.

Other debtors decreased from S\$6.37 million as at 31 December 2018 to S\$5.51 million as at 30 September 2019. The decrease is mainly due to (i) full 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\$0.30 million between 28 March 2019 and 31 August 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 for which the Group had worked out a repayment plan the event financier and (iii) VAT receivable of S\$0.60 million. The decrease is offset by the increase in deposits and sundry debtors of S\$0.34 million.

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\$0.50 million as at 30 September 2019 and S\$0.60 million as at 31 December 2018 are mainly due to the downpayment and prepayments made to suppliers to purchase services, materials and machineries.

Amount due from a law firm relates to cash of \$33.15 million as at 30 September 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\$25.90 million as at 30 September 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\$1.95 million as at 30 September 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 decreased to S\$7.51 million as at 30 September 2019 from S\$8.07 million as at 31 December 2018 mainly due to payments made to sundry creditors i.e. non-trade suppliers, including suppliers for purchase of property, plant and equipment and provision of professional and legal services of \$1.84 million which is offset by the increase in accrued operating expenses of S\$1.29 million during the period.

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 30 September 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) increased from S\$10.66 million as at 31 December 2018 to S\$11.81 million at 30 September 2019. This is mainly due to drawdown of bank borrowings of S\$12.99 million for operational needs which is offset by repayment of bank borrowings of S\$11.86 million made during the period.

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 has decreased from S\$95.27 million as at 31 December 2018 to S\$92.41 million as at 30 September 2019. The decrease is mainly due to loss for the financial period of S\$3.01 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 30 September 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\$3.96 million as at 30 September 2019 is due to the reason mentioned in the foregoing paragraph and repayments made by the subsidiaries during the period.

d. Consolidated Cash Flow Statement

The Group recorded net cash flows generated from operating activities of S\$0.42 million in 3Q2019 and net cash flows used in operating activities of S\$2.44 million in 9M2019 as compared to net cash flows used in operating activities of S\$0.06 million in 3Q2018 and S\$1.40 million in 9M2018 respectively. For 3Q, the positive cash flows from operating activities are mainly due to profit reported, which is offset by increase in trade debtors arising from the precision metal stamping segment and repayments made to trade and other creditors during the period. For 9M, the increase in net cash flows used in operating activities is mainly due to loss reported during the period.

The Group recorded net cash flows used in investing activities of S\$0.84 million in 3Q2019 and S\$4.38 million in 9M2019 as compared to S\$28.52 million in 3Q2018 and S\$38.80 million in 9M2018 respectively. The decrease is mainly due to absence of net cash outflow on acquisitions of subsidiaries of S\$25.19 million in 3Q2019 and S\$54.20 million in 9M2019 as the Group did not engage in any acquisition during the period, which is offset by net cash inflow on disposal of a subsidiary of S\$20.08 million as the Group did not engage in any disposal during the period. There is an increase in cash used in the purchase of property, plant and equipment of S\$0.86 million in 3Q2019 and S\$3.65 million in 9M2019 and prepayment for purchase of land of S\$0.01 million in 3Q2019 and S\$1.67 million in 9M2019 respectively to support the Group's operational needs.

The Group recorded net cash flows generated from financing activities of S\$0.84 million in 3Q2019 and S\$2.79 million as compared to net cash flows generated from financing activities of S\$25.84 million in 3Q2018 and S\$24.51 million in 9M2018. The decrease in net cash flows generated from financing activities is mainly due to the absence of proceeds from issuance of ordinary shares as the Group did not engage in any placement exercise during the period.

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 30 September 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 third quarter ended 30 September 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:

Use of Net Proceeds		<u>Allocation of Net Proceeds</u> S\$ 'million	<u>Net Proceeds utilised as at the date of announcement</u> S\$ 'million	<u>Balance of Net Proceeds as at the date of announcement</u> 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

13 November 2019

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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