

Asiatravel.com



ASIATRavel.COM HOLDINGS LTD ("Company")
(Co. Regn. No.: 199907534E)

First Quarter Financial Statement And Related Announcement For The Period Ended 31 December 2014

PART I - INFORMATION REQUIRED FOR FIRST QUARTER RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2014

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP		% Increase / (Decrease)
	October 2014 to December 2014	October 2013 to December 2013	
	S\$'000		
Revenues			
Sales of services	23,497	25,998	(9.6)
Other items of income			
Interest income from loans and receivables	2	3	N/M
Other income	222	377	(41.1)
	23,721	26,378	(10.1)
Items of expenses			
Changes in inventories	19,507	21,127	(7.7)
Amortisation of website development and software costs	344	260	32.3
Salaries and employee benefits	2,343	2,276	2.9
Depreciation of property, plant and equipment	185	225	(17.8)
Other operating expenses	3,043	3,757	(19.0)
Finance costs	30	79	(62.0)
	25,452	27,724	(8.2)
Loss before tax	(1,731)	(1,346)	28.6
Income tax	(14)	(21)	N/M
Loss net of tax	(1,745)	(1,367)	27.7
Attributable to:			
Owners of the Company	(1,559)	(1,279)	21.9
Non-controlling interests	(186)	(88)	111.4
	(1,745)	(1,367)	27.7

N/M = Not Meaningful

STATEMENT OF COMPREHENSIVE INCOME FOR FIRST QUARTER RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2014

	GROUP		%
	S\$'000		
	October 2014 to December 2014	October 2013 to December 2013	Increase / (Decrease)
Loss net of tax	(1,745)	(1,367)	27.6
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation of financial statements of foreign subsidiaries	524	74	N/M
Total comprehensive income for the year	<u>(1,221)</u>	<u>(1,293)</u>	<u>(5.6)</u>
Total comprehensive income attributable to:			
Owners of the Company	(1,035)	(1,205)	(14.1)
Non-controlling interests	(186)	(88)	111.4
Total comprehensive income for the year	<u>(1,221)</u>	<u>(1,293)</u>	<u>(5.6)</u>

Notes :

- (i) Loss before tax is determined after charging / (crediting) the following :

	GROUP		%
	S\$'000		
	October 2014 to December 2014	October 2013 to December 2013	Increase / (Decrease)
(a) Amortisation of website development and software costs	344	260	32.3
(b) Depreciation of property, plant and equipment	185	225	(17.8)
(c) Foreign exchange loss, net	92	105	(12.4)
(d) Provision for impairment loss on investment	-	7	N/M
(e) Interest income	(2)	(3)	N/M
(f) Finance costs	30	79	(62.0)

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 S\$'000		Company S\$'000	
	31/12/2014	30/09/2014	31/12/2014	30/09/2014
Intangible assets	7,822	7,682	3,650	3,651
Property, plant and equipment	6,373	6,390	395	419
Investment in subsidiaries	-	-	7,920	7,920
Other investments	85	85	-	-
Deferred tax assets	247	229	-	-
	14,527	14,386	11,965	11,990
Current Assets				
Inventories	6,164	5,814	372	404
Trade receivables	8,655	8,577	383	245
Prepaid operating expenses ¹	3,131	2,039	742	507
Other receivables	2,277	2,135	65	84
Amounts due from subsidiaries	-	-	10,415	10,976
Amounts due from other related parties	-	7	-	-
Fixed deposits pledged	1,850	1,850	1,250	1,250
Cash and cash equivalents	5,036	5,500	2,527	3,528
	27,113	25,922	15,754	16,994
Current Liabilities				
Trade payables ²	4,747	2,799	-	-
Deferred income	4,471	4,515	248	312
Other payables ²	5,522	4,609	1,360	1,932
Amounts due to other related parties	2	-	-	-
Amounts due to subsidiaries	-	-	9,791	8,357
Obligations under finance leases	431	627	41	258
Income tax payable	86	29	-	-
	15,259	12,579	11,440	10,859
Net Current Assets	11,854	13,343	4,314	6,135
Non-Current Liabilities				
Obligations under finance leases	915	1,044	189	197
Deferred tax liabilities	4	3	-	-
Net Assets	25,462	26,682	16,090	17,928
Equity attributable to owners of the Company				
Share capital and treasury shares	43,406	43,406	43,406	43,406
Reserves	(20,047)	(19,013)	(27,316)	(25,478)
Shareholders' equity	23,359	24,393	16,090	17,928
Non-controlling interests	2,103	2,289	-	-
Total equity	25,462	26,682	16,090	17,928

¹ The Group's prepaid operating expenses increased by S\$1.1 million. The increase was mainly due to prepayment to hotels and resorts to secure allotments for bookings.

² The Group's trade payables and other payables increased by S\$1.9 million and S\$0.9 million respectively. The increase was mainly due to longer credit terms given by suppliers.

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

Amount repayable in one year or less, or on demand

As at 31/12/2014		As at 30/09/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
431	NIL	627	NIL

Amount repayable after one year

As at 31/12/2014		As at 30/09/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
915	NIL	1,044	NIL

Details of any collateral

S\$1.35 million of obligation under hire purchase lease has been pledged against the Company's fleet of vehicles.

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.

	01/10/2014 to 31/12/2014 S\$'000	01/10/2013 to 31/12/2013 S\$'000
Cash flow from operating activities :		
Loss before income tax and non-controlling interests	(1,731)	(1,346)
Adjustments for :		
Depreciation of property, plant and equipment	185	225
Amortisation of website development and software costs	344	260
Interest expense	30	79
Interest income	(2)	(3)
Share based compensation	1	2
Provision for impairment loss on investment	-	7
Exchange loss - unrealised	92	145
Operating loss before working capital changes	(1,081)	(631)
Changes in working capital		
Increase in inventories	(119)	(939)
Increase in receivables and prepaid operating expenses	(1,148)	(3,008)
Increase in payables	2,707	2,928
Increase / (decrease) in net amounts due from other related parties	9	(8)
Cash generated / (used in) from operations	368	(1,658)
Interest paid	(30)	(79)
Interest received	2	3
Income tax paid	(81)	(22)
Translation adjustment	140	(13)
Net cash generated / (used in) from operating activities	399	(1,769)
Cash flows from investing activities :		
Purchase of property, plant and equipment	(231)	(123)
Additional website development and software costs	(337)	(278)
Cash inflow on disposal of a subsidiary company in FY2013	-	15
Net cash used in investing activities	(568)	(386)
Cash flows from financing activities :		
Repayment of obligations under finance leases	(325)	(145)
Proceeds from issuance of new shares	-	8,000
Shares issuance expenses	-	(319)
Net cash (used in) / generated from financing activities	(325)	7,536
Net (decrease) / increase in cash and cash equivalents	(494)	5,381
Cash and cash equivalents at the beginning of year	5,500	3,919
Effects of exchange rate changes on cash and cash equivalents	30	(11)
Cash and cash equivalents at end of the period	5,036	9,289
Fixed deposit pledged	1,850	1,850
Total cash balance	6,886	11,139

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 year.

<u>Group</u>	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Share-based compensation reserve S\$'000	Total reserves S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
2015									
Balance at 1 October 2014	46,530	(3,124)	(17,976)	(2,418)	1,372	9	(19,013)	2,289	26,682
Loss net of tax	-	-	(1,559)	-	-	-	(1,559)	(186)	(1,745)
Other comprehensive income for the period									
Translation of financial statements of foreign subsidiaries	-	-	-	524	-	-	524	-	524
Total comprehensive income for the period	-	-	(1,559)	524	-	-	(1,035)	(186)	(1,221)
Contributions by and distributions to owners									
Grant of employee share options	-	-	-	-	-	1	1	-	1
Total contributions by and distributions to owners	-	-	-	-	-	1	1	-	1
Balance at 31 December 2014	46,530	(3,124)	(19,535)	(1,894)	1,372	10	(20,047)	2,103	25,462

<u>Group</u>	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Share-based compensation reserve S\$'000	Total reserves S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
2014									
Balance at 1 October 2013	32,058	(3,124)	(8,329)	(2,564)	1,372	2	(9,519)	3,133	22,548
Loss net of tax	-	-	(1,279)	-	-	-	(1,279)	(88)	(1,367)
Other comprehensive income for the period									
Translation of financial statements of foreign subsidiaries	-	-	-	74	-	-	74	-	74
Total comprehensive income for the period	-	-	(1,279)	74	-	-	(1,205)	(88)	(1,293)
Contributions by and distributions to owners									
Placement of new shares	8,000	-	-	-	-	-	-	-	8,000
Shares issuance expenses	(319)	-	-	-	-	-	-	-	(319)
Grant of employee share options	-	-	-	-	-	2	2	-	2
Total contributions by and distributions to owners	7,681	-	-	-	-	2	2	-	7,683
Total transactions with owners in their capacity as owners	7,681	-	-	-	-	2	2	-	7,683
Balance at 31 December 2013	39,739	(3,124)	(9,608)	(2,490)	1,372	4	(10,722)	3,045	28,938

<u>Company</u>	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Share-based compensation reserve S\$'000	Total reserves S\$'000	Total equity S\$'000
2015						
Balance at 1 October 2014	46,530	(3,124)	(25,487)	9	(25,478)	17,928
Loss net of tax	-	-	(1,839)	-	(1,839)	(1,839)
Total comprehensive income for the period	-	-	(1,839)	-	(1,839)	(1,839)
Contribution by and distributions to owners						
Grant of employee share options	-	-	-	1	1	1
Total contribution by and distributions to owners	-	-	-	1	1	1
Balance at 31 December 2014	46,530	(3,124)	(27,326)	10	(27,316)	16,090

<u>Company</u>	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Share-based compensation reserve S\$'000	Total reserves S\$'000	Total equity S\$'000
2014						
Balance at 1 October 2013	32,058	(3,124)	(15,776)	2	(15,774)	13,160
Loss net of tax	-	-	(1,058)	-	(1,058)	(1,058)
Total comprehensive income for the period	-	-	(1,058)	-	(1,058)	(1,058)
<u>Contribution by and distributions to owners</u>						
Placement of newshares	8,000	-	-	-	-	8,000
Shares issuance expenses	(319)	-	-	-	-	(319)
Grant of employee share options	-	-	-	2	2	2
Total contribution by and distributions to owners	7,681	-	-	2	2	7,683
Total transactions with owners in their capacity as owners	7,681	-	-	2	2	7,683
Balance at 31 December 2013	39,739	(3,124)	(16,834)	4	(16,830)	19,785

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Details of any changes in the Group's issued share capital		Number of Ordinary Shares	Paid-up Capital S\$
As at 1 October 2014 and 31 December 2014	Issued and fully paid ordinary shares at beginning of financial period	310,577,036	43,406,001

Note : There were 10,646,000 Treasury Shares as at 31 December 2014 and 31 December 2013.

The number of shares that may be issued on conversion of all outstanding options granted pursuant to the Employees' Share Option Scheme amounted to 300,000 as at 31 December 2014 (300,000 as at 31 December 2013).

As at 31 December 2014, there are 29,518,785 tranche 2 warrants in issue. Each warrant confers upon the warrant holder the right to subscribe in cash, one new share at an exercise price of S\$0.273 for Tranche 2.

Tranche 2 warrants will expire on 15 July 2016.

Save as disclosed above, there have been no bonus or other issues of shares during the period.

- 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.

	Number of Ordinary Shares	Number of Ordinary Shares
	31/12/2014	30/09/2014
Total number of issued shares excluding treasury shares	310,577,036	310,577,036

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the financial period, there was no transaction pertaining to treasury shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures in this announcement have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

N/A

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Other than as mentioned in Section 5 regarding the adoption of new and revised Singapore Financial Reporting Standards, the same accounting policies and methods of computation have been applied as of the most recently audited annual financial statements.

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.**

The Group adopted all new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2014. The adoption of the new and revised FRS had no significant impact on the financial statements of the Group.

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	
Loss per Ordinary Share for the full-year based on net profit attributable to shareholders:-	Oct 2014 to Dec 2014	Oct 2013 to Dec 2013
(i) Based on the weighted average number of ordinary shares on issue	(0.50) cts	(0.47) cts
(ii) On a fully diluted basis	(0.50) cts	(0.47) cts

The basic loss per share (LPS) is computed based on the weighted average number of shares in issue of 310,577,036 during this period (1QFY2014: 270,582,879).

The financial effect of share options and warrants issued has been disregarded in the calculation for dilutive LPS for the period as they are anti-dilutive.

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	
	As at 31 December 2014	As at 30 September 2014
Net Asset Value per Ordinary Share based on issued share capital	7.52 cts	7.85 cts
	COMPANY	
	As at 31 December 2014	As at 30 September 2014
Net Asset Value per Ordinary Share based on issued share capital	5.18 cts	5.77 cts

The Net Assets Value per Ordinary Share is computed on the number of 310,577,036 shares in issue as at 31 December 2014 and 282,756,792 shares as at 31 December 2013.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) 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; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group's revenue decreased by 9.6% (S\$2.5 million) to S\$23.5 million for the financial period under review when compared to S\$26.0 million in the corresponding financial period in FY2014:

The decrease in the Group's revenue was mainly due to the following:

- 1) Online B2C hotel reservation business decreased by 10.9% (S\$1.1 million) from S\$9.6 million in FY2014 to S\$8.5 million in FY2015;
- 2) Online B2B business (TAcetre.com) decreased by 7.8% (S\$0.3 million) from S\$4.0 million in FY2014 to S\$3.7 million in FY2015;
- 3) Online tour and flight package business decreased by 3.5% (S\$0.1 million) from S\$3.7 million in FY2014 to S\$3.6 million in FY2015; and
- 4) Offline wholesale business decreased by 35.5% (S\$1.9 million) from S\$5.4 million in FY2014 to S\$3.5 million in FY2015.

The revenue of the Group's online China outbound business increased by 28.3% (S\$0.9 million) from S\$3.2 million in FY2014 to S\$4.1 million in FY2015. However the increase in revenue is offset by the other businesses mentioned above.

The decrease in the Group's revenue is mainly due to intense competition in the online hotel reservation environment coupled with general slow-down in tourism in the Group's core destinations in Asia.

Notwithstanding the huge cut back in Advertisement and Promotion ("A&P") expenditure of 52.8% (S\$0.5 million) from S\$1.0 million in FY2014 to S\$0.5 million in FY2015, the Group's online revenue only decreased by 3.8% (S\$0.8 million) in this financial period under review.

The Group is now converting the arrangement with some of the meta-search sites from a cost per click (acquiring traffic) model to commission/profit share arrangement which means there will be no cost if there is no booking. The Group is expecting that the A&P spending to be substantially reduced in FY2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No specific forecast or prospect statement was previously disclosed.

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 online space that the Group operates in is highly competitive and changing rapidly. In order to compete with the global players within this online environment, the Group will focus on two major growth and turnaround strategies for the next 12 months.

The strategies are as follows:

- 1) Organic Growth and Turnaround Strategy; and

- 2) Fund raising, Merger & Acquisition (“M&A”) Activities.

Organic Growth and Turnaround Strategies:

- a) The Group has implemented measures to reduce its operating costs through transferring high cost processes in Singapore, Hong Kong and Dubai to our low-cost centres in Myanmar, Indonesia and The Philippines. The Group will continue to evaluate additional ways to further reduce its operating costs.
- b) The Group is now converting the arrangement with some of the meta-search sites from a cost per click (acquiring traffic) model to commission/profit share arrangement which means there will be no cost if there is no booking. The Group is expecting that the A&P spending will be substantially reduced in FY2015. The launch of the profit sharing advertisement programs with major meta-search partners is taking longer than envisaged as there are complex IT integration and testing requirements before the profit sharing programs can go live in 2QFY2015.
- c) The Group has launched its first mobile travel agency on wheels (O2O - offline to online model) in Singapore to bring awareness of its all-inclusive flight and tour package product bookable on instant confirmation basis to the offline market. This will educate and hasten the shift of booking for package products offline to our online platform. This will be launched in all major markets in S.E. Asia and China.

Fund raising and Merger & Acquisition (“M&A”) Activities:

In the past few years, the Group has invested heavily on developing and expanding its hotel reservation platform to an fully integrated all travel products reservation platform. It has built up a very comprehensive global supplies network and ground service and operational centre to support this expansion. This put the Group in a good position to aggressively engage investors and strategic players to seek investments so that the Group can bring its innovations and offerings to the market in substantive ways.

The Group is in discussions with various strategic parties to secure additional and substantial investments to support its online growth strategy. This may include possible spin-off of the Group’s online business which will attract higher valuation and interests.

“Last year there were more than 100 million Chinese outbound travelers. Literally, this is one Chinese traveler for every 10 global travelers.”(Quote from Chinadaily.com.cn). The Group has started its China full service online operations for many years directly and through its subsidiaries. To further deepen and fast track the Group’s China growth strategy, the Group is also in discussions with various parties to acquire strategic marketing and tourism assets in China.

The Group has signed a Placement Agreement with ZhongHong Holding Co., Ltd (“ZhongHong”) to raise S\$10 million by way of issuance of new shares. In December 2014, ZhongHong has established a subsidiary in the Shanghai Free Trade Zone to facilitate the investment in the Group. The S\$10 million placement fund has been in the said subsidiary’s bank staging account since early January 2015 awaiting China’s regulatory clearance for remittance and is expected to complete in February 2015.

With the completion of the Placement Agreement, the Group’s cash position will stand at approximately S\$17 million.

While the Group organic growth strategies will eventually yield positive results, its focus on further fund raising and various strategic M&A activities is intended to fast track its turnaround and return to profitability and enhance shareholders value.

11. Dividend

(a) Current Financial Period Reported On

Name of Dividend NA
Dividend Type
Dividend Amount per Share (in cents)
Tax Rate

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend NA
Dividend Type
Dividend Amount per Share (in cents)
Tax Rate

(c) Date payable

NA

(d) Books closure date

NA

12. If no dividend has been declared/recommended, a statement to that effect.

No final dividend has been declared.

13. If the group has obtained a general mandate from shareholders for interested person transactions (“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 the effect.

The Group has not obtained a general mandate from shareholders for IPTs.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
NA	NIL	NIL

14. Confirmation by the Board

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to its attention of which may render the interim financial statement for the financial period ended 31 December 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Boh Tuang Poh
Executive Director
(13/02/2015)

Heng Su-Ling, Mae
Independent Director
(13/02/2015)

This announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd (“Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Company's Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor is:-

Name: Ms Amanda Chen, Registered Professional, RHT Capital Pte. Ltd.

Address: Six Battery Road, #10-01 Singapore 049909.

Tel: (65) 6381 6757.