ALLIED TECHNOLOGIES LIMITED

Company Registration No: 199004310E

FIRST QUARTER UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

*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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Allied Technologies Limited and Subsidiaries

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Allied Technologies Limited and Subsidiaries

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

	Note	GROUP 3 months ended 1Q2022 S$'000	1Q2021 S$'000	+/(-) %
Revenue		34,458	37,654	(8%)
Cost of revenue		(32,461)	(35,380)	(8%)
Gross profit		1,997	2,274	(12%)
Other income		133	268	(50%)
General and administrative expenses		(1,546)	(1,676)	(8%)
Finance costs		(217)	(192)	13%
Profit before tax	6	367	674	(46%)
Income tax expense	7	(146)	(87)	68%
Profit for the financial period		**221**	**587**	(62%)
Attributable to:				
Owners of the Company		234	601	(61%)
Non-controlling interests		(13)	(14)	(7%)
Profit for the financial period		**221**	**587**	(62%)
Earnings per share (cents per share)				
- Basic		0.01	0.03	
- Diluted		0.01	0.03	
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation of foreign subsidiaries		(273)	(172)	59%
Total comprehensive income for the financial period		**(52)**	**415**	n.m
Attributable to:				
Owners of the Company		(39)	430	n.m
Non-controlling interests		(13)	(15)	(13%)
Total comprehensive income for the financial period		**(52)**	**415**	n.m

Note:

N.m - Not meaningful

Allied Technologies Limited and Subsidiaries

Condensed interim statements of financial position

	Note	GROUP		COMPANY	
		31.03.2022	31.12.2021	31.03.2022	31.12.2021
		S$'000	S$'000	S$'000	S$'000
Non-current assets					
Intangible assets	11	-	-	-	-
Property, plant and equipment	12	23,715	23,831	-	-
Right-of-use assets		3,905	4,134	-	-
Investment in joint venture		-	-	-	-
Investment in subsidiary companies		-	-	30,925	30,925
Goodwill		-	-	-	-
Loan receivables from subsidiary companies		-	-	-	13
Deferred tax assets		28	28	-	-
Other investments		3,683	3,683	-	-
		31,331	31,676	30,925	30,938
Current assets					
Inventories		13,336	20,240	-	-
Amounts due from subsidiary companies		-	-	-	-
Trade debtors		21,831	19,154	-	-
Other debtors		2,181	1,954	104	2
Contract assets		192	206	-	-
Prepayments and advances to suppliers		1,753	1,055	16	3
Fixed deposits		1,429	1,495	-	-
Cash and bank balances		5,705	6,508	47	137
Amount due from a law firm		33,153	33,153	33,153	33,153
		79,580	83,765	33,320	33,295
Current liabilities					
Amount due to a subsidiary		-	-	3,126	2,629
Trade creditors		20,332	22,893	-	-
Contract liabilities		183	203	-	-
Lease liabilities		788	807	-	-
Hire purchase creditors		116	-	-	-
Other creditors and accruals		6,730	7,499	1,978	2,238
Amount due to a former director		1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder of a subsidiary		418	418	-	-
Loans and borrowings	13	4,762	5,923	-	-
Income tax payable		185	30	-	-
		34,697	38,956	6,287	6,050
Net current assets		44,883	44,809	27,033	27,245
Non-current liabilities					
Accruals		79	80	-	-
Hire purchase creditors		234	-	-	-
Lease liabilities		3,551	3,774	-	-
Loans and borrowings	13	5,272	5,501	-	-
Deferred tax liabilities		19	19	-	-
		9,155	9,374	-	-
TOTAL NET ASSETS		67,059	67,111	57,958	58,183
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		1,478	1,478	-	-
Accumulated losses		(48,094)	(48,328)	(58,129)	(57,904)
Foreign currency translation reserve		292	565	-	-
		70,004	70,043	57,958	58,183
Non-controlling interests		(2,945)	(2,932)	-	-
		67,059	67,111	57,958	58,183

Allied Technologies Limited and Subsidiaries

Condensed interim statements of changes in equity

Group	Ordinary shares S$'000	Foreign currency translation reserve S$'000	Statutory reserve fund S$'000	Other reserves S$'000	Fair value adjustment reserve S$'000	Accumulated losses S$'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 2022	115,898	565	241	189	1,478	(48,328)	70,043	(2,932)	67,111
Profit/(loss) for the period	-	-	-	-	-	234	234	(13)	221
Other comprehensive income:									
Foreign currency translation	-	(273)	-	-	-	-	(273)	-	(273)
Balance as at 31 March 2022	**115,898**	**292**	**241**	**189**	**1,478**	**(48,094)**	**70,004**	**(2,945)**	**67,059**
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**

Company	Ordinary shares S$'000	Other reserve S$'000	Accumulated losses S$'000	Total equity attributable to owners of the Company S$'000
Balance as at 1 January 2022	115,898	189	(57,904)	**58,183**
Total comprehensive income for the period	-	-	(225)	**(225)**
Balance as at 31 March 2022	**115,898**	**189**	**(58,129)**	**57,958**
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**

Allied Technologies Limited and Subsidiaries

Condensed interim consolidated statement of cash flows

	Note	Group 3 months ended 1Q2022 S$'000	1Q2021 S$'000
Cash flows from operating activities			
Profit before tax		367	674
Adjustments for:			
Gain on disposal of property, plant and equipment	6	(92)	(9)
Depreciation of property, plant and equipment	6	717	721
Depreciation of right of use assets	6	204	206
Interest income	6	(4)	(6)
Interest expense	6	156	125
Interest expense - lease liabilities	6	61	67
Exchange differences		(142)	(32)
Operating profit before working capital changes		**1,267**	**1,746**
Decrease in inventories		6,854	2,281
Increase in trade debtors and other debtors		(3,732)	(5,855)
(Increase)/decrease in trade creditors and other creditors		(3,163)	2,470
Cash generated from operations		1,226	642
Interest paid		(156)	(125)
Interest paid for lease liabilities		(61)	(67)
Interest received		4	6
Tax refund/(paid)		10	(82)
Net cash generated from operating activities		**1,023**	**374**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		92	9
Purchase of property, plant and equipment		(728)	(138)
Net cash used in investing activities		**(636)**	**(129)**
Cash flows from financing activities			
Repayment of lease liabilities		(215)	(211)
Increase in amount due to non-controlling shareholder		350	2
Drawdown of bank borrowings		7,403	7,981
Repayment of bank borrowings		(8,727)	(6,874)
Net increase/(decrease) in fixed deposit		55	(306)
Net cash (used in)/ generated from financing activities		**(1,134)**	**592**
Net (decrease)/increase in cash and cash equivalents		(747)	837
Cash and cash equivalents at beginning of period	A	6,508	8,899
Effects of exchange rates on opening cash and cash equivalents		(56)	(68)
Cash and cash equivalents at end of period		**5,705**	**9,668**

Note A:

Reference is made to:

(a) the announcement of the Company (and together with its subsidiaries, the "**Group**") 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 the respective period 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 2021: S$33.15 million) and S$33.15 million (31 December 2021: S$33.15 million) as amount due from a law firm respectively as at 31 March 2022 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 S$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 is working with its legal advisors on its next steps to protect its interests and recover the escrow funds, 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 Securities Trading Limited. 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 financial statements as at and for the first quarter ended 31 March 2022 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 the first quarter ended 31 March 2022 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 2021.

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 condensed interim financial statements of the Group for the first quarter ended 31 March 2022. In view of the foregoing, the board of directors (the "**Board**") is unable to determine whether the financial statements of ABO were appropriately presented and disclosed in the condensed interim financial statements for the first quarter ended 31 March 2022.

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 financial statements.

The condensed interim 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 profit of S$221,000 and the Company incurred a net loss of S$225,000 during the first quarter ended 31 March 2022 respectively (Group: a net profit of S$587,000 for the first quarter ended 31 March 2021 ("**1Q2021**"); Company: a net loss of S$196,000 for 1Q2021).

2.1 Basis of going concern assumption (cont'd)

As at 31 March 2022, the Group's and the Company's current assets exceeded its current liabilities by S$44,883,000 and S$27,033,000 (31.12.2021: S$44,809,000 and S$27,245,000) and the Group's and the Company's total assets exceeded its total liabilities by S$67,059,000 and S$57,958,000 (31.12.2021: S$67,111,000 and S$58,183,000) respectively.

Reference is made to Note A of the condensed interim consolidated statement of cash flows above in relation to the Escrow Funds and JLC Issue. 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 S$33,153,000 has been classified as amount due from a law firm as at 31 March 2022 and 31 December 2021 respectively, pending recovery of the remaining balance of S$33,153,000 subsequent to period end.

The Board of the Company had on 14 June 2019 appointed PricewaterhouseCoopers Risk Services Pte. Ltd. as special auditor to undertake a special audit to look into issues highlighted by the Company's auditor during the audit for the financial year ended 31 December 2018. More information can be found in Note 2 of the other information to the condensed interim financial statements below. The special audit has been completed and the Board has received the executive summary of the report from the special auditor on 6 April 2022. The Board is in the process of reviewing the contents of the executive summary to assess the findings and determine its next course of action alongside its appointed legal advisors.

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 condensed interim financial statements for the first quarter ended 31 March 2022 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;

(d) Given the positive net tangible assets ("**NTA**") position of the Group of S$67,059,000 (NTA of S$33,906,000 without taking into consideration the amount due from a law firm) as at 31 March 2022, 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;

2.1 Basis of going concern assumption (cont'd)

(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 have a material adverse impact on 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 condensed interim financial statements.

2.2 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2022.

The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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 unaudited consolidated financial statements as at and for the year ended 31 December 2021.

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.

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

- Note 10 to the condensed interim 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 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 condensed interim 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

1Q2022	Corporate	Precision Metal Stamping					E-commerce			
(S$'000)	**Singapore**	**Singapore**	**Malaysia**	**Vietnam**	**Thailand**	**Others**	**Singapore**	**Hong Kong**	**Elimination**	**Group**
Segment revenue										
External customers	-	174	10,508	20,463	3,313	-	-	-	-	34,458
Inter segment revenue	-	-	-	-		133	-	-	(133)	-
Total revenue	-	174	10,508	20,463	3,313	133	-	-	(133)	34,458
Segment (loss)/profit	(219)	(76)	(537)	1,033	452	(43)	(26)	-	-	584
Finance costs										(217)
Profit before tax										367
Income tax expense										(146)
Profit for the year										221
Segment assets	33,320	952	38,480	26,077	7,572	784	42	-	-	107,227
Unallocated assets										3,683
										110,910
Other segment information										
Additions to non-current assets	-	36	626	9	57	-	-	-	-	728
Depreciation and amortization	-	21	752	87	55	6	-	-	-	921
Allowance for/(write-back of) inventory obsolescence	-	-	(32)	(18)	109	-	-	-	-	59
Allowance for/(write-back of) impairment on:										
- trade debtors	-	(1)	(1)	10	10	-	-	-	-	18
Gain on disposal of property, plant and equipment	-	-	-	-	(92)	-	-	-	-	(92)

4.1. Reportable segments (cont'd)

1Q2021	Corporate	Precision Metal Stamping					E-commerce			
(S$'000)	Singapore	Singapore	Malaysia	Vietnam	Thailand	Others	Singapore	Hong Kong	Elimination	Group
Segment revenue										
External customers	-	128	14,072	20,326	3,128	-	-	-	-	37,654
Inter segment revenue	-	-	-	-		202	-	-	(202)	-
Total revenue	-	128	14,072	20,326	3,128	202	-	-	(202)	37,654
Segment (loss)/profit	(195)	233	(400)	967	306	(17)	(27)	(1)	-	866
Finance costs										(192)
Profit before tax										674
Income tax expense										(87)
Profit for the year										587
Segment assets	33,217	1,459	43,982	28,011	8,397	700	42	-	-	115,808
Unallocated assets										2,361
										118,169
Other segment information										
Additions to non-current assets	-	-	49	1	88	-	-	-	-	138
Depreciation and amortization	-	20	777	94	30	6	-	-	-	927
Allowance for/(write-back of) inventory obsolescence	-	-	39	(127)	(11)	-	-	-	-	(99)
Allowance for impairment on:										
- trade debtors	-	1	1	-	-	-	-	-	-	2
Gain on disposal of property, plant and equipment	-	-	-	-	(9)	-	-	-	-	(9)

4.2. Disaggregation of Revenue

1Q2022	Group Precision Metal Stamping	E-commerce	Total revenue
	S$'000	S$'000	S$'000
Major product or service lines			
Metal stamped parts	34,231	-	34,231
Tooling	211	-	211
Provision of design services	16	-	16
Total revenue	**34,458**	**-**	**34,458**
Timing of revenue recognition:			
At a point in time	34,458	-	34,458
Total revenue	**34,458**	**-**	**34,458**
Geographical information:			
Vietnam	20,463	-	20,463
Malaysia	10,508	-	10,508
Thailand	3,313	-	3,313
Singapore	174	-	174
People's Republic of China	-	-	-
Total revenue	**34,458**	**-**	**34,458**

1Q2021	Precision metal stamping	E-commerce	Total revenue
	S$'000	S$'000	S$'000
Major product or service lines			
Metal stamped parts	37,309	-	37,309
Tooling	324	-	324
Provision of design services	21	-	21
Total revenue	**37,654**	**-**	**37,654**
Timing of revenue recognition:			
At a point in time	37,654	-	37,654
Total revenue	**37,654**	**-**	**37,654**
Geographical information:			
Vietnam	20,326	-	20,326
Malaysia	14,072	-	14,072
Thailand	3,128	-	3,128
Singapore	128	-	128
Total revenue	**37,654**	**-**	**37,654**

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2022 and 31 December 2021:

	Group		Company	
	31 Mar 2022 S$'000	31 Dec 2021 S$'000	31 Mar 2022 S$'000	31 Dec 2021 S$'000
Financial assets at amortised cost				
Trade debtors	21,831	19,154	–	–
Other debtors	2,181	1,954	104	2
Fixed deposits	1,429	1,495	–	–
Cash and bank balances	5,705	6,508	47	137
Amount due from a law firm	33,153	33,153	33,153	33,153
Total	64,299	62,264	33,304	33,292
Financial assets at fair value through other comprehensive income (OCI)				
Other investments	3,683	3,683	–	–
Financial liabilities at amortised cost				
Trade creditors	20,332	22,893	–	–
Other creditors and accruals	6,730	7,499	1,978	2,238
Amount due to a former director	1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder	418	418	–	–
Loans and borrowings	10,034	11,424	–	–
Lease liabilities	4,339	4,581	–	–
Amount due to a subsidiary	–	–	3,126	2,629
Total	43,036	47,998	6,287	6,050

6. Profit before taxation

6.1. Significant items

Notes:
A: Profit before income tax is arrived at after (crediting)/charging the following:

		GROUP		
		1Q2022	1Q2021	+/(-)
		S$'000	S$'000	
(a)	**Cost of revenue:**			
	Allowance/(write-back of) for inventory obsolescence	59	(99)	n.m
	Depreciation of property, plant and equipment	639	645	(1%)
	Depreciation of right-of-use assets	147	149	(1%)
	Salaries, bonus and other costs	3,662	4,192	(13%)
(b)	**Other income:**			
	Interest income	(4)	(6)	(33%)
	Gain on disposal of property, plant and equipment	(92)	(9)	922%
	Government grant income	(13)	(195)	(93%)
(c)	**General and administrative expenses:**			
	Legal and other professional fees	83	95	(13%)
	Salaries, bonus and other costs	911	882	3%
	Allowance for impairment on:			
	- trade debtors	18	2	800%
	Depreciation of property, plant and equipment	78	76	3%
	Depreciation of right-of-use assets	57	57	0%
	Foreign exchange gain	(164)	(26)	531%
(d)	**Finance costs**			
	Interest on loans and borrowings	152	125	22%
	Interest on lease liabilities	61	67	(9%)
	Hire purchase interest	4	-	n.m

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

6.2. Related party transactions

In addition to related party transactions disclosed in other notes to the condensed interim 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 for the period ended		Outstanding balances as at	
Related parties	**Transactions**		**31 Mar 2022**	**31 Dec 2021**	**31 Mar 2022**	**31 Dec 2021**
			S$'000	**S$'000**	**S$'000**	**S$'000**
Mr Peter Seow	Advances for working capital to Activpass	(a)	–	3	178	178
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)	–	249	255
Hawker Food Delivery Pte Ltd	Rendering of services by Activpass	(f)	–	–	2	2
Asia Box Office Pte Ltd	Advances for working capital by the Company	(g)	(13)	45	3,919*	3,932*
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)	8	40	206*	198*

6.2. Related party transactions (cont'd)

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

Related parties	Transactions		Group			
			Transactions for the period ended		Outstanding balances as at	
			31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
			S$'000	S$'000	S$'000	S$'000
Asia Box Office Pte Ltd	Provision of office space by the Company	(j)	–	–	18*	18*
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)	–	3	234*	234*
Activpass Holdings Pte Ltd	Corporate support rendered by the Company	(i)	2	7	19*	17*
Allied Technologies Holdings Pte Ltd	Advances to the Company	(k)	480	920	3,030	2,550
Allied Technologies Holdings Pte Ltd	Interest payable	(k)	13	63	92	79

(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 and (iii) Mr Kenneth Low. The advances were received for working capital purpose, are non-interest bearing, 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. 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 payable on demand.

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, 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) The Company provided office space to ABO from September 2019 to July 2020. The services are based on normal market rate for such services. The liability is due and payable on demand.

(k) Allied Technologies Holdings Pte. Ltd., a wholly-owned subsidiary of the Company, provided advances to the Company for working capital purpose which are non-trade in nature and bear interest ranging from 2.033% - 2.110% per annum (31 December 2021: 3.000% - 3.050%). The liability is due and payable on or before 31 December 2022.

* 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 using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group 3 months ended	
	1Q2022	**1Q2021**
	S$'000	**S$'000**
Current income tax expense		
- Current income taxation	(148)	(193)
- Over / (under) provision in respect of previous years	2	(12)
	(146)	(205)
Deferred income tax		
Origination and reversal of temporary difference	–	(5)
Income tax recognised in profit or loss	(146)	(87)

8. Earnings per share

	Group 3 months ended 1Q2022	1Q2021
Profit attributable to the owners of the Company (S$'000)	234	601
Profit per share (cents)		
- Basic	0.01	0.03
- Diluted	0.01	0.03
Weighted average number of ordinary shares ('000)	1,770,329	1,770,329

9. Net asset value

	Group		Company	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Net asset value per ordinary share based on issued share capital as at end of the period/year (in cents)	3.79	3.79	3.27	3.29
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:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group – 31 Mar 2022				
Financial assets				
FVOCI investments (Quoted investments)	–	–	3,683	3,683
Group – 31 Dec 2021				
Financial assets				
FVOCI investments (Quoted investments)	–	–	3,683	3,683

11. Intangible assets

	Group				
	Goodwill	Contractual customer relationships	Corporate contract	Consultancy agreement	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
At 31 Dec 2021					
Cost	55,222	76	78	545	55,921
Accumulated amortisation and impairment	(55,222)	(76)	(78)	(545)	(55,921)
Net book amount	-	-	-	-	-
At 31 Mar 2022					
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 within the e-commerce segment - ABO and Activpass, which was fully impaired as at 31 December 2019.

12. Property, plant and equipment

During the first quarter ended 31 March 2022, the Group acquired assets amounting S$728,000 (31 December 2021: S$1,188,000) and disposed of assets amounting to S$220,000 (31 December 2021: S$386,000).

13. Loans and borrowings

	Group	
	31 Mar 2022 S$'000	**31 Dec 2021 S$'000**
Amount repayable within one year or on demand		
Secured	4,878	5,923
Unsecured	904	909
Amount repayable after one year		
Secured	5,506	5,501
Unsecured	–	–

The current and non-current borrowings bear effective interest rates ranging from 3.25% to 4.00% (31 December 2021: 3.15% to 4.00%) per annum.

The average interest rate implicit in the hire purchase obligation is 3.5% (31 December 2021: Nil) per annum.

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

(a) S$8,144,000 (31 December 2021: S$8,998,000) of the outstanding loans are secured by corporate guarantees of the Company and fixed deposits pledged by the respective subsidiaries.

(b) S$7,790,000 (31 December 2021: S$8,082,000) of the outstanding loans are secured by pledging freehold land of a subsidiary and leasehold properties of certain subsidiaries.

(c) S$1,890,000 (31 December 2021: S$2,436,000) of the loans and borrowings are secured by pledging leasehold land and properties of a subsidiary.

(d) S$7,790,000 (31 December 2021: S$8,082,000) of the loans and borrowings are secured using a debenture by way of fixed and floating charge over the entire assets of a subsidiary.

(e) Plant and equipment with net book value of S$475,000 (31 December 2021: S$ Nil) acquired under hire purchase agreement.

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).

13. Loans and borrowings (cont'd)

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			
	31 Mar 2022		31 Dec 2021	
	No. of shares '000	No. of shares '000	No. of shares '000	$ S$'000
Beginning of interim period	1,770,329	1,770,329	1,770,329	115,899
End of interim period	1,770,329	1,770,329	1,770,329	115,899

Since 31 December 2021, 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 31 March 2021, 31 March 2022 and 31 December 2021, 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 31 March 2021 and 31 March 2022.

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

Other information

1. Review

The condensed interim statement of financial position of Allied Technologies Limited and its subsidiaries as at 31 March 2022 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed consolidated statement of cash flows for the first quarter 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 Company's 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.

The special audit has been completed and the Board has received the executive summary of the report from the special auditor on 6 April 2022. The Board is in the process of reviewing the contents of the executive summary to assess the findings and determine its next course of action alongside its appointed legal advisors. The Company will make further announcements to update shareholders on its next course of action in due course.

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.

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

3. Review of performance of the Group

a. Revenue

The Group's revenue decreased by 8% from S$37.65 million in 1Q2021 to S$34.46 million in 1Q2022 mainly attributable to the decrease 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		
	1Q2022 S$'000	1Q2021 S$'000	1Q +/(-)
Singapore	174	128	36%
Malaysia	10,508	14,072	(25%)
Vietnam	20,463	20,326	1%
Thailand	3,313	3,128	6%
	34,458	37,654	(8%)

The precision metal stamping segment recorded a decrease in revenue from S$37.65 million in 1Q2021 to S$34.46 million in 1Q2022, mainly due to the ongoing global chip shortage and supply chain disruption, which caused a decline in the demand and production of our customers' products (mainly consisting of office equipment such as copiers and printers). In addition, our subsidiary in Malaysia was further affected by our main customer's plant shutdown for one week due to COVID-19 situation around end of January 2022 and early February 2022.

E-commerce

E-commerce segment did not report any revenue since 4Q2020 and it has become dormant.

Asia Box Office Pte. Ltd. ("**ABO**") and its subsidiary, Asia Box Office (HK) Limited (collectively, "**ABO Group**") did not record revenue since 4Q2019 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**") did not record revenue since 4Q2020. 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 profit before tax by segment, after consolidation adjustments, is set out as follows:

	3 months ended		
	1Q2022 S$'000	1Q2021 S$'000	1Q +/(-)
Corporate	(219)	(196)	12%
Precision Metal Stamping	612	898	(32%)
E-commerce	(26)	(28)	(7%)
	367	674	(46%)

The Group recorded a decrease in profit before tax ("**PBT**") from S$0.67 million in 1Q2021 to S$0.37 million in 1Q2022 mainly due to the decrease in revenue of the precision metal stamping segment as highlighted under the revenue analysis section in Note 3a of the other information

to the condensed interim financial statements above and decrease in other income by 50% from 1Q2021 to 1Q2022.

Corporate

The increase in loss before tax ("**LBT**") by 12% from LBT of S$0.20 million in 1Q2021 to LBT of S$0.22 million 1Q2022 mainly due to increase in general and administrative ("**G&A**") expenses mainly payroll related costs and professional fees due to the cost control measures undertaken by the Company in the prior period.

Precision metal stamping

The precision metal stamping segment recorded a decrease in PBT from S$0.90 million in 1Q2021 to S$0.61 million in 1Q2022 largely due to the decrease in revenue as highlighted under the revenue analysis section in Note 3a of the other information to the condensed interim financial statements above, decrease in other income by 43% and increase in finance costs by 13% from 1Q2021 to 1Q2022.

E-commerce

The e-commerce segment recorded a decrease in LBT by 7% from LBT of S$28,000 in 1Q2021 to LBT of S$26,000 in 1Q2022 as a result of cost control measures undertaken by ABO Group and Activpass due to the reasons mentioned in the revenue analysis section in Note 3a of the other information to the condensed interim financial statements above.

Cost of revenue

Cost of revenue ("**COR**") mainly consists of material cost, labour cost, sub-contractor cost and overhead costs. COR decreased from S$35.38 million in 1Q2021 to S$32.46 million in 1Q2022. The decrease in COR is in tandem with the decrease in revenue from 1Q2021 to 1Q2022.

Depreciation

Depreciation of property, plant and equipment ("**PPE**") and right-of-use assets recorded in COR and G&A expenses amounted to S$0.92 million in 1Q2022 as compared to S$0.93 million in 1Q2021. The variance for 1Q is less than 10% and is not material.

Other income

Other income comprises mainly interest income, gain/(loss) on disposal of PPE and sundry income. Other income decreased from S$0.27 million in 1Q2021 to S$0.13 million in 1Q2022. The variance for 1Q is mainly due to the decrease in government grant income arising from job support scheme, wage subsidy and hiring incentives given by Singapore and Malaysia government which is offset by the increase in gain on disposal of PPE as a result of more proceeds received from the sale of PPE which were fully depreciated.

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$1.68 million in 1Q2021 to S$1.55 million in 1Q2022. The variance for 1Q is less than 10% and is not material.

Finance costs

Finance costs increased from S$0.19 million in 1Q2021 to S$0.22 million in 1Q2022 largely due to increase in interest on short-term bank borrowings by approximately 10 basis points and higher drawdown and outstanding short-term borrowings of our subsidiary located in Vietnam to cater for operational needs.

Income tax expense

The Group recorded an increase in income tax expense from S$87,000 in 1Q2021 to S$146,000 in 1Q2022 mainly due to increase in taxable income position reporting by our Vietnam operating subsidiary.

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 31 March 2022 and 31 December 2021 as they had been fully impaired as at 31 December 2019.

PPE decreased from S$23.83 million as at 31 December 2021 to S$23.72 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Right-of-use assets decreased from S$4.13 million as at 31 December 2021 to S$3.91 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

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 31 March 2022 and 31 December 2021.

Other investments of S$3.68 million as at 31 March 2022 and 31 December 2021 relate to the unquoted shares of 3.85% interest in a Taiwanese company which is in the electronics components industry. There is no movement between 31 December 2021 and 31 March 2022.

Inventories decreased from S$20.24 million as at 31 December 2021 to S$13.34 million as at 31 March 2022 mainly due to decrease in work-in-progress, raw materials and finished goods as a result of delivery of goods to customers during the period.

Trade debtors increased from S$19.15 million as at 31 December 2021 to S$21.83 million as at 31 March 2022 largely due to increase in revenue from S$25.91 million for the fourth quarter ended 31 December 2021 to S$34.46 million for the first quarter ended 31 March 2022.

Other debtors increased from S$1.95 million as at 31 December 2021 to S$2.18 million as at 31 March 2022 mainly due to increase in sundry debtors and deposits for operational needs.

Contract assets decreased from S$0.21 million as at 31 December 2021 to S$0.19 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Prepayments and advances to suppliers increased from S$1.06 million as at 31 December 2021 to S$1.75 million as at 31 March 2022 largely due to the downpayment made to suppliers to purchase services, materials and PPE.

Fixed deposits decreased from S$1.50 million as at 31 December 2021 to S$1.43 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Amount due from a law firm relates to cash of S$33.15 million as at 31 March 2022 and 31 December 2021 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$22.89 million as at 31 December 2021 to S$20.33 million as at 31 March 2022 mainly due to payments made to suppliers during the period.

Contract liabilities decreased from S$0.20 million as at 31 December 2021 to S$0.18 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Lease liabilities (current and non-current) decreased from S$4.58 million as at 31 December 2021 to S$4.34 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Other creditors and accruals decreased from S$7.50 million as at 31 December 2021 to S$6.73 million as at 31 March 2022. The decrease is mainly due to the amount due to sundry creditors i.e. non-trade suppliers and payments made for accrued operating expenses such as payroll related costs and other miscellaneous expenses 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. There is no movement between 31 March 2022 and 31 December 2021.

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. There is no movement between 31 December 2021 and 31 March 2022.

Hire purchase creditors (current and non-current) increased from S$Nil as at 31 December 2021 to S$0.35 million as at 31 March 2022 mainly due to purchase of machinery and equipment under hire purchase agreement.

Loans and borrowings (current and non-current) decreased from S$11.42 million as at 31 December 2021 to S$10.03 million as at 31 March 2022 mainly due to repayment of bank borrowings of S$8.73 million which is offset by drawdown of bank borrowings of S$7.40 million for operational needs made during the period.

Income tax payable increased from S$30,000 as at 31 December 2021 to S$185,000 as at 31 March 2022 to largely due to provision of current period income tax and previous years' tax of S$146,000 and net income tax refund of $10,000 during the period.

Deferred tax assets/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. There is no movement between 31 December 2021 and 31 March 2022.

Equity attributable to owners of the Company decreased from S$70.04 million as at 31 December 2021 to S$70.00 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Company

Amount due to a subsidiary increased from S$2.63 million as at 31 December 2021 to S$3.13 million as at 31 March 2022 due to advances from a subsidiary to the Company for working capital.

d. Consolidated Cash Flows Statement

The Group recorded an increase in net cash flows generated from operating activities of S$0.37 million in 1Q2021 to S$1.02 million in 1Q2022 largely due to the increase in the amount of delivery of inventories to meet customers' demand.

The Group recorded an increase in net cash used in investing activities from S$0.13 million in 1Q2021 to S$0.64 million in 1Q2022 mainly due to increase in purchase of PPE for operational needs and offset by increase in the proceeds from disposal of PPE.

The Group recorded net cash flows used in financing activities of S$1.13 million in 1Q2022 as compared to net cash flows generated from financing activities of S$0.59 million in 1Q2021 largely due to higher repayment of bank borrowings and lower drawdown of bank borrowings which is dependent on operational requirements.

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 pandemic that has particularly affected economies globally.

The COVID-19 pandemic and its effects on the global and domestic economy, coupled with the ongoing global chip shortage, supply chain disruption and the recent lockdown in Shanghai, the People's Republic of China, 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. As at the date of this announcement, the Group's subsidiary in Suzhou, China, has not been materially affected by the lockdown in the People's Republic of China as it is a representative office dealing mainly with inter-company transactions and does not have a material amount of sales to external customers.

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.

With the completion of the special audit, the Group is in the process of reviewing the contents of the executive summary to assess the findings and determine its next course of action alongside its appointed legal advisors. The Group is also working with its legal advisors on the next steps in order to do its best in recovering the Escrow Funds placed with JLC. Notwithstanding the foregoing, the Group will continue to engage and maintain good relationships with its stakeholders 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 31 March 2022 has been declared or recommended as the Company is in a loss-making position for the financial period and in 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 Catalist Rule 705(5)

The Board of the Company hereby confirms to the best of its knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group and the Company for the first quarter ended 31 March 2022 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**"). The Company had applied the Net Proceeds towards the consideration sum of S$30.00 million, payment of stamp duty of S$0.06 million and the ABO Acquisition related transaction costs of S$0.09 million paid to professional parties.

The table below reflects the status of the use of Net Proceeds, as at the date of this announcement, which have been in accordance with the intended use and allocation:

Use of Net Proceeds		**Allocation of Net Proceeds**		**Net Proceeds utilised as at the date of this announcement**	**Balance of Net Proceeds as at the date of this 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	90	(30.06)	-
(ii)	General working capital purposes	3.34	10	(0.09)*	3.25
		33.40	100	(30.15)	3.25

* Payment of professional fees in connection with the ABO Acquisition.

The balance of net proceeds is held with JLC as part of the Escrow Funds pending recovery from JLC as disclosed in Note A of the condensed interim consolidated statement of cashflows to the condensed interim financial statements above.

On behalf of the Board of Directors

Ong Lizhen, Daisy
Chief Financial Officer
10 May 2022