

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst, Asiatic Group (Holdings) Limited is required by SGX-ST to announce its quarterly financial statements.



Asiatic Group (Holdings) Limited and its Subsidiaries

Unique Entity Number: 200209290R

Condensed Interim Financial Statements

For the quarter ended 30 June 2022

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Condensed interim consolidated statement of profit or loss
Period Ended 30 June 2022

	Note	The Group		Change %
		3 months ended 30 June 2022 S\$'000	3 months ended 30 June 2021 S\$'000	
Revenue				
Sale of goods	5.2	3,840	3,779	1.6
Services rendered	5.2	5,499	4,327	27.1
		9,339	8,106	15.2
Other income		157	177	-11.3
Costs and expenses				
Cost of sales		(6,373)	(5,570)	14.4
Foreign exchange loss		(209)	(37)	N.M.
Staff costs		(1,500)	(1,396)	7.5
Depreciation of property, plant and equipment		(542)	(622)	12.9
Depreciation of right-of-use assets		(73)	(82)	-11.0
Write back/(impairment) of financial assets		626	(477)	N.M.
Other operating expenses		(521)	(523)	-0.4
Finance costs		(245)	(203)	20.7
Profit/(loss) before tax	7.1	659	(627)	N.M.
Income tax expense	8	(50)	(63)	-20.6
Profit/(loss) for the period		609	(690)	N.M.
Attributable to:				
Equity holder of the Company		584	(670)	N.M.
Non controlling interest		25	(20)	N.M.
		609	(690)	N.M.

N.M. : Not meaningful

Condensed interim consolidated statement of other comprehensive income
Period Ended 30 June 2022

	Note	The Group		Change %
		3 months ended 30 June 2022 S\$'000	3 months ended 30 June 2021 S\$'000	
Profit/(loss) for the period		609	(690)	
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation		1,003	9	N.M.
Other comprehensive income for the period, net of tax (nil)		1,003	9	N.M.
Total comprehensive income for the period		1,612	(681)	N.M.
Attributable to:				
Equity holder of the Company		1,652	(661)	N.M.
Non-controlling interest		(40)	(20)	100.0
		1,612	(681)	N.M.
		Cents	Cents	
Profit/(loss) per share (cent per share)				
Basic and diluted		0.04	(0.04)	

N.M. : Not meaningful

Asiatic Group (Holdings) Limited and its Subsidiaries

Condensed interim statements of financial position As at 30 June 2022

	Note	The Group		The Company	
		30 June 2022	31 March 2022	30 June 2022	31 March 2022
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-Current					
Property, plant and equipment	11	37,885	37,496	4	4
Investments in subsidiaries		–	–	23,611	23,787
Right-of-use assets		1,996	2,069	–	–
Goodwill	10	175	175	–	–
Other investments		161	161	–	–
		40,217	39,901	23,615	23,791
Current					
Assets held for sale		– *	– *	–	–
Inventories		4,635	4,073	–	–
Trade receivables		7,249	7,280	–	–
Other receivables		1,162	1,379	–	–
Prepayments		398	331	17	21
Cash and short-term deposits		2,526	3,523	546	37
		15,970	16,586	563	58
Total assets		56,187	56,487	24,178	23,849
Equity and Liabilities					
Equity					
Share capital	13	50,585	50,585	50,585	50,585
Revenue reserve		(33,142)	(33,726)	(36,642)	(36,657)
Foreign currency translation reserve		596	(472)	–	–
Equity attributable to equity holders of the Company		18,039	16,387	13,943	13,928
Non-controlling interests		4,410	4,450	–	–
Total equity		22,449	20,837	13,943	13,928
Liabilities					
Non-Current					
Loans and borrowings	12	5,481	5,785	–	–
Amount due to non-controlling interests		1,386	1,485	–	–
Lease liabilities		1,520	1,570	–	–
Deferred tax liabilities		120	120	–	–
		8,507	8,960	–	–

* Amount is less than S\$1,000.

Condensed interim statements of financial position (cont'd)
As at 30 June 2022

	Note	The Group		The Company	
		30 June 2022	31 March 2022	30 June 2022	31 March 2022
		S\$'000	S\$'000	S\$'000	S\$'000
Current					
Trade payables		6,269	5,643	–	–
Other payables and accruals		4,336	4,870	883	565
Amounts due to subsidiaries		–	–	9,352	9,356
Loans and borrowings	12	13,621	15,170	–	–
Lease liabilities		247	287	–	–
Provision for taxation		758	720	–	–
		25,231	26,690	10,235	9,921
Total liabilities		33,738	35,650	10,235	9,921
Total equity and liabilities		56,187	56,487	24,178	23,849

Condensed interim statements of changes in equity
Period ended 30 June 2022

Group	Attributable to equity holders of the Company					
	Share capital (Note 13)	Revenue reserve	Foreign currency translation reserve	Total equity attributable to owners of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2021	50,585	(25,528)	(924)	24,133	7,162	31,295
Loss for the year	–	(670)	–	(670)	(20)	(690)
<u>Other comprehensive income</u>						
Foreign currency translation	–	–	9	9	–	9
Total comprehensive income for the year	–	(670)	9	(661)	(20)	(681)
As at 30 June 2021	50,585	(26,198)	(915)	23,472	7,142	30,614
At 1 April 2022	50,585	(33,726)	(472)	16,387	4,450	20,837
Profit for the year	–	584	–	584	25	609
<u>Other comprehensive income</u>						
Foreign currency translation	–	–	1,068	1,068	(65)	1,003
Total comprehensive income for the year	–	584	1,068	1,652	(40)	1,612
As at 30 June 2022	50,585	(33,142)	596	18,039	4,410	22,449

Company	Share capital (Note 13)	Revenue reserve	Total
	S\$'000	S\$'000	S\$'000
At 1 April 2021	50,585	(28,232)	22,353
Profit for the year, representing total comprehensive income for the year	–	115	115
As at 30 June 2021	50,585	(28,117)	22,468
At 1 April 2022	50,585	(36,657)	13,928
Profit for the year, representing total comprehensive income for the year	–	15	15
As at 30 June 2022	50,585	(36,642)	13,943

Condensed interim consolidated statement of cash flows
Period ended 30 June 2022

	3 months ended 30 June 2022 S\$'000	3 months ended 30 June 2021 S\$'000
Operating activities		
Profit/(loss) before tax	659	(627)
Depreciation of property, plant and equipment	542	622
Depreciation of right-of-use assets	73	82
Interest expense	245	203
(Write back of)/impairment of financial assets	(626)	477
Gain on disposal of property, plant and equipment	1	(1)
Interest income	–	(14)
Provision for stock obsolescence	1	1
Currency alignment	299	(43)
Operating cash flows before changes in working capital	1,194	700
<u>Changes in working capital</u>		
Increase in inventories	(559)	(4)
(Increase)/decrease in trade and other receivables	(9)	354
Decrease/(increase) in amount due from associates	623	(482)
Increase/(decrease) in trade and other payables	18	(640)
Cash flows generated from operations	1,267	(72)
Interest received	–	14
Interest paid	(245)	(203)
Income tax paid	(19)	(41)
Net cash flows generated from/(used in) operating activities	1,003	(302)
Investing activities		
Purchase of property, plant and equipment	(63)	(76)
Purchase of right-of-use assets	–	(23)
Proceeds from sale of property, plant and equipment	303	1
Net cash flows generated from/(used in) investing activities	240	(98)

Condensed interim consolidated statement of cash flows (cont'd)
Period ended 30 June 2022

	3 months ended 30 June 2022 S\$'000	3 months ended 30 June 2021 S\$'000
Financing activities		
Repayment of trust receipts and short-term borrowings	(432)	(1)
Repayment of interest bearing term loans	(989)	(105)
Repayment of principal portion of lease and hire purchase liabilities	(90)	(104)
Decrease in pledged fixed deposits	252	–
Repayment of amount due to non-controlling interests	(139)	(94)
(Repayment to)/advances from related parties	(137)	26
Net cash flows used in financing activities	(1,536)	(278)
Net decrease in cash and cash equivalents	(292)	(678)
Effect of exchange rate changes on cash and cash equivalents	(26)	–
Cash and cash equivalents at beginning at 1 April	1,536	(1,055)
Cash and cash equivalents at 30 June	1,218	(1,733)
Cash and cash equivalents consist of the following:		
Cash and short-term deposits	2,526	1,516
Add: Bank overdraft	(875)	(2,544)
Less: Pledged short-term deposits	(433)	(705)
	1,218	(1,733)

Notes to the condensed interim consolidated financial statements

1. Corporate information

Asiatic Group (Holdings) Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (SGX-ST). The registered office and principal place of business of the Company is located at 65 Joo Koon Circle, Singapore 629078. The principal activity of the Company is investment holding.

These condensed interim consolidated financial statements as at and for the three months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “Group”). The principal activities of the Group are:

- a) Fire Protection Solutions - With a focus on supplying, installing and maintaining firefighting and protection equipment; and
- b) Energy Services – With a focus on power generation and the distribution of controlled power supply and equipment.

The Group mainly operates in Singapore, Cambodia and Malaysia.

2. Basis of preparation

The condensed interim financial statements for the three months ended 30 June 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 annual financial statements for the year 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 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1. New and amended standards adopted by the Group

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

2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2022.

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.

3. Going concern assumption

For the period ended 30 June 2022, the Group generated a net profit after tax of S\$609,000 (30 June 2021: net loss after tax of S\$690,000). As at 30 June 2022, the Group's current liabilities (which includes loan and borrowings of S\$13,621,000) exceeded the Group's current assets by S\$9,261,000 (31 March 2022: S\$10,104,000) and the Company's current liabilities exceeded the Company's current assets by S\$9,672,000 (31 March 2022: S\$9,863,000).

As disclosed in Note 14, the corporate guarantees provided by the Group and Company included a guarantee of up to RM 198.0 million given to the bank of its associate, Maju Intan Biomass Energy Sdn Bhd ("MJE"), in respect of banking facilities extended to MJE. As at 30 June 2022, the outstanding amounts owed by MJE to its bank amounted to RM85.7 million. On 19 March 2020, the Company entered into a sale and purchase agreement with Hualang Renewable Energy Sdn Bhd (the "Buyer") to sell all shares in MJE and its rights in the convertible bond issued by MJE at a nominal sum of RM1. As part of the transaction, the Buyer had submitted a debt restructuring proposal to MJE's bank.

On 10 February 2021, MJE's bank informed MJE that it was unable to accede to the debt restructuring proposal submitted by the Buyer and that no further utilisation of their existing facility arrangements (the "Facilities") shall be made and the same facilities were cancelled. On 8 November 2021, the Company was notified by the Buyer that it is in discussion and seeking to submit an alternative debt restructuring proposal for MJE's debt obligations to MJE's bank for acceptance and approval. Accordingly, the Company wrote to MJE's bank and received a confirmation in writing from the bank that they are agreeable to withholding legal action until 31 December 2021, subject to MJE continuing to service existing instalments until 31 December 2021. On 18 January 2022, the Company had obtained further extension from MJE's bank to withhold legal action until 28 February 2022, subject to MJE continuing to service existing instalments until 28 February 2022.

3. Going concern assumption (cont'd)

On 14 March 2022, the Company obtained a final extension from MJE's bank to withhold legal action until 31 May 2022, subject to MJE making an upfront payment of RM 300,000 by 15 March 2022, MJE continuing to servicing existing instalments until May 2022 and submission of documentary evidence in regard to concurrence/ consent by Tenaga Nasional Berhad, Energy Commission and other authorities as required on changes of shareholdings of MJE by 30 April 2022.

On 9 May 2022, the Group had terminated the sale and purchase agreement with Hualang Renewable Energy Sdn Bhd and instead entered into a restructuring framework agreement with Lecca Group Pte. Ltd. ("Lecca") on 10 May 2022 for the sale and purchase of at least 85% of the shares in MJE, discharge by MJE's bank of existing security they hold and fundraising of up to S\$3 million by the Group from Lecca or its associates.

On 6 July 2022, the debt restructuring proposal submitted to MJE's bank was rejected via a letter in writing from MJE's bank solicitor, Messrs. Ramesh Dipendra Jeremiah Law for failing to comply with the following terms and conditions imposed by MJE's bank where MJE's bank had agreed to withhold legal action against MJE and the security parties until 31 May 2022:

- (i) submission of substantive and concrete documentary evidence acceptable to the MJE's bank with regard to the source of financing in relation to the proposed full and final settlement of the said banking facilities, together with the payment of non-refundable deposit of RM2,000,000, both by 31 May 2022; and
- (ii) submission of documentary evidence with regards to concurrence/ consent by Tenaga Nasional Berhad, Energy Commission and other authorities as required on changes of shareholdings of MJE, by 30 April 2022.

MJE's bank had vide its email dated 5 July 2022 informing MJE that they are not agreeable to the debt settlement proposal as set out in a letter dated 25 May 2022 issued by Lecca's representative.

Accordingly, a letter of demand dated 6 July 2022 (the "Letter of Demand") was served in writing to the Company which was received on 7 July 2022, demanding the repayment of RM122,176,395.90 (calculated as at 30 June 2022) (the "Repayment Amount") together with the applicable profit and late payment charges within 7 days from the receipt of the Letter of Demand, failing which, the MJE's bank have been instructed to proceed with legal proceedings against MJE, and/or other security parties; and/or take any action as their client thinks fit.

As the Repayment Amount is substantial and may have a material impact on the going concern of the Company, Lecca has through its representative submitted a revised counter proposal to the MJE's bank on 8 July 2022 to seek their approval to consider a revised settlement sum as the full and final settlement to the amount owing by MJE.

On 13 July 2022, MJE's bank rejected Lecca's counter proposal and had appointed Dato' Adam Primus Varghese bin Abdullah and Macpherson Anak Simon as Receivers and Managers (the "Receivers") of all the assets and undertakings of MJE with effect from 14 July 2022. The Company had received a copy of the notification letter of the appointment of the Receivers on 14 July 2022.

3. Going concern assumption (cont'd)

At the point of receiving the notification letter of the appointment of the Receivers, the Board of Directors has also assessed the Repayment Amount and is of the view that they are not able to quantify the exact liabilities resulting from the Letter of Demand or the appointment of Receivers. The main reason was because any potential repayment by the Group to the MJE's bank arising from its corporate guarantee obligations as demanded in Letter of Demand shall be:

- (i) the difference after taking into account and/or deducting any residual value from MJE (including the value of the land held by MJE and its assets); and
- (ii) the discharge of other guarantees from governmental agency(ies) in Malaysia and/or guarantees provided by other individuals.

The above matters represent material uncertainties which may cast significant doubt on the ability of the Group and Company to continue as a going concern.

Notwithstanding the above, in the opinion of the directors, the Group and the Company are able to continue as a going concern as the directors are of the view that the Group will continue to receive financial support from the banks and generate positive cash flows from its operations in the next twelve months. Furthermore, Asiatic and Lecca had submitted a revised debt settlement scheme to the Receivers of MJE on 31 August 2022 to restructure the Repayment Amount and part of the terms of the restructuring scheme includes discharging of the corporate guarantees (Note 14) the Company had provided to MJE's bank.

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business. Adjustments may then 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 on the Group and Company's balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. The effect of these adjustments has not been reflected in the financial statements.

4. Seasonal operations

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

5. Segment and revenue information

The Group is organised into business units based on their products and services, and has two reportable segments as follows:

- (i) Fire fighting and protection - Supply, installation and maintenance of firefighting and protection equipment
- (ii) Power related - Power generation and distribution of controlled power supply and equipment

These operating segments are reported in a manner consistent with internal reporting provided to the management who are responsible for allocating resources and assessing performance of the operating segments.

Asiatic Group (Holdings) Limited and its Subsidiaries

5.1 Reportable segments

	Firefighting		Power-related		Total	
	3 months ended 30 June 2022 S\$'000	3 months ended 30 June 2021 S\$'000	3 months ended 30 June 2022 S\$'000	3 months ended 30 June 2021 S\$'000	3 months ended 30 June 2022 S\$'000	3 months ended 30 June 2021 S\$'000
Revenue from external parties	4,599	4,327	4,740	3,779	9,339	8,106
Other income	157	163	–	14	157	177
Total revenue and other income	4,756	4,490	4,740	3,793	9,496	8,283
Reversal of impairment/(impairment) of financial asset	3	5	623	(482)	626	(477)
Depreciation of property, plant and equipment	(98)	(87)	(444)	(535)	(542)	(622)
Finance costs	(49)	(41)	(196)	(162)	(245)	(203)
Segment profit/(loss)	544	481	360	(905)	904	(424)
Unallocated expenses					(245)	(203)
Profit/(loss) before taxation					659	(627)
Income tax expense					(50)	(63)
Profit/(loss) for the period					609	(690)

Asiatic Group (Holdings) Limited and its Subsidiaries

5.1. Reportable segments (cont'd)

	Firefighting		Power-related		Total	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment assets	30,666	28,332	39,394	53,248	70,060	81,580
Inter-segment assets					(14,615)	(14,172)
Goodwill					175	175
Unallocated assets					567	64
Total assets per statement of financial position					56,187	67,647
Additions to property, plant and equipment	63	76	–	–	63	76
Additions to right-of-use assets	–	92	–	–	–	92
Expenditures for segment non-current assets	63	168	–	–	63	168
Segment liabilities	16,876	16,392	56,301	59,137	73,177	75,529
Inter-segment liabilities					(41,200)	(40,953)
Income tax payables					758	526
Deferred tax liabilities					120	1,349
Unallocated liabilities					883	582
Total liabilities per statement of financial position					33,738	37,033

5.2. Disaggregation of revenue

	The Group	
	3 months ended 30 June 2022 S\$'000	3 months ended 30 June 2021 S\$'000
<hr/>		
Types of goods or services:		
- Sales of goods	3,840	3,779
- Sales of services	5,499	4,327
	9,339	8,106
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Geographical information:		
- Singapore	3,931	3,673
- Cambodia	4,740	3,773
- Other countries	668	660
	9,339	8,106
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Asiatic Group (Holdings) Limited and its Subsidiaries

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and Company as at 30 June 2022 and 31 March 2022:

Group	Carrying amount			Fair value			
	At amortised cost S\$'000	Fair value through profit or loss S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
30 June 2022							
Financial assets							
Other investments	–	161	161	–	–	161	161
Assets held for sale	–	– *	– *	–	–	– *	– *
Trade and other receivables *	7,794	–	7,794				
Cash and short-term deposits	2,526	–	2,526				
	10,320	161	10,481				
Financial liabilities							
Trade and other payables ^	(8,821)	–	(8,821)				
Loans and borrowings	(19,102)	–	(19,102)	–	–	(19,102)	(19,102)
Lease and hire purchase liabilities	(1,767)	–	(1,767)	–	–	(1,767)	(1,767)
Amount due to non-controlling interests	(1,386)	–	(1,386)				
	(31,076)	–	(31,076)				

* Excludes advances to supplier and GST receivables

^ Excludes withholding tax payable, deferred income, advances from customers and GST payables

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6. Financial assets and financial liabilities (cont'd)

Group	Carrying amount			Fair value			
	At amortised cost S\$'000	Fair value through profit or loss S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 March 2022							
Financial assets							
Other investments	–	161	161	–	–	161	161
Assets held for sale	–	– *	– *	–	–	– *	– *
Trade and other receivables *	7,995	–	7,995				
Cash and short-term deposits	3,523	–	3,523				
	<u>11,518</u>	<u>161</u>	<u>11,679</u>				
Financial liabilities							
Trade and other payables ^	(9,800)	–	(9,800)				
Loans and borrowings	(20,955)	–	(20,955)	–	–	(20,955)	(20,955)
Lease and hire purchase liabilities	(1,857)	–	(1,857)	–	–	(1,857)	(1,857)
Amount due to non-controlling interests	(1,485)	–	(1,485)				
	<u>(34,097)</u>	<u>–</u>	<u>(34,097)</u>				

* Excludes advances to supplier and GST receivables

^ Excludes withholding tax payable, deferred income, advances from customers and GST payables

Asiatic Group (Holdings) Limited and its Subsidiaries

6. Financial assets and financial liabilities (cont'd)

Company	Carrying amount			Fair value			
	At amortised cost S\$'000	Fair value through profit or loss S\$'000	Total S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
30 June 2022							
Financial assets							
Cash and short-term deposits	546	-	546				
Financial liabilities							
Other payables and accruals *	(864)	-	(864)				
31 March 2022							
Financial assets							
Cash and short-term deposits	37	-	37				
Financial liabilities							
Other payables and accruals *	(542)	-	(542)				

* Excludes GST payables

Asiatic Group (Holdings) Limited and its Subsidiaries

7. (Loss)/profit before taxation

7.1 Significant items

The following items have been included in arriving at profit/(loss) from operating activities:

	The Group	
	3 months ended 30 June 2022	3 months ended 30 June 2021
	S\$'000	S\$'000
(Write back)/impairment of financial assets	(626)	477
Contributions to defined contribution plans	98	96
Insurance	62	49
Inventories recognised as an expense in cost of sales	2,322	2,269
Legal fees	6	111
Travelling and transportation	22	22
Audit fees	15	34

7.2 Related party transactions

	The Group	
	3 months ended 30 June 2022	3 months ended 30 June 2021
	S\$'000	S\$'000
<u>Sale and purchase of goods and services</u>		
Purchase of goods from a firm related to a director	42	22
Sale of goods to a firm related to a director	30	22
<u>Directors' and executive officers' remuneration *</u>		
Directors' remuneration	159	173
Executive officers' remuneration	112	107

* Included in the above remuneration for the Group is payment for defined contribution plans of S\$10,000 for the 3 months ended 30 June 2022 (3 months ended 30 June 2021: S\$13,000)

8. 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:

	The Group	
	3 months ended 30 June 2022 S\$'000	3 months ended 30 June 2021 S\$'000
Current income tax expense	50	30
Deferred income tax expense relating to origination and reversal of temporary differences	–	33
	50	63

9. Net asset value

	The Group		The Company	
	30 June 2022	31 March 2022	30 June 2022	31 March 2022
Net asset value per ordinary share based on total number of issued shares as at the end of the financial period (Singapore cents)	1.1	1.0	0.9	0.9

The net asset value per ordinary share as at 30 June 2022 is calculated based on 1,556,462,688 (31 March 2022: 1,556,462,688) ordinary shares in issue (excluding treasury shares).

10. Goodwill

	The Group	
	30 June 2022	31 March 2022
Goodwill	175	175

Goodwill acquired through business combinations have been allocated to cash-generating unit (“CGU”), Colben System Pte Ltd (“Colben”), a subsidiary whose principal activities are to carry on the business as distributors and representatives of controlled power supply and precision gear products.

The Board of Directors has assessed that the goodwill allocated to the CGU is not significant and accordingly an assessment of the goodwill has not been performed.

11. Property, plant and equipment

During the three months ended 30 June 2022, the Group acquired assets amounting to S\$63,000 (30 June 2021: S\$76,000) and disposed of assets amounting to S\$1,000 (30 June 2021: S\$Nil).

12. Loans and borrowings

	<u>The Group</u>	
	<u>30 June 2022</u>	<u>31 March 2022</u>
<u>Amount repayable within one year or on demand</u>		
Secured	9,167	10,657
Unsecured	4,454	4,513
<u>Amount repayable after one year</u>		
Unsecured	5,481	5,785
Total loans and borrowings	19,102	20,955

Details of collaterals

The bank borrowings and credit facilities of the Group are secured by corporate guarantee provided by the Company, first fixed charge over certain property, plant and equipment and pledged fixed deposits.

Right-of-use assets purchased under hire purchase have a carrying amount of S\$598,000 as at 30 June 2022 (31 March 2022: S\$623,000).

The Group's factory building with a carrying value of S\$3,007,000 as at 30 June 2022 (31 March 2022: S\$3,031,000) is subject to a first charge to secure the bank loans and borrowings.

The Group's fixed deposits amounting to S\$433,000 as at 30 June 2022 (31 March 2022: S\$668,000) are pledged to secure banking facilities which were granted to certain subsidiaries.

13. Share capital

	The Group and the Company			
	30 June 2022		31 March 2022	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
<u>Issued and fully paid ordinary shares</u>				
At 30 June and 31 March	1,556,463	50,585	1,556,463	50,585

The total number of issued shares excluding treasury shares as at 30 June 2022 was 1,556,462,688 (31 March 2022: 1,556,462,688). There were no changes in the issued share capital of the Company since the last period reported on.

The Company did not hold any treasury shares and subsidiary holdings as at 30 June 2022 and 30 June 2021.

The Company did not have any outstanding options or convertibles as at 30 June 2022 and 30 June 2021.

14. Commitments and contingencies

Corporate guarantees

Corporate guarantees amounting to US\$2.2 million (31 March 2022: US\$2.2 million) and S\$31.8 million (31 March 2022: S\$31.8 million) have been provided by the Company to financial institutions to secure banking facilities granted to its subsidiaries. The Company had also provided a corporate guarantee of RM198.0 million (31 March 2022: RM195.5 million) to MJE's bank to secure banking facilities granted to MJE (Note 3).

The Board of Directors has assessed the expected credit losses on the corporate guarantees provided to MJE's bank and is of the view that they are not able to quantify the exact liabilities resulting from the Letter of Demand or the appointment of Receivers as at the date of this announcement as any potential repayment by the Group to MJE's bank arising from its corporate guarantee obligations as demanded in Letter of Demand shall be the difference after taking into account and/or deducting any residual value from MJE (including the value of the land held by MJE and its assets), and the discharge of other guarantees from governmental agenc(ies) in Malaysia and/or guarantees provided by other individuals.

14. Commitments and contingencies (cont'd)

Legal claims

Claims by Guan Heng Construction Sdn Bhd

Colben Energy Holdings (Maju Intan) Ltd, an indirect wholly owned subsidiary which is registered as a foreign branch in Malaysia, had on 18 March 2020 received a writ of summons to attend in the High Court of Ipoh, Perak, Malaysia from Guan Heng Construction Sdn Bhd for the recovery of their principal sum for civil & construction, piling cost, accrued interest and any other cost amounting to approximately S\$1,174,000 (equivalent to RM3,646,000). A Statement of Defence and Counterclaim has been filed by Colben Energy Holdings (Maju Intan) Ltd on 22 September 2020 to make a counterclaim against Guan Heng Construction Sdn Bhd. As at 30 June 2022, there are no further development on the claims and counterclaims filed, and the matter was set for trial on 16 to 18 January 2023.

Claims against Phnom Penh Special Economic Zone Plc

On 19 November 2020, two subsidiaries of the Group, Colben System Pte Ltd (“Colben”) and Colben Energy Holdings (PPSEZ) Limited (“CEZH”) commenced arbitration proceedings (the “Arbitration”) against Phnom Penh Special Economic Zone Plc (“PPSEZ”) in respect of a dispute arising out of or in connection with a power plant project in the Phnom Penh Special Economic Zone, Cambodia (the “Zone”), which was jointly developed by Colben, CEZH and PPSEZ. Colben and CEZH were seeking relief in the Arbitration for a minimum of US\$14.41 million. On 25 April 2022, the Arbitration was concluded, and the Tribunal issued its final award as follows:

- (a) Colben and CEZH are to pay to PPSEZ the sums of S\$472,500 and US\$112,576.57 in relation to the costs incurred by PPSEZ in consequence of Colben’s and CEZH’s withdrawal of its claims in the Arbitration;
- (b) PPSEZ’s Counterclaim is dismissed;
- (c) PPSEZ is to pay Colben and CEZH’s costs incurred in defending the Counterclaim in the sum of S\$104,510.47; and
- (d) the fees and expenses of the arbitral institution and the Tribunal incurred in the Arbitration are to be shared between the parties to the Arbitration in the proportions of 75% by Colben and CEZH, i.e. S\$87,853.75, and 25% by PPSEZ, i.e. S\$29,284.58.

On 20 May 2022, the Group has made full payment pursuant to the final award to PPSEZ in the sums of S\$472,500 and US\$112,576.57 (equivalent to S\$152,496) in relation to the costs incurred by PPSEZ in consequence of Colben’s and CEZH’s withdrawal of its claims in the Arbitration.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Other Information Required by Listing Rule Appendix 7C

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

The condensed consolidated statement of financial position of Asiatic Group (Holdings) Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

2A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern) :-

In the Group's latest audited financial statements for the financial year ended 31 March 2022 ("FY2022"), Foo Kon Tan LLP, the Group's auditors, have issued a disclaimer opinion in respect of the material uncertainties on the Group's and the Company's ability to continue as a going concern arising from (i) the inability by Management to quantify the expected credit losses (ECL) on financial guarantees extended to lender on behalf of its associate and (ii) a breach of financial covenant on its overdraft facilities in one of its subsidiaries (collectively, the "Audit Issues").

Details relating to the Group's comments on the Group's and the Company's ability to continue as a going concern and the efforts taken to resolve the Audit Issues are detailed in Section 4 of "Other Information Required by Listing Rule Appendix 7C".

The Board confirms that the impact of the Audit Issues on the financial statements in relation to FY2022 have been adequately disclosed.

3. 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

	The Group	
	3 months ended 30 June 2022	3 months ended 30 June 2021
(Singapore Cents)		
(a) Based on weighted average number of ordinary shares in Issue	0.04	(0.04)
(b) On a fully diluted basis	0.04	(0.04)

The profit/(loss) per ordinary share for the respective financial periods were calculated based on the Group's profit after taxation attributable to equity holders of the parent of S\$584,000 for the 3 months ended 30 June 2022 (Loss after taxation attributable to equity holders of the parent for the 3 months ended 30 June 2021: S\$670,000), divided by the weighted average number of ordinary shares in issue of 1,556,462,688 as at 30 June 2022 (30 June 2021: 1,556,462,688).

Asiatic Group (Holdings) Limited and its Subsidiaries

The basic and diluted profit/(loss) per ordinary share are the same for 3 months ended 30 June 2022 and 30 June 2021 because there were no potentially dilutive ordinary securities as at 30 June 2022 and 30 June 2021 respectively.

4. Review of performance of the Group

Revenue

	3 months ended 30 June 2022		3 months ended 30 June 2021		Increase/ (Decrease)
	S\$'000	% of total revenue	S\$'000	% of total revenue	%
By business divisions					
- Firefighting and protection	4,599	49.2%	4,327	53.4%	6.3%
- Power related	4,740	50.8%	3,779	46.6%	25.4%
Total revenue	9,339	100.0%	8,106	100.0%	15.2%

The Group's revenue for 3 months ended 30 June 2022 increased by 15.2% from the corresponding period in 2021. The increase is mainly attributed to the recovery in the electricity demand by tenants in the Special Economic Zone power plant as compared to the 3 months ended 30 June 2021, which suffered from the Covid-19 lockdown measures implemented in Cambodia during the period. Additionally, the firefighting and protection division also saw an increase in revenue from the marine sector as a result of the recovery of the marine industry.

Profitability

Decrease in other income was mainly resulted from the decrease in government grants received during the 3 months ended 30 June 2022.

Cost of sales increased in line with the increase in revenue in the firefighting and protection and power related businesses during the 3 months ended 30 June 2022. During the period, the firefighting and protection business saw an improvement in gross margin through the extensive gross margin review exercise carried out to maximise competitiveness and profitability.

Appreciation in SGD against MYR resulted in a foreign exchange loss recognised on receivables from subsidiaries that were denominated in MYR during the 3 months ended 30 June 2022.

To further boost its market competitiveness in the firefighting and protection business, the Group increased the headcount to support further expansion plans to boost its revenue in the marine and industrial sectors, resulting in an increase in staff costs during the 3 months ended 30 June 2022.

In the 3 months ended 30 June 2022, the Group received repayment from its associate for the funding previously provided and fully impaired. The repayment resulted in a write back in the impairment previously recorded.

Due to a combination of the above factors, the Group recorded a profit after tax of S\$0.6 million during the 3 months ended 30 June 2022 as compared to a loss after tax of S\$0.7 million for the corresponding period in 2021.

Movement in comprehensive income

As noted in the statement of comprehensive income, there was a foreign currency translation gain amounting to S\$1.0 million (3 months ended 30 June 2021: foreign currency translation gain of S\$0.1 million). Higher translation gain was due to the appreciation of USD against SGD on the Cambodia entities with USD as its functional currency.

Balance Sheet

As at 30 June 2022, non-current assets increased due to the translation gain on the property, plant and equipment in the Cambodia entity as a result of the appreciation of USD against SGD. The increase is partially offset by the depreciation of property, plant and equipment (S\$0.5 million) and depreciation of right-of-use assets (S\$0.1 million).

During the period, inventories increased to meet the demand required to fulfil projects in the firefighting and protection business. On the other hand, other receivables decreased mainly due to the receipt of the outstanding receivables arising from the proceeds from the sale of the property, plant and equipment at the Phnom Penh and Sihanoukville power plants.

Increase in trade payables was mainly due to increase in purchases in the Power related division as a result of an increase in sales. Decrease in current loans and borrowings was a result of repayment of trust receipts, short-term borrowings and interest bearing term loans during the period.

Non-current loan and borrowings decreased mainly due to the reclassification of non-current portion of term loan to current. In addition, there is a decrease in amount due to non-controlling interests due to the repayment of S\$0.1 million during the period.

As at 30 June 2022, the Group had a net current liabilities position of S\$9.3 million arising from the utilisation of short-term financing to support the Group's energy projects. The net current liabilities position had improved during the period mainly due to the repayment of term loans during the period. With respect to the Group's ability to continue as a going concern, in the opinion of the Board, the Group and the Company are able to continue as a going concern despite the conditions as stated in the Note 3 of the "Notes to the condensed interim consolidated financial statements" as:

- (a) The Board is of the view that the Group will continue to receive financial support from the banks. Subsequent to 30 June 2022, the Group has successfully rolled over approximately S\$13.4 million out of S\$13.6 million of short term loans, and has continued to fulfil its debt obligations;
- (b) The Board has reviewed the cash flows forecast prepared by Management in August 2022, and is confident that the Group will generate positive cash flows from its operations for the next 12 months with the focus and the stable performance of the Group's fire business unit;
- (c) Asiatic and Lecca had submitted a revised debt settlement scheme to the Receivers of MJE on 31 August 2022 to restructure the amount of RM122,176,395.90 and part of the terms of the restructuring scheme includes discharging of the corporate guarantees (Note 14) the Company had provided to MJE's bank. As at the date of this announcement, the Group and Lecca is still pending acceptance from MJE's bank via the receivers; and

- (d) The net outstanding overdraft exposure of the overdraft facilities in one of its subsidiaries after taking into account the security placed with the bank in the form of a personal fixed deposit of a director is S\$145,000 as at 30 June 2022. The Company has paid down S\$100,000 of the outstanding loan as at the date of this announcement and intends to pay down the remaining outstanding overdraft of S\$45,000 by October 2022. The Company has also initiated discussion with the bank with regards to the breach. Based on the current discussion between the Company and the bank, the Company is confident of obtaining a waiver on the financial covenant from the bank.

Based on the foregoing, the Board believes that the Group will be able to operate as a going concern and is of the view that the Group's working capital is sufficient to meet its present requirements and for the next twelve months.

Cash Flow

During the 3 months ended 30 June 2022, net cash generated from operating activities amounted to S\$1.0 million after taking into account the working capital and payment of interest and tax. Net cash inflow from operating activities was mainly contributed by an improvement in revenue resulted from the recovery in the electricity demand by tenants in the Special Economic Zone power plant and firefighting and protection division. In addition, repayment of amount due from associate also contributed to the increase in operating activities.

Net cash flow generated from investing activities was resulted from the receipt of the outstanding receivables arising from the proceeds from the sale of the property, plant and equipment at the Phnom Penh and Sihanoukville power plants.

The Group recorded a net cash outflow from its financing activities arising from (i) repayment of trust receipt and short-term borrowings, (ii) repayment of interest bearing term loans, (iii) repayment of lease and hire purchase liabilities, (iv) repayment of amount due to non-controlling interests, and (v) repayment to related parties. This is partially offset by decrease in pledged fixed deposits during the period. As a result, overall cash balance decreased by S\$0.3 million during the period.

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

In the Company's announcement dated 30 May 2022 in relation to its full year financial results for the financial year ended 31 March 2022, it was disclosed that the Group expected a reduction in gross margin in the firefighting and protection division due to the global rising cost. Through the extensive gross margin review exercise carried out, the Group had mitigated the reduction in gross margin and instead saw an improvement in gross margin during the period.

Furthermore, it was disclosed that the Group expected the recovery of the electricity demand in the Special Economic Zone to be slow. The slight increase in revenue from S\$4.6 million for the 3 months ended 31 March 2022 to \$4.7 million for the 3 months ended 30 June 2022 was in line with this forecast.

6. 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

On 31 August 2022, the Group and Lecca had submitted a revised debt settlement scheme to the Receivers of MJE to restructure the Repayment Amount and part of the terms of the restructuring scheme includes discharging of the corporate guarantee provided by the Company to MJE's bank. Depending on the outcome of the negotiation, this may have an impact on the Group's balance sheet. The Company will keep shareholders apprised on the outcome of negotiation.

The Group continues to face challenges in the firefighting and protection division, particularly on its gross margin due to the global rising cost and continuing inflationary pressures. Nevertheless, the Group will continue to proactively manage and mitigate the impact of rising costs. In addition, recovery of the electricity demand in the Special Economic Zone remains fragile although there are some signs of demand picking up.

The Group will continue to monitor its cash flow over the next 12 months and where needed, implement strategies to minimise the impact to the Group business resultant from these challenges.

7. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

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) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not Applicable.

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

No dividend has been recommended for the current financial period as the Group is currently in a negative revenue reserve position.

9. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 902(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate for IPTs under Rule 920 of the Catalist Rules. There was no IPT of S\$100,000 and above entered into during the period.

10. Additional information required pursuant to Rule 706A

The Company did not acquire or dispose of any shares resulting in any of the prescribed situations under Rule 706A during the 3 months ended 30 June 2022.

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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

12. Confirmation by the Directors pursuant to Rule 705(5) of the Listing Manual

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 financial statements for the three-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Boon Kheng
Managing Director

Tan Boon Siang
Executive Director

BY ORDER OF THE BOARD

Tan Boon Kheng
Managing Director
16 September 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange 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.

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