



ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 30 September 2018

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

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

	GROUP					
	3 months ended 3Q FY18 S\$'000	3Q FY17 S\$'000 (restated)	+ / (-) %	9 months ended 9M FY18 S\$'000	9M FY17 S\$'000 (restated)	+ / (-) %
Continuing operations						
Turnover	31,221	26,558	18%	97,387	69,459	40%
Cost of sales	(28,180)	(23,855)	18%	(88,933)	(61,679)	44%
Gross profit	3,041	2,703	13%	8,454	7,780	9%
Other operating income	98	269	(64%)	639	697	(8%)
Marketing and distribution costs	(54)	-	n.m.	(373)	-	n.m.
General and administrative expenses	(3,018)	(1,462)	106%	(6,896)	(4,818)	43%
Finance costs	(53)	(36)	47%	(138)	(68)	103%
Profit before tax	14	1,474	(99%)	1,686	3,591	(53%)
Tax expense	(78)	(56)	39%	(175)	(38)	361%
(Loss)/profit from continuing operations, net of tax	(64)	1,418	n.m.	1,511	3,553	(57%)
Discontinued operation						
(Loss)/profit from discontinued operation, net of tax	-	(956)	n.m.	97	204	(52%)
(Loss)/profit for the period	(64)	462	n.m.	1,608	3,757	(57%)
Attributable to:						
Owners of the Company						
Profit from continuing operations, net of tax	23	1,418	(98%)	1,174	3,553	(67%)
Profit from discontinued operation, net of tax	-	(956)	n.m.	97	204	(52%)
Profit for the period attributable to owners of the Company	23	462	(95%)	1,271	3,757	(66%)
Non-controlling interests						
(Loss)/profit from continuing operations, net of tax	(87)	-	n.m.	337	-	n.m.
Profit from discontinued operation, net of tax	-	-	n.m.	-	-	n.m.
Profit for the period attributable to non-controlling interests	(87)	-	n.m.	337	-	n.m.
Statement of comprehensive income						
(Loss)/profit for the period	(64)	462	n.m.	1,608	3,757	(57%)
<i>Other comprehensive income</i>						
Items that may be reclassified to profit or loss						
Disposal of subsidiaries	-	-	n.m.	291	-	n.m.
Liquidation of subsidiaries	-	-	n.m.	-	(152)	n.m.
Translation differences relating to financial statements of foreign subsidiaries	(126)	99	n.m.	200	(948)	n.m.
Total comprehensive income for the period	(190)	561	n.m.	2,099	2,657	(21%)
Attributable to:						
Owners of the Company	(107)	561	n.m.	1,732	2,657	(35%)
Non-controlling interests	(83)	-	n.m.	367	-	n.m.
Total comprehensive income for the period	(190)	561	n.m.	2,099	2,657	(21%)

Note:

(i) n.m. - not meaningful

(ii) Profit and loss for 3Q FY2017 and 9M FY2017 have been restated in order to present the results of discontinued operation for comparative purposes.

(iii) From Q3 FY2018 onwards, the Group has revised its income statement presentation, whereby expenses will be classified based on their functions.

**1 (a) An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.
(continued)**

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

	GROUP				
	3Q FY18	3Q FY17	+ / (-)	9M FY18	9M FY17
	S\$'000	S\$'000	%	S\$'000	S\$'000
(a) Cost of sales:					
(Write back of)/allowance for inventory obsolescence	(59)	397	n.m.	77	498
(b) Other operating income:					
Interest income	(33)	(23)	43%	(52)	(52)
Dividend income from other investment	(8)	-	n.m.	(195)	-
Returns from other investment	-	-	n.m.	(202)	-
Gain on disposal of intangible assets	-	-	n.m.	(30)	(41)
Gain on disposal of property, plant and equipment	(12)	(13)	(8%)	(33)	(18)
Gain on liquidation of subsidiaries	-	-	n.m.	-	(141)
Amortisation of deferred interest income	-	(81)	n.m.	(19)	(242)
Amortisation of deferred compensation income	-	(121)	n.m.	(40)	(362)
Rental income	(14)	(42)	(67%)	(86)	(85)
(c) Operating profit is stated after (crediting)/charging:					
(Write back of)/allowance for impairment on trade debtors	(25)	1,530	n.m.	(54)	1,559
Loss on disposal of subsidiaries	-	-	n.m.	103	-
Foreign exchange losses	553	163	239%	524	719

Note:

(i) n.m. - not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30/09/18	31/12/17	30/09/18	31/12/17
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Intangible assets	55,514	124	-	-
Property, plant and equipment	24,260	20,572	-	93
Investment in subsidiaries	-	-	83,625	12,602
Investment in joint venture	-	-	-	-
Loan receivables from subsidiaries	-	-	7,326	13,638
Other investments	2,205	2,205	-	2,081
	81,979	22,901	90,951	28,414
Current assets				
Inventories	11,717	10,332	-	-
Amount due from subsidiaries	-	-	34	4,760
Trade debtors	22,839	20,582	98	1,953
Other debtors	8,430	3,527	25	398
Prepayments and advances to suppliers	1,220	962	25	46
Fixed deposits	2,350	1,757	-	-
Cash and bank balances	44,007	58,051	33,986	51,215
Asset held for sale	2,019	-	-	-
	92,582	95,211	34,168	58,372
Assets of disposal group classified as held for sale	-	54,407	-	19,044
	92,582	149,618	34,168	77,416
Current liabilities				
Amount due to a subsidiary	-	-	86	139
Trade creditors	28,442	22,772	27	177
Hire purchase creditor	-	4	-	-
Other creditors and accruals	13,743	8,798	1,900	3,314
Deposit received	-	2,000	-	2,000
Amount due to a non-controlling shareholder	118	-	-	-
Income tax payable	84	118	-	-
Loans and borrowings	3,463	3,258	-	-
	45,850	36,950	2,013	5,630
Liabilities of disposal group classified as held for sale	-	32,728	-	-
	45,850	69,678	2,013	5,630
Net current assets	46,732	79,940	32,155	71,786
Non-current liabilities				
Other creditors and accruals	296	1,183	296	1,183
Loans and borrowings	1,811	1,877	-	-
	2,107	3,060	296	1,183
TOTAL NET ASSETS	<u>126,604</u>	<u>99,781</u>	<u>122,810</u>	<u>99,017</u>
Equity attributable to owners of the Company				
Share capital	115,899	90,738	115,899	90,738
Foreign currency translation reserve	1,042	872	-	-
Statutory reserve fund	159	16	-	-
Other reserves	189	189	189	189
Retained earnings	9,250	6,319	6,722	8,090
Reserves of disposal group classified as held for sale	-	1,647	-	-
	126,539	99,781	122,810	99,017
Non-controlling interests	65	-	-	-
TOTAL EQUITY	<u>126,604</u>	<u>99,781</u>	<u>122,810</u>	<u>99,017</u>

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

Amount repayable in one year or less, or on demand

As at 30 September 2018		As at 31 December 2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,463	-	3,262	-

Amount repayable after one year

As at 30 September 2018		As at 31 December 2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,811	-	1,877	-

Details of any collateral

The Group's borrowings comprise of hire purchase creditor and amounts due to bankers.

The hire purchase creditor relates to an asset of the Company's subsidiary which is financed under hire purchase.

The amounts due to bankers are secured facilities granted to the Company's subsidiaries (collectively, the "**Group**"). The secured facilities granted are secured by:

- (1) fixed deposits placement by the Company's respective subsidiaries;
- (2) lands and properties of the respective subsidiaries; and
- (3) an agreed amount of corporate guarantee provided by the Company.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the year ended 30 September

	3 months ended		9 months ended	
	3Q FY18	3Q FY17	9M FY18	9M FY17
	S\$'000	S\$'000	S\$'000	S\$'000
		(restated)		(restated)
Cash flows from operating activities				
Profit before tax from continuing operations	14	1,474	1,686	3,591
(Loss)/profit before tax from discontinued operation	-	(956)	97	204
Profit before tax, total	14	518	1,783	3,795
Adjustments for:				
Gain on disposal of property, plant and equipment	(12)	(13)	(33)	(18)
Gain on disposal of intangible assets	-	-	(30)	(41)
Gain on liquidation of subsidiaries	-	-	-	(141)
Loss on disposal of subsidiaries	-	-	103	-
Depreciation of property, plant and equipment	681	864	1,942	2,591
Amortisation of intangible assets	-	2	1	8
Amortisation of deferred interest income	-	(81)	(19)	(242)
Amortisation of deferred compensation income	-	(121)	(40)	(362)
Interest income	(33)	(23)	(52)	(52)
Interest expense	53	140	187	324
Dividend income from other investment	(8)	-	(195)	-
Returns from other investment	-	-	(202)	-
Exchange differences	574	150	265	428
Operating profit before working capital changes	1,269	1,436	3,710	6,290
(Increase)/decrease in inventories	(1,485)	835	(1,455)	550
(Increase)/decrease in trade debtors and other debtors	(5,422)	456	(2,035)	(7,685)
Increase/(decrease) in trade creditors and other creditors	5,641	(2,475)	(1,261)	(4,100)
Cash generated from/(used in) operations	3	252	(1,041)	(4,945)
Interest paid	(53)	(140)	(187)	(324)
Interest received	33	23	52	52
Tax paid	(46)	-	(224)	(16)
Net cash generated (used in)/from operating activities	(63)	135	(1,400)	(5,233)
Cash flows from investing activities				
Net cash flow on acquisition of subsidiaries	(25,194)	-	(54,196)	-
Proceeds from disposal of property, plant and equipment	16	13	219	18
Proceeds from disposal of intangible assets	1	-	152	45
Purchase of property, plant and equipment	(3,347)	(2,729)	(5,455)	(5,062)
Dividend receipt from other investment	8	-	195	-
Returns from other investment	-	-	202	-
Net cashflow on disposal of subsidiaries	-	-	20,083	-
Net cash used in investing activities	(28,516)	(2,716)	(38,800)	(4,999)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares				
(net of transaction costs)	25,161	-	25,161	-
Dividend paid on ordinary shares	-	-	(135)	-
Net decrease in hire purchase creditors	-	(2)	(4)	(6)
Drawdown of bank borrowings	6,159	3,415	9,316	16,645
Repayment of bank borrowings	(5,366)	(3,215)	(9,235)	(8,815)
(Increase)/decrease in fixed deposits	(107)	1,919	(585)	(402)
Net cash generated from financing activities	25,847	2,117	24,518	7,422
Net decrease in cash and cash equivalents	(2,732)	(464)	(15,682)	(2,810)
Cash and cash equivalents at beginning of period	46,797	11,194	59,618	13,939
Effects of exchange rates on opening cash and cash equivalents	(58)	(154)	71	(553)
Cash and cash equivalents at end of period	44,007	10,576	44,007	10,576

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

**Consolidated Statement of Changes in Shareholders' Equity for the period ended 30 September
(In S\$'000)**

Group	Share Capital	Foreign currency translation reserve	Statutory reserve fund	Other reserves	Retained earnings	Reserve of disposal group classified as held for sale	Total equity attributable to owners of the Company	Non- controlling interests	Total equity
Balance as at 1 January 2018	90,738	872	16	189	6,319	1,647	99,781	-	99,781
Profit for the period	-	-	-	-	516	-	516	-	516
Other comprehensive income	-	742	-	-	-	-	742	-	742
Attributable to disposal group	-	(274)	-	-	97	274	97	-	97
Disposal of subsidiaries	-	(17)	-	-	1,938	(1,921)	-	-	-
Balance as at 31 March 2018	90,738	1,323	16	189	8,870	-	101,136	-	101,136
Profit for the period	-	-	-	-	635	-	635	424	1,059
Acquisition of a subsidiary	-	-	-	-	-	-	-	(396)	(396)
Dividend paid during the period	-	-	-	-	(135)	-	(135)	-	(135)
Other comprehensive income	-	(151)	-	-	-	-	(151)	26	(125)
Transfer to statutory reserve fund	-	-	143	-	(143)	-	-	-	-
Balance as at 30 June 2018	90,738	1,172	159	189	9,227	-	101,485	54	101,539
Profit/(loss) for the period	-	-	-	-	23	-	23	(87)	(64)
Issuance of ordinary shares (net of transaction costs)	25,161	-	-	-	-	-	25,161	-	25,161
Acquisition of a subsidiary	-	-	-	-	-	-	-	94	94
Other comprehensive income	-	(130)	-	-	-	-	(130)	4	(126)
Balance as at 30 September 2018	115,899	1,042	159	189	9,250	-	126,539	65	126,604
Balance as at 1 January 2017	57,337	1,050	1,938	189	3,060	-	63,574	-	63,574
Total comprehensive income for the period	-	(897)	-	-	1,562	-	665	-	665
Balance as at 31 March 2017	57,337	153	1,938	189	4,622	-	64,239	-	64,239
Total comprehensive income for the period	-	(302)	-	-	1,733	-	1,431	-	1,431
Balance as at 30 June 2017	57,337	(149)	1,938	189	6,355	-	65,670	-	65,670
Total comprehensive income for the period	-	99	-	-	462	-	561	-	561
Balance as at 30 September 2017	57,337	(50)	1,938	189	6,817	-	66,231	-	66,231

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

(In S\$'000)

<u>Company</u>	Share capital	Other reserves	Retained earnings	Total equity attributable to owners of the Company
Balance as at 1 January 2018	90,738	189	8,090	99,017
Total comprehensive income for the period	-	-	(344)	(344)
Balance as at 31 March 2018	90,738	189	7,746	98,673
Total comprehensive income for the period	-	-	(476)	(476)
Dividend paid during the year	-	-	(135)	(135)
Balance as at 30 June 2018	90,738	189	7,135	98,062
Total comprehensive income for the period	-	-	(413)	(413)
Issuance of ordinary shares (net of transaction costs)	25,161	-	-	25,161
Balance as at 30 September 2018	115,899	189	6,722	122,810
 Balance as at 1 January 2017	 57,337	 189	 2,537	 60,063
Total comprehensive income for the period	-	-	(512)	(512)
Balance as at 31 March 2017	57,337	189	2,025	59,551
Total comprehensive income for the period	-	-	3,526	3,526
Balance as at 30 June 2017	57,337	189	5,551	63,077
Total comprehensive income for the period	-	-	926	926
Balance as at 30 September 2017	57,337	189	6,477	64,003

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Details of any changes in the Company's issued share capital

	No. of ordinary shares (‘000)	Amount (S\$’000)
As at 31 December 2017	1,350,329	90,738
Shares placement completed during the period	420,000	25,161
As at 30 September 2018	1,770,329	115,899

As at 30 September 2018 and 31 December 2017, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30 September 2018	31 December 2017
Total number of issued shares (‘000) (excluding treasury shares)	1,770,329	1,350,329

There were no treasury shares as at 30 September 2018 and 31 December 2017.

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

Not applicable as the Company did not have any treasury shares as at 30 September 2018 and 31 December 2017.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company did not hold any subsidiary holdings as at 30 September 2018 and 31 December 2017.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2017.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

As required by the listing requirements of the Singapore Exchange, the Group has adopted the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") that are relevant to the Group on 1 January 2018. The adoption of SFRS(I)s did not result in a restatement of prior periods' financial information nor any material impact to the financial statements for the current financial period.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings Per Share

	3 months ended		9 months ended	
The Group	<u>3Q FY18</u>	<u>3Q FY17</u>	<u>9M FY18</u>	<u>9M FY17</u>
<u>Earnings (S\$'000)</u>				
<u>Attributable to the equity holders of the Company</u>				
Profit from continuing operations, net of tax	23	1,418	1,174	3,553
Profit for the period	23	462	1,271	3,757
Earnings per share from continuing operations (cents)				
- Basic and diluted	0.001	0.210	0.079	0.526
Earnings per share (cents)				
- Basic and diluted	0.001	0.068	0.085	0.556
Weighted average number of ordinary shares ('000)	1,761,198	675,164	1,488,790	675,164

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

Net asset value per ordinary share

	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	7.15	7.39	6.94	7.33
Net asset value as at end of period (S\$'000)	126,604	99,781	122,810	99,017
No. of ordinary shares ('000)	1,770,329	1,350,329	1,770,329	1,350,329

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

a. Turnover

Continuing operations

The Group's turnover has increased to S\$31.22 million and S\$97.39 million in 3Q FY2018 and 9M FY2018, respectively, compared to that of S\$26.56 million and S\$69.46 million in 3Q FY2017 and 9M FY2017. The increase in turnover is mainly attributable by the Company's subsidiaries located in Malaysia, Vietnam, Thailand and the subsidiaries newly acquired during the period.

The Company has completed the acquisitions of Asia Box Office Pte Ltd ("**ABO**") and its subsidiary (collectively "**ABO Group**") in April 2018 and Activpass Holdings Pte. Ltd. ("**Activpass**") in July 2018. Both ABO Group and Activpass are in E-commerce industry.

Precision Metal Stamping

In 3Q FY2018, the Company and its Singapore and Malaysia subsidiaries reported an increase in turnover of S\$1.34 million in total, mainly resulting from higher sales demand from the existing projects.

Vietnam subsidiary reported an increase in turnover by S\$2.95 million in 3Q FY2018 due to higher orders received from its existing customers while Thailand subsidiary recorded a lower turnover, amounting to S\$1.95 million in 3Q FY2018 as compared to 3Q FY2017, resulting from lower orders received from its existing main customer.

In 9M FY2018, all subsidiaries namely in Vietnam, Thailand and Malaysia reported a higher turnover as compared to 9M FY2017, mainly attributable to the higher sales orders received from its customers.

E-commerce

In 3Q FY2018, the ABO Group recorded a turnover of S\$0.42 million derived from the consultancy services rendered to a third party in relation to event management.

In 9M FY2018, ABO Group achieved a turnover of S\$13.89 million in total, which was mainly contributed by its major event during the period, Cirque Du Soleil Inc.'s Big Top touring show "KOOZA", which was held in Hong Kong in 2Q FY2018.

In 3Q FY2018, the Group also consolidated the post-acquisition turnover generated by Activpass of S\$0.10 million. Activpass turnover mainly consists of subscription revenue, commission revenue, hosting and maintenance revenue, software development revenue and cash and media sponsorship.

Discontinued operation

The discontinued operation result relates to the result of the Company's former subsidiary, Allied Technologies (Suzhou) Co, Ltd ("**ATSU**"), which was disposed of with effect from January 2018. Hence, meaningful comparison could not be made against the results of 3Q and 9M FY2017.

b. Operating results

Continuing operations

The Group recorded profit before tax (“**PBT**”) of S\$0.14 million and S\$1.69 million in 3Q FY2018 and 9M FY2018, respectively, compared to PBT of S\$1.47 million and S\$3.59 million in 3Q FY2017 and 9M FY2017. The PBT in 3Q FY2018 and 9M FY2018 is mainly contributed by the Company’s subsidiaries in Precision Metal Stamping.

Precision Metal Stamping

The PBT in 3Q FY2018 and 9M FY2018 is lower than that in 3Q FY2017 and 9M FY2017 despite higher turnover recorded. This is mainly due to higher staff cost and depreciation expenses incurred especially by one of the Malaysia subsidiaries, which commenced its operation in end of December 2017. The headcount has increased to meet the operation needs and higher depreciation expenses were being charged as a result of addition made for property, plant and equipment (“**PPE**”). These have led to higher operation cost in 3Q FY2018 and 9M FY2018.

E-commerce

In 3Q FY2018, the ABO Group recorded a loss before tax (“**LBT**”) of S\$0.03 million. This is mainly due to the absence of major event held during the period as opposed to 2Q FY2018 while Activpass also reported a LBT of S\$0.15 million in 3Q FY2018. Losses incurred mainly due to high administrative expenses.

Overall, the Group’s continuing operations recorded a LBT of S\$0.06 million in 3Q FY2018 and PBT of S\$1.51 million in 9M FY2018.

Cost of sales

The Group’s cost of sales (“**COS**”) consists of material cost, labour cost, overhead cost and procurement cost of e-commerce services. In 3Q FY2018, the COS has increased by 18%, which is in line with the increase in turnover, as compared to that of in 3Q FY2017.

In 9M FY2018, the increase in COS is higher than the increase in turnover as compared to 9M FY2017, mainly due to higher labour cost incurred and depreciation charged on those newly acquired PPE by one of the Malaysia subsidiaries in 9M FY2018.

Other operating income

Other operating income of the Group’s continuing operations comprises mainly of rental income, dividend income, interest income, amortisation of deferred compensation income and gain on disposal of PPE.

Other operating income of the Group’s continuing operations in 3Q FY2018 and 9M FY2018 are lower than that in 3Q FY2017 and 9M FY2017 by 64% and 8%, respectively. This is mainly due to absence of amortisation of interest income, amortisation of compensation income, and gain on liquidation of subsidiaries that were recorded in 3Q FY2017.

Marketing and Distribution cost

Marketing and distribution cost relate solely to the advertising and promotion expenses directly attributable to the events held by the ABO Group.

General and administrative expenses (“G&A”)

G&A mainly include selling expenses, administrative expenses and foreign exchange loss.

It has increased by S\$1.56 million and S\$2.08 million in 3Q FY2018 and 9M FY2018, respectively, as compared to 3Q FY2017 and 9M FY2017.

The increases in 3Q FY2018 and 9M FY2018 are mainly due to the consolidation of post-acquisition G&A incurred by ABO Group and Activpass as well as the recognition of professional fees arising from the acquisitions of ABO Group and Activpass during the period.

Finance costs

The Group’s finance costs have increased by S\$0.02 million and S\$0.07 million in 3Q FY2018 and 9M FY2018, respectively, due to increase in bank borrowings drawdown by the Group during the period.

Discontinued operation

The discontinued operation result includes the result of ATSU until its disposal in January 2018. Hence, meaningful comparison could not be made against the results of 3Q FY2017.

c. Balance Sheet

Group

As at 30 September 2018, the intangible assets balance of S\$55.51 million solely relates to the recognition of provisional goodwill arising from the acquisitions of ABO Group and Activpass, which were completed in 2Q FY2018 and 3Q FY2018 respectively. Other intangible assets recorded as at 31 December 2017 have been fully disposed of during the period.

The increase in PPE from S\$20.57 million as at 31 December 2017 to S\$24.26 million as at 30 September 2018 is mainly due to addition of PPE, partly offset by the depreciation charged in 9M FY2018.

The Group has 50% interest in the ownership and voting rights in a joint venture (“JV”), ABO Labs Pte. Ltd. that is held through ABO, amounting to S\$50. This joint venture is incorporated in Singapore and its principal business activities are software consultancy and development. The Group jointly controls the venture with other partner under the contractual agreement. The carrying amount of the JV is nil as at 30 September 2018.

As at 30 September 2018, inventories balance increased to S\$11.72 million in order to cope with sales in the coming quarter. As a result of higher revenue achieved, the Group also recorded a higher trade debtors balances of S\$22.84 million as at 30 September 2018.

The Group’s other debtors balances have increased to S\$8.43 million as at 30 September 2018 from S\$3.53 million as at 31 December 2017. The increase is mainly due to capitalization of on-going tooling projects amounting to S\$2.08 million, which will be recognized in income statement only when the tooling is fully completed.

The increase in the Group’s other debtors balances is also due to a deposit placement made by ABO to secure an upcoming show, amounting to S\$1.93 million (refundable in the event that the show is being cancelled) and advances made to a related party and JV.

The Group’s prepayments and advances to suppliers balances as at 30 September 2018 have increased by S\$0.26 million, mainly due to the down payment and prepayments made to suppliers to purchase materials and machineries.

As at 30 September 2018, the asset held for sale balance amounting to S\$2.02 million relates to the investment made by ABO in the rights of a professional tennis tournament.

Trade creditors balance has increased to S\$28.44 million as at 30 September 2018 due to higher purchases made by its Malaysia subsidiaries. The other creditors and accruals balances have increased from S\$9.98 million as at 31 December 2017 to S\$14.04 million as at 30 September 2018. The increase is mainly attributable to an amount paid on behalf by a related party for ABO Group's KOOZA show expenses and advances made by customers for on-going tooling projects recorded by the Precision Metal Stamping subsidiaries.

As at 30 September 2018, the Group's loans and borrowings have increased to S\$5.28 million from S\$5.14 million. This is mainly due to the drawdown of bank borrowings by the Group's overseas subsidiaries for land acquisition and working capital purposes. However, the increase is partially offset by repayments of bank borrowings, which had matured during the period.

Amount due to a non-controlling shareholder relates to advances provided to Activpass by its non-controlling shareholder for its working capital purposes. The non-controlling shareholder is also a director of Activpass.

The equity attributable to owners of the Company has increased by S\$26.76 million to S\$126.54 million as at 30 September 2018. The increase is due to the issuance of ordinary shares, profit generated during the period and favourable foreign currency translation reserve movement.

Company

The increase in the investment in subsidiaries is due to the internal restructuring exercise undertaken by the Company to consolidate the Precision Metal Stamping entities (to be held by another Singapore subsidiary - Allied Technologies Holdings Pte. Ltd.) as well as the acquisition of 51% ordinary shares each in ABO Group and Activpass.

d. Cash Flow Statements

In 9M FY2018, the Group recorded a net cash used in operating activities of S\$1.40 million compared to that of S\$5.23 million in 9M FY2017. The decrease is mainly due to absence of advances paid to suppliers for purchases and placement of contract deposits, which were recorded by the Company's former subsidiary, ATSU.

The Group recorded a net cash used in investing activities in 9M FY2018 of S\$38.80 million. It is mainly due to net cash outflow of S\$54.20 million for ABO Group and Activpass acquisitions and PPE acquisition of S\$5.46 million in 9M FY2018. The net cash outflow has been partially offset by the receipt of balance consideration from the purchaser of ATSU, amounting to S\$20.08 million.

In financing activities, the Group has recorded a net cash inflow of S\$24.52 million, mainly derived from the proceeds from issuance of ordinary shares (net of transaction cost), amounting to S\$25.16 million and net proceeds from drawdown of bank borrowings of S\$0.08 million in 9M FY2018. The increase is partially offset by the payment of final one-tier tax exempt dividend of 0.01 Singapore cents per share in respect of FY2017, amounting to S\$0.14 million.

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

No forecast or prospect statement has been previously disclosed to shareholders.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The business environment remains challenging for the Group in light of the uncertain global economic outlook. Besides streamlining its operations, the Group is also exploring possible avenues for business opportunities in both its precision engineering and e-commerce business segments. With the economic uncertainties ahead, the Group expects to face challenging business conditions in the next 12 months.

11 Dividend

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

None.

- (b) (i) Amount per share**

Not applicable.

- (i) Previous corresponding period**

None.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) Date payable**

Not applicable.

- (e) Books closure date**

Not applicable.

- 12 If no dividend has been declared (recommended), a statement to that effect.**

No dividend for the period ended 30 September 2018 has been declared or recommended.

- 13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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

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

On behalf of the Board of Directors of the Company, I, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the third quarter ended 30 September 2018 to be false or misleading in any material aspect.

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

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

16 Use of proceeds

On 31 October 2017, the Company completed the issuance of 675,164,460 ordinary shares via placement and raised net proceeds of S\$33.40 million ("**Net Proceeds**").

On 4 April 2018, the Company announced the completion of proposed acquisition of 51% of the entire issued and fully paid-up capital of Asia Box Office Pte. Ltd. ("**Proposed Acquisition**"). Consideration sum of S\$30.00 million and the Proposed Acquisition related transaction costs of S\$0.10 million have been paid to professional parties.

The table below reflected the status on the use of Net Proceeds as at the date of announcement:

Use of Net Proceeds		<u>Allocation of Net Proceeds</u> S\$ million	<u>Net Proceeds utilized as at the date of announcement</u> S\$ million	<u>Balance of Net Proceeds as at the date of announcement</u> S\$ million
(i)	Business expansion through acquisitions, joint ventures and collaborations and funding needs of such business expansion	30.1	(30.1)	-
(ii)	General working capital purposes	3.3	-	3.3
		33.4	(30.1)	3.3

On 3 July 2018, the Company completed the issuance of 420,000,000 ordinary shares via placement and raised net proceeds of S\$25.16 million. The net proceeds have been fully utilized by the Company in the proposed acquisition of 51% of the entire issued and fully paid-up capital of Activpass Holdings Pte. Ltd.

ON BEHALF OF THE BOARD

Low Si Ren Kenneth
Executive Director

12 November 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume 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.

The contact person for the Sponsor is Mr Bernard Lui, Telephone: +65 6389 3000, Email: bernard.lui@morganlewis.com.