



# ALLIED TECHNOLOGIES LIMITED

## Financial Statement for the period ended 30 June 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			6 months ended		
	2Q FY18	2Q FY17	+ / (-)	1H FY18	1H FY17	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
		(restated)			(restated)	
<b>Continuing operations</b>						
Revenue	39,407	20,921	88%	66,167	42,900	54%
Other income	543	231	135%	645	428	51%
<b>Total revenue</b>	<b>39,950</b>	<b>21,152</b>	<b>89%</b>	<b>66,812</b>	<b>43,328</b>	<b>54%</b>
Change in inventories of finished goods and work-in-progress	639	620	3%	(831)	(121)	587%
Raw materials and consumables used	(18,981)	(14,811)	28%	(36,527)	(29,412)	24%
Depreciation expenses	(629)	(389)	62%	(1,104)	(756)	46%
Amortisation expenses	-	(3)	n.m.	(1)	(6)	(83%)
Staff costs	(4,215)	(2,985)	41%	(8,181)	(5,831)	40%
Other operating expenses	(3,405)	(2,308)	48%	(6,203)	(5,050)	23%
Procurement of e-commerce services	(12,209)	-	n.m.	(12,209)	-	n.m.
<b>Total operating expenses</b>	<b>(38,800)</b>	<b>(19,876)</b>	<b>95%</b>	<b>(65,056)</b>	<b>(41,176)</b>	<b>58%</b>
<b>Profit from operating activities</b>	<b>1,150</b>	<b>1,276</b>	<b>(10%)</b>	<b>1,756</b>	<b>2,152</b>	<b>(18%)</b>
Interest on borrowings	(48)	(21)	129%	(84)	(33)	155%
<b>Profit before tax from continuing operations</b>	<b>1,102</b>	<b>1,255</b>	<b>(12%)</b>	<b>1,672</b>	<b>2,119</b>	<b>(21%)</b>
Tax (expense)/credit	(43)	34	n.m.	(97)	18	n.m.
<b>Profit from continuing operations, net of tax</b>	<b>1,059</b>	<b>1,289</b>	<b>(18%)</b>	<b>1,575</b>	<b>2,137</b>	<b>(26%)</b>
<b>Discontinued operation</b>						
Profit from discontinued operation, net of tax	-	444	n.m.	97	1,158	(92%)
<b>Profit for the period</b>	<b>1,059</b>	<b>1,733</b>	<b>(39%)</b>	<b>1,672</b>	<b>3,295</b>	<b>(49%)</b>
<b>Attributable to:</b>						
<b>Owners of the Company</b>						
Profit from continuing operations, net of tax	635	1,289	(51%)	1,151	2,137	(46%)
Profit from discontinued operation, net of tax	-	444	n.m.	97	1,158	(92%)
<b>Profit for the period attributable to owners of the Company</b>	<b>635</b>	<b>1,733</b>	<b>(63%)</b>	<b>1,248</b>	<b>3,295</b>	<b>(62%)</b>
<b>Non-controlling interests</b>						
Profit from continuing operations, net of tax	424	-	n.m.	424	-	n.m.
Profit from discontinued operation, net of tax	-	-	n.m.	-	-	n.m.
<b>Profit for the period attributable to non-controlling interests</b>	<b>424</b>	<b>-</b>	<b>n.m.</b>	<b>424</b>	<b>-</b>	<b>n.m.</b>
<b>Statement of comprehensive income</b>						
<b>Profit for the period</b>	<b>1,059</b>	<b>1,733</b>	<b>(39%)</b>	<b>1,672</b>	<b>3,295</b>	<b>(49%)</b>
<i>Other comprehensive income</i>						
<b>Items that may be reclassified to profit or loss</b>						
Disposal of subsidiaries	-	-	n.m.	291	-	n.m.
Translation differences relating to financial statements of foreign subsidiaries	(125)	(302)	(59%)	326	(1,199)	n.m.
<b>Total comprehensive income for the period</b>	<b>934</b>	<b>1,431</b>	<b>(35%)</b>	<b>2,289</b>	<b>2,096</b>	<b>9%</b>
<b>Attributable to:</b>						
<b>Owners of the Company</b>	<b>484</b>	<b>1,431</b>	<b>(66%)</b>	<b>1,839</b>	<b>2,096</b>	<b>(12%)</b>
<b>Non-controlling interests</b>	<b>450</b>	<b>-</b>	<b>n.m.</b>	<b>450</b>	<b>-</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>	<b>934</b>	<b>1,431</b>	<b>(35%)</b>	<b>2,289</b>	<b>2,096</b>	<b>9%</b>

#### Note:

(i) n.m. - not meaningful

(ii) Profit and loss for 2Q FY2017 and 1H FY2017 have been restated in order to present the results of discontinued operation for comparative purposes.

**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 charging/(crediting) the following:

	GROUP					
	2Q FY18	2Q FY17	+ / (-)	1H FY18	1H FY17	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(a) <b>Raw materials and consumables used:</b>						
Allowance for inventory obsolescence	93	50	86%	136	101	35%
(b) <b>Other income:</b>						
Interest income	(11)	(13)	(15%)	(19)	(29)	(34%)
Dividend income from other investment	(187)	-	n.m.	(187)	-	n.m.
Returns from other investment	(202)	-	n.m.	(202)	-	n.m.
Gain on disposal of intangible assets	(30)	-	n.m.	(30)	-	n.m.
Gain on disposal of property, plant and equipment	(32)	-	n.m.	(21)	(5)	320%
Gain on liquidation of subsidiaries	-	(141)	n.m.	-	(141)	n.m.
Amortisation of deferred interest income	-	(80)	n.m.	(19)	(161)	(88%)
Amortisation of deferred compensation income	-	(119)	n.m.	(40)	(241)	(83%)
Rental income	(30)	(21)	43%	(72)	(43)	67%
(c) <b>Operating profit is stated after charging/(crediting):</b>						
Allowance for/(write back of) impairment on trade debtors	8	52	(85%)	(29)	29	n.m.
Loss on disposal of subsidiaries	-	-	n.m.	103	-	n.m.
Foreign exchange losses/(gains)	89	(55)	n.m.	(29)	556	n.m.

**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	
	30/06/18	31/12/17	30/06/18	31/12/17
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Intangible assets	30,413	124	-	-
Property, plant and equipment	21,769	20,572	-	93
Investment in subsidiaries	-	-	58,425	12,602
Investment in joint venture	-	-	-	-
Loan receivables from subsidiaries	-	-	3,726	13,638
Other investments	4,224	2,205	-	2,081
	56,406	22,901	62,151	28,414
<b>Current assets</b>				
Inventories	10,389	10,332	-	-
Amounts due from subsidiaries	-	-	22	4,760
Trade debtors	21,413	20,582	127	1,953
Other debtors	5,499	3,527	105	398
Prepayments and advances to suppliers	646	962	11	46
Fixed deposits	2,274	1,757	-	-
Cash and bank balances	46,797	58,051	38,282	51,215
	87,018	95,211	38,547	58,372
Assets of disposal group classified as held for sale	-	54,407	-	19,044
	87,018	149,618	38,547	77,416
<b>Current liabilities</b>				
Amount due to a subsidiary	-	-	49	139
Trade creditors	23,025	22,772	6	177
Hire purchase creditor	-	4	-	-
Other creditors and accruals	13,671	8,798	1,989	3,314
Deposit received	-	2,000	-	2,000
Income tax payable	53	118	-	-
Loans and borrowings	2,669	3,258	-	-
	39,418	36,950	2,044	5,630
Liabilities of disposal group classified as held for sale	-	32,728	-	-
	39,418	69,678	2,044	5,630
<b>Net current assets</b>	47,600	79,940	36,503	71,786
<b>Non-current liabilities</b>				
Other creditors and accruals	592	1,183	592	1,183
Loans and borrowings	1,875	1,877	-	-
	2,467	3,060	592	1,183
<b>TOTAL NET ASSETS</b>	<b>101,539</b>	<b>99,781</b>	<b>98,062</b>	<b>99,017</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	90,738	90,738	90,738	90,738
Foreign currency translation reserve	1,172	872	-	-
Statutory reserve fund	159	16	-	-
Other reserves	189	189	189	189
Retained earnings	9,227	6,319	7,135	8,090
Reserves of disposal group classified as held for sale	-	1,647	-	-
	101,485	99,781	98,062	99,017
<b>Non-controlling interests</b>	54	-	-	-
<b>TOTAL EQUITY</b>	<b>101,539</b>	<b>99,781</b>	<b>98,062</b>	<b>99,017</b>

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

Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,669	-	3,262	-

**Amount repayable after one year**

As at 30 June 2018		As at 31 December 2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,875	-	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 June**

	3 months ended		6 months ended	
	2Q FY18	2Q FY17	1H FY18	1H FY17
	S\$'000	S\$'000	S\$'000	S\$'000
		(restated)		(restated)
<b>Cash flows from operating activities</b>				
Profit before tax from continuing operations	1,102	1,255	1,672	2,119
Profit before tax from discontinued operation	-	444	97	1,158
Profit before tax, total	1,102	1,699	1,769	3,277
<b>Adjustments for:</b>				
Gain on disposal of property, plant and equipment	(32)	-	(21)	(5)
Gain on termination of club membership	(30)	-	(30)	(41)
Gain on liquidation of subsidiaries	-	(141)	-	(141)
Loss on disposal of subsidiaries	-	-	103	-
Depreciation of property, plant and equipment	629	867	1,261	1,727
Amortisation of intangible assets	-	3	1	6
Amortisation of deferred interest income	-	(80)	(19)	(161)
Amortisation of deferred compensation income	-	(119)	(40)	(241)
Interest income	(11)	(13)	(19)	(29)
Interest expense	48	119	134	184
Dividend income from other investment	(187)	-	(187)	-
Returns from other investment	(202)	-	(202)	-
Exchange differences	(213)	(110)	(309)	278
<b>Operating profit before working capital changes</b>	<b>1,104</b>	<b>2,225</b>	<b>2,441</b>	<b>4,854</b>
(Increase)/decrease in inventories	(667)	(860)	30	(285)
Decrease/(increase) in trade debtors and other debtors	2,175	(4,160)	3,589	(8,141)
Decrease in trade creditors and other creditors	(6,067)	(400)	(6,902)	(1,625)
Cash generated used in operations	(3,455)	(3,195)	(842)	(5,197)
Interest paid	(48)	(119)	(134)	(184)
Interest received	11	13	19	29
Tax paid	(45)	(16)	(178)	(16)
<b>Net cash used in operating activities</b>	<b>(3,537)</b>	<b>(3,317)</b>	<b>(1,135)</b>	<b>(5,368)</b>
<b>Cash flows from investing activities</b>				
Net cash flow on acquisition of subsidiaries	(29,002)	-	(29,002)	-
Proceeds from disposal of property, plant and equipment	203	-	203	5
Proceeds from disposal of intangible assets	90	-	151	45
Purchase of property, plant and equipment	(1,189)	(1,259)	(2,108)	(1,965)
Prepayment for building construction cost	-	(269)	-	(368)
Dividend receipt from other investment	187	-	187	-
Net cashflow on disposal of subsidiaries	23,000	-	20,083	-
<b>Net cash used in investing activities</b>	<b>(6,711)</b>	<b>(1,528)</b>	<b>(10,486)</b>	<b>(2,283)</b>
<b>Cash flows from financing activities</b>				
Dividend paid on ordinary shares	(135)	-	(135)	-
Net decrease in hire purchase creditors	(2)	(2)	(4)	(4)
Drawdown of bank borrowings	1,642	4,725	3,157	13,230
Repayment of bank borrowings	(1,607)	(727)	(3,869)	(5,600)
Increase in fixed deposits	(417)	(2,352)	(478)	(2,321)
<b>Net cash (used in)/generated from financing activities</b>	<b>(519)</b>	<b>1,644</b>	<b>(1,329)</b>	<b>5,305</b>
Net decrease in cash and cash equivalents	(10,767)	(3,201)	(12,950)	(2,346)
Cash and cash equivalents at beginning of period	57,501	14,365	59,618	13,939
Effects of exchange rates on opening cash and cash equivalents	63	30	129	(399)
<b>Cash and cash equivalents at end of period</b>	<b>46,797</b>	<b>11,194</b>	<b>46,797</b>	<b>11,194</b>

**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 June  
(In S\$'000)**

	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
<b>Group</b>									
<b>Balance as at 1 January 2018</b>	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)	-	-	-
<b>Balance as at 31 March 2018</b>	<b>90,738</b>	<b>1,323</b>	<b>16</b>	<b>189</b>	<b>8,870</b>	<b>-</b>	<b>101,136</b>	<b>-</b>	<b>101,136</b>
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)	-	-	-	-
<b>Balance as at 30 June 2018</b>	<b>90,738</b>	<b>1,172</b>	<b>159</b>	<b>189</b>	<b>9,227</b>	<b>-</b>	<b>101,485</b>	<b>54</b>	<b>101,539</b>
<b>Balance as at 1 January 2017</b>	57,337	1,050	1,938	189	3,060	-	63,574	-	63,574
Total comprehensive income for the period	-	(897)	-	-	1,562	-	665	-	665
<b>Balance as at 31 March 2017</b>	<b>57,337</b>	<b>153</b>	<b>1,938</b>	<b>189</b>	<b>4,622</b>	<b>-</b>	<b>64,239</b>	<b>-</b>	<b>64,239</b>
Total comprehensive income for the period	-	(302)	-	-	1,733	-	1,431	-	1,431
<b>Balance as at 30 June 2017</b>	<b>57,337</b>	<b>(149)</b>	<b>1,938</b>	<b>189</b>	<b>6,355</b>	<b>-</b>	<b>65,670</b>	<b>-</b>	<b>65,670</b>

- 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)

	Share capital	Other reserves	Retained earnings	Total equity attributable to owners of the Company
<b><u>Company</u></b>				
<b>Balance as at 1 January 2018</b>	90,738	189	8,090	99,017
Total comprehensive income for the period	-	-	(344)	(344)
<b>Balance as at 31 March 2018</b>	<b>90,738</b>	<b>189</b>	<b>7,746</b>	<b>98,673</b>
Total comprehensive income for the period	-	-	(476)	(476)
Dividend paid during the year	-	-	(135)	(135)
<b>Balance as at 30 June 2018</b>	<b>90,738</b>	<b>189</b>	<b>7,135</b>	<b>98,062</b>
 <b>Balance as at 1 January 2017</b>	 57,337	 189	 2,537	 60,063
Total comprehensive income for the period	-	-	(512)	(512)
<b>Balance as at 31 March 2017</b>	<b>57,337</b>	<b>189</b>	<b>2,025</b>	<b>59,551</b>
Total comprehensive income for the period	-	-	3,526	3,526
<b>Balance as at 30 June 2017</b>	<b>57,337</b>	<b>189</b>	<b>5,551</b>	<b>63,077</b>

- 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**

	<b>No. of ordinary shares ( '000)</b>	<b>Amount (S\$'000)</b>
<b>As at 30 June 2018 and 31 December 2017</b>	1,350,329	90,738

As at 30 June 2018 and 30 June 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.**

	<b>30 June 2018</b>	<b>31 December 2017</b>
Total number of issued shares ('000) (excluding treasury shares)	1,350,329	1,350,329

There were no treasury shares as at 30 June 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 June 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 June 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**

	<b>3 months ended</b>		<b>6 months ended</b>	
The Group	<b><u>2Q FY18</u></b>	<b><u>2Q FY17</u></b>	<b><u>1H FY18</u></b>	<b><u>1H FY17</u></b>
<u>Earnings (\$'000)</u>				
<u>Attributable to the equity holders of the Company</u>				
Profit from continuing operations, net of tax	635	1,289	1,151	2,137
Profit for the year	635	1,733	1,248	3,295
Earnings per share from continuing operations (cents)				
- Basic and diluted	0.05	0.19	0.09	0.32
Earnings per share (cents)				
- Basic and diluted	0.05	0.26	0.09	0.49
Weighted average number of ordinary shares ('000)	1,350,329	675,164	1,350,329	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**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-18</b>	<b>31-Dec-17</b>	<b>30-Jun-18</b>	<b>31-Dec-17</b>
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	7.52	7.39	7.26	7.33
Net asset value as at end of period (\$'000)	101,539	99,781	98,062	99,017
No. of ordinary shares ('000)	1,350,329	1,350,329	1,350,329	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. Revenue

**Continuing operations**

The Group has reported an increase in revenues by 88% and 54% in 2Q FY2018 and 1H FY2018, respectively, as compared to 2Q FY2017 to 1H FY2017. This is mainly due to the consolidation of revenue generated by Asia Box Office Pte Ltd ("**ABO**") and its subsidiary ("**ABO Group**") in 2Q FY2018. The Company completed acquisition of 51% of ordinary shares in ABO on 4 April 2018.

The increase in revenue is also contributed by the increase in revenue of precision metal stamping business recorded by the Company's subsidiaries located in Singapore, Malaysia, Vietnam and Thailand.

**Precision Metal Stamping**

In 2Q 2018, the Company and its Singapore and Malaysia subsidiaries recorded an increase in revenue of S\$1.76 million in total, mainly resulting from higher sales demand from the existing main customers.

The revenues recorded by both Vietnam and Thailand subsidiaries have increased by S\$3.19 million and S\$0.06 million, respectively, in 2Q FY2018. The increases are mainly due to higher sales orders received from its existing and new customers.

**E-commerce**

ABO Group has recorded a revenue of S\$13.47 million in Q2 FY2018, which is mainly derived from one of the major events, which is the Cirque Du Soleil Inc.'s Big Top touring show "KOOZA" in Hong Kong. The revenue mainly consists of sales of ticketing, merchandise, food and beverages.

**Other income**

Other 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 property, plant and equipment ("**PPE**").

Other income of the Group's continuing operations in 2Q FY2018 and 1H FY2018 are higher than that in 2Q FY2017 and 1H FY2017 by S\$0.3 million and S\$0.2 million, respectively. This is mainly due to the recognition of the returns from other investments and rental income in 2Q FY2018. The increase is partly offset by the absence of amortisation of interest income, amortisation of compensation income, and gain on liquidation of subsidiaries that were recorded in 2Q FY2017.

**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 2Q and 1H FY2017.

## **b. Operating results**

### **Continuing operations**

The Group recorded profit before interest and tax (“**PBIT**”) of S\$1.15 million and S\$1.76 million in 2Q FY2018 and 1H FY2018, respectively, compared to PBIT of S\$1.28 million and S\$2.15 million in 2Q FY 2017 and 1H FY2017. The PBIT is mainly contributed by the Company’s subsidiaries located in Singapore, Vietnam, Thailand and Hong Kong.

#### **Precision Metal Stamping**

The PBIT in 2Q FY2018 is lower than that in 2Q FY2017 despite higher revenue was recorded. This is mainly due to higher staff cost and depreciation expenses incurred during the period.

As one of the Malaysia subsidiaries has started its operation in end of December 2017, headcount has increased to meet the operation’s needs and higher depreciation expenses were being charged as a result of addition made in PPE for the factory. These have led to higher operation cost in 2Q FY2018.

#### **E-commerce**

Due to the different nature of business, the cost of sales that is directly attributable to the e-commerce business has been reported under the line “Procurement of e-commerce services”. ABO Group has reported a PBIT of S\$0.87 million in 2Q FY2018.

Overall, the Group’s continuing operations recorded a profit after tax of S\$0.64 million and S\$1.25 million, respectively, in 2Q FY2018 and 1H FY2018.

#### **Raw materials and consumables used**

Raw materials and consumables used by the Group in 2Q FY2018 and 1H FY2018 increased by 28% and 24%, respectively, compared to 2Q FY2017 and 1H FY2017.

These increases are higher than the increases in revenue recorded by precision metal stamping operation, due to change in material mix for the Group’s new products, which requires a higher percentage of raw material used.

#### **Depreciation and amortisation expenses**

Depreciation and amortisation expenses of the Group increased by 60% and 45% in 2Q FY2018 and 1H FY2018, respectively.

The increase is mainly attributed to the depreciation charged on those newly acquired PPE by the Malaysia subsidiary in 2Q FY2018 and 1Q FY2018.

#### **Staff costs**

Staff costs in 2Q FY2018 and 1H FY2018 increased by 41% and 40%, respectively.

The increase in staff costs is mainly due to increase in the Group’s headcount from 1,338 as at 30 June 2017 to 1,793 as at 30 June 2018.

#### **Other operating expenses**

Other operating expenses mainly include packaging costs, carriage inwards, utilities, foreign exchange differences and administrative expenses.

Other operating expenses in 2Q FY2018 increased by 48% mainly due to increase in revenue and consolidation of administrative expenses incurred by ABO Group.

#### Procurement of e-commerce services

Procurement of e-commerce services relates to the cost of sales directly attributable to the e-commerce revenue. It mainly consists of artiste fees, consultancy fee, event production cost, lounge cost and manpower cost that are relating to the events held.

#### Finance costs

The Group's finance costs have increased by S\$0.03 million and S\$0.05 million in 2Q FY2018 and 1H FY2018, respectively, due to repayments of bank borrowings made 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 2Q FY2017.

### **c. Balance Sheet**

#### Group

The intangible assets balance as at 30 June 2018 relates to the recognition of provisional goodwill arising from the acquisition of ABO. Other intangible assets recorded as at 31 December 2017 have been fully amortised and/or disposed of.

The increase in PPE from S\$20.57 million as at 31 December 2017 to S\$21.77 million as at 30 June 2018 is mainly due to addition of PPE and partly offset by the depreciation charged in 1H 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 June 2018, after the share of loss of JV.

Other investments balance has increased to S\$4.22 million due to the investment made by ABO in relation to professional tennis tournament.

As at 30 June 2018, as a result of higher revenue achieved, both the inventories and trade debtors balances have increased to S\$10.39 million and S\$21.41 million, respectively.

The Group's other debtors balances have increased to S\$5.50 million as at 30 June 2018 from S\$3.53 million as at 31 December 2017. The increase is mainly due to a deposit placement made by ABO to secure an upcoming show, amounting to S\$1.93 million, which is refundable in the event that the show is being cancelled. The higher other debtors balances is also partly due to the advances made by ABO to a joint venture company, ABO Labs Pte. Ltd., which was incorporated on 15 September 2017.

The Group's prepayments and advances to suppliers balances as at 30 June 2018 have decreased by S\$0.32 million, mainly due to the down payment and prepayments made to suppliers as at 31 December 2017 to purchase materials and machineries, have been reclassified to inventories and PPE, respectively.

Trade creditors balance has increased to S\$23.03 million as at 30 June 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\$14.26 million as at 30 June 2018. The increase is mainly attributable to an amount paid on behalf by a related party for ABO HK's KOOZA show expenses.

The Group's loans and borrowings has decreased to S\$4.54 million as at 30 June 2018. This is mainly due to the net repayment made to the banks by its Malaysia and Vietnam subsidiaries.

The equity attributable to owners of the Company has increased by S\$1.70 million to S\$101.49 million as at 30 June 2018. The increase is due to the 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 in ABO.

#### **d. Cash Flow Statements**

In 1H FY2018, the Group recorded a net cash used in operating activities of S\$1.14 million compared to that of S\$5.37 million in 1H 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 1H FY2018 of S\$10.49 million. It is mainly due to net cash outflow of S\$29.00 million for ABO acquisition and PPE acquisition of S\$2.11 million in 1H FY2018. The net cash outflow has been partially offset by the receipt of balance consideration from the purchaser of ATSU, amounting to S\$23.00 million in 2Q FY2018.

In financing activities, the Group has recorded a net cash used of S\$1.33 million mainly due to the net repayment of bank borrowings of S\$0.71 million by its Malaysia subsidiaries and 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. With the economic uncertainties ahead, the Group foresees increase production costs across the region as well as stiffer pricing competition for its precision engineering business. Therefore, the Group expects to face challenging business conditions in the next 12 months.

With regards to its e-commerce businesses, subsequent to the completion of its acquisition in Asia Box Office Pte Ltd ("**ABO**"), an online ticketing and events business in April 2018, ABO continues to explore tie-ups with event organisers for a variety of local and regional events in the coming months.

In July 2018, the Group completed an acquisition of a 51% of the entire issued and paid-up share capital of Activpass Holdings Pte. Ltd. ("**Activpass**") as part of its diversification strategy to deepen its involvement in the ecommerce sector. Activpass is in the business of operating a suite of Software as a Service (SaaS) solutions that caters to the ecommerce needs of the wellness and beauty industries. Activpass is in the process of developing inroads into a number of key corporate partnerships, particularly in the banking, insurance and retail sectors.

In May 2018, the Group announced it had signed an investment agreement to acquire up to 25% of the total enlarged share capital of 8travelpay Intelligence Co., Ltd, a company incorporated in the People's Republic of China and is principally in the business of providing payment and technology solutions to the corporate travel market. The final completion of the investment is still subject to approval by the relevant local authorities in China. We will update shareholders as and when further progress and developments are made with respect to this proposed investment.

Overall as trade tensions between the US and China intensifies, the Group foresees that demand for both our precision engineering and ecommerce services may be curtailed in Singapore and ASEAN markets which continues to be our key markets. Hence, the Group continues to adopt a cautious approach in terms of business expansion as it monitors the headwinds caused by potential trade tensions.

## **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 June 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, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the second quarter ended 30 June 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 the vendor.

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

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

Poh Wee Chiow, Roger  
Executive Director

14 August 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.*

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