ALLIED TECHNOLOGIES LIMITED

Company Registration No: 199004310E

FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2021

*Pursuant to the Notice of Compliance in relation to the requirement to perform quarterly reporting issued by Singapore Exchange Regulation Pte Ltd ("**SGX Regco**") on 6 February 2020, the Company is required to continue with the quarterly reporting of its unaudited financial statements under Rules 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") with effect from 7 February 2020.*

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), 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.

	Note	GROUP 3 months ended 1Q2021 S$'000	1Q2020 S$'000	+/(-) %
Revenue		37,654	31,854	18%
Cost of revenue		(35,380)	(30,328)	17%
Gross profit		2,274	1,526	49%
Other income		268	113	137%
General and administrative expenses		(1,676)	(1,574)	6%
Finance costs		(192)	(284)	(32%)
Profit/(loss) before tax	A	674	(219)	n.m
Income tax expense	B	(87)	(81)	7%
Profit/(loss) for the financial period		**587**	**(300)**	n.m
Attributable to:				
Owners of the Company		601	(267)	n.m
Non-controlling interests		(14)	(33)	(58%)
Profit/(loss) for the financial period attributable to non-controlling interests		**587**	**(300)**	n.m
Profit/(loss) per share (cents per share)				
- Basic		0.03	(0.02)	
- Diluted		0.03	(0.02)	
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation of foreign subsidiaries		(172)	26	n.m
Total comprehensive income for the financial period		**415**	**(274)**	n.m
Attributable to:				
Owners of the Company		430	(236)	n.m
Non-controlling interests		(15)	(38)	(61%)
Total comprehensive income for the financial period		**415**	**(274)**	n.m

Notes:

n.m - not meaningful

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)

Notes:

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

		GROUP		
		1Q2021	1Q2020	+/(-)
		S$'000	S$'000	
(a)	**Cost of revenue:**			
	Write-back of for inventory obsolescence	(99)	(22)	350%
	Depreciation of property, plant and equipment	645	646	(0%)
	Depreciation of right-of-use assets	149	149	0%
	Salaries, bonus and other costs	4,192	4,204	(0%)
(b)	**Other income:**			
	Interest income	(6)	(12)	(50%)
	Gain on disposal of property, plant and equipment	(9)	-	n.m
	Job Support Scheme grant	38	-	n.m
(c)	**General and administrative expenses:**			
	Legal and other professional fees	95	111	(14%)
	Salaries, bonus and other costs	795	857	(7%)
	Allowance/(write-back of) for impairment on :			
	- trade debtors	2	(1)	n.m
	Depreciation of property, plant and equipment	76	99	(23%)
	Depreciation of right-of-use assets	57	58	(2%)
	Foreign exchange gain	(26)	(336)	(92%)
(d)	**Finance costs**			
	Interest of loans and borrowings	125	207	(40%)
	Interest of lease liabilities	67	77	(13%)

B: Major components of income tax expense

Current income tax			
- Current income taxation	86	66	30%
- Under provision in respect of previous years	1	15	(93%)
Income tax recognised in profit or loss	87	81	7%

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	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Intangible assets	-	-	-	-
Property, plant and equipment	24,910	25,620	2	2
Right-of-use assets	4,358	4,615	-	-
Investment in joint venture	-	-	-	-
Investment in subsidiary companies	-	-	30,925	30,925
Goodwill	-	-	-	-
Loan receivables from subsidiary companies	-	-	7	-
Other investments	2,361	2,361	-	-
	31,629	32,596	30,934	30,927
Current assets				
Inventories	11,301	13,534	-	-
Amounts due from subsidiary companies	-	-	12	-
Trade debtors	28,564	22,988	-	-
Other debtors	1,082	986	16	19
Contract assets	282	283	-	-
Prepayments and advances to suppliers	520	229	5	3
Fixed deposits	1,970	1,676	-	-
Cash and bank balances	9,668	8,899	41	8
Amount due from a law firm	33,153	33,153	33,153	33,153
	86,540	81,748	33,227	33,183
Current liabilities				
Amount due to a subsidiary	-	-	1,949	1,646
Trade creditors	27,179	24,918	-	-
Contract liabilities	524	184	-	-
Lease liabilities	827	858	-	-
Other creditors and accruals	7,409	7,315	2,093	2,149
Deferred grant income	17	54	-	-
Amount due to a former director	1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder of a subsidiary	417	415	-	-
Loans and borrowings	5,052	3,792	-	-
Income tax payable	91	84	-	-
	42,699	38,803	5,225	4,978
Net current assets	43,841	42,945	28,002	28,205
Non-current liabilities				
Accruals	88	85	-	-
Lease liabilities	4,008	4,242	-	-
Loans and borrowings	5,655	5,910	-	-
Deferred tax liabilities	19	19	-	-
	9,770	10,256	-	-
TOTAL NET ASSETS	65,700	65,285	58,936	59,132
Equity attributable to owners of the Company				
Share capital	115,898	115,898	115,898	115,898
Statutory reserve fund	241	241	-	-
Other reserves	189	189	189	189
Fair value adjustment reserve	156	156	-	-
Accumulated losses	(48,761)	(49,362)	(57,151)	(56,955)
Foreign currency translation reserve	864	1,035	-	-
	68,587	68,157	58,936	59,132
Non-controlling interests	(2,887)	(2,872)	-	-
	65,700	65,285	58,936	59,132

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

Amount repayable in one year or less, or on demand

GROUP 31.03.2021		GROUP 31.12.2020	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
5,052	908	3,792	906

Amount repayable after one year

GROUP 31.03.2021		GROUP 31.12.2020	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
5,655	-	5,910	-

Details of any collateral

The Group's borrowings comprise the following:
(i) amounts due to bankers;
(ii) amount due to a non-controlling shareholder of a subsidiary;
(iii) amount due to a director-related company (included in other creditors and accruals); and
(iv) amount due to a director (included in other creditors and accruals).

The amounts due to bankers are secured facilities granted to the Group. The secured facilities granted are secured by:

(1) fixed deposits placement by the Company's respective subsidiaries;
(2) land and properties of the respective subsidiaries;
(3) a debenture by way of fixed and floating charge over the entire assets of a subsidiary; and
(4) agreed amounts of corporate guarantee provided by the Company and/or its subsidiary.

The amounts due to a non-controlling shareholder of a subsidiary, a director-related company and a director are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

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.

	Group 3 months ended 1Q2021 S$'000	1Q2020 S$'000
Cash flows from operating activities		
Profit/(loss) before tax total	674	(219)
Adjustments for:		
Gain on disposal of property, plant and equipment	(9)	-
Depreciation of property, plant and equipment	721	745
Depreciation of right of use assets	206	207
Interest income	(6)	(12)
Interest expense	125	207
Interest expense - lease liabilities	67	77
Exchange differences	(32)	(314)
Operating profit before working capital changes	**1,746**	**691**
Decrease in inventories	2,281	2,784
(Increase)/decrease in trade debtors and other debtors	(5,799)	6,524
Increase/(decrease) in trade creditors and other creditors	2,470	(6,525)
Cash generated from operations	698	3,474
Interest paid	(125)	(207)
Interest paid for lease liabilities	(67)	(77)
Interest received	6	12
Tax paid	(82)	(172)
Net cash flows generated from operating activities	**430**	**3,030**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	(47)	-
Purchase of property, plant and equipment	(138)	(390)
Net cash flows used in investing activities	**(185)**	**(390)**
Cash flows from financing activities		
Repayment of lease liabilities	(211)	(193)
Increase in amount due to non-controlling shareholder of a subsidiary	2	3
Drawdown of bank borrowings	7,981	8,060
Repayment of bank borrowings	(6,874)	(7,873)
Net (increase)/decrease in fixed deposit	(306)	1,105
Net cash flows generated from financing activities	**592**	**1,102**
Net increase in cash and cash equivalents	837	3,742
Cash and cash equivalents at beginning of period (Note A)	8,899	5,946
Effects of exchange rates on opening cash	(68)	87
Cash and cash equivalents at end of period	**9,668**	**9,775**

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 (cont'd).

Note A:

Reference is made to:

(a) the announcement of the Company on 8 May 2019 in relation to the notice of compliance dated 8 May 2019 received by the Company from the Singapore Exchange Securities Trading Limited, and in particular, the funds which have been deposited by the Company into an escrow account held by JLC Advisors LLP ("**JLC**"), a Singapore law firm; and

(b) the announcements of the Company on 23 May 2019, 25 May 2019, 28 May 2019 and 29 May 2019 in relation to escrow monies deposited with JLC.

The opening balance as at 1 January 2021 is not inclusive of the funds which have been deposited with JLC of S$33.15 million from JLC (the "**Escrow Funds**").

The Group and the Company have classified the cash of S$33.15 million (31 December 2020: S$33.15 million) and S$33.15 million (31 December 2020: S$33.15 million) as amount due from a law firm respectively as at 31 March 2021 instead of cash and cash equivalents as the Company is monitoring the situation closely and will take rigorous steps to protect its interests and the recovery of escrow funds of $33.15 million from JLC (the "**JLC Issue**"), as previously announced. However, the whereabouts of the Escrow Funds remain unclear to the Company as at the date of this Announcement. The Company will continue to provide further updates to shareholders on subsequent material developments.

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)

Group

	Ordinary shares $'000 $	Foreign currency translation reserve $'000 $	Statutory reserve fund $'000 $	Other reserves $'000 $	Fair value adjustment reserve $'000 $	Accumulated losses $'000 $	Total equity attributable to owners of the Company $'000 $	Non-controlling interests $'000 $	Total equity $'000 $
Balance as at 1 January 2021	115,898	1,035	241	189	156	(49,362)	68,157	(2,872)	65,285
Profit/(loss) for the period	-	-	-	-	-	601	601	(14)	587
Other comprehensive income:									
Foreign currency translation	-	(171)	-	-	-	-	(171)	(1)	(172)
Balance as at 31 March 2021	**115,898**	**864**	**241**	**189**	**156**	**(48,761)**	**68,587**	**(2,887)**	**65,700**
Balance as at 1 January 2020	115,898	1,116	231	189	(135)	(49,990)	67,309	(2,794)	64,515
Loss for the period	-	-	-	-	-	(267)	(267)	(33)	(300)
Other comprehensive income:									
Foreign currency translation	-	31	-	-	-	-	31	(5)	26
Balance as at 31 March 2020	**115,898**	**1,147**	**231**	**189**	**(135)**	**(50,257)**	**67,073**	**(2,832)**	**64,241**

(In S$'000)

Company

	Ordinary shares $	Other reserves $	Accumulated losses $	Total equity attributable to owners of the Company $
Balance as at 1 January 2021	115,898	189	(56,955)	**59,132**
Total comprehensive income for the period	-	-	(196)	(196)
Balance as at 31 March 2021	**115,898**	**189**	**(57,151)**	**58,936**
Balance as at 1 January 2020	115,898	189	(55,599)	**60,488**
Total comprehensive income for the period	-	-	(303)	(303)
Balance as at 31 March 2020	**115,898**	**189**	**(55,902)**	**60,185**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose 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.

	No. of ordinary shares '000	Amount S$'000
As at 31.03.2021, 31.12.2020 and 31.03.2020	1,770,329	115,898

Since 31 December 2020, there has been no change in share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose.

As at 31 March 2021, 30 December 2020 and 31 March 2020, 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.

	31.03.2021	31.12.2020
Total number of issued shares ('000) (excluding treasury shares)	1,770,329	1,770,329

There were no treasury shares as at 31 March 2021 and 31 December 2020.

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 31 March 2021.

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 31 March 2021.

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 as the figures have not been audited or reviewed by the Group's auditors.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue. (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Reference is made to pages 64 to 66 of the FY2019 Annual Report. The disclaimer of opinion by the Company's auditor arose from the following five (5) issues:

1) Funds held with JLC Advisors LLP (the "**Missing Funds**");
2) Purchase price allocation, impairment assessments of goodwill and interest in subsidiaries;
3) Asia Box Office Pte. Ltd. and its subsidiary;
4) On-going special audit and investigation; and
5) Going concern assumption.

(a) Updates on the efforts taken to resolve each outstanding audit issue highlighted above:

In relation to issues (1) to (4) above, the Company has, as announced on 14 June 2019, appointed PricewaterhouseCoopers Risk Services Pte Ltd as the Special Auditor to undertake a special audit to look into, amongst others, the issues pertaining to issues (1) to (4) above. To date, the Special Auditor has yet to complete the special audit and has given the Company an update as to the factors resulting in further time being required for the preparation and release of the special audit report, as set out in our announcement dated 15 April 2021. As such, the Company is not in a position to comment on the resolution of these issues at the present time. Notwithstanding the foregoing, the Company has provided its full cooperation during the course of the special audit. The board of directors (the "**Board**") will review the findings of the special audit and use its best efforts to resolve the outstanding issues surrounding the special audit.

As regards the Missing Funds, as the Company had stated in our announcement dated 23 May 2019, JLC informed the Company that the Company's funds of "*S$33.4 million*" had been purportedly paid out from the escrow account, and that JLC is still investigating, but has reasons to believe that the said funds were paid out on the instructions of its partner, Mr. Ong Su Aun, Jeffrey, and "*might have been unauthorized*". More information can be found in the Company's announcement dated 23 May 2019.

The Company noted from the media reports on the following dates that the managing director for JLC has since been charged in relation to the Company's Escrow Funds:

(i) On 24 February 2020, he has been charges with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the Escrow Funds;
(ii) On 30 June 2020, he has been charged with additional 15 different charges, 14 of which involving cheating the Company by deceiving the Company into believing its escrow account maintained by JLC contained certain balance amounts on certain dates; and
(iii) On 11 August 2020, he has been charged with additional 4 charges of criminal breach of trust as an attorney in relation to misappropriation of S$11.7 million from the escrow facility held by JLC for the Company.

However, the whereabouts of the escrow funds remain unclear to the Company as at the date of this announcement.

As the Company had previously announced on 30 July 2019, the Company had been advised by our legal counsel to await the conclusion of the special audit and/or further information before deciding on what steps to take, and against who, to recover the Missing Funds. This is in the interest of not incurring unnecessary costs. To date, the special audit is still ongoing, and to the best of the

Company's knowledge, the investigations by the Commercial Affairs Department is still ongoing, and such investigations may uncover further facts and/or relevant parties that might be culpable, and to which the Company is unaware of at the present time.

In any event, and as announced on, amongst others, our announcement of 30 July 2019, the Company had already taken all other practicable steps to recover the Missing Funds. More details can be found in our announcement of 30 July 2019.

In relation to issue (5) above, the Board, together with the management of the Company, has assessed and is of the view that the use of the going concern in the preparation of the financial statements for the financial year ended 31 December 2019 is still appropriate. The assumptions and measures for this assessment can be found in our announcement of 13 April 2020. In relation to the assumption set out in item (g) of the announcement dated 13 April 2020 and the Group's efforts in this regard, please refer to the Company's updates on the movement control orders implemented by the Malaysian Government and the COVID-19 situation in our announcement of 30 April 2020. The Group's factories have continued full operations since the announcement dated 30 April 2020.

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

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

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 2019.

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.

Not applicable.

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

	GROUP	
	3 months ended	
	1Q2021	1Q2020
Earnings/(loss) (S$'000)		
Attributable to the owners of the Company		
Profit/(loss) for the period/year	601	(267)
Earnings/(loss) per share (cents)		
- Basic	0.03	(0.02)
- Diluted	0.03	(0.02)
Weighted average number of ordinary shares ('000)	1,770,329	1,770,329

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

	Group		Company	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	3.71	3.69	3.33	3.34
Net asset value as at end of period/year (S$'000)	65,700	65,285	58,936	59,132
No. of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

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

The Group's revenue increased by 18% from S$31.85 million in 1Q2020 to S$37.65 million in 1Q2021 mainly attributable to the increase in revenue generated by the precision metal stamping segment.

Precision metal stamping

A breakdown of revenue by countries is set out as follows:

	3 months ended		
	1Q2021 $'000	1Q2020 $'000	1Q +/(-)
Singapore	128	349	(63%)
Malaysia	14,072	12,692	11%
Vietnam	20,326	17,057	19%
Thailand	3,128	1,748	79%
	37,654	31,846	18%

The precision metal stamping recorded an increase in revenue from S$31.85 million in 1Q2020 to S$37.65 million in 1Q2021 due to increase in demand of our customers' products mainly consisting of office equipment such as copiers and printers as a result of pent-up demand following a drop in demand caused by the initial discovery of the worldwide COVID-19 pandemic in 1Q2020.

E-commerce

E-commerce segment reported a decrease in revenue from S$8,000 in 1Q2020 to S$Nil in 1Q2021.

Asia Box Office Pte. Ltd. ("**ABO**") and its subsidiary, Asia Box Office (HK) Limited (collectively, "**ABO Group**") did not record revenue in 1Q2021 (1Q2020: S$Nil) as it is still facing challenges in securing contracts in light of the audit matters as announced on 8 May 2019. The COVID-19 pandemic has further worsened the situation as many physical concerts and events have been cancelled and/or postponed.

Activpass Holdings Pte. Ltd. ("**Activpass**") recorded a decrease in revenue from S$8,000 in 1Q2020 to S$Nil in 1Q2021. This is due to the audit matters as announced on 8 May 2019 which caused delay in funding and inability to secure funding internally and externally. As such, Activpass is unable to execute marketing plans locally and overseas to motivate merchants and users to join its platform.

b. Operating results

A breakdown of the Group's profit/(loss) before tax by segment is set out as follows:

	3 months ended		
	1Q2021 $'000	1Q2020 $'000	1Q +/(-)
Corporate	(196)	(303)	(35%)
Precision Metal Stamping	898	150	499%
E-commerce	(28)	(66)	(58%)
	674	(219)	n.m.

Note:
n.m. - not meaningful

The Group recorded profit before tax ("**PBT**") of S$0.67 million in 1Q2021 as compared to loss before tax ("**LBT**") of S$0.22 million in 1Q2020 mainly due to the higher profit recorded by the precision metal stamping segment and lower losses recorded by the corporate and e-commerce segments as shown in the breakdown above.

Corporate

The decrease in LBT by 35% from LBT of S$0.30 million in 1Q2020 to LBT of S$0.20 million 1Q2021 is mainly due to a decrease in payroll related costs and other general & administrative ("**G&A**") expenses as part of the cost control measures undertaken by the Company in light of the COVID-19 pandemic.

Precision metal stamping

The significant increase in PBT from S$0.15 million in 1Q2020 to S$0.90 million in 1Q2021 is largely due to the increase in revenue by 18% as highlighted in the revenue analysis section, increase in other income by 173% and decrease in finance costs by 32% (as further explained below).

E-commerce

The decrease in LBT by 58% from LBT of S$66,000 in 1Q2020 to LBT of S$28,000 1Q2021 is mainly due to the reasons mentioned in the revenue analysis section.

Cost of revenue

Cost of revenue ("**COR**") mainly consists of material cost, labour cost, sub-contractor cost and overhead costs. COR increased from S$30.33 million in 1Q2020 to S$35.38 million in 1Q2021. The movement in COR is in tandem with the increase in revenue from 1Q2020 to 1Q2021.

Depreciation

Depreciation of property, plant and equipment ("**PPE**") recorded in COR and G&A expenses amounted to an aggregate of S$0.72 million in 1Q2021 as compared to S$0.75 million in 1Q2020. The decrease is largely due to certain PPE that had fully depreciated.

Other income

Other income comprises mainly interest income, gain/(loss) on disposal of PPE and sundry income. The other income increased from S$0.11 million in 1Q2020 and to S$0.27 million in 1Q2021. The increase is mainly due to income of S$0.19 million arising from the Job Support Scheme ("**JSS**") announced by the Singapore Government at the Unity Budget 2020 to co-fund the wages of local employees, and hiring incentives given by the Malaysian government.

General and administrative expenses

G&A expenses mainly include professional fees, salaries and other payroll related costs, directors' fee, office expenses and foreign exchange (gain)/loss. G&A expenses increased from S$1.57 million in 1Q2020 to S$1.68 million in 1Q2021. The variance for this period is not material i.e. less than 10%.

Finance costs

Finance costs decreased from S$0.28 million in 1Q2020 to S$0.19 million in 1Q2021. The decrease is mainly due to lower interest on loans and borrowings as a result of decrease in interest rates between approximately 25 basis points to 100 basis points.

Income tax expense

The Group recorded an increase in income tax expense from S$81,000 in 1Q2020 to S$87,000 in 1Q2021. The variance for this period is not material i.e. less than 10%.

c. Balance Sheet

Group

Intangible assets relate to (i) goodwill arising from the acquisitions of ABO Group and Activpass in April 2018 and July 2018 respectively; (ii) contractual customer relationships arising from existing contracts in force with Activpass; and (iii) corporate contract arising from a material corporate contract with a fixed fee in force with Activpass that were acquired in a business combination in July 2018. Intangible assets are recorded at S$Nil as at 31 March 2021 and 31 December 2020 as they had been fully impaired as at 31 December 2019.

PPE decreased from S$25.68 million as at 31 December 2020 to S$24.91 million as at 31 March 2021 mainly due to depreciation charged of S$0.72 million, which is offset by additions in PPE of S$0.14 million.

Right-of-use assets ("**ROU**") decreased from S$4.62 million as at 31 December 2020 to S$4.36 million as at 31 March 2021 largely due to depreciation charged of S$0.21 million.

Investment in joint venture relates to the Group's 50% interest in the ownership and voting rights in a joint venture ("**JV**"), ABO Labs Pte. Ltd. that is held by ABO, amounting to S$50. This JV is incorporated in Singapore and its principal business activities are software consultancy and development of other software and programming activities with its main focus to develop a proprietary e-commerce ticketing system. The Group jointly controls the venture with another partner under the contractual agreement. The JV did not generate any revenue during the period. The Group has stopped recognising its share of loss and recorded its investment at S$Nil as at 31 March 2021 and 31 December 2020.

Other investments of S$2.36 million as at 31 March 2021 and 31 December 2020 relate to the unquoted shares of 3.85% interest in a Taiwanese company which is in the electronics components industry.

Inventories decreased from S$13.53 million as at 31 December 2020 to S$11.30 million as at 31 March 2021 mainly due to decrease in work-in-progress and finished goods as a result of delivery of goods to customers during the period.
Trade debtors increased from S$22.99 million as at 31 December 2020 to S$28.56 million as at 31 March 2021 largely due to the increase in revenue during the period as highlighted in the "Revenue" section.

Other debtors increased from S$0.99 million as at 31 December 2020 to S$1.08 million as at 31 March 2021 mainly due to VAT receivable, pending refund from the local tax authority of the overseas subsidiaries.

Contract assets of S$0.28 million as at 31 March 2021 and 31 December 2020 relate to the costs of ongoing tooling projects.

Prepayments and advances to suppliers increased from S$0.23 million as at 31 December 2020 to S$0.52 million as at 31 March 2021 largely due to the increase in prepayments made to suppliers to purchase services, insurance and maintenance of PPE.

Fixed deposits increased from S$1.68 million as at 31 December 2020 to S$1.97 million mainly due to conservation of short-term cashflows for operational requirements.

Amount due from a law firm relates to cash of S$33.15 million as at 31 March 2021 and 31 December 2020 which were held in escrow by JLC as disclosed in Note 1(c) of the announcement.

Trade creditors increased from S$24.92 million as at 31 December 2020 to S$27.18 million as at 31 March 2021 to mainly due to more purchases of materials made during the period as a result of the increase in demand as highlighted in the "Revenue" section.

Contract liabilities increased from S$0.18 million as at 31 December 2020 to S$0.52 million as at 31 March 2021 largely due to ongoing tooling projects which have yet to be completed.

Lease liabilities (current and non-current) decreased from S$5.10 million as at 31 December 2020 to S$4.84 million as at 31 March 2021 mainly due to payment of lease liabilities of S$0.28 million during the period.

Other creditors and accruals increased from S$7.32 million as at 31 December 2020 to S$7.41 million as at 31 March 2021 mainly due to increase in amount due to sundry creditors i.e. non-trade suppliers which is offset by payments made for accrued operating expenses such as payroll related costs and other miscellaneous expenses during the period.

Deferred grant income arises from the accounting treatment of the JSS.

Amount due to a former director relates to the compensation payable to a former director of the Company arising from the termination of service agreement with the director.

Amount due to a non-controlling shareholder of a subsidiary relates to advances from the 49% non-controlling shareholder of Activpass to fund the operations of Activpass and director's fee and allowance payable to the same non-controlling shareholder, who is also one of the directors of Activpass.

Loans and borrowings (current and non-current) increased from S$9.70 million as at 31 December 2020 to S$10.71 million as at 31 March 2021 mainly due to drawdown of bank borrowings of S$7.98 million for operational needs which is offset by repayment of bank borrowings of S$6.87 million made during the period.

Income tax payable increased from S$0.08 million as at 31 December 2020 to S$0.09 million as at 31 March 2021 largely due to provision of current period income tax and previous years' tax of S$0.09 million during the period which is offset by income tax of S$0.08 million paid.

Deferred tax liabilities mainly relate to temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, which include, amongst others, differences in depreciation and amortisation, fair value adjustments on acquisition of subsidiaries and unabsorbed capital allowances.

Equity attributable to owners of the Company increased from S$68.16 million as at 31 December 2020 to S$68.59 million as at 31 March 2021 largely due to profit for the period under review, of S$0.60 million.

Company

Loan receivables from subsidiaries increased from S$Nil as at 31 December 2020 to S$7,000 as at 31 March 2021 due to advances to subsidiaries for working capital.

Amount due from subsidiaries increased from S$Nil as at 31 December 2020 to S$12,000 as at 31 March 2021 due to fees charged for corporate support rendered by the Company.

Amount due to a subsidiary increased from S$1.65 million as at 31 December 2020 to S$1.95 million as at 31 March 2021 due to advances from a subsidiary to the Company for working capital.

d. Consolidated Cash Flow Statement

The Group recorded decrease in net cash flows generated from operating activities from S$3.03 million in 1Q2020 to S$0.43 million in 1Q2021 largely due to increase in trade debtors and trade creditors during the period.

The Group recorded decrease in net cash used in investing activities from S$0.40 million in 1Q2020 to S$0.19 million in 1Q2021 mainly due to decrease in capital expenditure to conserve cashflows for working capital.

The Group recorded decrease in net cash flows generated from financing activities from S$1.10 million in 1Q2020 to S$0.59 million in 1Q2021 mainly due to placement of fixed deposits to conserve cashflows for working capital.

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 within the next 12 months is expected to remain challenging for the Group in light of the uncertain global economic outlook and the JLC issue as disclosed in Note 1(c) of the announcement. The worsening business environment is further exacerbated by the COVID-19 issue that has particularly affected economies globally.

The COVID-19 pandemic and its effects on the global and domestic economy, coupled with the recent global chip shortage, may cause a decline in global demand and production for our customers' products, mainly consisting of office equipment such as copiers, which in turn may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months.

With the continuing spread of COVID-19 pandemic around the world, there is also no clear indication when COVID-19 can be eradicated globally and when business conditions and market sentiment can return to pre-COVID-19 levels. Besides streamlining its operations, the Group is also exploring possible

avenues for business opportunities in its precision metal stamping segment. The Group has explored ways, and will continue to look at ways to reduce expenditure. The Group will review and assess its existing business strategies and overall financial performance of the Group concurrently and carry out reorganisation and restructuring of the Group as and when appropriate.

The Group is also working towards completing the special audit, and resolving the audit issues highlighted by our auditor as announced on 8 May 2019. The Group is also taking all steps necessary to recover the Escrow Funds placed with JLC. Notwithstanding the foregoing, the Group will continue to engage and maintain good relationships with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group.

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 and the reason(s) for the decision.

No dividend for the period ended 31 March 2021 has been declared or recommended as the Company is in a loss-making position and an accumulated loss position.

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)

The Board of Directors of the Company hereby confirm to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group and the Company for the first quarter ended 31 March 2021 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 acquisition of 51% of the entire issued and fully paid-up capital of ABO Group ("**ABO Acquisition**"). Consideration sum of S$30.00 million and the ABO Acquisition related transaction costs of S$0.15 million had 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		**Allocation of Net Proceeds**	**Net Proceeds utilised as at the date of announcement**	**Balance of Net Proceeds as at the date of announcement**
		S$ 'million	S$ 'million	S$ 'million
(i)	Business expansion through acquisitions, joint ventures and collaborations and funding needs of such business expansion	30.06	(30.06)	-
(ii)	General working capital purposes	3.34	(0.09)	3.25
		33.40	(30.15)	3.25

The balance of net proceeds is held with JLC as part of the Escrow Funds pending recovery from JLC as disclosed in Note 1(c) of the announcement.

ON BEHALF OF THE BOARD

Leow Wee Kia Clement
Chief Executive Officer and Executive Director

12 May 2021