

Asiatravel.com



ASIATRavel.COM HOLDINGS LTD
(Company Registration No.: 199907534E)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

The Board of Directors of Asiatravel.com Holdings Ltd ("**Company**") and together with its subsidiaries, "**Group**") refers to its full year financial results announcement for the financial period ended 31 December 2017 ("**FP2017**") released on 1 March 2018 via SGXNet ("**Unaudited Financial Statements**"). Further reference is made to the audited financial statements of the Company for FP2017 ("**Audited Financial Statements**") which will be provided to the shareholders of the Company in due course.

Pursuant to Rule 704(5) of the Listing Manual - Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Company wishes to announce that there are certain adjustments made to the consolidated financial statements of the Group, statement of financial position and statement of changes in equity of the Company in the Audited Financial Statements as compared to what was disclosed in the Unaudited Financial Statements. The adjustments were made following the finalisation of the audit and a summary of the main adjustments is set out below.

During the release of the Unaudited Financial Statements on 1 March 2018, the Group was in the midst of a major restructuring exercise as announced by the Company on 14 February 2018. The Company had undertaken a comprehensive review of its various business lines and units and a restructuring exercise to divest, close and scale down loss making business lines and subsidiaries to focus on the Group's profitability. The Group has since completed the restructuring exercise which resulted in a further S\$5.2 million loss before income tax between the Unaudited Financial Statements and Audited Financial Statements, of which S\$2.6 million loss is attributable to owners of the Company.

Income statement

	GROUP S\$'000		Variance	Notes
	Audited Financial Statement	Unaudited Financial Statement	S\$'000	
Revenue				
Sales of services	168,617	168,861	(244)	
Other items of income				
Other income	1,571	1,986	(415)	
	<u>170,188</u>	<u>170,847</u>	<u>(659)</u>	
Items of expenses				
Changes in inventories	155,969	156,923	(954)	4
Amortisation of intangible assets	5,020	2,924	2,096	2
Salaries and employee benefits	15,752	15,782	(30)	
Depreciation of property, plant and equipment	1,348	1,348	-	
Impairment of property, plant and equipment	2,634	2,634	-	
Impairment of intangible assets and investment	1,174	1,787	(613)	3
Other operating expenses	22,575	18,483	4,092	1
Finance costs	184	174	10	
	<u>204,656</u>	<u>200,055</u>	<u>4,601</u>	
Loss before income tax	(34,468)	(29,208)	(5,260)	5
Income tax expense	(80)	(77)	(3)	
Loss net of tax	<u>(34,548)</u>	<u>(29,285)</u>	<u>(5,263)</u>	
Attributable to:				
Owners of the Company	(29,517)	(26,898)	(2,619)	5
Non-controlling interests	(5,031)	(2,387)	(2,644)	1&2
	<u>(34,548)</u>	<u>(29,285)</u>	<u>(5,263)</u>	

Balance Sheet

	Group S\$'000		Variance S\$'000	Notes	Company S\$'000		Variance S\$'000	Notes
	Audited Financial Statement	Unaudited Financial Statement			Audited Financial Statement	Unaudited Financial Statement		
Intangible assets	11,089	11,962	(873)	3	4,126	4,126	-	
Property, plant and equipment	1,459	1,399	60		263	62	201	
Investment in subsidiaries	-	-	-		6,402	9,461	(3,059)	9
Other investments	-	-	-		-	-	-	
Deferred tax assets	5	6	(1)		-	-	-	
	12,553	13,367	(814)		10,791	13,649	(2,858)	
Current Assets								
Inventories	1,589	2,042	(453)	6	-	-	-	
Trade receivables	2,310	8,606	(6,296)	1&7	1,224	2,597	(1,373)	7
Prepaid operating expenses	2,715	2,262	453	6	332	332	-	
Other receivables	3,163	10,198	(7,035)	8	63	7,521	(7,458)	8
Amounts due from subsidiaries	-	-	-		19,866	20,519	(653)	
Fixed deposits and cash pledged	1,959	1,959	-		1,791	1,791	-	
Cash and cash equivalents	1,636	1,651	(15)		618	618	-	
	13,372	26,718	(13,346)		23,894	33,378	(9,484)	
Current Liabilities								
Trade payables	9,259	8,575	684	8	46	-	46	
Deferred income	4,430	6,615	(2,185)	7	1,460	3,644	(2,184)	7
Other payables	10,264	10,162	102	4&7	3,954	3,812	142	4&7
Amounts due to subsidiaries	-	-	-		18,841	18,426	415	
Obligations under finance leases	386	386	-		35	35	-	
Income tax payable	23	23	-		-	-	-	
	24,362	25,761	(1,399)		24,336	25,917	(1,581)	
Net Current Assets	(10,990)	957	(11,947)		(442)	7,461	(7,903)	
Non-Current Liabilities								
Obligations under finance leases	161	161	-		88	88	-	
Deferred tax liabilities	2	3	1		-	-	-	
Net Assets	1,400	14,160	(12,760)		10,261	21,022	(10,761)	
Equity attributable to owners of the Company								
Share capital and treasury shares	68,593	68,593	-		68,593	68,593	-	
Reserves	(63,478)	(53,361)	(10,117)	5&8	(58,332)	(47,571)	(10,761)	
Shareholders' equity	5,115	15,232	(10,117)		10,261	21,022	(10,761)	
Non-controlling interests	(3,715)	(1,072)	(2,643)		-	-	-	
Total equity	1,400	14,160	(12,760)		10,261	21,022	(10,761)	

Statement of cash flows

	Audited Financial Statement S\$'000	Unaudited Financial Statement S\$'000	Variance S\$'000	Notes
Cash flow from operating activities :				
Loss before income tax and non-controlling interests	(34,468)	(29,208)	(5,260)	5
Adjustments for :				
Depreciation of property, plant and equipment	1,348	1,348	-	
Amortisation of intangible assets	5,020	2,924	2,096	2
Bad debts written off	10	10	-	
Interest expense	184	174	10	
Interest income	(11)	(11)	-	
Loss on disposal of property, plant and equipment (net)	105	104	1	
Inventories written down	247	248	(1)	
Exchange loss - unrealised	920	1,300	(380)	
Impairment of intangible assets and investments	1,174	1,787	(613)	3
Impairment of property, plant and equipment	2,634	2,634	-	
Provision for doubtful debts	5,572	1,042	4,530	1
Loss on acquisition of subsidiaries	237	(3)	240	
Operating loss before working capital changes	(17,028)	(17,651)	623	
Changes in working capital				
Decrease in inventories	2,369	1,915	454	6
Increase in receivables and prepaid operating expenses	7,559	6,713	846	6&7
Increase in payables	30	1,427	(1,397)	4,7&8
Cash used in operations	(7,070)	(7,596)	526	
Interest paid	(184)	(174)	(10)	
Interest received	11	11	-	
Income tax paid	(51)	(47)	(4)	
Translation adjustment	(292)	(1,121)	829	
Net cash used in operating activities	(7,586)	(8,927)	1,341	
Cash flows from investing activities :				
Purchase of property, plant and equipment	(658)	(605)	(53)	
Additional website development and software costs	(5,705)	(4,169)	(1,536)	2
Proceeds from sale of property, plant and equipment	142	-	142	
Acquisition of subsidiaries	768	768	-	
Net cash used in investing activities	(5,453)	(4,006)	(1,447)	
Cash flows from financing activities :				
Repayment of obligations under finance leases	(1,092)	(1,092)	-	
Net proceeds from issuance of new shares	9,222	9,222	-	
Share buy back	(66)	(66)	-	
Deposit received for convertible notes	2,500	2,500	-	
Increase in fixed deposit pledged	90	-	90	
Net cash generated from financing activities	10,654	10,564	90	
Cash and cash equivalents at the beginning of year	3,932	3,932	-	
Effects of exchange rate changes on cash and cash equivalents	89	88	1	
Cash and cash equivalents at end of the year	1,636	1,651	(15)	
Fixed deposit and cash pledged	1,959	1,959	-	
Total cash balance	3,595	3,610		

Notes of explanation to material differences

1. This relates mainly to the allowance for doubtful debt of two 50% owned subsidiaries involved in the offline travel business, as the Group intends to exit the offline travel business.
2. There was an amortisation of S\$0.9 million of intangible assets relating to one of the 50% owned subsidiary involved in the offline travel business, as the Group intends to exit the offline travel business. S\$1.5 million was attributed to the reclassification of impairment of intangible assets to amortisation of intangible assets. The remaining variance of S\$0.3 million was due to the reclassification of the loss on acquisition of subsidiaries to operating expenses.
3. There was additional impairment of intangible assets amounting to S\$0.9 million after assessing the goodwill arising from business combinations and a reclassification of S\$1.5 million of impairment of intangible assets to amortisation of intangible assets following an audit adjustment passed by one of the subsidiary's auditor.
4. This relates to the reversal of over accrued cost of sales following reconciliation with the Group's customers.
5. The difference of S\$5.2 million in the loss before income tax was mainly due to items explained in notes 1 to 4 above.
6. This was due to the reclassification of inventories to prepaid operating expenses due to an audit adjustment passed by one of the subsidiary's auditor.
7. There was a reduction in deferred income of S\$1.4 million due to an audit adjustment, which led to a corresponding decrease in trade receivables. S\$0.8 million of the deferred income was reclassified to other payables after reconciliation with the customers.
8. The outstanding convertible note of S\$7.5 million due from the Company's controlling shareholder was reversed as a result of an audit adjustment passed by the auditor due to a material uncertainty in relation to the receipt of S\$7.5 million from the Company's controlling shareholder as at 31 December 2017. There was a reversal of contra entries for trade payables and other receivables amounting to S\$0.5 million after reconciliation with the customer.
9. This relates to the impairment of investment in subsidiaries of S\$3 million at Company level.

By Order of the Board

Boh Tuang Poh
Executive Chairman and Chief Executive Officer
6 July 2018

*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of 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 and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement. The details of the contact person for the Sponsor are as follows:*

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