



A-Smart Holdings Ltd

(Registration No. 199902058Z)

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016

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

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP			
3 MONTHS ENDED			
Note	31 Oct 2016	31 Oct 2015	Increase / (decrease)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Revenue	1,876	1,773	5.8%
Other income	75	77	(2.6%)
Total Revenue	1,951	1,850	5.5%
Costs and expenses			
Changes in inventories of finished goods and work-in-progress	19	80	(76.3%)
Raw materials and consumables used	(565)	(430)	31.4%
Staff costs	(868)	(943)	(8.0%)
Depreciation	(80)	(55)	45.5%
Foreign currency (loss)/ gain	-	(2)	N.M.
Other operating expenses	(421)	(450)	(6.4%)
Finance costs	(15)	(11)	36.4%
(Loss)/Profit before tax	21	39	(46.2%)
Income tax	-	30	N.M.
Net (loss)/ profit of discontinued operations	-	(259)	N.M.
Net (loss)/profit for the period	21	(190)	(111.1%)
Attributable to:			
Equity holders of the parent	21	(188)	(111.2%)
Non- controlling interests	-	(2)	N.M.
Net (loss)/profit for the period	21	(190)	(111.1%)

N.M. : Not meaningful

1(a)(ii) Breakdown and explanatory notes to the income statement

Note 1 Other income comprises the following:

	3 MONTHS ENDED			
	31-Oct-16		31-Oct-15	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	\$'000	\$'000	\$'000	\$'000
Bad debts recovered	5	-	7	-
Rental income	7	-	-	-
Miscellaneous income	63	-	70	6
Total	75	-	77	6

Note 2 Finance costs comprise the following:

	3 MONTHS ENDED			
	31-Oct-16		31-Oct-15	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	\$'000	\$'000	\$'000	\$'000
Interest incurred for:				
- overdrafts	-	-	(5)	-
Hire purchase interest	(15)	-	(6)	-
Total	(15)	-	(11)	-

Note 3 Other operating expenses include the following:

	3 MONTHS ENDED			
	31-Oct-16		31-Oct-15	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	\$'000	\$'000	\$'000	\$'000
Marketing Expenses	(12)	-	(36)	(4)
Professional Fee	(58)	-	(1)	(1)
Operating lease expense - office, factories and warehouses	(149)	-	(152)	(98)

Note 4 Income tax comprises the following:

	3 MONTHS ENDED			
	31-Oct-16		31-Oct-15	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	\$'000	\$'000	\$'000	\$'000
Current tax- prior years	-	-	30	-

Note: N.M. – Not meaningful

1(a)(iii) A Statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial

	GROUP		
	3 MONTHS ENDED		
	31 Oct 2016	31 Oct 2015	Increase/ Decrease
	\$'000	\$'000	%
<u>Continuing Operations</u>			
Net profit for the period from continuing operations	21	270	(92.2%)
Other comprehensive (loss)/ income:			
Translation differences relating to financial statements of subsidiary corporations	3	(122)	(102.5%)
Other comprehensive income/ (loss) for the period from continuing operations	3	(122)	(102.5%)
Total comprehensive income for the period from continuing operations	24	148	(83.8%)
<u>Discontinued Operations</u>			
Net loss for the period from discontinued operations	-	(460)	N.M.
Other comprehensive loss:			
Translation differences arising on monetary items forming part of net investments in foreign operations	-	(300)	N.M.
Other comprehensive loss for the period from discontinued operations	-	(300)	N.M.
Total comprehensive loss for the period from discontinued operations	-	(760)	N.M.
Total comprehensive income/ (loss) attributable to:			
Equity holders of the parent	(9)	(609)	(98.5%)
Non-controlling interests	33	(3)	N.M.
Total comprehensive income/ (loss) for the period from continuing operations	24	(612)	(103.9%)

(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 Oct 2016	31 Jul 2016	31 Oct 2016	31 Jul 2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Plant and equipment	1,876	1,956	96	106
Investments in subsidiary corporations	-	-	6,000	6,000
Investment in associate corporations	1,377	-	-	-
	3,253	1,956	6,096	6,106
Current assets				
Inventories	131	112	-	-
Trade receivables	1,470	1,179	148	201
Other receivables	2,039	1,962	1,531	1,395
Non-trade amount due from subsidiary corporations	-	-	2,521	2,816
Cash and cash equivalents	5,791	2,768	4,827	1,944
	9,431	6,021	9,027	6,356
Total assets	12,684	7,977	15,123	12,462
Equity attributable to equity holders of the parent				
Share capital	134,271	130,301	134,271	130,301
Other reserves	(22)	(25)	57	57
Accumulated losses	(128,376)	(128,397)	(121,567)	(121,233)
	5,873	1,879	12,761	9,125
Non-controlling interests	145	178	-	-
Total equity	6,018	2,057	12,761	9,125
Non-current liabilities				
Obligations under finance lease	1,195	1,314	70	78
	1,195	1,314	70	78
Current liabilities				
Trade and other payables	4,929	4,064	2,245	3,228
Trade amount due to subsidiary corporations	-	-	17	-
Obligations under finance lease	520	520	30	30
Current tax payable	22	22	-	-
	5,471	4,606	2,292	3,258
Total liabilities	6,666	5,920	2,362	3,336
Total equity and liabilities	12,684	7,977	15,123	12,461

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

Amount repayable in one year or less, or on demand

As at 31 October 2016		As at 31 July 2016	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
520	-	520	-

Amount repayable after one year

As at 31 October 2016		As at 31 July 2016	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
1,195	-	1,314	-

Details of any collateral:

Secured borrowings at 31 October 2016 mainly refer to the following:

- a. Finance lease liabilities amounting to S\$1.72 million that are secured by the respective motor vehicles and machinery purchased under finance leases.

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

Note	Group	
	3 Months Ended	
	31 Oct 2016	31 Oct 2015
	\$'000	\$'000
Operating activities		
(Loss)/Profit before taxation	21	(220)
Adjustments for:		
Interest expense	15	11
Depreciation of plant and equipment	80	275
Operating (loss)/ profit before working capital changes	116	66
Changes in working capital:		
Inventories	(19)	(109)
Trade and other receivables	(368)	(437)
Trade and other payables	177	(1,157)
Cash used in operations	(94)	(1,637)
Income tax (paid)/ refund	-	30
Cash flows used in operating activities	(94)	(1,607)
Investing activities		
Purchase of plant and equipment	-	(45)
Payment for investment in associate corporation	(689)	-
Cash flows generated from investing activities	(689)	(45)
Financing activities		
Interest paid	(15)	(11)
Repayment of finance lease instalments	(119)	(14)
Proceeds from issuance of shares	3,970	-
Cash flows used in from financing activities	3,836	(25)
Foreign currency translation adjustments	(30)	(600)
Net increase in cash and cash equivalents	3,023	(2,277)
Cash and cash equivalents at beginning of the period	2,768	2,053
Cash and cash equivalents at end of the period	5,791	(224)

Explanatory notes to the consolidated cash flow statement

Note A. Cash and cash equivalents comprise the following:

	31 Oct 2016	31 Oct 2015
	\$'000	\$'000
Cash at bank and in hand	5,791	322
Fixed deposits	-	540
Cash and cash equivalents	5,791	862
Bank overdrafts (secured)	-	(546)
Fixed deposits pledged	-	(540)
Cash and cash equivalents in the cash flow statement	5,791	(224)

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the Group

Attributable to equity holders of the Company

	Share capital	Currency translation reserve	Share option reserve	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 August 2015	125,033	(9,997)	706	(107,296)	8,446	180	8,626
Total comprehensive loss for the period	-	(752)	-	(188)	(940)	(2)	(942)
At 31 October 2015	125,033	(10,749)	706	(107,484)	7,506	178	7,684
At 1 August 2016	130,301	(82)	57	(128,397)	1,879	178	2,057
Total comprehensive loss for the period	-	3	-	21	24	(33)	(9)
Issuance of ordinary shares pursuant to share placement	3,970	-	-	-	3,970	-	3,970
At 31 October 2016	134,271	(79)	57	(128,376)	5,873	145	6,018

Statement of Changes in Equity for the Company

Attributable to equity holders of the Company

	Share capital	Share option reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
At 1 August 2015	125,033	706	(118,871)	6,868
Total comprehensive income for the period	-	-	(113)	(113)
At 31 October 2015	125,033	706	(118,984)	6,755
At 1 August 2016	130,301	57	(121,233)	9,125
Total comprehensive income for the period	-	-	(334)	(334)
Issuance of ordinary shares pursuant to share placement	3,970	-	-	3,970
At 31 October 2016	134,271	57	(121,567)	12,761

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

In 1Q2017, the Company issued 5,714,282 new Placement Shares at a Placement Price of S\$0.70 per placement share. After the share placement, the issued share capital of the Company was increased from 106,912,080 Shares to 112,626,362 Shares.

Share Options

The Company has a share option scheme known as the Executives' Share Option Scheme 2001 (the "Option Scheme") which was approved by members of the Company at the Extraordinary General Meeting held on 25 June 2001. The Option Scheme expired in July 2010 without being renewed.

At 31 October 2016, there were 97,500 (31 July 2016: 97,500) outstanding share options which would entitle the holders to subscribe for a total of 97,500 ordinary shares of the Company (31 July 2016: 97,500) at a weighted average exercise price of S\$7.20 (31 July 2016: S\$7.20) per share. The last of these outstanding share options would lapse or expire should they remain unexercised by 28 February 2017.

- 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.**

The total number of issued shares as at 31 October 2016 was 112,626,362 (31 July 2016: 106,912,080). There were no treasury shares held by the Company at 31 October 2016.

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

Not applicable.

- 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 auditors of the Company.

- 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 Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 July 2016.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 July 2016, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 August 2016.

Financial Reporting Standards (“FRS”) which became effective for the Group’s financial period beginning 1 August 2016 are:

- Amendments to FRS 7 Disclosure Initiative
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- FRS 109 Financial Instruments
 - Illustrative Examples
 - Implementation Guidance
 - Amendments to Guidance on Other Standards
- FRS 115 Revenue from Contracts with Customers
- FRS 116 Leases
- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group does not expect any significant financial impact on the financial statements from the adoption of these amendments to FRSs.

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 ordinary share of the Group, after deducting any provision for preference dividends:	Group	
	Three Months (3 Months)	
	31 Oct 2016	31 Oct 2015
6(a) Based on the weighted average number of ordinary shares on issue (in cents)		
- Continuing operations	0.0196	0.0778
- Discontinued operations	-	(0.2919)
Weighted average number of ordinary shares (in million)	106.97	88.70
6(b) On a fully diluted basis (in cents)		
- Continuing operations	0.0196	0.0778
- Discontinued operations	-	(0.2919)
Weighted average number of ordinary shares (in million)	106.97	88.70

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 Oct 2016	31 Oct 2015	31 Oct 2016	31 Oct 2015
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in cents)	5.34	(2.05)	11.33	7.62

Net asset value per ordinary share as at 31 October 2016 is calculated based on the existing issued share capital of 112,626,482 ordinary shares outstanding as at 31 October 2016 (31 October 2015: 88,698,200).

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.**

8(a) INCOME STATEMENT

Revenue

Business Activity	Three-Month (3 Months Ended)			
	31 Oct 16	31 Oct 15	+ / (-)	+ / (-)
	S\$'000	S\$'000	S\$'000	%
Printing revenue	1,876	1,773	103	5.8%

Overview

The Group’s revenue for 1Q2017 is wholly derived from its printing segment as the Technology and Media and Events Management segments have yet to commence operations during 1Q2017.

For 1Q2017, the Group recorded Printing Revenue of S\$1.88 million, a 5.8% increase from the previous corresponding quarter. During the last quarter ended 31 July 2016, the Group acquired a new offset printing machine that is of the latest technology and the printing plant can now provide a wider range of commercial special print products.

Raw materials and consumables used and changes in inventories of finished goods and work-in-progress

In 1Q2017, the cost of raw materials and consumables such as paper, films and plates increased by 31.4% to S\$0.57 million compared to S\$0.43 million in 1Q2016, mainly due to an increase in outsourcing costs in this quarter to overcome production bottlenecks as a result of disruption caused by the trial run period spent on the new printing machine.

Other income

Other income was S\$0.08 million in 1Q2017, similar to 1Q2016.

Staff costs

Staff costs for 1Q2017 was S\$0.87 million, 8% lower than the S\$0.94 million in 1Q2016, mainly due to cost cutting measures.

Depreciation

Depreciation charges for 1Q2017 were higher than that of 1Q2016 mainly due to the depreciation charges recorded for the new offset printing machine.

Other operating expenses

Other operating expenses were 5.8% lower in 1Q2017 compared to 1Q2016, mainly due to cost cutting measures that were implemented. The Group had in 1Q2017 incurred higher one-off legal and professional fees for various corporate actions such as investment acquisitions and convening the Extraordinary Shareholders’ Meeting and therefore the other operating expenses in 1Q2017 would have been even lower if not for such expenditure.

Taxation

There was no taxation for the Group as the profitable companies within the Group had tax losses from prior years available for set off against the current year's taxable income. The taxation for 1Q2016 was a tax refund in relation to a prior year.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

The Group's plant and equipment of S\$1.88 million was lower at the end of 1Q2017 compared to 31 July 2016 due to the 1Q2017's depreciation charge.

Investment in associate corporations

The increase in the investment in associate corporations refers to the acquisition of 10% interest in the newly formed joint venture company, Sheng Siong (China) Supermarket Co., Ltd.

Trade and other receivables

Trade receivables increased by S\$0.29 million from S\$1.18 million as at 31 July 2016 to S\$1.47 million as at 31 October 2016 mainly due to uncollected receivable for sales mainly relating to 1Q2016.

Other receivables amounted to S\$2.0 million as at 31 October 2016, same as the amount as at 31 July 2016. These consist of the amount receivable for the sale of subsidiary corporations, deposit paid for a proposed acquisition and other deposits related to the printing operations.

Trade and other payables

Trade and other payables increased from S\$4.1 million as at 31 July 2016 to S\$4.9 million as at 31 October 2016 mainly due to S\$0.7 million that is the balance 50% payable for the share capital contribution committed for the Group's 10% stake in the joint venture - Sheng Siong (China) Supermarket Co. Ltd (investment in associate corporation).

Borrowings

The Group's borrowings consist only of finance lease obligations and the quarterly decline from 31 July 2016 to 31 October 2016 is due to the instalment payments made during 1Q2017.

REVIEW OF CASH FLOWS

In 1Q2017, the Group's cash and cash equivalents increased by S\$3.0 million mainly due to the S\$4.0 million proceeds received from a share placement exercise, partially offset by the payment for the share capital contribution of S\$0.7 million regarding the investment in 10% equity stake of Sheng Siong (China) Supermarket Co. Ltd.

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

Not applicable.

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 Group has managed to stay profitable in the first quarter of FY2017 despite having retained just the Singapore operations after the recent restructuring of the Group through a disposal of subsidiary corporations exercise.

A brief update of the status of the new business segments is provided as follows:

Smart technologies segment

The Group's technology business is expected to commence in 2Q2017. A newly incorporated wholly owned subsidiary, A-Smart Technologies Pte Ltd, will develop and/or work in partnership with reputable overseas developers to introduce to the Singapore market hi-tech products such as intelligent IT solutions for the F&B sector, bespoke smart gadgets, E Commerce mobile applications and portals, visual and augmented reality software for the retail sector etc. By diversifying towards smart technologies for urban living, the Group aims to become one of the leading smart innovators through serving Singapore's growth as a Smart Nation and the rise of smart cities globally.

The proposed acquisition of Amplify Me Pte Ltd is still undergoing legal and financial due diligence which is expected to be concluded in the next few weeks. The Company will make further announcements to update the shareholders in due course.

Media and events management segment

The Group's media and events management arm whose activities are carried out under its wholly-owned subsidiary, A-Smart Media Pte Ltd, will be organising its maiden event, a 3D theatre musical show at the Star Theatre in Singapore on 6 and 7 January 2017.

A-Smart Media will also be the selling agent for the digital advertising space for mobile applications and portals operated by the Smart Technologies team.

Going forward, the Board is cautiously optimistic that the additional revenue contribution from the Group's new business segments will also contribute positively to its bottom line for the current financial year.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the present financial period?
No.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the previous corresponding period?
No.

(c) Date payable

Not Applicable.

(d) Book closure date

Not Applicable.

12 If no dividend has been declared or recommended, a statement to that effect

No dividend has been declared or recommended for the current financial period.

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.

There is no interested person transaction which is valued at more than S\$100,000 during the year under review and the company has not obtained any general mandate pursuant to Rule 920 of the Listing Manual.

14 Use of proceeds from rights issue and shares placement

- a) Further to the disclosure on Use of Proceeds in page 31 of the Company's annual report for FY2016, the Company wishes to update the shareholders that the proceeds from the Exercise of Warrants have been fully utilised and proceeds from the Share Placement of 5,712,282 shares on 21 October 2016 were partially utilised as follows:

	Use of Proceeds from exercise of Warrants (S\$'000)	Use of Proceeds from Share Placement (S\$'000)
Balance proceeds from the last announced	536	4,000
<u>Less:</u>		
<i>Payment for:</i>		
General working capital (made up of):	536	52
Long and outstanding trade and other payables	172	-
Corporate expenses (legal, professional and compliance fees)	193	-
Outstanding staff salaries	198	52
Total net proceeds balance from the Exercise of Warrants	Nil	3,948

15 Confirmation by the Board

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to its attention of which may render the interim financial statement for the financial period ended 31 October 2016 to be false or misleading in any material aspect.

16 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Lim Huan Chiang
Executive Chairman and CEO
14 December 2016