



A-Smart Holdings Ltd.

(Registration No. 199902058Z)

**UNAUDITED RESULTS FOR THE FIRST
QUARTER ENDED 31 OCTOBER 2018**

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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 2018	31 Oct 2017	Increase / (decrease)	
	<u>S\$'000</u>	<u>S\$'000</u>		<u>%</u>
	1,672	1,690		(1.1%)
Revenue				
Other income	35	38		(7.9%)
1				
Total Revenue	1,707	1,728		(1.2%)
Costs and expenses				
Changes in inventories	33	17		94.1%
Inventories used	(643)	(524)		22.7%
Staff costs	(833)	(936)		(11.0%)
Depreciation	(87)	(74)		17.6%
Foreign currency (loss)/gain -net	(1)	-		100.0%
Other operating expenses	(349)	(440)		(20.7%)
3				
Finance costs	(18)	(17)		5.9%
2				
Share of loss of an associated company	(23)	-		100.0%
Loss before taxation	(214)	(246)		(13.0%)
Income tax	-	-		N.M.
4				
Net loss for the period	(214)	(246)		(13.0%)
Attributable to:				
Equity holders of the Company	(214)	(246)		(13.0%)
Non- controlling interests	-	-		N.M.
	(214)	(246)		(13.0%)

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-18	31-Oct-17
	<u>S\$'000</u>	<u>S\$'000</u>
Government grants	14	24
Interest income	7	-
Rental income	6	-
Miscellaneous income	8	14
Total	<u>35</u>	<u>38</u>

Note 2 Finance costs comprise the following:

	3 MONTHS ENDED	
	31-Oct-18	31-Oct-17
	<u>S\$'000</u>	<u>S\$'000</u>
Interest expense - finance lease liabilities	(18)	(17)
Total	<u>(18)</u>	<u>(17)</u>

Note 3 Other operating expenses include the following:

	3 MONTHS ENDED	
	31-Oct-18	31-Oct-17
	<u>S\$'000</u>	<u>S\$'000</u>
Marketing expenses	(18)	(9)
Legal professional and compliance expenses	(15)	(53)
Operating lease expense - office, factories and warehouses	(122)	(152)

Note 4 Income tax comprises the following:

	3 MONTHS ENDED	
	31-Oct-18	31-Oct-17
	<u>S\$'000</u>	<u>S\$'000</u>
Current tax - prior years	-	-

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 year

	GROUP 3 MONTHS ENDED		
	31 Oct 2018 <u>S\$'000</u>	31 Oct 2017 <u>S\$'000</u>	Increase / (decrease) <u>%</u>
Net loss for the period	(214)	(246)	(13.0%)
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiary corporations and an associate	(29)	(3)	866.7%
Translation differences arising on monetary items forming part of net investments in foreign operations	24	-	100.0%
Other comprehensive loss for the period	(5)	(3)	66.7%
Total comprehensive loss for the period	(219)	(249)	(12.0%)
Total comprehensive income/ (loss) attributable to:			
Equity holders of the Company	(222)	(252)	(11.9%)
Non-controlling interests	3	3	-
	(219)	(249)	(12.0%)

(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 2018	31 Jul 2018	31 Oct 2018	31 Jul 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	1,632	1,714	62	75
Investments in subsidiary corporations	-	-	6,228	6,228
Investment in an associated company	1,231	1,289	-	-
	2,863	3,003	6,290	6,303
Current assets				
Inventories	587	554	-	-
Trade receivables	1,198	1,300	-	11
Other receivables	1,757	1,759	1,312	1,313
Trade amount due from subsidiary corporations	-	-	480	479
Non-trade amount due from subsidiary corporations	-	-	3,865	3,845
Cash and cash equivalents	7,192	7,202	5,343	5,609
	10,734	10,815	11,000	11,257
Total assets	13,597	13,818	17,290	17,560
Capital and reserves attributable to equity holders of the Company				
Share capital	139,159	139,159	139,159	139,159
Reserves	(129,146)	(128,924)	(139,762)	(139,518)
	10,013	10,235	(603)	(359)
Non-controlling interests	121	118	-	-
Total equity	10,134	10,353	(603)	(359)
Non-current liabilities				
Finance lease liabilities	517	569	2	10
	517	569	2	10
Current liabilities				
Trade and other payables	2,576	2,460	700	720
Trade amount due to subsidiary corporations	-	-	113	113
Non-trade amount due to subsidiary corporations	-	-	17,045	17,043
Finance lease liabilities	349	415	33	33
Current income tax liabilities	21	21	-	-
	2,946	2,896	17,891	17,909
Total liabilities	3,463	3,465	17,893	17,919
Total equity and liabilities	13,597	13,818	17,290	17,560

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 2018		As at 31 July 2018	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
349	-	415	-

Amount repayable after one year

As at 31 October 2018		As at 31 July 2018	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
517	-	569	-

Details of any collateral:

Secured borrowings at 31 October 2018 mainly refer to the following:

- a. Finance lease liabilities amounting to S\$0.80 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 2018	31 Oct 2017
	S\$'000	S\$'000
Operating activities		
Loss before taxation	(214)	(246)
Adjustments for:		
Allowance for doubtful debts	48	-
Interest expense	18	17
Interest income	(7)	-
Depreciation	87	74
Share of loss of an associated company	23	-
Operating loss before working capital changes	(45)	(155)
Changes in working capital:		
Inventories	(33)	(17)
Trade and other receivables	56	(7)
Trade and other payables	116	310
Cash generated from operations	94	131
Income tax paid	-	-
Cash flows generated from operating activities	94	131
Investing activities		
Interest received	7	-
Purchase of plant and equipment	(5)	(8)
Cash flows generated from/ (used in) investing activities	2	(8)
Financing activities		
Interest paid	(18)	(17)
Repayment of finance lease liabilities	(118)	(112)
Cash flows used in financing activities	(136)	(129)
Net decrease in cash and cash equivalents	(40)	(6)
Cash and cash equivalents at beginning of the period	7,202	3,665
Effects of currency translation on cash and cash equivalents	30	(6)
Cash and cash equivalents at end of the period	7,192	3,653

Explanatory notes to the consolidated cash flow statement

Note A. Cash and cash equivalents comprise the following:

	31 Oct 2018	31 Oct 2017
	S\$'000	S\$'000
Cash at bank and in hand	2,692	3,653
Fixed deposits	4,500	-
Cash and cash equivalents in the cash flow statement	7,192	3,653

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 S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 31 July 2018 (as previously stated)	139,159	(110)	(128,814)	10,235	118	10,353
Effects of adoption of SFRS(I)	-	85	(85)	-	-	-
At 1 August 2018 (as restated)	139,159	(25)	(128,899)	10,235	118	10,353
Total comprehensive loss for the period	-	(8)	(214)	(222)	3	(219)
At 31 October 2018	139,159	(33)	(129,113)	10,013	121	10,134
	Share Capital S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 31 July 2017 (as previously stated)	134,220	(85)	(128,208)	5,927	115	6,042
Effects of adoption of SFRS(I)	-	85	(85)	-	-	-
At 1 August 2017 (as restated)	134,220	-	(128,293)	5,927	115	6,042
Total comprehensive loss for the period	-	(3)	(246)	(249)	(3)	(252)
At 31 October 2017	134,220	(3)	(128,539)	5,678	112	5,790

Statement of Changes in Equity for the Company

Attributable to equity holders of the Company

	Share Capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 August 2017	134,220	(138,162)	(3,942)
Total comprehensive loss for the period	-	(372)	(372)
At 31 October 2017	134,220	(138,534)	(4,314)
At 1 August 2018	139,159	(139,518)	(359)
Total comprehensive loss for the period	-	(244)	(244)
At 31 October 2018	139,159	(139,762)	(603)

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.

There were no movements in the Company's share capital for the first quarter ended 31 October 2018.

As at 31 October 2018, there were no subsidiary holdings.

Warrants

On 20 July 2015, the Company issued 2,200,000,000 warrants each carrying the right to subscribe for one new ordinary share at the exercise price of S\$0.07 per new share. Pursuant to the Company's share consolidation exercise in February 2016 (every forty (40) ordinary shares consolidated into 1 (one) ordinary share), the 1,900,000,000 warrants that were outstanding as at 2 February 2016 were accordingly consolidated into 47,500,000 warrants and the exercise price of the warrants adjusted from S\$0.07 to S\$0.28 per new share.

At the end of 1Q2019, there were 36,786,000 warrants that can be converted into 36,786,000 ordinary shares at the exercise price of S\$0.28 per new share (1Q2018: 36,786,000 warrants).

No share warrants were exercised in 1Q2019 (1Q2018: Nil).

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 2018 was 119,776,362 (31 July 2018: 119,776,362). There were no treasury shares held by the Company at 31 October 2018.

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.

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.

During the financial period, there was no transaction pertaining to subsidiary holdings.

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 2018.

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 adopted SFRS(I) on 1 August 2018. Accordingly, the Group has elected the following relevant optional exemption provided in SFRS(I) 1 – First time adoption of SFRS(I) and has adopted SFRS(I) 9 – Financial instruments and SFRS(I) 15 – Revenue from Contracts with Customers.

(a) SFRS(I) 1 – First time adoption of SFRS(I)

The Group has elected the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 August 2017. As a result, cumulative translation losses of \$85,000 were reclassified from foreign currency translation reserve to accumulated losses as at 1 August 2017 for the Group. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before 1 August 2017.

(b) SFRS(I) 9 – Financial instruments

In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and record lifetime expected losses on all its receivables. The adoption of expected loss model does not have a material impact on the financial statements.

(c) SFRS(I) 15 – Revenue from Contracts with Customers

Under this standard, the revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The adoption does not have a material impact on the financial statements.

The adoption of SFRS(I) did not have any significant impact on the opening SFRS(I) statement of financial position.

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 2018	31 Oct 2017
6(a) Based on the weighted average number of ordinary shares on issue (in cents)	(0.18)	(0.22)
Weighted average number of ordinary shares (in million)	119.78	112.63
6(b) On a fully diluted basis (in cents)	(0.14)	(0.16)
Weighted average number of ordinary shares (in million)	156.56	149.41

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 2018	31 Oct 2017	31 Oct 2018	31 Oct 2017
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in cents)	8.46	5.14	(0.50)	(3.83)

Net asset value per ordinary share as at 31 October 2018 is calculated based on the existing issued share capital of 119,776,362 ordinary shares outstanding as at 31 October 2018 (31 October 2017: 112,626,362).

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.

INCOME STATEMENT

Revenue

Business Activity	Three month (3 Months Ended)			
	31 Oct 18	31 Oct 17	+ / (-)	+ / (-)
	S\$'000	S\$'000	S\$'000	%
Printing	1,660	1,690	(30)	(1.8%)
Smart Technology	12	-	12	100%
Total revenue	1,672	1,690	(18)	(1.1%)

The Group's Printing Revenue was S\$1.66 million in 1Q2019, comparable to what was recorded for 1Q2018.

The Group's technology segment commenced the b-to-b marketing and sale of Google home products in 1Q2019.

Inventories used and changes in inventories

Total inventories used and changes in inventories in 1Q2019 was S\$0.61 million, a 20.3% increase compared with 1Q2018, as higher levels of project specific materials were expensed off in 1Q2019.

Other income

Other income for 1Q2019 was S\$35,000 compared with S\$38,000 in 1Q2018, mainly due to lower government grants received in 1Q2019.

Staff costs

Staff costs for 1Q2019 was S\$0.83 million, 11% lower than the S\$0.94 million in 1Q2018, as the Group continues to streamline its operations.

Depreciation

Depreciation charges for 1Q2019 were higher compared to 1Q2018 due to the addition of new plant and equipment in 4QY2018.

Other operating expenses

Other operating expenses were 20.7% lower in 1Q2019 compared to 1Q2018. The Group incurred lower legal and professional fees, offset by an allowance for doubtful debts, in 1Q2019.

Share of loss of an associated company

The Group's share of loss of associated company in 1Q2019 was S\$23,000. The Group did not equity account for the results of the associated company in 1Q2018 as it was immaterial.

Taxation

There was no taxation for the Group's current year results as the profitable companies within the Group had tax losses from prior years available for set off against the current year's taxable income.

STATEMENT OF FINANCIAL POSITION

Plant and equipment

The Group's plant and equipment was S\$1.63 million as at 31 October 2018 compared with S\$1.71 million as at 31 July 2018, mainly due to the depreciation charge in 1Q2019.

Investment in an associate company

The investment in an associated company refers to the 10% interest that the Group holds in the joint venture company, Sheng Siong (China) Supermarket Co., Ltd. The investment decreased from S\$1.29 million to S\$1.23 million in 1Q2019 mainly due to the share of loss of associated company and currency translation adjustment during the current quarter.

Inventories

There was no significant movement in the level of inventories in 1Q2019.

Trade and other receivables

Trade receivables decreased by S\$0.10 million from S\$1.30 million as at 31 July 2018 to S\$1.20 million as at 31 October 2018 mainly due to the increase in receipts from customers.

There was no significant movement in the other receivables in 1Q2019.

Trade and other payables

Trade and other payables increased from S\$2.46 million as at 31 July 2018 to S\$2.58 million as at 31 October 2018 mainly due to the accrual of operating expenses in 1Q2019.

Borrowings

The Group's borrowings consist only of finance lease obligations and the quarterly decline from 31 July 2018 to 31 October 2018 is due to the instalment payments made during 1Q2019.

REVIEW OF CASH FLOWS

The Group's cash and cash equivalents decreased by S\$0.01million in 1Q2019 mainly due to the repayment of finance lease liabilities, offset by cash flows generated from operations, during the current quarter.

Aside from the above, there are no other material factors that affected the results, cash flow and the statement of financial position of the Group during the current quarter reported on.

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

Although the printing industry landscape remains challenging due to the advent of digital media, the Group is hopeful that its continued expansion of client base and product range through the adoption of technological advances will stabilise its revenue base.

The Group's recent partnership with Google in Singapore for the launch of Google Home, an artificial intelligence device, is ongoing. The Group is currently working with real estate developers and contractors to establish Google Home and Google Home Mini at local housing and property development projects. The Group is also collaborating with public organisations and private corporations to conduct educational programmes and the sale of our products focused on smart, intelligent living.

The Group's proposed property development and real estate business in Timor-Leste is also in progress, and recently obtained the surface rights for a new plot of land located at a prime location. Development of this plot of land is planned to commence in this financial year, subject to finalising commercial terms with the landlord.

Following the opening of the first Sheng Siong supermarket in Kunming, China, the associated company is maintaining the strategy of gradually expanding the chain of supermarket stores, while promoting the "Sheng Siong" brand locally.

The Group's new business segments have just commenced sales and we remain confident that the Group's restructuring is relevant for positive contribution. Our Group will continue to leverage on viable opportunities to diversify its revenue base in a sustainable manner and provide additional income streams for enhancing its business performance.

11 If a decision regarding dividend has been made:-

(a) Whether a final ordinary dividend has been declared (recommended) – None.

(b) (i) Amount per share (cents) – none.

(ii) Previous corresponding period (cents) – 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 the shareholders, this must be stated.

Not applicable.

(d) The date the dividend is payable.

Not applicable.

- (e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No interim 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 28 of the Company's Annual Report 2018, the Company wishes to update the shareholders that the proceeds from the Share Placement of 5,714,282 shares on 21 October 2016 have been utilised as follows:

	Use of Proceeds from Share Placement (S\$'000)
Balance proceeds from the last announced	1,417
<u>Less utilisation:</u>	
None	-
Total net proceeds balance from the Placement	1,417

- b) The Company raised net proceeds of S\$4,939,000 from a Share Placement of 7,150,000 shares on 9 January 2018 and to-date the net proceeds have not been utilised.

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 2018 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 Director and Chief Executive Officer
13 December 2018