



Securities Investors Association (Singapore)

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GST Reg No: M90367530Y

Issuer: Attilan Group Limited

Security: Attilan Group Limited

Meeting details:

Date: 25 July 2018

Time: 2.00 p.m.

Venue: 10 Hoe Chiang Road, #21-01 Keppel Towers, Singapore 089315



1. On 6 July **2018**, the company made an announcement titled “Discrepancies between unaudited and audited financial statements for the financial year ended 31 December 201[7].”

It disclosed that the company made certain adjustments to the Consolidated Statement of Comprehensive Income, Statements of Financial Position and Consolidated Statement of Cash Flows in the Audited Financial Statements.

The overall impact of the adjustments increased the group’s loss from \$(3.966) million to \$(5.176) million. Total assets increased by about \$600,000 while total liabilities increased by approximately \$700,000. Taking into account the increase in non-controlling interests of \$436,000, the group’s total equity decreased to \$(40.29) million.

On 5 April **2017**, the company also made a similar announcement for the financial year ended 31 December 2016, citing material variances and reclassifications to the unaudited financial statements following the finalisation of audit.

The audit committee comprises Jaleeludeen Bin Abu Baker (as chairman), Attlee Hue Kuan Yew and Balraj Singh Pannu a/l Gajjan Singh.

The board has stated the following:

The Board ensured that the members of the AC are appropriately qualified to discharge their responsibilities whereby at least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

- (i) Can the AC members help shareholders understand their individual relevant and recent accounting expertise and/or experience?**
- (ii) As management is responsible for the preparation of financial statements to give a true and fair view in accordance with the provisions of the Act and FRSS, how can shareholders get the assurance from the CEO and management that the financial statements are prepared in accordance with the provisions of the Act and FRSS?**
- (iii) As directors’ responsibilities include overseeing the group’s financial reporting process, can the board help shareholders understand how it has helped management to improve its financial reporting?**
- (iv) Has the AC evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**
- (v) What changes has the AC made to the group’s systems and processes to improve the quality and accuracy of the financial statements?**

2. Also on 6 July 2018, the company announced that its independent auditor had issued its report on the financial statements of the company and its subsidiaries for the financial year ended 31 December 2017 that contained a material uncertainty relating to the going concern assumption.

From the auditor's report dated 5 July 2018, the independent auditor had included a Disclaimer of opinion and did not express an opinion on the consolidated financial statements.

Listed under the Basis for Disclaimer of opinion is the financial effects of the Put Option agreements recognised as a \$24.5 million liability in the financial statements as at 31 December 2016 and 2017, relating to the valuation of the put option agreements entered into with certain third parties that provide the investors with the right to require the company to acquire their investments in preference shares issued by TAP Venture Fund I Pte. Ltd.

The auditors have stated that they have:

not been provided with sufficient appropriate audit evidence, nor were they able to perform alternative audit procedures, to ascertain that the financial effects, including the fair value of the Options have been appropriately assessed and adjusted in the consolidated financial statements of the Group, and the balance sheet of the Company, as at 31 December 2016 and 2017

One of the main functions of the audit committee (AC) is to "review the co-operation given by the Company's officers to the auditors."

- (i) Can the audit committee help shareholders understand why the independent auditors have not been provided with sufficient appropriate audit evidence to assess the impact of the above-mentioned Put options?**
- (ii) Specifically, what documents/evidence was asked by the independent auditors but was not provided to them?**
- (iii) Did the AC review the level of co-operation given by the company's officers to the auditors? If so, is the AC satisfied that the company's officers have fully cooperated with the auditors?**
- (iv) Can the AC justify management's treatment of the financial effects of the Put Option (as a liability of \$24.5 million on the balance sheet)?**
- (v) What is the current net asset value of TAP Venture Fund I Pte. Ltd?**

In addition, can the board explain how it is going to resolve the two issues raised by the Independent Auditors that formed the basis of the disclaimer of opinion?

3. In the Directors' Statement (page 26), the directors have stated that, in the opinion of the Board of Directors:

the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date;

- (i) Can the directors, especially the independent directors individually, justify why, in their opinion, the consolidated financial statements of the Group together with the notes thereon are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view?**

- (ii) How do the board and the audit committee reconcile their opinion (stated above) with the disclaimer of opinion by the independent auditors, specifically on the financial effects of the Put option agreements?**