



ADVANCED SYSTEMS AUTOMATION LIMITED

(Company Registration No: 198600740M)
(Incorporated in the Republic of Singapore)

Results for the First Quarter Financial Period Ended 31 March 2018

Unaudited Financial Statements and Dividend Announcement

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**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 announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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(Company Registration No: 198600740M)

(Incorporated in the Republic of Singapore)

Results for the First Quarter Financial Period Ended 31 March 2018 Unaudited Financial Statements and Dividend Announcement

The Board of Directors of the Company announces the unaudited financial results of the Group and the Company for the financial period ended 31 March 2018.

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

	Group		
	First Quarter Ended		
	<u>31/3/2018</u>	<u>31/3/2017</u>	<u>Change</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Revenue	7,774	5,785	34
Costs of sales	(6,347)	(4,684)	36
Gross profit	1,427	1,101	30
Selling and marketing costs	(659)	(569)	16
Research and development costs	(174)	(185)	(6)
General and administrative costs	(1,490)	(1,528)	(2)
Foreign exchange gain/(loss)	44	(164)	NM
Total operating costs	(2,279)	(2,446)	(7)
Operating loss before finance costs	(852)	(1,345)	(37)
Finance costs, net	(37)	(130)	(72)
Loss before taxation	(889)	(1,475)	(40)
Income tax expense	(82)	(74)	11
Net loss for the period	(971)	(1,549)	(37)
<u>Attributable to:</u>			
Owners of the Company	(957)	(1,521)	(37)
Non-controlling interests	(14)	(28)	(50)
Net loss for the period	(971)	(1,549)	(37)

NM: Not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year

Net loss for the period is derived after crediting/(charging) the following:

- Interest income
- Interest expense
- Depreciation of property, plant and equipment
- Gain on disposal of property, plant and equipment
- Write-back of allowance for trade receivables
- Allowance for other receivables
- (Allowance for)/write-back of allowance for stock obsolescence, net
- Provision for warranty

Group		
First Quarter Ended		
31/3/2018	31/3/2017	Change
S\$'000	S\$'000	%
6	4	50
(40)	(130)	(69)
(99)	(128)	(23)
51	-	NM
7	-	NM
(17)	-	NM
(84)	2	NM
(84)	(28)	200

Consolidated Statement of Comprehensive Income

Net loss for the period

Other comprehensive loss:

Items that may be reclassified subsequently to profit or loss:

Foreign currency translation

Total comprehensive loss for the period

Attributable to:

Owners of the Company

Non-controlling interests

Total comprehensive loss for the period

Group		
First Quarter Ended		
31/3/2018	31/3/2017	Change
S\$'000	S\$'000	%
(971)	(1,549)	(37)
(65)	(39)	67
<u>(1,036)</u>	<u>(1,588)</u>	(35)
(998)	(1,573)	(37)
(38)	(15)	153
<u>(1,036)</u>	<u>(1,588)</u>	(35)

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	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Intangible assets	64	64	64	64
Property, plant and equipment	2,409	2,014	-	-
Investments in subsidiaries	-	-	4,699	4,699
Deferred tax assets	55	53	-	-
Total non-current assets	2,528	2,131	4,763	4,763
Current assets				
Inventories	3,259	3,486	-	-
Trade receivables	10,049	8,953	-	-
Prepayments and advances	356	357	7	7
Other receivables	468	493	4	1
Amounts due from subsidiaries	-	-	3,863	3,484
Amounts due from related parties	756	537	37	1
Cash and cash equivalents	1,891	4,799	133	61
Total current assets	16,779	18,625	4,044	3,554
TOTAL ASSETS	19,307	20,756	8,807	8,317
EQUITY AND LIABILITIES				
Current liabilities				
Payables and accruals	10,291	10,999	405	324
Income tax payable	97	64	-	-
Lease creditors	9	9	-	-
Amounts due to subsidiaries	-	-	1,560	1,364
Amounts due to related parties	5,101	4,839	3,985	3,932
Total current liabilities	15,498	15,911	5,950	5,620
NET CURRENT ASSETS/(LIABILITIES)	1,281	2,714	(1,906)	(2,066)
NET ASSETS	3,809	4,845	2,857	2,697
Equity attributable to the owners of the Company				
Share capital	142,351	142,351	142,351	142,351
Reserves	(137,743)	(136,745)	(139,494)	(139,654)
	4,608	5,606	2,857	2,697
Non-controlling interests	(799)	(761)	-	-
TOTAL EQUITY	3,809	4,845	2,857	2,697
TOTAL EQUITY AND LIABILITIES	19,307	20,756	8,807	8,317

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

Amount repayable in one year or less, or on demand

<u>As at 31/3/2018</u>		<u>As at 31/12/2017</u>	
<u>S\$'000</u>		<u>S\$'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
9	5,417	9	5,208

Amount repayable after one year

<u>As at 31/3/2018</u>		<u>As at 31/12/2017</u>	
<u>S\$'000</u>		<u>S\$'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	-	-	-

Details of any collateral

The amount due to financial institutions of approximately S\$9,000 (31 December 2017: approximately S\$9,000) is secured on certain plant and machinery of a subsidiary.

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	
	First Quarter Ended	
	31/3/2018	31/3/2017
	S\$'000	S\$'000
OPERATING ACTIVITIES		
Loss before taxation	(889)	(1,475)
Adjustments for:		
Depreciation of property, plant and equipment	99	128
Gain on disposal of property, plant and equipment	(51)	-
Write-back of allowance for trade receivables	(7)	-
Allowance for other receivables	17	-
Allowance for/(write-back of) stock obsolescence, net	84	(2)
Provision for warranty	84	28
Interest income	(6)	(4)
Interest expense	40	130
Effect of unrealised exchange (gain)/loss	(197)	57
Operating cash flows before changes in working capital	(826)	(1,138)
<u>Changes in working capital</u>		
Decrease/(increase) in inventories	143	(366)
(Increase)/decrease in receivables	(1,080)	1,089
Increase in amounts due from related parties	(219)	-
Decrease in amounts due from related companies	-	134
(Decrease)/increase in payables	(792)	544
Increase in amounts due to related parties	222	-
Increase in amounts due to related companies	-	356
Decrease in amounts due to holding company	-	(227)
Cash flows (used in)/generated from operations	(2,552)	392
Interest received	6	4
Interest paid	-	(57)
Income taxes paid	(52)	(43)
Net cash flows (used in)/generated from operating activities	(2,598)	296
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(432)	(619)
Proceeds from disposal of property, plant and equipment	51	-
Net cash flows used in investing activities	(381)	(619)
FINANCING ACTIVITIES		
Other borrowings, net	-	145
Net cash flows generated from financing activities	-	145
Net decrease in cash and cash equivalents	(2,979)	(178)
Cash and cash equivalents at beginning of period	4,799	2,716
Effect of exchange rate changes on cash and cash equivalents	71	(47)
Cash and cash equivalents at end of period	1,891	2,491



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 year

Consolidated Statement of Changes in Equity

Group	Attributable to owners of the Company					Equity attributable to owners of the Company, Total	Non-controlling Interests	Equity Total
	Share capital	Accumulated losses	Foreign currency translation reserve	Merger reserve	Premium paid on acquisition of non-controlling interests			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
Balance at 1 January 2018	142,351	(134,773)	1,392	(2,136)	(1,228)	5,606	(761)	4,845
Loss for the period	-	(957)	-	-	-	(957)	(14)	(971)
<u>Other comprehensive income for the period</u> - Foreign currency translation	-	-	(41)	-	-	(41)	(24)	(65)
Total comprehensive income for the period	-	(957)	(41)	-	-	(998)	(38)	(1,036)
Balance at 31 March 2018	142,351	(135,730)	1,351	(2,136)	(1,228)	4,608	(799)	3,809



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Group	Attributable to owners of the Company					Equity attributable to owners of the Company, Total	Non-controlling Interests	Equity Total
	Share capital	Accumulated losses	Foreign currency translation reserve	Merger reserve	Premium paid on acquisition of non-controlling interests			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
Balance at 1 January 2017	130,965	(129,244)	1,497	(2,136)	(1,228)	(146)	(664)	(810)
Loss for the period	-	(1,521)	-	-	-	(1,521)	(28)	(1,549)
<u>Other comprehensive income for the period</u>								
Foreign currency translation	-	-	(52)	-	-	(52)	13	(39)
Total comprehensive income for the period	-	(1,521)	(52)	-	-	(1,573)	(15)	(1,588)
Balance at 31 March 2017	130,965	(130,765)	1,445	(2,136)	(1,228)	(1,719)	(679)	(2,398)

Company	Share Capital	Accumulated Losses	Equity, Total
	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	142,351	(139,654)	2,697
Profit for the period	-	160	160
Balance at 31 March 2018	142,351	(139,494)	2,857
Balance at 1 January 2017	130,965	(124,170)	6,795
Loss for the period	-	(480)	(480)
Balance at 31 March 2017	130,965	(124,650)	6,315

- 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 or 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.**

	Company	
	Number of ordinary shares	Issued and paid-up share capital
		S\$'000
Balances as at 31 March 2018 and 31 December 2017	15,824,126,058	142,351

The Company did not have any outstanding convertible securities or treasury shares or subsidiary holdings as at 31 March 2017 and 31 March 2018.

- 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**

Total number of issued shares excluding treasury shares was 15,824,126,058 as at 31 March 2018 (31 December 2017: 15,824,126,058).

- 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. The Company does not have any treasury shares.

- 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. The Company does not have any subsidiary holdings.

2. Whether the figures have been audited, or reviewed, and in accordance with which 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 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

Other than the adoption of the amended Financial Reporting Standards (“FRS”) and Interpretations of FRS that are effective from 1 January 2018, the accounting policies and methods of computation applied by the Group in the financial statements for the financial period ended 31 March 2018, are consistent with those of the audited financial statements for the financial year ended 31 December 2017.

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 adoption of the amended FRS and Interpretations of FRS is assessed to have no material impact to the financial position or financial performance of the Group for the financial period ended 31 March 2018.

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

	Group	
	First Quarter Ended	
	<u>31/3/2018</u>	<u>31/3/2017</u>
Loss per ordinary share for the period based on net loss attributable to owners of the Company:		
(a) Based on weighted average number of ordinary shares in issue (cents)	(0.01)	(0.03)
Weighted average number of ordinary shares #	15,824,126,058	4,868,961,864
(b) On a fully diluted basis (cents)	(0.01)	(0.03)

The weighted average number of ordinary shares for both the current and prior periods had been restated for the effects of the rights issue that was completed on 14 June 2017.

The diluted loss per share is the same as the basic loss per share as there were no outstanding convertible securities or other dilutive equity instruments for both financial periods ended 31 March 2018 and 31 March 2017.

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

Net asset value per ordinary share (cents)

<u>Group</u>		<u>Company</u>	
<u>31/03/2018</u>	<u>31/12/2017</u>	<u>31/03/2018</u>	<u>31/12/2017</u>
0.03	0.04	0.02	0.02

The net asset value per ordinary share as at 31 March 2018 was calculated based on the total number of issued shares (excluding treasury shares) of 15,824,126,058 (31 December 2017: 15,824,126,058).

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

The Group's revenue in the first quarter ended 31 March ("1Q") 2018 was 34% higher when compared to 1Q2017. Equipment business posted a revenue increase of 80% in 1Q2018 when compared to 1Q2017 due to increased customers' demands during the quarter. Equipment Contract Manufacturing Services ("ECMS") business also recorded an increase in revenue of 26% in 1Q2018 when compared to 1Q2017 due to increased customers' demands during the quarter.

Gross profit margin ("GPM") of the Group in 1Q2018 was 18%, which was comparable to the GPM in 1Q2017 of 19%. GPM of the Equipment business in 1Q2018 was 24%, representing 28 percentage-points ("ppt") decrease from the GPM in 1Q2017 of 52% due to a shift in sales mix during the quarter. GPM of the ECMS business in 1Q2018 was 17%, representing an increase of 4ppt compared to the 13% GPM in 1Q2017, mainly due to the revenue increase in 1Q2018.

Selling and marketing ("S&M") costs in 1Q2018 was 16% higher when compared to 1Q2017. S&M costs incurred by the Equipment business in 1Q2018 was 37% higher when compared to 1Q2017, mainly due to higher warranty costs incurred. S&M costs incurred by the ECMS business in 1Q2018 were 6% higher than in 1Q2017, which were in line with the sales levels in 1Q2018.

Research and development costs in 1Q2018 were 6% lower when compared to the costs incurred in 1Q2017.

General and administrative costs in 1Q2018 were 2% lower when compared to the costs incurred in 1Q2017.

The Group reported a foreign exchange gain of about S\$44,000 in 1Q2018 compared to the foreign exchange loss of about S\$0.2 million in 1Q2017, mainly due to the fluctuation of the US Dollars against the Singapore Dollar and Chinese Renminbi.

Finance costs incurred in 1Q2018 were lower by 72% when compared to 1Q2017, mainly due to reduced interest payments in 1Q2018.

Depreciation of property, plant and equipment ("PPE") was lower by 23% in 1Q2018 when compared to 1Q2017 as most of the PPE had been fully depreciated in 2017.

The Group made an allowance for stock obsolescence of S\$0.1 million for aged inventories in 1Q2018.

As a result of the above, the Group reported a net loss attributable to owners of the Company of S\$0.9 million in 1Q2018 when compared to the net loss of S\$1.5 million in 1Q2017.

Balance Sheet

The PPE increased by S\$0.4 million from S\$2.0 million as at 31 December 2017 to S\$2.4 million as at 31 March 2018. The purchases of machineries were offset by the depreciation during the quarter.

Inventories decreased by S\$0.2 million, from S\$3.5 million as at 31 December 2017 to S\$3.3 million as at 31 March 2018.

Trade receivables increased by S\$1.1 million, from S\$8.9 million as at 31 December 2017 to S\$10.0 million as at 31 March 2018, mainly due to sale of equipment during the quarter.

Amounts due from related parties increased by \$0.2 million, from S\$0.5 million as at 31 December 2017 to S\$0.7 million as at 31 March 2018, that comprise mainly of receivables from sales to a related party.

Payables and accruals decreased by S\$0.7 million, from S\$11.0 million as at 31 December 2017 to S\$10.3 million as at 31 March 2018, mainly due to payment of liabilities during the quarter.

Amounts due to related parties increased by \$0.3 million, from S\$4.8 million as at 31 December 2017 to S\$5.1 million as at 31 March 2018, mainly due to non-trade payables to a related party.

As at 31 March 2018, the Group had net current assets of S\$1.3 million and net assets of S\$3.8 million.

Cash Flows

Cash flows used in operating activities of S\$2.6 million comprised of cash flows used in the Group's operations in 1Q2018 of S\$2.5 million and net amounts paid for interests and taxes of S\$46,000. Cash flows used in investing activities amounted to S\$0.4 million, which was mainly utilised for the net purchase of new PPE.

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

Not applicable. No forecast or prospect statement was 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 operating environment for our business remains weak. Our performance in the next quarter will likely reflect these constraints.

On 9 April 2018, the Company entered into a sale and purchase agreement with Mr. Seah Chong Hoe (the “**Vendor**”) for the entire issued and paid-up share capital of Yumei Group of companies for an aggregate purchase consideration of S\$10 million (the “**Proposed Acquisition**”), which shall be satisfied by (1) way of allotment of 6,500,000,000 new ordinary shares in the Company at an issue price of S\$0.001; (2) a payment of S\$1,500,000 in cash to the Vendor within the first year following completion and (3) a payment of S\$2,000,000 to the Vendor within the second year following completion. Please refer to the announcement dated 9 April 2018 for more details on the Proposed Acquisition. The completion of the Proposed Acquisition will be subjected to the results of the due diligence and shareholders’ approval.

Our business is prone to economic uncertainties and the cyclical nature of the semiconductor industry. Other unforeseeable factors including but not limited to foreign exchange fluctuations, intellectual property litigations, product and technology obsolescence, and inventory adjustments continue to be challenges that we may encounter. In view of these factors, we will remain prudent and cautious in the management of our business.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared or recommended for 1Q2018.

13. Interested person transactions

The Group has an existing general mandate from shareholders for interested person transactions which was last renewed at the annual general meeting of the Company on 30 April 2018.

Name of Interested Person	Aggregate value of interested person transactions entered into during the financial period under review (excluding transactions below S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a)) S\$	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a) (excluding transactions below S\$100,000) S\$
ASTI Holdings Limited ("ASTI") and its subsidiary companies	Nil	243,000*

* Related to trade sales to a subsidiary of ASTI.

14. Use of proceeds arising from rights issue

The Company completed the Rights Issue on 14 June 2017 and raised S\$11,868,095, of which S\$4,350,594 was set-off against the amounts owing to ASTI.

As at 31 March 2018, the utilisation of the cash proceeds of approximately S\$7,517,000 were as follow:-

	Amount allocated S\$'000	Amount utilised S\$'000	Amount unutilised S\$'000
General working capital	6,025	(6,025)	-
Acquisition of property, plant and equipment	976	(976)	-
Payment for expenses incurred in connection with the Rights Issue	516	(516)	-
Total	7,517	(7,517)	-

Breakdown of general working capital usage	S\$'000
Payments to trade creditors	4,731
Payroll costs	634
Consultancy fees	220
Utility expenses	67
Travelling expenses	171
Directors' fees	132
Others	70
Total	6,025

The cash proceeds from the Rights Issue had been fully utilised and the utilisation of the proceeds are consistent with the intended use as disclosed in the announcement dated 14 November 2017.



PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable to quarterly announcement.

- 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments**

Not applicable to quarterly announcement.

- 17. A breakdown of sales**

Not applicable to quarterly announcement.

- 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable.

- 19. Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

Not applicable.

- 20. Negative Confirmation by the Board pursuant to Rule 705(5)**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the first quarter financial period ended 31 March 2018 to be false or misleading in any material aspect.

- 21. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

We hereby confirm that we have procured all the required undertakings from all the Directors and Executive Officers of the Company (in the format set out in Appendix 7H) under Rule 720(1).

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Executive Chairman and CEO

15 May 2018