



## ADVANCED SYSTEMS AUTOMATION LIMITED

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

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### Results for the Second Quarter Financial Period Ended 30 June 2018

### Unaudited Financial Statements and Dividend Announcement

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*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.*

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## ADVANCED SYSTEMS AUTOMATION LIMITED

(Company Registration No: 198600740M)

(Incorporated in the Republic of Singapore)

### Results for the Second Quarter Financial Period Ended 30 June 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 30 June 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

	<u>Group</u>			<u>Group</u>		
	<u>Second Quarter Ended</u>			<u>Half Year Ended</u>		
	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>Change</u>	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>Change</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Revenue	6,943	6,285	10	14,717	12,070	22
Costs of sales	(5,710)	(5,057)	13	(12,057)	(9,741)	24
<b>Gross profit</b>	<b>1,233</b>	<b>1,228</b>	0	<b>2,660</b>	<b>2,329</b>	14
Selling and marketing costs	(574)	(573)	0	(1,233)	(1,142)	8
Research and development costs	(194)	(186)	4	(368)	(371)	(1)
General and administrative costs	(1,345)	(1,582)	(15)	(2,835)	(3,110)	(9)
Foreign exchange gain/(loss)	123	10	NM	167	(154)	NM
Total operating costs	(1,990)	(2,331)	(15)	(4,269)	(4,777)	(11)
<b>Operating loss before finance costs</b>	<b>(757)</b>	<b>(1,103)</b>	(31)	<b>(1,609)</b>	<b>(2,448)</b>	(34)
Finance costs, net	(47)	(184)	(74)	(84)	(314)	(73)
<b>Loss before taxation</b>	<b>(804)</b>	<b>(1,287)</b>	(38)	<b>(1,693)</b>	<b>(2,762)</b>	(39)
Income tax expense	(141)	(72)	96	(223)	(146)	53
<b>Net loss for the period</b>	<b>(945)</b>	<b>(1,359)</b>	(30)	<b>(1,916)</b>	<b>(2,908)</b>	(34)
<u>Attributable to:</u>						
Owners of the Company	(922)	(1,328)	(31)	(1,879)	(2,849)	(34)
Non-controlling interests	(23)	(31)	(26)	(37)	(59)	(37)
<b>Net loss for the period</b>	<b>(945)</b>	<b>(1,359)</b>	(30)	<b>(1,916)</b>	<b>(2,908)</b>	(34)

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:**

	<u>Group</u> <u>Second Quarter Ended</u>			<u>Group</u> <u>Half Year Ended</u>		
	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>Change</u>	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>Change</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
- Interest income	2	6	(67)	8	10	(20)
- Interest expense	(44)	(185)	(76)	(84)	(315)	(73)
- Depreciation of property, plant and equipment	(110)	(145)	(24)	(209)	(273)	(23)
- Gain on disposal of property, plant and equipment	24	116	(79)	75	116	(35)
- Write-back of allowance for trade receivables	317	-	NM	324	-	NM
- Allowance for other receivables	-	(65)	NM	(17)	(65)	(74)
- Allowance for for stock obsolescence, net	(312)	(80)	NM	(396)	(78)	NM
- Provision for warranty	(15)	(33)	(55)	(99)	(61)	62

### Consolidated Statement of Comprehensive Income

	<u>Group</u> <u>Second Quarter Ended</u>			<u>Group</u> <u>Half Year Ended</u>		
	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>Change</u>	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>Change</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
<b>Net loss for the period</b>	(945)	(1,359)	(30)	(1,916)	(2,908)	(34)
<b>Other comprehensive loss:</b>						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	15	(33)	NM	(50)	(72)	(31)
<b>Total comprehensive loss for the period</b>	(930)	(1,392)	(33)	(1,966)	(2,980)	(34)
<u>Attributable to:</u>						
Owners of the Company	(908)	(1,349)	(33)	(1,906)	(2,922)	(35)
Non-controlling interests	(22)	(43)	(49)	(60)	(58)	3
<b>Total comprehensive loss for the period</b>	(930)	(1,392)	(33)	(1,966)	(2,980)	(34)



**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**

	<u>Group</u>		<u>Company</u>	
	<u>30/6/2018</u>	<u>31/12/2017</u>	<u>30/6/2018</u>	<u>31/12/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
		(restated)		
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	64	64	64	64
Property, plant and equipment	2,475	2,014	-	-
Investments in subsidiaries	-	-	4,699	4,699
Deferred tax assets	54	53	-	-
Total non-current assets	<u>2,593</u>	<u>2,131</u>	<u>4,763</u>	<u>4,763</u>
<b>Current assets</b>				
Inventories	3,358	3,486	-	-
Trade receivables	9,207	8,953	-	-
Prepayments and advances	315	357	5	7
Other receivables	499	493	4	1
Amounts due from subsidiaries	-	-	4,064	3,484
Amounts due from related parties	712	537	50	1
Cash and cash equivalents	2,003	4,799	190	61
Total current assets	<u>16,094</u>	<u>18,625</u>	<u>4,313</u>	<u>3,554</u>
<b>TOTAL ASSETS</b>	<b><u>18,687</u></b>	<b><u>20,756</u></b>	<b><u>9,076</u></b>	<b><u>8,317</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Payables and accruals	9,760	10,999	294	324
Income tax payable	193	64	-	-
Lease creditors	9	9	-	-
Amounts due to subsidiaries	-	-	1,857	1,364
Amounts due to related parties	5,846	4,839	4,547	3,932
Total current liabilities	<u>15,808</u>	<u>15,911</u>	<u>6,698</u>	<u>5,620</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>286</b>	<b>2,714</b>	<b>(2,385)</b>	<b>(2,066)</b>
<b>NET ASSETS</b>	<b><u>2,879</u></b>	<b><u>4,845</u></b>	<b><u>2,378</u></b>	<b><u>2,697</u></b>
<b>Equity attributable to the owners of the Company</b>				
Share capital	142,351	142,351	142,351	142,351
Reserves	(138,651)	(136,745)	(139,973)	(139,654)
	<u>3,700</u>	<u>5,606</u>	<u>2,378</u>	<u>2,697</u>
Non-controlling interests	(821)	(761)	-	-
<b>TOTAL EQUITY</b>	<b><u>2,879</u></b>	<b><u>4,845</u></b>	<b><u>2,378</u></b>	<b><u>2,697</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>18,687</u></b>	<b><u>20,756</u></b>	<b><u>9,076</u></b>	<b><u>8,317</u></b>

**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 30/6/2018</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	6,115	9	5,208

**Amount repayable after one year**

<u>As at 30/6/2018</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**

	<b>Group</b>	
	<b>First Half Ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(1,693)	(2,762)
Adjustments for:		
Depreciation of property, plant and equipment	209	273
Gain on disposal of property, plant and equipment	(75)	(116)
Write-back of allowance for trade receivables	(324)	-
Allowance for other receivables	17	65
Allowance for stock obsolescence, net	396	78
Provision for warranty	99	61
Interest income	(8)	(10)
Interest expense	84	315
Effect of unrealised exchange gain	(165)	(39)
<b>Operating cash flows before changes in working capital</b>	<b>(1,460)</b>	<b>(2,135)</b>
<u>Changes in working capital</u>		
Increase in inventories	(268)	(2,430)
Decrease in receivables	89	594
Increase in amounts due from related parties	(175)	-
Increase in amounts due from related companies	-	(112)
(Decrease)/increase in payables	(1,338)	2,520
Increase in amounts due to related parties	423	-
Increase in amounts due to related companies	-	341
Decrease in amounts due to holding company	-	(44)
<b>Cash flows used in operations</b>	<b>(2,729)</b>	<b>(1,266)</b>
Interest received	8	10
Interest paid	-	(168)
Income taxes paid	(96)	(84)
<b>Net cash flows used in operating activities</b>	<b>(2,817)</b>	<b>(1,508)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(612)	(977)
Extension of club membership	-	(19)
Proceeds from disposal of property, plant and equipment	74	191
<b>Net cash flows used in investing activities</b>	<b>(538)</b>	<b>(805)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of other borrowings	-	(559)
Loan from related party	500	-
Proceeds from Company's rights issue exercise	-	7,517
Right issue expenses	-	(424)
<b>Net cash flows generated from financing activities</b>	<b>500</b>	<b>6,534</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,855)</b>	<b>4,221</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,799</b>	<b>2,716</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>59</b>	<b>(17)</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,003</b>	<b>6,920</b>



**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			
<b>Balance at 1 January 2018, as previously reported</b>	<b>142,351</b>	<b>(134,773)</b>	<b>1,392</b>	<b>(2,136)</b>	<b>(1,228)</b>	<b>5,606</b>	<b>(761)</b>	<b>4,845</b>
Effect of transition to SFRS(I)	-	1,497	(1,497)	-	-	-	-	-
<b>Balance at 1 January 2018, as adjusted under SFRS(I)</b>	<b>142,351</b>	<b>(133,276)</b>	<b>(105)</b>	<b>(2,136)</b>	<b>(1,228)</b>	<b>5,606</b>	<b>(761)</b>	<b>4,845</b>
Loss for the period	-	(1,879)	-	-	-	(1,879)	(37)	(1,916)
<u>Other comprehensive income for the period</u> - Foreign currency translation	-	-	(27)	-	-	(27)	(23)	(50)
Total comprehensive income for the period	-	(1,879)	(27)	-	-	(1,906)	(60)	(1,966)
<b>Balance at 30 June 2018</b>	<b>142,351</b>	<b>(135,155)</b>	<b>(132)</b>	<b>(2,136)</b>	<b>(1,228)</b>	<b>3,700</b>	<b>(821)</b>	<b>2,879</b>



**ADVANCED SYSTEMS AUTOMATION LIMITED**  
Results for the Second Quarter Financial Period Ended 30 June 2018  
Unaudited Financial Statements and Dividend Announcement

Group	Attributable to owners of the Company					Non-controlling Interests	Equity Total	
	Share capital	Accumulated losses	Foreign currency translation reserve	Merger reserve	Premium paid on acquisition of non-controlling interests			Equity attributable to owners of the Company, Total
		Distributable	Non-distributable					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			S\$'000
<b>Balance at 1 January 2017 as previously reported</b>	<b>130,965</b>	<b>(129,244)</b>	<b>1,497</b>	<b>(2,136)</b>	<b>(1,228)</b>	<b>(146)</b>	<b>(810)</b>	
Effect of transition to SFRS(I)	-	1,497	(1,497)	-	-	-	-	
<b>Balance at 1 January 2017, as adjusted under SFRS(I)</b>	<b>130,965</b>	<b>(127,747)</b>	<b>-</b>	<b>(2,136)</b>	<b>(1,228)</b>	<b>(146)</b>	<b>(810)</b>	
Loss for the period	-	(2,849)	-	-	-	(2,849)	(2,908)	
<u>Other comprehensive income for the period</u>								
Foreign currency translation	-	-	(73)	-	-	(73)	(72)	
Total comprehensive income for the period	-	(2,849)	(73)	-	-	(2,922)	(2,980)	
<u>Contributions by and distributions to equity holders</u>								
- Issuance of shares pursuant to Rights Issue	11,868	-	-	-	-	11,868	11,868	
- Share issuance expenses	(482)	-	-	-	-	(482)	(482)	
Total transactions with equity holders in their capacity as equity holders	11,386	-	-	-	-	11,386	11,386	
<b>Balance at 30 June 2017, as restated</b>	<b>142,351</b>	<b>(130,596)</b>	<b>(73)</b>	<b>(2,136)</b>	<b>(1,228)</b>	<b>8,318</b>	<b>7,596</b>	





Company	Share Capital	Accumulated Losses	Equity, Total
	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2018</b>	<b>142,351</b>	<b>(139,654)</b>	<b>2,697</b>
Loss for the period	-	(319)	(319)
<b>Balance at 30 June 2018</b>	<b>142,351</b>	<b>(139,973)</b>	<b>2,378</b>
<b>Balance at 1 January 2017</b>	<b>130,965</b>	<b>(124,170)</b>	<b>6,795</b>
Loss for the period	-	(938)	(938)
<u>Contributions by and distributions to equity holders</u>			
- Issuance of shares pursuant to Rights Issue	11,868	-	11,868
- Share issuance expenses	(482)	-	(482)
Total transactions with equity holders in their capacity as equity holders	11,386	-	11,386
<b>Balance at 30 June 2017</b>	<b>142,351</b>	<b>(125,108)</b>	<b>17,243</b>

**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	
	<u>Number of ordinary shares</u>	<u>Issued and paid-up share capital</u>
		S\$'000
Balances as at 30 June 2018 and 31 March 2018	15,824,126,058	142,351

The Company did not have any outstanding convertible securities or treasury shares or subsidiary holdings as at 30 June 2017 and 30 June 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 30 June 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**

The Group has applied the same accounting policies and methods of computation in the preparation of the consolidated financial statements for the current reporting period compared with the audited financial statements as at 31 December 2017 except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) and new or revised SFRS(I) and INT SFRS(I) that are mandatory for financial years beginning on or after 1 January 2018. The adoption of these SFRS(I) and INT SFRS(I) has no significant impact on the Group's consolidated financial statements, except as disclosed in item 5 below.

**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 the new SFRS(I) framework in 2018 and concurrently applied the following SFRS(I), INT SFRS(I) and requirements of SFRS(I) which are mandatorily effective on or after 1 January 2018. The application of the new and revised standards and interpretations has no material effect on the financial statements, except as described below:

Application of SFRS(I) 1

The Group's translation reserve which arose from the translation differences for all foreign operations has been transferred to retained earnings upon adoption of SFRS(I) (i.e. 1 January 2017).

**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**

	<u>Group</u> <u>Second Quarter Ended</u>		<u>Group</u> <u>Half Year Ended</u>	
	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>30/6/2018</u>	<u>30/6/2017</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)	(0.02)	(0.01)	(0.05)
Weighted average number of ordinary shares #	15,824,126,058	6,795,144,579	15,824,126,058	5,837,374,168
(b) On a fully diluted basis (cents)	(0.01)	(0.02)	(0.01)	(0.05)

# 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 30 June 2018 and 30 June 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>30/06/2018</u>	<u>31/12/2017</u>	<u>30/06/2018</u>	<u>31/12/2017</u>
0.02	0.04	0.02	0.02

The net asset value per ordinary share as at 30 June 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 second quarter ended 30 June ("2Q") 2018 was 10% higher when compared to 2Q2017. Equipment business reported a revenue decline of 31% in 2Q2018 when compared to 2Q2017 due to decreased customers' demands during the quarter. Equipment Contract Manufacturing Services ("ECMS") business recorded an increase in revenue of 17% in 2Q2018 when compared to 2Q2017 due to increased customers' demands during the quarter.

The Group's revenue for the six months ended 30 June ("1H") 2018 was 22% higher when compared to 1H2017. Equipment business reported a revenue increase of 23% in 1H2018 when compared to 1H2017 due to higher customers' demands in the first quarter of 2018. Equipment Contract Manufacturing Services ("ECMS") business also recorded an increase in revenue of 22% in 1H2018 when compared to 1H2017 due to increased customers' demands during the period.

Gross profit margin ("GPM") of the Group in 2Q2018 was 18%, which was 2 percentage-points ("ppt") decrease from the GPM in 2Q2017 of 20%. GPM of the Equipment business in 2Q2018 was 42%, representing a decrease of 18ppt from the GPM in 2Q2017 of 60% due to a shift in sales mix during the quarter. GPM of the ECMS business in 2Q2018 was 15%, representing an increase of 2ppt compared to the 13% GPM in 2Q2017, mainly due to the revenue increase in 2Q2018.

GPM of the Group in 1H2018 was 18%, which was comparable to the GPM in 1H2017 of 19%. GPM of the Equipment business in 1H2018 was 29%, representing a decrease of 27ppt from the GPM in 1H2017 of 56% due to a shift in sales mix during the period. GPM of the ECMS business in 1H2018 was 16%, representing an increase of 3ppt compared to the 13% GPM in 1H2017, mainly due to the revenue increase in 1H2018.

Selling and marketing ("S&M") costs in 2Q2018 were comparable to the costs incurred in 2Q2017, whereby the costs incurred by Equipment business and ECMS business in 2Q2018 were both comparable to 2Q2017. S&M costs in 1H2018 were 8% higher when compared to 1H2017. S&M costs incurred by Equipment business in 1H2018 were 18% higher when compared to 1H2017, mainly due to higher warranty costs incurred. S&M costs incurred by ECMS business in 1H2018 were 3% higher than in 1H2017, which were in line with the sales levels in 1H2018.

Research and development (“R&D”) costs in 2Q2018 were 4% higher when compared to the costs incurred in 2Q2017. R&D costs in 1H2018 were comparable to the costs incurred in 1H2017.

General and administrative costs in 2Q2018 and 1H2018 were 15% and 9% lower when compared to the costs incurred in 2Q2017 and 1H2017. The decrease was mainly due to a one-time allowance write back of S\$0.3 million from trade receivables.

The Group reported foreign exchange gains of S\$0.1 million and S\$0.2 million in 2Q2018 and 1H2018 compared to the lower foreign exchange gain of about S\$10,000 in 2Q2017 and foreign exchange loss of about S\$0.1 million in 1H2017. These were mainly due to the fluctuation of the US Dollars against the Singapore Dollar and Chinese Renminbi.

Finance costs incurred in 2Q2018 and 1H2018 were lower by 74% and 73% when compared to 2Q2017 and 1H2017, mainly due to reduced interest payments.

Depreciation of property, plant and equipment (“PPE”) was lower by 24% and 23% in 2Q2018 and 1H2018 when compared to 2Q2017 and 1H2017 as most of the PPE had been fully depreciated in 2017.

The Group made an allowance for stock obsolescence of S\$0.3 million and S\$0.4 million for aged inventories in 2Q2018 and 1H2018 respectively.

As a result of the above, the Group reported a lower net loss attributable to owners of the Company of S\$0.9 million in 2Q2018 when compared to the net loss of S\$1.3 million in 2Q2017. Net loss attributable to owners of the Company was S\$1.9 million in 1H2018 as compared to the net loss of S\$2.8 million in 1H2017.

### **Balance Sheet**

The PPE increased by S\$0.5 million from S\$2.0 million as at 31 December 2017 to S\$2.5 million as at 30 June 2018. The purchases of machineries were offset by the depreciation during the period.

Inventories decreased by S\$0.1 million, from S\$3.5 million as at 31 December 2017 to S\$3.4 million as at 30 June 2018.

Trade receivables increased by S\$0.3 million, from S\$8.9 million as at 31 December 2017 to S\$9.2 million as at 30 June 2018.

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 30 June 2018, that comprise mainly of receivables from sales to a related party.

Payables and accruals decreased by S\$1.2 million, from S\$11.0 million as at 31 December 2017 to S\$9.8 million as at 30 June 2018, mainly due to payment of liabilities during the period.

Amounts due to related parties increased by \$1.0 million, from S\$4.8 million as at 31 December 2017 to S\$5.8 million as at 30 June 2018, mainly due to loans and non-trade payables to a related party.

As at 30 June 2018, the Group had net current assets of S\$0.3 million and net assets of S\$2.9 million. The Group will limit its expenditure on PPE and will manage its repayment of Payables to improve its net current assets. It is currently looking at other options to raise funds for working capital as and when needed.

### **Cash Flows**

Cash flows used in operating activities of S\$2.8 million comprised of cash flows used in the Group’s operations in 1H2018 of S\$2.7 million and net amounts paid for interests and taxes of S\$0.1 million. Cash flows used in investing activities amounted to S\$0.5 million, which was mainly utilised for the net purchase of new PPE. There was a S\$0.5 million loan from a related party.

**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 proposed acquisition of the Yumei Group of companies is progressing well. We will keep shareholders informed when there are further updates or developments in due course.

In view of the current global trade tensions, we are managing our operations with caution. We expect weak business sentiments in the second half of the year.

*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/recommended, a statement to that effect**

No dividend has been declared or recommended for 2Q2018.

**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. During the 1H2018, the interested person transactions in aggregate under review are as follows:

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\$
<b>ASTI Holdings Limited ("ASTI") and its subsidiary companies</b>  Trade related transactions  Corporate Support Cost  Interest payment	-  300,000  84,000 <sup>(2)</sup>	336,000 <sup>(1)</sup>  -  -

Notes:

1. Related to trade sales to a subsidiary of ASTI.
2. Interest payment includes the interest payable for the new loan of S\$500,000 extended by ASTI and the existing loans.

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

**14. 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.

**15. 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.

**16. A breakdown of sales**

Not applicable to quarterly announcement.

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

Not applicable.



- 18. 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.

- 19. 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 second quarter financial period ended 30 June 2018 to be false or misleading in any material aspect.

- 20. 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

14 August 2018