



ADVANCED SYSTEMS AUTOMATION LIMITED

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

Results for the Second Quarter Financial Period
Ended 30 June 2019

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**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.*

The contact person for the Sponsor is Ms Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



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 2019.

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.

Discontinued operations and subsidiary classified as held for sale:

On 28 September 2018, the Company announced that it has entered into a sale and purchase agreement in relation to the Company's proposed disposal of the entire issued and paid-up share capital of Microfits (Beijing) Technology Co., Ltd ("MBT"). In compliance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, its results for the corresponding period of the immediately preceding financial year are presented separately in the statement of comprehensive income as "Discontinued Operations". The change in classification and presentation has no effect to the profit or loss after tax and net asset value of the Group.

	Group					
	3 months ended			6 months ended		
	30-Jun-19	30-Jun-18	change	30-Jun-19	30-Jun-18	change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Continuing operations</u>						
Revenue	4,264	3,737	14	9,591	8,177	17
Cost of sales	(3,098)	(2,702)	15	(6,649)	(5,987)	11
Gross profit	1,166	1,035	13	2,942	2,190	34
Other income	6	5	20	26	22	18
<u>Other expenses</u>						
Selling and marketing costs	(341)	(408)	(16)	(694)	(887)	(22)
Research and development costs	(219)	(194)	13	(436)	(368)	18
General and administrative costs	(1,574)	(992)	59	(3,201)	(2,202)	45
Finance costs, net	(107)	(46)	133	(220)	(83)	165
Foreign exchange (loss)/gain	(108)	59	NM	(90)	135	NM
Loss before tax from continuing operations	(1,177)	(541)	118	(1,673)	(1,193)	40
Income tax expense	(125)	(141)	(11)	(172)	(223)	(23)
Loss from continuing operations, net of tax	(1,302)	(682)	91	(1,845)	(1,416)	30
<u>Discontinued operations</u>						
Loss from discontinued operations, net of tax	-	(263)	NM	-	(500)	NM
Loss for the period	(1,302)	(945)	38	(1,845)	(1,916)	(4)
<u>Attributable to :</u>						
Owners of the Company						
- Continuing operations	(1,258)	(659)	91	(1,800)	(1,379)	31
- Discontinued operations	-	(263)	NM	-	(500)	NM
	(1,258)	(922)	36	(1,800)	(1,879)	(4)
Non-controlling interests						
- Continuing operations	(44)	(23)	91	(45)	(37)	22
Total	(1,302)	(945)	38	(1,845)	(1,916)	(4)

NM: Not meaningful



Statement of Comprehensive Income for the Group for the Second Quarter Ended 30 June 2019

	Group					
	3 months ended			6 months ended		
	30-Jun-19	30-Jun-18	change	30-Jun-19	30-Jun-18	change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss for the period	(1,302)	(945)	38	(1,845)	(1,916)	(4)
Other comprehensive income items that may be reclassified subsequently to profit or loss						
Foreign currency translation	(14)	15	NM	(3)	(50)	(94)
Total comprehensive loss for the period	<u>(1,316)</u>	<u>(930)</u>	42	<u>(1,848)</u>	<u>(1,966)</u>	(6)
Attributable to :						
Owners of the Company						
- Continuing operations	(1,287)	(645)	100	(1,810)	(1,406)	29
- Discontinued operations	-	(263)	NM	-	(500)	NM
	<u>(1,287)</u>	<u>(908)</u>	42	<u>(1,810)</u>	<u>(1,906)</u>	(5)
Non-controlling interests						
- Continuing operations	(29)	(22)	32	(38)	(60)	(37)
Total comprehensive loss for the period	<u>(1,316)</u>	<u>(930)</u>	42	<u>(1,848)</u>	<u>(1,966)</u>	(6)

Additional Information

Loss from continuing operations is determined after crediting/(charging):

	Group					
	3 months ended			6 months ended		
	30-Jun-19	30-Jun-18	change	30-Jun-19	30-Jun-18	change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Continuing Operations						
Interest income	6	1	>100	17	6	>100
Interest expense	(138)	(44)	>100	(255)	(84)	>100
Depreciation of property, plant and equipment	(315)	(105)	>100	(633)	(201)	>100
Gain on disposal of property, plant and equipment	13	-	NM	13	-	NM
Impairment loss on property, plant and equipment	(2)	-	NM	(2)	-	NM
Write back of allowance for trade receivables	3	317	(99)	-	324	NM
Allowance for stock obsolescence, net	(150)	(199)	(25)	(198)	(216)	(8)
Provision for warranty	(36)	(15)	>100	(55)	(99)	(44)
Discontinued Operations						
Interest income	-	1	NM	-	2	NM
Depreciation of property, plant and equipment	-	(5)	NM	-	(8)	NM
Gain on disposal of property, plant and equipment	-	24	NM	-	75	NM
Allowance for other receivables	-	-	NM	-	(17)	NM
Allowance for stock obsolescence, net	-	(113)	NM	-	(180)	NM

NM: Not meaningful



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	
	30-Jun-19 S\$'000	31-Dec-18 S\$'000	30-Jun-19 S\$'000	31-Dec-18 S\$'000
Non-Current Assets				
Property, plant and equipment	6,747	6,886	-	-
Right-of-use assets	592	-	-	-
Intangible assets	4,288	4,288	64	64
Investment in subsidiaries	-	-	14,699	14,699
	<u>11,627</u>	<u>11,174</u>	<u>14,763</u>	<u>14,763</u>
Current Assets				
Inventories	2,741	3,579	-	-
Trade and other receivables	6,257	4,990	1,155	32
Contract assets	9	109	-	-
Prepayments and advances	214	139	17	7
Cash at bank and on hand	3,037	4,576	29	224
Tax recoverable	36	55	-	-
	<u>12,294</u>	<u>13,448</u>	<u>1,201</u>	<u>263</u>
Current Liabilities				
Provisions	120	103	-	-
Other liabilities	1,850	2,019	451	296
Trade and other payables	13,641	12,777	10,125	8,469
Contract liabilities	138	97	-	-
Income tax payable	300	208	-	-
Lease creditors	763	283	-	-
Bank overdraft	764	740	-	-
Loans and borrowings	333	438	-	-
	<u>17,909</u>	<u>16,665</u>	<u>10,576</u>	<u>8,765</u>
Net Current Liabilities	(5,615)	(3,217)	(9,375)	(8,502)
Non-Current Liabilities				
Trade and other payables	1,735	1,735	2,000	2,000
Lease creditors	297	297	-	-
Loans and borrowings	365	435	-	-
Deferred tax liabilities	164	172	-	-
	<u>2,561</u>	<u>2,639</u>	<u>2,000</u>	<u>2,000</u>
Net Assets	3,451	5,318	3,388	4,261
Equity attributable to owners of the Company				
Share capital	148,841	148,841	148,841	148,841
Other reserves	(3,417)	(3,407)	-	-
Accumulated losses	(141,136)	(139,317)	(145,453)	(144,580)
	<u>4,288</u>	<u>6,117</u>	<u>3,388</u>	<u>4,261</u>
Non-controlling interests	(837)	(799)	-	-
Total Equity	3,451	5,318	3,388	4,261



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

Amount repayable in one year or less, or on demand

(S\$'000)

As at 30 Jun 19		As at 31 Dec 18	
Secured	Unsecured ⁽¹⁾	Secured	Unsecured ⁽¹⁾
779	7,119	831	7,880

Amount repayable after one year

(S\$'000)

As at 30 Jun 19		As at 31 Dec 18	
Secured	Unsecured ⁽¹⁾	Secured	Unsecured ⁽¹⁾
306	356	322	410

Details of any collateral

The above borrowings are from financial institutions and are secured by the following:

- 1) Approximately S\$10,000 is secured on certain plant and machinery of a subsidiary;
- 2) Trust receipts is secured by a fixed charge over certain properties;
- 3) Bank overdraft is repayable on demand and is secured over certain properties; and
- 4) Term loan is secured by joint and several guarantees of certain directors and by corporate guarantee of a subsidiary.

Note:

- ⁽¹⁾ Certain unsecured borrowings include joint and several guarantees from Mr Seah Chong Hoe (shareholder and Chief Operating Officer of the Company).



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	
	6 months ended	
	30-Jun-19	30-Jun-18
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before taxation from Continuing Operations	(1,673)	(1,193)
Loss before taxation from Discontinued Operations	-	(500)
Adjustments for:		
Effect of unrealised exchange gain	23	(165)
Depreciation of property, plant and equipment	633	209
Gain on disposal of property, plant and equipment	(13)	(75)
Impairment loss on property, plant and equipment	2	-
Provision for warranty	55	99
Interest expenses	255	84
Interest income	(17)	(8)
Write-back of allowance for trade receivables	-	(324)
Allowance for other receivables	-	17
Allowance for stock obsolescence, net	198	396
Operating cash flows before changes in working capital	(537)	(1,460)
<u>Changes in working capital</u>		
Decrease/(increase) in :		
Inventories	640	(268)
Receivables	(1,258)	89
Due from related parties	-	(175)
(Decrease)/increase in :		
Payables	(18)	(1,338)
Due to related company	26	-
Due to related parties	60	423
Cash flows used in operations	(1,087)	(2,729)
Income tax paid	(67)	(96)
Interest received	17	8
Interest paid	(111)	-
Net cash flows used in operating activities	(1,248)	(2,817)
Cash flows from investing activities		
Purchase of property, plant and equipment	(267)	(612)
Proceeds from disposal of property, plant and equipment	21	74
Net cash flows used in investing activities	(246)	(538)
Cash flow from financing activities		
Loan from related party	500	500
Repayment of obligations under finance leases	(403)	-
Repayment of bank borrowings	(172)	-
Net cash flows (used in)/generated from financing activities	(75)	500
Net increase in cash and cash equivalents	(1,569)	(2,855)
Effect of exchange rate changes on cash and cash equivalents	6	59
Cash and cash equivalents at beginning of period	3,836	4,799
Cash and cash equivalents at end of period	2,273	2,003
Cash at bank and on hand	3,037	2,003
Bank overdraft	(764)	-
Cash and cash equivalents	2,273	2,003



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 (All figures in S\$'000)	Attributable to equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Accumulated losses (Distributable)	Foreign currency translation reserve ------(Non-distributable)-----	Merger reserve	Other reserve	Total reserves			
Balance at 1 January 2019, as previously reported	148,841	(139,317)	(43)	(2,136)	(1,228)	(3,407)	6,117	(799)	5,318
Effect of adopting SFRS(I) 16 Leases	-	(19)	-	-	-	-	(19)	-	(19)
Balance at 1 January 2019, as restated	148,841	(139,336)	(43)	(2,136)	(1,228)	(3,407)	6,098	(799)	5,299
Loss for the period	-	(1,800)	-	-	-	-	(1,800)	(45)	(1,845)
<u>Other comprehensive income for the period</u>									
Foreign currency translation	-	-	(10)	-	-	(10)	(10)	7	(3)
Total comprehensive income for the period	-	(1,800)	(10)	-	-	(10)	(1,810)	(38)	(1,848)
At 30 June 2019	148,841	(141,136)	(53)	(2,136)	(1,228)	(3,417)	4,288	(837)	3,451
Balance at 1 January 2018, as previously reported	142,351	(134,773)	1,392	(2,136)	(1,228)	(1,972)	5,606	(761)	4,845
Effect of transition to SFRS(I)	-	1,497	(1,497)	-	-	(1,497)	-	-	-
Balance at 1 January 2018, as restated	142,351	(133,276)	(105)	(2,136)	(1,228)	(3,469)	5,606	(761)	4,845
Loss for the period	-	(1,879)	-	-	-	-	(1,879)	(37)	(1,916)
<u>Other comprehensive income for the period</u>									
Foreign currency translation	-	-	(27)	-	-	(27)	(27)	(23)	(50)
Total comprehensive income for the period	-	(1,879)	(27)	-	-	(27)	(1,906)	(60)	(1,966)
At 30 June 2018	142,351	(135,155)	(132)	(2,136)	(1,228)	(3,496)	3,700	(821)	2,879



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. (Cont'd)

Company	Share capital	Accumulated losses	Total equity
(All figures in S\$'000)			
At 1 January 2019	148,841	(144,580)	4,261
Loss for the period	-	(873)	(873)
Total comprehensive loss for the period	-	(873)	(873)
At 30 June 2019	148,841	(145,453)	3,388
At 1 January 2018	142,351	(139,654)	2,697
Loss for the period	-	(319)	(319)
Total comprehensive loss for the period	-	(319)	(319)
At 30 June 2018	142,351	(139,973)	2,378



- 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.**

	<u>Company</u>	
	Number of ordinary shares	Issued and paid-up share capital S\$'000
Balances as at 31 March 2019 and 30 June 2019	22,324,126,058	148,841

The Company does not have any outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2019.

- 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 22,324,126,058 as at 30 June 2019 (31 December 2018: 22,324,126,058).

- 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those for the financial year ended 31 December 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.

On 1 January 2019, the Group adopted SFRS(I) 16 *Leases*, a new accounting standard that became effective for annual periods beginning on or after 1 January 2019.

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Remaining lease payments under the operating leases will be recognised at their present value discounted using an appropriate discount rate and the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets (where relevant) and interest expense on lease liabilities.

As a lessee, the Group has adopted SFRS(I) 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 has been recognised as an adjustment to the opening balance as at 1 January 2019, with no restatement of comparative information.

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			
	3 months ended		6 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
<u>Continuing Operations</u>				
Basic loss per share (cents)	(0.006)	(0.004)	(0.008)	(0.009)
Weighted average number of shares	22,324,126,058	15,824,126,058	22,324,126,058	15,824,126,058
<u>Discontinued Operations</u>				
Basic loss per share (cents)	-	(0.002)	-	(0.003)
Weighted average number of shares	22,324,126,058	15,824,126,058	22,324,126,058	15,824,126,058

Loss per share is calculated based on the net loss attributable to ordinary shareholders divided by the weighted average number of shares.

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 2019 and 30 June 2018.



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.

	Group		Company	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
Net assets value per share (cents)	0.02	0.03	0.02	0.02
Number of ordinary shares	22,324,126,058	22,324,126,058	22,324,126,058	22,324,126,058

Net assets value per share is calculated based on the equity attributable to the owners of the company divided by the number of issued shares (excluding treasury shares).

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.

Discontinued operations and subsidiary classified as held for sale:

On 28 September 2018, the Company announced that it has entered into a sale and purchase agreement in relation to the Company's proposed disposal of the entire issued and paid-up share capital of MBT. In compliance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, its results for the corresponding period of the immediately preceding financial year are presented separately in the statement of comprehensive income as "Discontinued Operations". The change in classification and presentation has no effect to the profit or loss after tax and net asset value of the Group.

The post-tax loss for the corresponding period ended 30 June 2018 from the discontinued operations attributable to the Group is presented below:

	6 months ended 30-Jun-18 S\$'000
Revenue	6,540
Costs of sales	(6,070)
Gross profit	470
Other income	27
Selling and marketing costs	(346)
General and administrative costs	(682)
Foreign exchange gain	32
Total operating costs, net	(969)
Operating loss before finance costs and impairment loss	(499)
Finance costs, net	(1)
Loss before tax from discontinued operations	(500)
Income tax expense	-
Loss from discontinued operations, net of tax	(500)



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. (Cont'd)**

Income Statement

Continuing Operations

In FY2018, the Group completed the acquisition of (i) Yumei Technologies Sdn. Bhd.; (ii) Yumei REIT Sdn. Bhd.; and (iii) Pioneer Venture Pte. Ltd. (collectively known as the "Target Group") on 4 December 2018 (refer to announcement dated on 4 December 2018).

The Group recorded revenue of S\$4.3 million in the 3 months ended 30 June 2019 ("2Q2019"); an increase of S\$0.6 million or 14% from S\$3.7 million recorded in the previous corresponding period ended 30 June 2018 ("2Q2018"). Revenue from the equipment business posted an increase of 13% in 2Q2019 when compared to 2Q2018 due to increased customers' demands during the quarter. Equipment Contract Manufacturing Services ("ECMS") business also recorded an increase in revenue of 14% in 2Q2019 when compared to 2Q2018 mainly due to the contribution from the Target Group in 2Q2019.

The Group's revenue for the first half year ended 30 June 2019 ("1H2019"), was S\$1.4 million or 17% higher when compared to the previous corresponding period ended 30 June 2018 ("1H2018"). Equipment business increased by 34% in 1H2019 when compared to 1H2018 due to increase of customers' demands and ECMS recorded an increase in revenue of 11% in 1H2019 when compared to 1H2018.

Gross profit margin ("GPM") of the Group dropped by 1 percentage-point ("ppt"); from 28% in 2Q2018 to 27% in 2Q2019. GPM of the Equipment business improved by 7ppts; from 41% in 2Q2018 to 48% in 2Q2019, due to a shift in sales mix during the quarter. GPM of the ECMS business in 2Q2019 was 23%, which was relatively comparable to the GPM in 2Q2018 of 25%.

GPM of the Group in 1H2019 was 31%, which was a 4ppts increase from GPM in 1H2018 of 27%. GPM of the Equipment business in 1H2019 was 42%, representing an increase of 13ppts compared to the GPM of 29% in 1H2018, due to better sales mix in 1H2019. GPM of ECMS business in 1H2019 remains comparable to the GPM in 1H2018 of 26%.

Selling and marketing ("S&M") costs in 2Q2019 has dropped by 16% as compared to 2Q2018. S&M costs incurred by the Equipment business in 2Q2019 were 18% lower when compared to 2Q2018 mainly due to lower warranty costs incurred. S&M costs incurred by the ECMS business in 2Q2019 were 15% lower than the costs incurred in 2Q2018.

S&M costs in 1H2019 fell 22% mainly due to reduced headcounts during the period. S&M costs incurred by the Equipment business in 1H2019 has declined by 20% as compared to 1H2018 and costs incurred by the ECMS business in 1H2019 were 24% lower compared against 1H2018.

Research and development costs in 2Q2019 and 1H2019 were 13% and 18% higher when compared to the costs incurred in 2Q2018 and 1H2018 respectively. The increase was mainly attributable to research on new equipment design.

General and administrative ("G&A") costs in 2Q2019 and 1H2019 increased by 59% and 45% as compared to the costs incurred in 2Q2018 and 1H2018 respectively. The increase was due to the absence of 6 months G&A costs from the newly acquired Target Group and write back of allowance for trade receivables in 1H2018.



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. (Cont'd)**

Finance costs incurred in 2Q2019 and 1H2019 increased by 133% and 165% when compared to 2Q2018 and 1H2018. These were mainly due to the increased borrowings taken by the Target Group and from ASTI Holdings.

The Group reported foreign exchange losses of S\$108,000 and S\$90,000 in 2Q2019 and 1H2019 compared to foreign exchange gains of S\$59,000 and S\$135,000 in 2Q2018 and 1H2018.

As a result of the above, the Group reported a net loss attributable to owners of the Company from continuing operations of S\$1.3 million in 2Q2019 compared to the net loss of S\$0.7 million in 2Q2018 and a net loss of S\$1.8 million in 1H2019 compared to a net loss of S\$1.4 million in 1H2018.

Balance Sheet

Property, plant and equipment (“PPE”) decreased by approximately S\$0.2 million, from S\$6.9 million as at 31 December 2018 to S\$6.7 million as at 30 June 2019. This was mainly due to depreciation and foreign currency translation changes during the period, which was offset by the purchase of PPE by the Group.

Right-of-use assets of S\$0.6 million as at 30 June 2019 were due to the adoption of the new accounting standard that became effective from 1 January 2019.

Inventories decreased by approximately S\$0.9 million from S\$3.6 million at 31 December 2018 to S\$2.7 million at 30 June 2019.

Trade and other receivables increased by approximately S\$1.3 million, from S\$5.0 million at 31 December 2018 to S\$6.3 million at 30 June 2019. The increase was mainly due to the sale of equipment.

Trade and other payables increased by approximately S\$0.8 million, from S\$12.8 million at 31 December 2018 to S\$13.6 million at 30 June 2019, in line with the increase in Group's business.

Total lease creditors increased by approximately S\$0.5 million from S\$0.6 million as at 31 December 2018 to S\$1.1 million as at 30 June 2019. This was mainly due to the adoption of the new accounting standard that became effective from 1 January 2019.

Loans and borrowings of S\$0.7 million as at 30 June 2019, dropped by S\$0.2 million or 20% from S\$0.9 million as at 31 December 2018 were due to the repayment of loans during the period.

As at 30 June 2019, the Group reported net current liabilities of S\$5.6 million and net assets of S\$3.5 million.

In view of this, the Board is of the opinion that the Group will be able to continue as a going concern as there are reasonable grounds to believe that the Company will be able to meet its short-term obligations for the next 12 months, as the Group has obtained a letter of undertaking from ASTI Holdings Limited and Mr. Seah Chong Hoe (Chief Operating Officer of the Company) that they will not recall the amounts due to themselves for the next 12 months, and the Group is expected to generate sufficient cash flows from its operations by limiting its expenditure on PPE and managing its repayment of payables to improve its working capital position. The Group is also looking at options to raise funds for working capital so as to strengthen its balance sheet and provide additional resources for the projects that the Group is working on.



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. (Cont'd)**

Cash Flows

Net cash flows used in operating activities amounted to approximately S\$1.2 million in 1H2019. This was mainly due to operating cash flows before changes in working capital of S\$0.5 million, interest paid of S\$0.1 million and income tax paid of approximately S\$67,000 during the period.

Net cash flows used in investing activities amounted to approximately S\$0.2 million and was mainly due to purchase of PPE, offset by proceeds from disposal of PPE.

Net cash flow used in financing activities amounted to approximately S\$0.1 million and was mainly due to the repayment of lease obligations and bank borrowings, partially offset by loan from 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.

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.**

Our business is prone to economic uncertainties and the cyclical nature of the semiconductor industry and consumer business. Other unforeseeable factors including but not limited to foreign exchange fluctuations, intellectual property litigations, product and technology obsolescence, and inventory adjustments may also pose challenges to our business.

The China and US trade tensions continue to dampen global business sentiments. The technology industry is bearing the brunt of the dispute. This has affected customers' demands in certain segments of the Group's business. However, we have seen some opportunities in the China and US trade tensions and the Group is taking active steps to capitalize on them.

In view of the above, we expect that our performance in the next quarter will remain challenging. The Group will remain prudent and cautious in the management of our business and will continue to look for opportunities that can help us mitigate the impact of the current trade war crisis.

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.



11. Dividend (Cont'd)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 2Q2019 as the Group is in a loss-making position in this quarter.

13. Interested person transactions

The Group does not have an existing general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalyst Rules following the expiry of the general mandate obtained from shareholders on 30 April 2018. The Company did not renew the general mandate for interested person transactions at the annual general meeting held on 30 July 2019 as the trade-related transactions were carried out mainly between the Company and ASTI Holdings Limited ("ASTI"), in particular a subsidiary of ASTI, Semiconductor Technologies & Instruments Pte Ltd ("STI"). With the completion of the disposal of STI by ASTI on 26 September 2018, the Company does not expect any trade-related transactions between ASTI and the Company.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	1H2019	1H2019
ASTI Holdings Limited ("ASTI") and its subsidiary of companies	Interest expense amounting to \$114,000 ⁽¹⁾	Nil

Note:

⁽¹⁾ Relates to interest payable on the loan extended by ASTI Group. As at 30 June 2019, ASTI Group had provided an aggregate of S\$6.6 million loan (the "Loan") to the Group. The Loan which bears effective interest rates ranging from 3.39% to 5.00% is unsecured.

The Company will convene an extraordinary general meeting to seek shareholders' approval for, amongst others, the ratification of the above interested person transaction in due course.



14. Negative Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.

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 and first half year financial period ended 30 June 2019 to be false or misleading in any material aspect.

15. 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) of the Catalist Rules.

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) of the Catalist Rules.

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

16. 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.

17. 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.

18. A breakdown of sales.

Not applicable to quarterly announcement.

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

Not applicable.

20. Disclosure of person occupying a managerial position in the issuer or 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(13) of the Catalist Rules in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable to quarterly announcement.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Executive Chairman and CEO

14 August 2019