



ADVANCED SYSTEMS AUTOMATION LIMITED

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

Results for the Fourth Quarter Financial Period Ended 31 December 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 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.

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 year ended 31 December 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.

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*, the assets and liabilities of MBT are classified as assets in subsidiary held for sale and liabilities in subsidiary held for sale respectively on the consolidated balance sheet. Its results for the current financial period reported on and 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			12 months ended		
	31-Dec-18	31-Dec-17	change	31-Dec-18	31-Dec-17	change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
		(restated)		(restated)		
Continuing Operations						
Revenue	3,696	5,276	(30)	16,229	18,867	(14)
Cost of sales	(2,640)	(3,814)	(31)	(11,289)	(12,567)	(10)
Gross profit	1,056	1,462	(28)	4,940	6,300	(22)
Selling and marketing costs	(312)	(579)	(46)	(1,569)	(1,903)	(18)
Research and development costs	(197)	(171)	15	(806)	(721)	12
General and administrative costs	(1,737)	(1,825)	(5)	(4,655)	(5,689)	(18)
Other (expenses)/income, net	(184)	36	NM	(184)	36	NM
Foreign exchange (loss)/gain	(10)	31	NM	59	(118)	NM
Total operating costs	(2,440)	(2,508)	(3)	(7,155)	(8,395)	(15)
Operating loss before finance costs	(1,384)	(1,046)	32	(2,215)	(2,095)	6
Finance costs, net	(100)	(35)	186	(236)	(386)	(39)
Loss before tax from continuing operations	(1,484)	(1,081)	37	(2,451)	(2,481)	(1)
Income tax credit/(expense)	20	6	233	(351)	(267)	31
Loss after tax from continuing operations	(1,464)	(1,075)	36	(2,802)	(2,748)	2
Discontinued Operations						
Loss after tax from discontinued operations	(148)	(1,770)	(92)	(3,277)	(2,862)	15
Loss for the period/year	(1,612)	(2,845)	(43)	(6,079)	(5,610)	8
Attributable to :						
Owners of the Company						
- Continuing operations	(1,443)	(1,066)	35	(2,764)	(2,667)	4
- Discontinued operations	(148)	(1,770)	(92)	(3,277)	(2,862)	15
	(1,591)	(2,836)	(44)	(6,041)	(5,529)	9
Non-controlling interests						
- Continuing operations	(21)	(9)	133	(38)	(81)	(53)
	(21)	(9)	133	(38)	(81)	(53)
Total	(1,612)	(2,845)	(43)	(6,079)	(5,610)	8

NM: Not meaningful



Statement of Comprehensive Income for the Group for the Fourth Quarter and Full Year Ended 31 December 2018

	Group			
	3 months ended		12 months ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	S\$'000	S\$'000	S\$'000	S\$'000
	(restated)		(restated)	
Loss for the period/year	(1,612)	(2,845)	(6,079)	(5,610)
Other comprehensive income items that may be reclassified subsequently to profit or loss				
Foreign currency translation	160	(50)	62	(121)
Total comprehensive loss for the period/year	<u>(1,452)</u>	<u>(2,895)</u>	<u>(6,017)</u>	<u>(5,731)</u>
Attributable to :				
Owners of the Company				
- Continuing operations	(1,368)	(1,206)	(2,702)	(2,772)
- Discontinued operations	(65)	(1,664)	(3,277)	(2,862)
	<u>(1,433)</u>	<u>(2,870)</u>	<u>(5,979)</u>	<u>(5,634)</u>
Non-controlling interests				
- Continuing operations	(19)	(25)	(38)	(97)
- Discontinued operations	-	-	-	-
	<u>(19)</u>	<u>(25)</u>	<u>(38)</u>	<u>(97)</u>
Total comprehensive loss for the period/year	<u>(1,452)</u>	<u>(2,895)</u>	<u>(6,017)</u>	<u>(5,731)</u>

Additional Information

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

	Group					
	3 months ended			12 months ended		
	31-Dec-18	31-Dec-17	%	31-Dec-18	31-Dec-17	%
	S\$'000	S\$'000		S\$'000	S\$'000	
	(restated)			(restated)		
Continuing Operations						
Interest income	8	6	33	18	19	(5)
Interest expense	(103)	(38)	171	(241)	(392)	(39)
Depreciation of property, plant and equipment	(134)	(81)	65	(429)	(306)	40
Property, plant and equipment written off	-	(1)	NM	-	(2)	NM
(Loss)/gain on disposal of property, plant and equipment	(135)	20	NM	28	80	(65)
Impairment loss of property, plant and equipment	(229)	-	NM	(229)	-	NM
Allowance for trade receivables	-	(339)	NM	-	(339)	NM
Write-back of allowance for trade receivables	-	-	-	324	-	NM
(Allowance for)/write-back of stock obsolescence, net	18	129	(86)	(197)	302	NM
Provision of warranty	55	(231)	NM	(58)	(420)	(86)
Discontinued Operations						
Interest income	-	1	NM	2	3	(33)
Depreciation of property, plant and equipment	-	(84)	NM	(13)	(300)	(96)
Gain on disposal of property, plant and equipment	-	-	-	53	66	(20)
Property, plant and equipment written off	-	(406)	NM	-	(406)	NM
Write-back of allowance for other receivables	-	-	-	(16)	(65)	(75)
Write-back of stock obsolescence, net	-	(36)	NM	(278)	(76)	266
Impairment loss of property, plant and equipment	-	(1,071)	NM	-	(1,071)	NM
Impairment loss of discontinued operations	<u>(148)</u>	-	NM	<u>(2,580)</u>	-	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	
	31-Dec-18 S\$'000	31-Dec-17 S\$'000 (restated)	31-Dec-18 S\$'000	31-Dec-17 S\$'000
Non-Current Assets				
Intangible assets	4,288	64	64	64
Property, plant and equipment	6,886	2,014	-	-
Investment in subsidiaries	-	-	14,699	4,699
Deferred tax assets	55	53	-	-
	<u>11,229</u>	<u>2,131</u>	<u>14,763</u>	<u>4,763</u>
Current Assets				
Cash and cash equivalents	4,576	4,799	224	61
Trade receivables	3,973	8,953	-	-
Contract assets	109	-	-	-
Other receivables	287	493	2	1
Prepayments and advances	139	357	7	7
Amounts due from subsidiaries	-	-	30	3,484
Amounts due from related parties	730	537	-	1
Inventories	3,579	3,486	-	-
	<u>13,393</u>	<u>18,625</u>	<u>263</u>	<u>3,554</u>
Current Liabilities				
Provisions	103	108	-	-
Trade payables and accruals	5,298	10,054	356	324
Contract liabilities	97	-	-	-
Other payables	2,592	837	1,500	-
Amounts due to subsidiaries	-	-	599	1,364
Amounts due to related companies	6,906	4,839	6,310	3,932
Lease creditors	283	9	-	-
Interest-bearing loans and borrowings	1,178	-	-	-
Income tax payable	208	64	-	-
	<u>16,665</u>	<u>15,911</u>	<u>8,765</u>	<u>5,620</u>
Net Current (Liabilities)/Assets	(3,272)	2,714	(8,502)	(2,066)
Non-Current Liabilities				
Other payables	1,735	-	2,000	-
Lease creditors	297	-	-	-
Interest-bearing loans and borrowings	435	-	-	-
Deferred tax liabilities	172	-	-	-
	<u>2,639</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Net Assets	5,318	4,845	4,261	2,697
Equity attributable to owners of the Company				
Share capital	148,841	142,351	148,841	142,351
Reserves	(142,724)	(136,745)	(144,580)	(139,654)
	<u>6,117</u>	<u>5,606</u>	<u>4,261</u>	<u>2,697</u>
Non-controlling interests	(799)	(761)	-	-
Total Equity	5,318	4,845	4,261	2,697



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 31 Dec 18		As at 31 Dec 17	
Secured	Unsecured	Secured	Unsecured
831	7,880	9	5,208

Amount repayable after one year

(S\$'000)

As at 31 Dec 18		As at 31 Dec 17	
Secured	Unsecured	Secured	Unsecured
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) Joint and several guarantees of the shareholders of Pioneer Venture Pte Ltd;
- 3) Trust receipts are secured on the following; and
 - (i) Fixed charge over the leasehold land and factory building of a subsidiary;
 - (ii) Personal guarantees from Seah Chong Hoe (controlling shareholder and Chief Operating Officer of the Company); and
 - (iii) Corporate guarantees from a subsidiary
- 4) Bank overdraft are repayable on demand and are secured on the following:
 - (i) All monies charge over the leasehold land and factory building of a subsidiary;
 - (ii) Joint and several guarantees from Seah Chong Hoe (controlling shareholder and Chief Operating Officer of the Company) and Mr Foo Sert Chiow (Director of Yumei Technologies Sdn. Bhd. and Yumei REIT Sdn. Bhd.); and
 - (iii) Corporate guarantees from 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	
	12 months ended	
	31-Dec-18	31-Dec-17
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before taxation from Continuing Operations	(2,451)	(2,481)
Loss before taxation from Discontinued Operations	(3,277)	(2,862)
Adjustments for:		
Exchange difference	(118)	(173)
Depreciation of property, plant and equipment	442	606
Gain on disposal of property, plant and equipment	(81)	(146)
Property, plant and equipment written off	-	408
Impairment on property, plant and equipment	229	1,071
Impairment on trade receivables written back	(338)	-
Allowance for trade receivables	-	339
Allowance for other receivables	16	65
Provision on warranty	58	420
Provision on reinstatement cost	60	-
Interest expenses	241	392
Interest income	(20)	(22)
Loss on disposal of subsidiary	2,580	-
Allowance for/(write-back of) stock obsolescence, net	475	(226)
Operating cash flows before changes in working capital	(2,184)	(2,609)
<u>Changes in working capital</u>		
(Increase)/decrease in :		
Inventories	(1,620)	(755)
Receivables	1,308	(443)
Due from related parties	552	87
Increase/(decrease) in :		
Payables	550	747
Due to related company	(34)	502
Due to related parties	282	(115)
	(1,146)	(2,586)
Income tax paid	(208)	(203)
Interest received	20	22
Interest paid	(240)	(366)
Net cash flows used in operating activities	(1,574)	(3,133)
Cash flows from investing activities		
Purchase of property, plant and equipment	(957)	(2,167)
Proceeds from disposal of property, plant and equipment	86	221
Extension of club membership	-	(19)
Net cash outflow on disposal of subsidiaries	(211)	-
Net cash inflow on acquisition of subsidiary	268	-
Net cash flows used in investing activities	(814)	(1,965)
Cash flow from financing activities		
Loan to related parties	-	1,065
Loan from related company	2,400	-
Repayment of loan to related company	-	(400)
Repayment of lease obligations	(23)	-
Repayment of bank borrowings	(164)	-
Other borrowings, net	-	(542)
Proceeds from rights issue exercise	-	7,517
Right issue expenses	-	(482)
Net cash flows generated from financing activities	2,213	7,158
Net increase in cash and cash equivalents	(175)	2,060
Effect of exchange rate changes on cash and cash equivalents	(48)	23
Cash and cash equivalents at beginning of period	4,799	2,716
Cash and cash equivalents at end of period	4,576	4,799



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 equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Accumulated losses (Distributable)	Foreign currency reserve ------(Non-distributable)-----	Merger reserve	Other reserve	Total reserves			
(All figures in S\$'000)									
Balance at 1 January 2018, as previously reported	142,351	(134,773)	1,392	(2,136)	(1,228)	(136,745)	5,606	(761)	4,845
Effect of transition to SFRS(I)	-	1,497	(1,497)	-	-	-	-	-	-
Balance at 1 January 2018, as restated	142,351	(133,276)	(105)	(2,136)	(1,228)	(136,745)	5,606	(761)	4,845
Loss for the year	-	(6,041)	-	-	-	(6,041)	(6,041)	(38)	(6,079)
Other comprehensive income for the year									
Foreign currency translation	-	-	62	-	-	62	62	-	62
Total comprehensive (loss)/income for the year	-	(6,041)	62	-	-	(5,979)	(5,979)	(38)	(6,017)
Contributions by and distributions to equity owners									
Issuance of new ordinary shares pursuant to sale shares	6,500	-	-	-	-	-	6,500	-	6,500
Share issuance expenses	(10)	-	-	-	-	-	(10)	-	(10)
Total contributions by and distributions to equity owners	6,490	-	-	-	-	-	6,490	-	6,490
At 31 December 2018	148,841	(139,317)	(43)	(2,136)	(1,228)	(142,724)	6,117	(799)	5,318
Balance at 1 January 2017, as previously reported	130,965	(129,244)	1,497	(2,136)	(1,228)	(131,111)	(146)	(664)	(810)
Effect of transition to SFRS(I)	-	1,497	(1,497)	-	-	-	-	-	-
Balance at 1 January 2017, as restated	130,965	(127,747)	-	(2,136)	(1,228)	(131,111)	(146)	(664)	(810)
Loss for the year	-	(5,529)	-	-	-	(5,529)	(5,529)	(81)	(5,610)
Other comprehensive income for the year									
Foreign currency translation	-	-	(105)	-	-	(105)	(105)	(16)	(121)
Total comprehensive loss for the year	-	(5,529)	(105)	-	-	(5,634)	(5,634)	(97)	(5,731)
Contributions by and distributions to equity owners									
Issuance of shares pursuant to rights issue	11,868	-	-	-	-	-	11,868	-	11,868
Share issuance expenses	(482)	-	-	-	-	-	(482)	-	(482)
Total contributions by and distributions to equity owners	11,386	-	-	-	-	-	11,386	-	11,386
At 31 December 2017	142,351	(133,276)	(105)	(2,136)	(1,228)	(136,745)	5,606	(761)	4,845



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)

<u>Company</u>	Share capital	Accumulated losses	Total equity
(All figures in S\$'000)			
At 1 January 2018	142,351	(139,654)	2,697
Loss for the year	-	(4,926)	(4,926)
Total comprehensive loss for the year	-	(4,926)	(4,926)
<u>Contributions by and distributions to equity owners</u>			
Issuance of new ordinary shares pursuant to sale shares	6,500	-	6,500
Share issuance expenses	(10)	-	(10)
Total contributions by and distributions to equity owners	6,490	-	6,490
At 31 December 2018	148,841	(144,580)	4,261
At 1 January 2017	130,965	(124,170)	6,795
Loss for the year	-	(15,484)	(15,484)
Total comprehensive loss for the year	-	(15,484)	(15,484)
<u>Contributions by and distributions to equity owners</u>			
Issuance of shares pursuant to rights issue	11,868	-	11,868
Share issuance expenses	(482)	-	(482)
Total contributions by and distributions to equity owners	11,386	-	11,386
At 31 December 2017	142,351	(139,654)	2,697



- 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 30 September 2018	15,824,126,058	142,351
Balances as at 31 December 2018	22,324,126,058	148,841

On 4 December 2018, the Company issued 6,500,000,000 new shares in the capital of the Company ("**Share**") to Mr Seah Chong Hoe, at an issue price of S\$0.001 per Share, pursuant to the terms and conditions of the sale and purchase agreement (the "**SPA**") for the sale and purchase of the entire issued and paid-up share capital of each of Yumei Technologies Sdn. Bhd. ("**Yumei Tech**"), Yumei REIT Sdn. Bhd. ("**Yumei REIT**") and Pioneer Venture Pte. Ltd. ("**Pioneer Venture**") (the "**Proposed Acquisition**"). Save for the above, there were no changes in the issued and paid-up share capital of the Company during the 3-month period ended 31 December 2018.

The Company does not have any outstanding convertible securities, treasury shares and subsidiary holdings as at 31 December 2017 and 31 December 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 22,324,126,058 as at 31 December 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 on 1 January 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 elected the optional exemption from retrospective application of SFRS(I), to reset its cumulative currency translation reserve which arose from the translation differences for all foreign operations and transferred them 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.

	Group			
	3 months ended		12 months ended	
	31-Dec-18	31-Dec-17 (restated)*	31-Dec-18	31-Dec-17 (restated)*
<u>Continuing Operations</u>				
Basic loss per share (cents)	(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of shares Basic	16,322,756,195	15,824,126,058	16,322,756,195	15,824,126,058
<u>Discontinued Operations</u>				
Basic loss per share (cents)	-	(0.01)	(0.02)	(0.02)
Weighted average number of shares Basic	16,322,756,195	15,824,126,058	16,322,756,195	15,824,126,058

Earnings per share are 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 31 December 2018 and 31 December 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.

	Group		Company	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Net assets value per share (cents)	0.02	0.04	0.02	0.02
Based on number of shares	22,324,126,058	15,824,126,058	22,324,126,058	15,824,126,058

Net assets value per share is calculated based on the equity attributable to the equity holders of the parent excluding the non-controlling interests divided by the number of 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*, the assets and liabilities of MBT are classified as assets in subsidiary held for sale and liabilities in subsidiary held for sale respectively on the consolidated balance sheet. The results for the current financial period reported on and 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 financial year ("FY") ended 31 December 2018 from the discontinued operations attributable to the Group is presented below:

	12 months ended	
	31-Dec-18	31-Dec-17
	S\$'000	S\$'000
Revenue	10,691	12,400
Costs of sales	(9,891)	(11,597)
Gross profit	<u>800</u>	<u>803</u>
Other income	-	18
Selling and marketing costs	(517)	(703)
General and administrative costs	(989)	(1,803)
Foreign exchange gain/(loss)	10	(105)
Total operating costs, net	<u>(1,496)</u>	<u>(2,593)</u>
Operating loss before finance costs and impairment loss	(696)	(1,790)
Finance costs, net	(1)	(1)
Impairment loss	(2,580)	(1,071)
Loss before tax from discontinued operations	<u>(3,277)</u>	<u>(2,862)</u>
Income tax expense	-	-
Loss from discontinued operations, net of tax	<u>(3,277)</u>	<u>(2,862)</u>



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

For FY2018, the Group recorded a 1-month contribution from (i) Yumei Technologies Sdn. Bhd.; (ii) Yumei REIT Sdn. Bhd.; and (iii) Pioneer Venture Pte. Ltd. (collectively known as the "**Target Group**"), following the completion of the acquisition of Target Group on 4 December 2018. The revenue contribution from the Target Group is recorded under the Equipment Contract Manufacturing Services ("**ECMS**") business. The Group's revenue in the fourth quarter ("**4Q**") ended 31 December 2018 was 30% lower when compared to 4Q2017. Equipment business reported a revenue decline of 61% in 4Q2018 when compared to 4Q2017 mainly due to decreased customers' demands during the quarter. ECMS business recorded an increase in revenue of 10% in 4Q2018 when compared to 4Q2017 mainly due to increased customers' demands during the quarter and the 1-month contribution from the Target Group.

The Group's revenue for FY2018 was 14% lower when compared to FY2017. Equipment business reported a revenue decline of 57% in FY2018 when compared to FY2017 mainly due to lower customers' demands during the year. ECMS business recorded an increase in revenue of 29% in FY2018 when compared to FY2017 mainly due to increased customers' demands during the year and the 1-month contribution from the Target Group.

Gross profit margin ("**GPM**") of the Group improved by 1 percentage-point ("**ppt**") increase from 28% in 4Q2017 to 29% in 4Q2018. GPM of the Equipment business improved by 20ppts from 26% in 4Q2017 to 46% in 4Q2018 due to a shift in sales mix during the quarter. GPM of the ECMS business in 4Q2018 was 21%, representing a decrease of 9ppts compared to 30% in 4Q2017.

GPM of the Group in FY2018 was 30%, which was a 3ppts decrease from the GPM in FY2017 of 33%. GPM of the Equipment business in FY2018 was 39%, representing an increase of 1ppt from the GPM in FY2017 of 38% due to a shift in sales mix during the year. GPM of the ECMS business in FY2018 was 27%, representing a decrease of 1ppt compared to 28% in FY2017.

Selling and marketing ("**S&M**") costs in 4Q2018 were 46% lower than the costs incurred in 4Q2017. S&M costs incurred by the Equipment business in 4Q2018 were 67% lower when compared to 4Q2017, which was in line with the lower sales in 4Q2018. S&M costs incurred by the ECMS business in 4Q2018 were 20% higher than the costs incurred in 4Q2017. S&M costs in FY2018 were 18% lower when compared to FY2017. S&M costs incurred by the Equipment business in FY2018 were 31% lower when compared to FY2017, which was in line with the lower sales in FY2018. S&M costs incurred by ECMS business in FY2018 and FY2017 remained relatively stable.

Research and development ("**R&D**") costs in 4Q2018 were 15% higher when compared to the costs incurred in 4Q2017. R&D costs in FY2018 were 12% higher when compared to the costs incurred in FY2017. The increased costs incurred in 4Q2018 and FY2018 were due to new projects undertaken that have yet to be completed.

General and administrative costs in 4Q2018 and FY2018 decreased by 5% and 18% as compared to the costs incurred in 4Q2017 and FY2017 respectively. The decrease was mainly due to a one-time allowance write back of S\$0.3 million from trade receivables.



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The Group reported foreign exchange loss of approximately S\$10,000 in 4Q2018 and foreign exchange gain of approximately S\$31,000 in 4Q2017. Foreign exchange gain of approximately S\$59,000 in FY2018 and foreign exchange loss of approximately S\$118,000 in FY2017 were also reported accordingly. The exchange gain and loss were mainly due to the fluctuation of the US Dollars against the Malaysia Ringgit.

Other expenses in 4Q2018 and FY2018 were in relation to the impairment of property, plant and equipment.

Finance costs incurred in 4Q2018 were higher by 186% when compared to 4Q2017 due to higher interest payments. Finance costs incurred in FY2018 were lower by 39% when compared to FY2017, mainly due to reduced interest payments resulting from loan repayment pursuant to the rights issue completed in FY2017.

Depreciation of property, plant and equipment ("**PPE**") from continuing operations was higher by 22% and 28% in 4Q2018 and FY2018 when compared to 4Q2017 and FY2017 due to additional PPE purchased pursuant to the acquisition of the Target Group.

The Group made an allowance for stock obsolescence of S\$0.4 million for aged inventories in FY2018.

As a result of the above, the Group reported a net loss attributable to owners of the Company from continuing operations of S\$1.4 million in 4Q2018 as compared to the net loss attributable to owners of the Company from continuing operations of S\$1.0 million in 4Q2017. Net loss attributable to owners of the Company from continuing operations was S\$2.8 million in FY2018 as compared to the net loss of S\$2.7 million in FY2017.

Balance Sheet

Intangible assets increased by approximately S\$4.2 million, from S\$0.06 million as at 31 December 2017 to S\$4.3 million as at 31 December 2018. The increase was mainly due to the goodwill arising from the acquisition of the Target Group.

PPE increased by approximately S\$4.9 million, from S\$2.0 million as at 31 December 2017 to S\$6.9 million as at 31 December 2018. The increase was mainly due to the acquisition of the entire issued and paid-up share capital of the Target Group.

Trade receivables decreased by approximately S\$4.9 million, from S\$8.9 million as at 31 December 2017 to S\$4.0 million as at 31 December 2018. The decrease was mainly due to the disposal of subsidiary completed on 30 September 2018, which was partially offset by the increase of trade receivables of S\$1.3 million in relation to the acquisition of the Target Group.

Contract assets of approximately S\$109,000 as at 31 December 2018 were mainly in relation to the acquisition of Target Group.

Other receivables decreased by approximately S\$206,000, from S\$493,000 as at 31 December 2017 to S\$287,000 as at 31 December 2018, mainly due to the disposal of subsidiary.



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Prepayments and advances decreased by approximately S\$218,000, from S\$357,000 as at 31 December 2017 to S\$139,000 as at 31 December 2018. The decrease was mainly due to the disposal of subsidiary and lower advances to the vendors.

Amounts due from related parties comprised mainly receivables from sales to a related company.

Inventories increased by approximately S\$0.1 million from S\$3.5 million as at 31 December 2017 to S\$3.6 million as at 31 December 2018, mainly due to increased work-in-progress inventories.

Payables and accruals decreased by approximately S\$2.9 million, from S\$11.0 million as at 31 December 2017 to S\$8.1 million as at 31 December 2018. The decrease was mainly due to the disposal of subsidiary, which was partially offset by S\$1.2 million increase of payables and accruals in relation to the acquisition of Target Group.

Contract liabilities of approximately S\$97,000 as at 31 December 2018 were mainly in relation to the acquisition of Target Group.

Amounts due to related companies increased by approximately S\$2.1 million, from S\$4.8 million as at 31 December 2017 to S\$6.9 million as at 31 December 2018, mainly due to loans and non-trade payables to a related company.

Interest-bearings loan and borrowings of S\$1.2 million as at 31 December 2018 was mainly in relation to the loans obtained by the Target Group.

As at 31 December 2018, the Group reported net current liabilities of S\$3.3 million and net assets of S\$5.3 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 that it will not recall the payment of the shareholder's loan when it is due, 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.

Cash Flows

Net cash flows used in operating activities amounted to S\$1.6 million in FY2018. This was mainly due to changes in working capital of S\$0.8 million, interest paid during the financial year of S\$0.2 million and income tax paid for the financial year of S\$0.2 million, partially offset by operating cash flows before changes in working capital of S\$2.0 million.

Net cash flows used in investing activities amounted to approximately S\$0.8 million and was mainly due to purchase of property, plant and equipment of S\$1.0 million.

Net cash flow generated from financing activities of amounted to S\$2.2 million and was mainly due to the loan from related company of S\$2.4 million, partially offset by the repayment of bank borrowings of S\$0.2 million.



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.

The acquisition of the (i) Yumei Technologies Sdn. Bhd., (ii) Yumei REIT Sdn. Bhd. and (iii) Pioneer Venture Pte. Ltd. (collectively known as the “Target Group”) was completed on 4 December 2018 (please refer to announcement on 4 December 2018).

The entry of the Target Group contributed new skills sets in die-casting and plastic injection moulding for the Group, enabling the Company to offer a more comprehensive value proposition to a broader customer base across a wider region.

The Group has taken certain steps and is exploring certain options to strengthen its balance sheet and improve its cash flow position. Please refer to paragraph 8 above for further details.

We are optimistic that going forward, ASA Group will be in a better position to compete in the market.

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 and the reason(s) for the decision.

No dividend has been declared or recommended for 4Q2018 as the Group requires the existing cash to fund its operating activities.



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 FY2018, the interested person transactions in aggregate under review are as follows:

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(1)(a))	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920(1)(a) (excluding transactions less than \$100,000)
ASTI Holdings Limited ("ASTI") and its subsidiary of companies		
Trade related transactions	-	S\$427,000 ⁽¹⁾
Interest on shareholder loan	S\$209,000 ⁽²⁾	-

⁽¹⁾ Relates to trade sales transactions with STI (subsidiary of ASTI) up till 26 September 2018.

⁽²⁾ Relates to interest payable on the loan extended by ASTI. As at 31 December 2018, ASTI had provided an aggregate of S\$6.3 million loan (the "Loan") to the Group. The Loan which bears effective interest rates ranging from 3.39% to 5.33% is unsecured and to be settled in cash.

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

Not applicable to full year announcement.

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.

<u>Group</u>	Equipment		Equipment Contract Manufacturing Services ("ECMS")		Adjustments and Elimination		Consolidated Total	
	FY2018 S\$'000	FY2017 S\$'000	FY2018 S\$'000	FY2017 S\$'000	FY2018 S\$'000	FY2017 S\$'000	FY2018 S\$'000	FY2017 S\$'000
Revenue:								
- External sales	4,038	9,411	12,191	9,456	-	-	16,229	18,867
- Inter-segment sales (Note A)	16	-	13	31	(29)	(31)	-	-
	4,054	9,411	12,204	9,487	(29)	(31)	16,229	18,867
EBITDA	(3,048)	(2,472)	(2,006)	(1,895)	-	-	(5,054)	(4,367)
Depreciation	(32)	(34)	(449)	(572)	-	-	(481)	(606)
Interest expense	(200)	(240)	(139)	(236)	107	84	(232)	(392)
Interest income	73	43	54	63	(107)	(84)	20	22
Loss before tax	(3,207)	(2,703)	(2,540)	(2,640)	-	-	(5,747)	(5,343)
Income tax expense	(5)	(5)	(327)	(262)	-	-	(332)	(267)
Segment results	(3,212)	(2,708)	(2,867)	(2,902)	-	-	(6,079)	(5,610)

Note A: Inter-segment revenues are eliminated on consolidation.

Geographical segment information

	Revenue		Non-current assets	
	FY2018 S\$'000	FY2017 S\$'000	FY2018 S\$'000	FY2017 S\$'000
China	2,918	3,858	-	-
South East Asia	12,987	10,573	11,369	2,078
America	6	20	-	-
Europe	306	4,410	-	-
Others	12	6	-	-
Total	16,229	18,867	11,369	2,078

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

Please refer to item 8.

18. A breakdown of sales.

	Group		
	FY2018 S\$'000	FY2017 S\$'000	%
Revenue reported for first half year	8,175	6,284	30%
Operating loss after tax before deducting minority interests reported in first half year	(1,416)	(2,099)	-33%
Revenue reported for second half year	8,054	12,583	-36%
Operating loss after tax before deducting minority interests reported in second half year	(4,663)	(3,511)	33%



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. No dividend proposed for FY2018 and FY2017.

20. 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(10) of the Catalyst Rules in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Loh Choon Piew	58	Nephew of Executive Chairman, Dato' Loh Soon Gnee	<u>Microfits Pte Ltd</u> Vice President, Operations (Since Dec 2014) <u>Duties:</u> Oversees the business operations of the Equipment Contract Manufacturing Services division	No change
Dato' Loh Choon Khiang	56	Nephew of Executive Chairman, Dato' Loh Soon Gnee	<u>Microfits Pte Ltd</u> Vice President, Business Development (Since Dec 2014) <u>Duties:</u> Oversees the business development of the Equipment Contract Manufacturing Services division	No change

21. Use of Proceeds

The proceeds from the Rights Issue completed on 14 June 2017 have been fully utilized as at 31 March 2018 for the purpose of the ASTI Shareholder Loan repayment, general working capital and acquisition of plant and equipment.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Executive Chairman and CEO

31 March 2019