ADVANCED SYSTEMS AUTOMATION LIMITED

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

Results for the First Quarter Financial Period Ended 31 March 2017

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 Advisors Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

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Results for the First Quarter Financial Period Ended 31 March 2017 Unaudited Financial Statements and Dividend Announcement

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The Board of Directors of the Company announces the unaudited financial results of the Group and the Company for the first quarter financial period ended 31 March 2017.

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

	Group First Quarter Ended		
	31/3/2017 S$'000	31/3/2016 S$'000	Change %
Revenue	5,785	4,991	16
Costs of sales	(4,684)	(4,066)	15
Gross profit	**1,101**	**925**	19
Selling and marketing costs	(569)	(491)	16
Research and development costs	(185)	(181)	2
General and administrative costs	(1,528)	(1,510)	1
Foreign exchange (loss)/gain	(164)	65	NM
Total operating costs	(2,446)	(2,117)	16
Operating loss before finance costs	**(1,345)**	**(1,192)**	13
Finance costs, net	(130)	(102)	27
Loss before taxation	**(1,475)**	**(1,294)**	14
Income tax (expense)/credit	(74)	48	NM
Net loss for the period	**(1,549)**	**(1,246)**	24
Attributable to:			
Owners of the Company	(1,521)	(1,245)	22
Non-controlling interests	(28)	(1)	2,700
Net loss for the period	**(1,549)**	**(1,246)**	24

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

	Group First Quarter Ended	
	31/3/2017 S$'000	31/03/2016 S$'000
Net loss for the period is derived after crediting/(charging) the following:		
- Interest income	4	3
- Interest expense	(130)	(101)
- Depreciation of property, plant and equipment	(128)	(137)
- Amortisation of intangible assets	-	(15)
- Gain on disposal of property, plant and equipment	-	14
- Write-back of/(allowance for) stock obsolescence	2	(61)
- Over provision of income tax in respect of prior years	-	64

Consolidated Statement of Comprehensive Income

	Group First Quarter Ended		
	31/3/2017 S$'000	31/3/2016 S$'000	Change %
Net loss for the period	(1,549)	(1,246)	24
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(39)	(295)	(87)
Total comprehensive income for the period	(1,588)	(1,541)	3
Attributable to:			
Owners of the Company	(1,573)	(1,511)	4
Non-controlling interests	(15)	(30)	(50)
Total comprehensive income for the period	(1,588)	(1,541)	3

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31/3/2017 S$'000	31/12/2016 S$'000	31/3/2017 S$'000	31/12/2016 S$'000
ASSETS				
Non-current assets				
Intangible assets	45	45	45	45
Property, plant and equipment	2,293	1,851	-	-
Investments in subsidiaries	-	-	10,522	10,522
Deferred tax assets	79	81	-	-
Total non-current assets	2,417	1,977	10,567	10,567
Current assets				
Inventories	2,873	2,505	-	-
Trade receivables	7,591	8,713	-	-
Prepayments and advances	494	568	6	6
Other receivables	590	483	-	2
Amounts due from subsidiaries	-	-	4,282	5,622
Amounts due from related companies	490	624	-	-
Cash and cash equivalents	2,491	2,716	14	29
Total current assets	14,529	15,609	4,302	5,659
TOTAL ASSETS	**16,946**	**17,586**	**14,869**	**16,226**
EQUITY AND LIABILITIES				
Current liabilities				
Payables and accruals	10,963	10,246	385	286
Income tax payable	58	29	-	-
Lease creditors	9	9	-	-
Amounts due to subsidiaries	-	-	686	1,302
Amounts due to related companies	598	242	-	36
Amounts due to holding company	4,873	5,027	4,640	4,964
Total current liabilities	16,501	15,553	5,711	6,588
NET CURRENT (LIABILITIES)/ASSETS	**(1,972)**	**56**	**(1,409)**	**(929)**
Non-current liabilities				
Amounts due to holding company	2,843	2,843	2,843	2,843
Total non-current liabilities	2,843	2,843	2,843	2,843
TOTAL LIABILITIES	**19,344**	**18,396**	**8,554**	**9,431**
NET (LIABILITIES)/ASSETS	**(2,398)**	**(810)**	**6,315**	**6,795**
Equity attributable to the owners of the Company				
Share capital	130,965	130,965	130,965	130,965
Reserves	(132,684)	(131,111)	(124,650)	(124,170)
	(1,719)	(146)	6,315	6,795
Non-controlling interests	(679)	(664)	-	-
TOTAL EQUITY	**(2,398)**	**(810)**	**6,315**	**6,795**
TOTAL EQUITY AND LIABILITIES	**16,946**	**17,586**	**14,869**	**16,226**

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

Amount repayable in one year or less, or on demand

As at 31/03/2017		As at 31/12/2016	
S$'000		S$'000	
Secured	Unsecured	Secured	Unsecured
9	6,481	9	6,101

Amount repayable after one year

As at 31/03/2017		As at 31/12/2016	
S$'000		S$'000	
Secured	Unsecured	Secured	Unsecured
-	2,843	-	2,843

Details of any collateral

The amount due to financial institutions of S$9,000 (31 December 2016: S$9,000) is secured on certain plant and machinery of a subsidiary.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group First Quarter Ended	
	31/3/2017 S$'000	31/3/2016 S$'000
OPERATING ACTIVITIES		
Loss before taxation	(1,475)	(1,294)
Adjustments for:		
Depreciation of property, plant and equipment	128	137
Amortisation of intangible assets	-	15
Gain on disposal of property, plant and equipment	-	(14)
(Write-back of)/allowance for stock obsolescence, net	(2)	61
(Write-back of provision)/provision for warranty	(5)	7
Interest income	(4)	(3)
Interest expense	130	101
Effect of unrealised exchange loss/(gain)	57	(402)
Operating cash flows before changes in working capital	(1,171)	(1,392)
Changes in working capital		
Increase in inventories	(366)	(136)
Decrease in receivables	1,089	1,345
Decrease in amounts due from related companies	134	45
Increase in payables	577	649
Increase in amounts due to related companies	356	3
(Decrease)/increase in amounts due to holding company	(227)	169
Cash flows generated from operations	392	683
Interest received	4	3
Interest paid	(57)	(22)
Income taxes paid	(43)	(78)
Net cash flows generated from operating activities	296	586
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(619)	(24)
Proceeds from disposal of property, plant and equipment	-	14
Net cash flows used in investing activities	(619)	(10)
FINANCING ACTIVITIES		
Payment to lease creditors	-	(84)
Repayment of bank borrowings	-	(10)
Other borrowings, net	145	-
Loan from holding company	-	146
Net cash flows generated from financing activities	145	52
Net (decrease)/increase in cash and cash equivalents	(178)	628
Cash and cash equivalents at beginning of period	2,716	2,990
Effect of exchange rate changes on cash and cash equivalents	(47)	38
Cash and cash equivalents at end of period	**2,491**	**3,656**
Cash and cash equivalents comprised of:		
Cash at banks and on hand	2,491	3,735
Less: bank overdraft	-	(79)
	2,491	**3,656**

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

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	S$'000	S$'000
Balance at 1 January 2017	**130,965**	**(129,244)**	**1,497**	**(2,136)**	**(1,228)**	**(146)**	**(664)**	**(810)**
Loss for the period	-	(1,521)	-	-	-	(1,521)	(28)	(1,549)
Other comprehensive income for the period								
- Foreign currency translation	-	-	(52)	-	-	(52)	13	(39)
Total comprehensive income for the period	-	(1,521)	(52)	-	-	(1,573)	(15)	(1,588)
Balance at 31 March 2017	**130,965**	**(130,765)**	**1,445**	**(2,136)**	**(1,228)**	**(1,719)**	**(679)**	**(2,398)**

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	S$'000	S$'000
Balance at 1 January 2016	**130,965**	**(126,494)**	**1,656**	**(2,136)**	**(1,228)**	**2,763**	**(613)**	**2,150**
Loss for the period	-	(1,245)	-	-	-	(1,245)	(1)	(1,246)
Other comprehensive income for the period								
Foreign currency translation	-	-	(266)	-	-	(266)	(29)	(295)
Total comprehensive income for the period	-	(1,245)	(266)	-	-	(1,511)	(30)	(1,541)
Balance at 31 March 2016	**130,965**	**(127,739)**	**1,390**	**(2,136)**	**(1,228)**	**1,252**	**(643)**	**609**

Company	Share Capital	Accumulated Losses	Equity, Total
	S$'000	S$'000	S$'000
Balance at 1 January 2017	**130,965**	**(124,170)**	**6,795**
Loss for the period	-	(480)	(480)
Balance at 31 March 2017	**130,965**	**(124,650)**	**6,315**
Balance at 1 January 2016	**130,965**	**(117,627)**	**13,338**
Loss for the period	-	(418)	(418)
Balance at 31 March 2016	**130,965**	**(118,045)**	**12,920**

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	
	No. of ordinary shares	**Issued and paid-up share capital**
		S$'000
Balance as at 31 December 2016 and 31 March 2017	2,637,354,343	130,965

The Company did not have any outstanding convertible securities or treasury shares or subsidiary holdings as at 31 March 2016 and 31 March 2017.

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 2,637,354,343 as at 31 March 2017 (31 December 2016: 2,637,354,343).

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable. The Company does not have any treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings.

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

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Other than the adoption of the amended Financial Reporting Standards ("**FRS**") and Interpretations of FRS that are effective from 1 January 2017, the accounting policies and methods of computation applied by the Group in the financial statements for the financial period ended 31 March 2017, are consistent with those of the audited financial statements for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The adoption of the amended FRS and Interpretations of FRS is assessed to have no material impact to the financial position or financial performance of the Group for the financial period ended 31 March 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 First Quarter Ended	
	31/03/2017	31/03/2016
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)	(0.06)	(0.05)
Weighted average number of ordinary shares	2,637,354,343	2,637,354,343
(b) On a fully diluted basis (cents)	(0.06)	(0.05)

The diluted loss per share is the same as the basic loss per share as there were no outstanding convertible securities or other dilutive equity instruments for both financial periods ended 31 March 2017 and 31 March 2016.

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)

Group		Company	
31/03/2017	31/12/2016	31/03/2017	31/12/2016
(0.07)	(0.01)	0.24	0.26

The net asset value per ordinary share as at 31 March 2017 was calculated based on the total number of issued shares (excluding treasury shares) of 2,637,354,343 (31 December 2016: 2,637,354,343).

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 for the three months ended 31 March ("**1Q**") 2017 was 16% higher when compared to 1Q2016. Equipment Contract Manufacturing Services ("**ECMS**") business recorded an increase in revenue of 37% in 1Q2017 when compared to 1Q2016 due to increases in customers' loadings. Equipment business posted a decline of 39% in revenue in 1Q2017 when compared to 1Q2016 due to lower customers' demands.

Gross profit margin ("**GPM**") of the Group in 1Q2017 of 19% was comparable to that of 1Q2016. GPM of the ECMS business in 1Q2017 of 14% was 9 percentage points ("**ppt**") higher when compared to the GPM of 5% in 1Q2016, mainly due to higher sales and lower depreciation costs in 1Q2017 as most of the property, plant and equipment ("**PPE**") had been fully depreciated in 2016. GPM of the Equipment business in 1Q2017 of 52% was 4ppt lower than 1Q2016 of 56% due to a change in sales mix.

Selling and marketing ("**S&M**") costs in 1Q2017 were 16% higher when compared to 1Q2016, mainly due to higher sales activities. S&M costs incurred by the ECMS business in 1Q2017 were 17% higher when compared to 1Q2016, which was in line with the higher sales in 1Q2017. S&M costs incurred by the Equipment business in 1Q2017 were 13% higher when compared to 1Q2016, mainly due to a one-off after sales services incurred for a system which was sold in 2016.

Research and development ("**R&D**") costs in 1Q2017 were 2% higher than the R&D costs incurred in 1Q2016.

General and administrative ("**G&A**") costs in 1Q2017 were comparable to the G&A costs incurred in 1Q2016.

The Group reported an exchange loss in 1Q2017 as compared to an exchange gain in 1Q2016, mainly due to the weakening of the Malaysia Ringgit against the Singapore Dollar in 1Q2017.

Finance costs incurred in 1Q2017 were higher by 27% when compared to 1Q2016, mainly due to a subsidiary's borrowings from external parties.

Depreciation of PPE decreased in 1Q2017 when compared to 1Q2016 as most of the PPE had been fully depreciated in 2016.

There was no amortisation of intangible assets in 1Q2017 as the intangible assets had been fully amortised in 2016.

The write-back of stock obsolescence in 1Q2017 as compared to the allowance of stock obsolescence in 1Q2016 reflected improved stock utilisation in 1Q2017.

As a result of the above, the Group reported a higher net loss attributable to owners of the Company of S$1.5 million in 1Q2017 when compared to the net loss of S$1.2 million in 1Q2016.

Balance Sheet

The PPE increased by S$0.4 million from S$1.9 million as at 31 December 2016 to S$2.3 million as at 31 March 2017 mainly due to the purchases of machinery during the period. The addition to PPE was offset by the depreciation of PPE during the period.

Inventories increased by S$0.4 million, from S$2.5 million as at 31 December 2016 to S$2.9 million as at 31 March 2017, due to more inventory purchases in view of higher customers' demands.

Trade receivables decreased by S$1.1 million, from S$8.7 million as at 31 December 2016 to S$7.6 million as at 31 March 2017 due to lower sales in 1Q2017.

Prepayments and advances decreased by S$0.1 million, from S$0.6 million as at 31 December 2016 to S$0.5 million as at 31 March 2017 due to lower advances to the vendors.

Other receivables increased by S$0.1 million, from S$0.5 million as at 31 December 2016 to S$0.6 million as at 31 March 2017 due to higher receivables from sundry debtors.

Amounts due from related companies comprised mainly of receivables from sales to a related company. Amounts due from related companies decreased by S$0.1 million, from S$0.6 million as at 31 December 2016 to S$0.5 million as at 31 March 2017, due to repayments from related company during the period.

Payables and accruals increased by S$0.8 million, from S$10.2 million as at 31 December 2016 to S$11.0 million as at 31 March 2017, mainly due to higher inventory purchases and extended repayment period.

Amounts due to related companies increased by S$0.4 million, from S$0.2 million as at 31 December 2016 to S$0.6 million as at 31 March 2017. This was mainly due advances from a related company during the period.

Amounts due to holding company (current and non-current) decreased by S$0.2 million, from S$7.9 million as at 31 December 2016 to S$7.7 million as at 31 March 2017 mainly due to repayments to the holding company by the Group.

As at 31 March 2017, the Group had net current liabilities of S$2.0 million and net liabilities of S$2.4 million.

At an Extraordinary General Meeting held on 11th May 2017, the shareholders of the Group approved the renounceable rights issue of up to 13,186,771,715 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S$0.0009 for each Rights Share on the basis of five (5) Rights Share for every one (1) existing ordinary share in the capital of the Company held by shareholders of the Company (the "**Rights Issue**"). The proceeds from the Rights Issue will help to address the net liability position and improve the working capital of the Group.

Cash Flows

Cash flows generated from operating activities of S$0.3 million comprised of cash flows generated from the Group's operations in 1Q2017 of S$0.4 million, which was partially offset by the amounts paid for interests and taxes of S$0.1 million. Cash flows used in investing activities amounted to S$0.6 million, which was utilised for the purchase of new PPE. Cash flows generated from financing activities amounted to S$0.1 million which were borrowings from other creditors.

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 Group noted growing customers' demands and business activities in the last 12 months and expects the momentum to continue into 2Q2017, barring unforeseen circumstances. In view of the potential growth in the business activities, the Company is cognisant of the need to increase its working capital.

Our Chairman has provided additional working capital in April and May 2017 through a loan to our Company ("**Director's Loan**"). Furthermore, at an Extraordinary General Meeting held on 11th May 2017, the shareholders of the Company approved the Rights Issue. The proceeds from the Director's Loan and the Rights Issue will provide us with additional working capital and funds for capital expenditures to pursue the opportunities in front of us.

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 1Q2017.

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 29 April 2017.

Name of Interested Person	Aggregate value of interested person transactions entered into during the financial period under review (excluding transactions below $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a)) S$	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a) (excluding transactions below $100,000) S$
ASTI Holdings Limited and its subsidiary companies	Nil	252,000*

* Related to trade sales to a subsidiary of ASTI Holdings Limited.

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 to quarterly announcement.

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 to quarterly announcement.

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 first quarter financial period ended 31 March 2017 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

15 May 2017