



Company No. 198600740M

ADVANCED SYSTEM AUTOMATION LIMITED AND ITS SUBSIDIARIES

Condensed Financial Statements For The Six Months Ended 30 June 2022

*This announcement has 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 "**Exchange**") and the Exchange 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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CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Group		Change %
		6 months ended		
		30 Jun 22 S\$'000	30 Jun 21 S\$'000	
			(restated)	
Continuing operations				
Revenue	5	8,981	10,176	(12)
Cost of sales		(5,978)	(7,066)	(15)
Gross profit		3,003	3,110	(3)
Other income		46	43	7
Other expenses				
Selling and marketing costs		(423)	(488)	(13)
General and administrative costs		(1,919)	(2,230)	(14)
Other expenses, net		106	99	7
Finance costs, net		(188)	(184)	2
Profit before tax from continuing operations	6	625	350	79
Income tax expense	7	(310)	(324)	(4)
Profit from continuing operations, net of tax		315	26	>100
Discontinued operations				
Profit from discontinued operations, net of tax	8	-	533	NM
Profit for the period		315	559	(44)
Attributable to:				
Owners of the Company				
- Continuing operations		315	26	>100
- Discontinued operations		-	533	NM
Total		315	559	(44)
Earnings per share from continuing operations attributable to owners of the Company (cents per share)				
Basic and diluted	9	0.001	NM	
Earnings per share (cents per share)				
Basic and diluted	9	0.001	0.003	

NM: Not meaningful

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Group		
	6 months ended		Change %
	30 Jun 22 S\$'000	30 Jun 21 S\$'000 (restated)	
Profit for the period	315	559	(44)
Other comprehensive income items that may be reclassified subsequently to profit or loss			
Foreign currency translation	<u>(232)</u>	(99)	>100
Total comprehensive income for the period	<u>83</u>	<u>460</u>	(82)
Attributable to:			
Owners of the Company			
- Continuing operations	83	(73)	NM
- Discontinued operations	<u>-</u>	<u>533</u>	NM
Total comprehensive income for the period	<u>83</u>	<u>460</u>	(82)

NM: Not meaningful

CONDENSED BALANCE SHEETS

AS AT 30 JUNE 2022

	Note	Group		Company	
		30 Jun 22 S\$'000	31 Dec 21 S\$'000	30 Jun 22 S\$'000	31 Dec 21 S\$'000
Non-Current Assets					
Property, plant and equipment	10	7,264	7,771	-	-
Right-of-use assets		459	231	-	-
Intangible assets	11	2,366	2,481	120	120
Investment in subsidiaries	12	-	-	13,422	13,422
		10,089	10,483	13,542	13,542
Current Assets					
Inventories		851	974	-	-
Trade and other receivables		3,673	4,709	82	115
Prepayments and advances		102	94	23	21
Cash at bank and on hand		4,154	3,151	122	138
Tax recoverable		97	96	-	-
		8,877	9,024	227	274
Current Liabilities					
Other liabilities	13	2,128	2,791	985	1,454
Trade and other payables	14	6,177	14,709	6,157	14,182
Contract liabilities		18	164	-	-
Income tax payable		316	191	-	-
Lease liabilities		181	110	-	-
Bank overdraft	15	787	799	-	-
Loans and borrowings	15	907	936	-	-
		10,514	19,700	7,142	15,636
Net Current Liabilities		(1,637)	(10,676)	(6,915)	(15,362)
Non-Current Liabilities					
Trade and other payables	14	8,810	-	8,810	-
Lease liabilities		167	31	-	-
Loans and borrowings	15	1,220	1,572	-	-
Deferred tax liabilities		405	437	-	-
		10,602	2,040	8,810	-
Net Liabilities		(2,150)	(2,233)	(2,183)	(1,820)
Equity attributable to owners of the Company					
Share capital	17	148,841	148,841	148,841	148,841
Foreign currency translation reserves	18	(260)	(28)	-	-
Merger reserves	18	(2,136)	(2,136)	-	-
Accumulated losses		(148,595)	(148,910)	(151,024)	(150,661)
Total Equity		(2,150)	(2,233)	(2,183)	(1,820)

CONDENSED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Group	Attributable to equity holders of the Company					
	Share capital	Accumulated losses (Distributable)	Foreign currency translation reserve	Merger reserve	Total reserves	Total equity
			----(Non-distributable)---			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2022	148,841	(148,910)	(28)	(2,136)	(2,164)	(2,233)
Profit for the period	-	315	-	-	-	315
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	(232)	-	(232)	(232)
Total comprehensive income for the period	-	315	(232)	-	(232)	83
At 30 June 2022	148,841	(148,595)	(260)	(2,136)	(2,396)	(2,150)
At 1 January 2021	148,841	(148,666)	59	(2,136)	(2,077)	(1,902)
Profit for the period	-	559	-	-	-	559
<u>Other comprehensive income</u>						
Foreign currency translation	-	-	(99)	-	(99)	(99)
Other comprehensive income for the period, net of tax	-	-	(99)	-	(99)	(99)
Total comprehensive income for the period	-	559	(99)	-	(99)	460
At 30 June 2021	148,841	(148,107)	(40)	(2,136)	(2,176)	(1,442)

CONDENSED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Company	Attributable to equity holders of the Company		
	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 January 2022	148,841	(150,661)	(1,820)
Loss for the period	-	(363)	(363)
Total comprehensive income for the period	-	(363)	(363)
At 30 June 2022	148,841	(151,024)	(2,183)
At 1 January 2021	148,841	(148,320)	521
Loss for the period	-	(1,276)	(1,276)
Total comprehensive income for the period	-	(1,276)	(1,276)
At 30 June 2021	148,841	(149,596)	(755)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTH ENDED 30 JUNE 2022

	Group	
	30 Jun 22	30 Jun 21
	S\$'000	S\$'000
		(restated)
Cash flows from operating activities		
Profit before tax from continuing operations	625	350
Profit before tax from discontinued operations	-	533
	625	883
<u>Adjustments for:</u>		
Effect of unrealised exchange gain	(137)	(50)
Depreciation of property, plant and equipment from continuing operations	482	415
Depreciation of right-of-use assets from continuing operations	73	109
Gain on disposal of property, plant and equipment from continuing operations	-	(17)
Amortisation of intangible assets from continuing operations	115	115
Interest expenses from continuing operations	178	178
Interest income from continuing operations	(1)	(1)
Write-back of trade receivables	-	(24)
Gain on disposal of a subsidiary	-	(575)
Write-back of stock obsolescence from continuing operations	(10)	(13)
Inventories written-down from discontinued operations	-	18
Operating cash flows before changes in working capital	1,325	1,038
<u>Changes in working capital</u>		
Decrease/(increase) in Inventories	110	(47)
Decrease/(increase) in trade and other receivables	947	(1,098)
(Decrease)/increase in trade and other payables, contract liabilities and other liabilities	(574)	351
Cash flows generated from operations	1,808	244
Income tax paid	(213)	(61)
Interest received	1	1
Interest paid	(67)	(64)
Net cash flows generated from operating activities	1,529	120
Cash flows from investing activities		
Purchase of property, plant and equipment	(159)	(950)
Proceeds from disposal of property, plant and equipment	-	17
Deposit received from proposed disposal	-	1,200
Cash and cash equivalent in subsidiaries disposed of	-	(9)
Cash consideration received from disposal of subsidiary	-	100
Net cash flows (used in)/generated from investing activities	(159)	358
Cash flow from financing activities		
Payment of principal portion of lease liabilities	(96)	(222)
Repayment of bank borrowings	(509)	(113)
Proceeds from bank borrowings	153	57
Net cash flows used in financing activities	(452)	(278)
Net increase in cash and cash equivalents	918	200
Effect of exchange rate changes on cash and cash equivalents	97	25
Cash and cash equivalents at beginning of the period	2,352	2,302
Cash and cash equivalents at end of the period	3,367	2,527
Consolidated cash and bank balances represented by		
Cash at bank and on hand	4,154	3,324
Bank overdraft	(787)	(797)
Cash and cash equivalents at end of the period	3,367	2,527

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. CORPORATE INFORMATION

Advanced Systems Automation Limited (the “Company”) was incorporated and domiciled in Singapore on 10 April 1986. The Company was admitted to the Official List of Stock Exchange of Singapore Dealing and Automated Quotation System on 22 July 1996 and was transited to a listing on Catalist with effect from on 4 January 2010. These condensed consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The registered office of the Company and principal place of the business is located at 33 Ubi Avenue 3 #08-69, Vertex, Singapore 408868.

The principal activity of the Company is investment holding. There have been no significant changes in the nature of the activity during the financial period.

The principal activities of the subsidiaries are disclosed in Note 12.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed financial statements are presented in Singapore Dollars (SGD or S\$) which is the company’s functional currency and all values in the tables are rounded to the nearest thousand (S\$’000), except when otherwise indicated.

Going concern assumption

As at 30 June 2022, the Group had net current liabilities of S\$1,637,000 (2021: S\$10,676,000) and the Group had generated net profit of S\$315,000 (2021: S\$559,000) for the period then ended.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the Directors are confident that the Group will generate positive cashflows based on a cash flow projection that was prepared.

In addition, the ability of the Group and the Company to continue as a going concern is dependent on certain shareholders having given letters of undertaking not to recall the amounts due to them to enable the Group and the Company to continue operations for the next twelve months from the date of the financial statements for the year ended 31 December 2021 (“FY2021”).

- (i) Two shareholders had agreed to revise the repayment terms to 5 years for amounts owed by the Group and the Company to them, with the first annual principal instalment due in March and April 2023. Interest accrued will be payable in the last instalment in March and April 2027.

The Group and the Company had also obtained letters of undertaking from these two shareholders not to demand repayment of amounts due to them totalling S\$11,416,000 (2021: S\$11,395,000) at the revised repayment dates if the Group’s and the Company’s financial situation do not allow for repayment, for the next 12 months from the date of the FY2021 financial statements.

- (ii) Letter of undertaking obtained from a key management personnel and shareholder not to demand repayment for the amount due to him of S\$1,844,000 (2021: S\$2,327,000) and to defer the payment of his salary for the next 12 months from the date of the FY2021 financial statements, if the Group’s and the Company’s financial situation does not allow for repayment.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Going concern uncertainty (cont'd)

Based on the above, the Directors have assessed and are of the view that it is appropriate that the financial statements of the Group and Company be prepared on a going concern basis.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Discontinued operations

In 2020, the Group had announced their plan to dispose of Microfits Pte. Ltd. ("MPL") and the disposal was completed on 20 January 2021. Accordingly, the results of MPL have been separately presented in the consolidated income statement for the period then ended as "Profit from discontinued operations, net of tax". See Note 8 for more details.

On 27 February 2021, the Group announced their plan to dispose of Emerald Precision Engineering Sdn. Bhd. ("Emerald"), Yumei Technologies Sdn. Bhd. ("Yumei Tech"), Yumei REIT Sdn. Bhd. ("Yumei REIT") and Pioneer Venture Pte. Ltd. ("Pioneer"). On 25 November 2021, the Group announced that as the parties were not able to satisfy the conditions precedent by the Long Stop Date of 25 November 2021 as required under the sales and purchase agreement ("SPA") (which has not been extended), the SPA was terminated accordingly.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all the new and revised standards which are mandatorily effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

- Amendments to SFRS(I) 3, SFRS(I) 1-16 and SFRS(I) 1-37
- Amendments to SFRS(I) 9 *Financial Instruments*

The Group has not early applied new and revised SFRSs that have been issued but not yet mandatorily effective for the year beginning 1 January 2022.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

4. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

5. REVENUE

	Equipment Contract Manufacturing Services ("ECMS")	
	6 months ended	
	30 Jun 22	30 Jun 21
	S\$'000	S\$'000
		(restated)
Primary geographical markets		
Asia	8,594	9,202
North America	27	806
Others	360	168
	8,981	10,176
Timing of transfer of goods or services		
At a point in time	8,981	10,176

6. PROFIT BEFORE TAX

The following significant items have been included in arriving at profit before tax: -

	Group	
	6 months ended	
	30 Jun 22	30 Jun 21
	S\$'000	S\$'000
		(restated)
Continuing Operations		
Amortisation of intangible assets	(115)	(115)
Depreciation of property, plant and equipment	(482)	(415)
Depreciation of right-of-use assets	(73)	(109)
Gain on disposal of property, plant and equipment	-	17
Interest expenses	(178)	(178)
Interest income	1	1
Write-back of trade receivables	-	24
Write-back of stock obsolescence	10	13
Discontinued Operations		
Gain on disposal of a subsidiary	-	575
Inventories written-down, net	-	(18)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

7. INCOME TAX EXPENSE

	Group	
	6 months ended	
	30 Jun 22	30 Jun 21
	S\$'000	S\$'000
Current income tax – continuing operations:-		
Current income tax	(338)	(337)
Over provision in respect of prior period	-	(1)
	<u>(338)</u>	<u>(338)</u>
Deferred income tax – continuing operations:-		
Origination and reversal of temporary difference	8	(6)
Over provision in respect of prior period	20	20
	<u>28</u>	<u>14</u>
	<u>(310)</u>	<u>(324)</u>
Income tax expense recognised in profit and loss	<u>(310)</u>	<u>(324)</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS ASSETS HELD FOR SALE

- i) On 29 February 2020, the Company announced that it has entered into a letter of intent to explore, with a potential buyer, on the proposed disposal of the entire issued and paid-up share capital of Microfits Pte. Ltd. ("MPL"). Thereafter, on 31 October 2020 the Company entered into a sale and purchase agreement in relation to the proposed disposal. The proposed disposal was completed on 20 January 2021.
- ii) On 27 February 2021, the Company announced that it has entered into a sale and purchase agreement ("SPA") in relation to the Company's proposed disposal of the entire issued and paid-up share capital of each of Emerald Precision Engineering Sdn. Bhd. ("Emerald"), Yumei Technologies Sdn. Bhd. ("Yumei Tech"), Yumei REIT Sdn. Bhd. ("Yumei REIT") and Pioneer Venture Pte. Ltd. ("Pioneer") (the "Proposed Disposal" or "Sale Companies").
- iii) On 25 November 2021, the Company announced that as the parties were not able to satisfy the conditions precedent by the Long Stop Date of 25 November 2021 as required under the SPA (which has not been extended), the SPA was terminated accordingly.

Balance sheet disclosures

The major classes of assets and liabilities of MPL classified as held for sale for period ended 30 June 2021 are S\$Nil as the disposal was completed on 20 January 2021.

Income statement disclosures

The results of MPL for the period ended 30 June 2021 are presented as follows:

	Group
	31 Dec 21
	S\$'000
Revenue	57
Cost of sales	(47)
Gross profit	<u>10</u>
Other income	6
Selling and marketing costs	(24)
Research and development costs	(16)
General and administrative costs	(18)
Gain on disposal of subsidiary	<u>575</u>
Profit before taxation from discontinued operation	533
Income tax expense	<u>-</u>
Profit from discontinued operation, net of tax	<u><u>533</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

9. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share are calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares for diluted earnings per share computation respectively.

The following tables reflect the income and share data used in the computation of basic and diluted earnings per share for the end of the period.

Group	30 Jun 22 S\$'000	30 Jun 21 S\$'000 (restated)
Profit for the period attributable to owners of the Company from continuing operations used in the computation of basic and diluted earnings per ordinary share	<u>315</u>	<u>26</u>
Profit for the period attributable to owners of the Company from discontinued operations used in the computation of basic and diluted earnings per ordinary share	<u>-</u>	<u>533</u>
Profit for the period attributable to owners of the Company from used in the computation of basic and diluted earnings per ordinary share	<u>315</u>	<u>559</u>
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation (no. of shares, in '000s)	<u>22,324,126</u>	<u>22,324,126</u>

10. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2022, the Group has an addition of property, plant and equipment of approximately S\$159,000 (30 June 2021: S\$950,000).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

11. INTANGIBLE ASSETS

Group	Group			
	Goodwill	Club memberships	Customer relationships	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Cost				
At 1 January 2022, 30 June 2022	1,462	197	1,607	3,266
Accumulated amortisation and impairment loss				
At 1 January 2022	-	77	708	785
Charge for the period	-	-	115	115
At 30 June 2022	-	77	823	900
Net carrying amount				
At 31 December 2021	1,462	120	899	2,481
At 30 June 2022	1,462	120	784	2,366

Club memberships

Company	Club memberships S\$'000
At 31 December 2021, 1 January 2022 and 30 June 2022	
Cost	197
Accumulated amortisation and impairment loss	(77)
Net carrying amount	120

Customer relationships

Customer relationships have remaining amortisation period of 3 years (2021: 4 years). The amortisation of customer relationships is included in the "selling and marketing costs" line item in the consolidated income statement.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	30 Jun 22 S\$'000	31 Dec 21 S\$'000
Unquoted shares, at cost	13,746	15,746
Impairment losses	(324)	(324)
Disposals	-	(2,000)
	13,422	13,422

The Group has the following significant investment in subsidiaries: -

Name of company (Principal place of business)	Principal activities	Proportion of ownership interest	
		30 Jun 22 %	31 Dec 21 %
Held by the Company			
² Emerald Precision Engineering Sdn. Bhd. (Malaysia)	Fabrication of tooling, dies and related moulding of spare parts and other related businesses	100	100
¹ Pioneer Venture Pte Ltd (Singapore)	Contract manufacturing solutions of fabricated metal products	100	100
² Yumei Technologies Sdn. Bhd. (Malaysia)	Manufacturing of die-casting products	100	100
² Yumei REIT Sdn. Bhd. (Malaysia)	Investment holding	100	100

The above list excludes subsidiaries that are insignificant to the operations of the Group.

¹ Audited by Ernst & Young LLP, Singapore.

² Audited by member firms of Ernst & Young Global.

13. OTHER LIABILITIES

	Group		Company	
	30 Jun 22 S\$'000	31 Dec 21 S\$'000	30 Jun 22 S\$'000	31 Dec 21 S\$'000
Amounts due to shareholders and directors	247	997	247	997
Accrued operating expenses	1,881	1,794	738	457
	2,128	2,791	985	1,454

Amounts due to shareholders and directors

The amounts due shareholders and directors are unsecured, interest-free, repayable on demand and are to be settled in cash. On 13 June 2022, the Group has entered into a Settlement Agreement that converted the amount due to a shareholder amounting to \$997,000 to an interest-bearing loan.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

14. TRADE AND OTHER PAYABLES

	Group		Company	
	30 Jun 22 S\$'000	31 Dec 21 S\$'000	30 Jun 22 S\$'000	31 Dec 21 S\$'000
Trade and other payables:				
Current :				
Trade payables	1,148	1,682	81	106
Other creditors	176	372	65	167
Deferred cash settlement	1,597	1,597	1,597	2,327
Loan from a shareholder	400	901	400	901
Amounts due to subsidiaries (Non-trade)	-	-	1,158	524
Amounts due to related parties (Non-trade)	2,856	10,157	2,856	10,157
Non-current :				
Loan from a shareholder	1,519	-	1,519	-
Amounts due to related parties (Non-trade)	7,291	-	7,291	-
Total trade and other payables	14,987	14,709	14,967	14,182
<i>Add:</i>				
- Other liabilities	2,128	2,791	985	1,454
-Loans and borrowings	2,914	3,307	-	-
-Lease liabilities	348	141	-	-
Total financial liabilities carried at amortised cost	20,377	20,948	15,952	15,636

Trade payables

Trade payables are non-interest bearing. Trade payables are normally settled on 30 – 120 days' terms.

Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash except for outstanding balance of S\$400,000 (2021: S\$500,000) which bears effective interest rate ranging from 1.99% to 2.08% (2021: 3.01% to 3.02%) per annum, is repriced on a quarterly basis.

Loan from a shareholder

Loan from a shareholder of the Company, is unsecured, repayable on demand and to be settled in cash for which S\$800,000 (2021: S\$800,000) bears an interest of 5% (2021: 5%) per annum and S\$997,000 (2021 : S\$Nil) bears an interest of 2.076% per annum.

Amounts due to related parties

Amounts due to related parties (non-trade) are interest free, unsecured, repayable on demand and to be settled in cash except for an outstanding balance of S\$8,939,000 (2021: S\$7,901,000) which bears effective interest rates ranging from 1.99% to 2.08% (2021: 3.00% to 3.03%) per annum, repriced on a quarterly basis.

Deferred cash settlement

This relates to an amount owing to Mr. Seah Chong Hoe (shareholder, director and Chief Executive Officer of the Company) upon the acquisition of subsidiaries. This amount is interest free, unsecured and repayable on demand.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

15. LOANS AND BORROWINGS

	Group		Company	
	30 Jun 22 S\$'000	31 Dec 21 S\$'000	30 Jun 22 S\$'000	31 Dec 21 S\$'000
Current liabilities:				
Amount repayable within one year or on demand				
Bank overdrafts - secured	787	799	-	-
Trust receipts - secured	235	260	-	-
Secured loan	474	481	-	-
Unsecured loan	198	195	-	-
	1,694	1,735	-	-
Non-current liabilities:				
Amount repayable after one year				
Secured loan	721	973	-	-
Unsecured loan	499	599	-	-
	2,914	3,307	-	-

Bank overdrafts

Bank overdrafts are denominated in MYR, bear interest at 0.75% (2021: 0.75%) above the bank's base lending rate ("BLR") from time to time and are secured over certain properties.

Trust receipts

Trust receipts are drawn for a period of up to 120 days which are renewable upon maturity and bear interest ranging from 7.26% to 7.51% (2021: 7.26%) per annum. The loan is secured by a fixed charge over certain properties.

Secured loan

- (a) Term loan 1 is repayable in monthly instalment, bear interest ranging from 4.21% to 4.46% (2021: 4.21%) and matures in 2027. The loan is secured by the following:
 - (i) by way of fixed charge over the leasehold land and building of a related company;
 - (ii) by joint and several guarantee of certain directors of a subsidiary; and
 - (iii) by corporate guarantee from a subsidiary
- (b) Term loan 2 is repayable in monthly instalment, bear interest at 3.0% (2021: 3.0%) and matures in 2025. The loan includes corporate guarantee by holding company Advanced Systems Automation Ltd.
- (c) Term loan 3 is repayable in monthly instalment, bear interest at 2% over banks prevailing 1,3,6,9 or 12 months' Effective Cost of Funds on monthly rests and mature in 2023. The loan includes corporate guarantee by holding company Advanced Systems Automation Ltd and charge over freehold land and building of a subsidiary company.

Unsecured loan

The term loans includes guarantees by Mr Seah Chong Hoe (shareholder, director and Chief Executive Officer of the Company).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

16. NET LIABILITIES VALUE

	Group		Company	
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
Net liabilities value per share (cents)	<u>(0.010)</u>	(0.010)	<u>(0.010)</u>	(0.008)
Number of ordinary shares ('000)	<u>22,324,126</u>	22,324,126	<u>22,324,126</u>	22,324,126

Net liabilities 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).

17. SHARE CAPITAL

Group and Company	Group and Company			
	30 Jun 22 Number of shares ('000)	30 Jun 22 S\$'000	31 Dec 21 Number of shares ('000)	31 Dec 21 S\$'000
At beginning and end of the period	<u>22,324,126</u>	<u>148,841</u>	22,324,126	148,841

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

The Company did not hold any outstanding treasury shares, convertibles or subsidiary holdings as at 30 June 2022, 31 December 2021 and 30 June 2021.

18. OTHER RESERVES

(a) Merger reserve

Merger reserve represents the difference between the consideration paid and the net assets of a subsidiary restructured under common control in prior years.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group		Company	
	30 Jun 22 S\$'000	31 Dec 21 S\$'000	30 Jun 22 S\$'000	31 Dec 21 S\$'000
Financial assets measured at amortised cost				
Trade and other receivables	3,673	4,709	82	115
Cash at bank and on hand	4,154	3,151	122	138
	7,827	7,860	204	253
Financial liabilities measured at amortised cost				
Trade and other payables	14,987	14,709	14,967	14,182
Other liabilities	2,128	2,791	985	1,454
Lease liabilities	348	141	-	-
Bank overdraft	787	799	-	-
Loans and borrowings	2,127	2,508	-	-
	20,377	20,948	15,952	15,636

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period: -

	Group		Company	
	30 Jun 22 S\$'000	30 Jun 21 S\$'000	30 Jun 22 S\$'000	30 Jun 21 S\$'000
Transactions with ASTI Group (corporate shareholder of the Company) :-				
Corporate support cost	(85)	(100)	(85)	(100)
Interest expense on loans	(90)	(94)	(90)	(94)
Rental income	-	130	-	-
Utilities on premise	-	6	-	-
Interest expense on loans from a shareholder of the Company:-				
Interest expense on loans	(21)	(20)	(21)	(20)
Transactions with a director who is also a shareholder of the Company:-				
Rental expense paid	(48)	(48)	-	-

21. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. The only reportable segment is the Equipment Contract Manufacturing Services ("ECMS") segment, which is mainly engaged in precision engineering and fabrication assembly of parts for both semiconductor and non-semiconductor industries.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

21. SEGMENT INFORMATION (CONT'D)

Group	Equipment Contract Manufacturing Services ("ECMS")		Corporate Expenses		Discontinued Operation		Adjustments and elimination		Consolidated Total		
	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21	30 Jun 22	30 Jun 21	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
								(restated)	Note		(restated)
Revenue:											
- external sales (Note A)	8,981	10,176	-	-	-	57	-	(57)	A	8,981	10,176
- Inter-segment sales (Note B)	69	166	-	-	-	-	(69)	(166)	B	-	-
	9,050	10,342	-	-	-	57	(69)	(223)		8,981	10,176
EBITDA (Note C)	2,241	2,326	(884)	(1,256)	-	533	-	(552)	A	1,357	1,051
Depreciation on property, plant & equipment	(482)	(415)	-	-	-	-	-	-	A	(482)	(415)
Depreciation on right-of-use asse	(73)	(109)	-	-	-	-	-	-	A	(73)	(109)
Interest expense	(93)	(84)	(115)	(114)	-	-	30	20	A	(178)	(178)
Interest income	31	2	-	-	-	-	(30)	(1)	A	1	1
Profit/(loss) before tax	1,624	1,720	(999)	(1,370)	-	533	-	(533)		625	350
Income tax expense	(310)	(324)	-	-	-	-	-	-	A	(310)	(324)
Segment results	1,314	1,396	(999)	(1,370)	-	533	-	(533)	A	315	26
Other information:											
Additions to non-current assets (Note D)	466	1,158	-	-	-	-	-	-		466	1,158
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21	Note	30 Jun 22	31 Dec 21
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000
Segment assets	19,775	19,636	349	395	-	-	(1,158)	(524)		18,966	19,507
Segment liabilities	6,322	7,358	15,952	14,906	-	-	(1,158)	(524)		21,116	21,740

- A. The amounts relating to discontinued operation has been excluded to arrive at amounts shown in profit or loss as they are presented separately in the statement of comprehensive income with one-line item, "profit/(loss) from discontinued operation, net of tax".
- B. Inter-segment revenues are eliminated on consolidation.
- C. Elimination of unrealised gains and losses arising from inter-segment transactions.
- D. Additions to non-current assets consist of additions to property, plant and equipment and intangible assets.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

22. RESTATEMENT OF COMPARATIVE FIGURES

On 26 Feb 2021, the Company entered into a sale and purchase agreement (the "SPA") in relation to the Company's proposed disposal of the entire issued and paid-up share capital of each of Emerald Precision Engineering Sdn. Bhd. ("Emerald"), Yumei Technologies Sdn. Bhd. ("Yumei Tech"), Yumei REIT Sdn. Bhd. ("Yumei REIT") and Pioneer Venture Pte. Ltd. ("Pioneer") (the "Proposed Disposal").

On 25 November 2021, as the parties were not able to satisfy the conditions precedent by the Long Stop Date of 25 November 2021 as required under the SPA, thus the SPA has accordingly lapsed in accordance with term therein. The S\$1,000,000 refundable deposit was converted into an interest-bearing loan ("Converted Loan") upon the termination of SPA.

The Company restated certain transactions previously reported in 1H2021 financial statements relating to the termination of the Proposed Disposal :-

	Group		
	30 Jun 21		
	S\$'000	S\$'000	S\$'000
	Reported	Adjustment	Restated
Continuing operations			
Revenue	-	10,176	10,176
Cost of sales	-	(7,066)	(7,066)
Gross profit	-	3,110	3,110
Other income	8	35	43
Other expenses			
Selling and marketing costs	-	(488)	(488)
General and administrative costs	(1,268)	(962)	(2,230)
Other expenses	5	94	99
Finance costs, net	(114)	(70)	(184)
(Loss)/profit before tax from continuing operations	(1,369)	1,719	350
Income tax expense	-	(324)	(324)
(Loss)/profit from continuing operations, net of tax	(1,369)	1,395	26
Discontinued operations			
Profit from discontinued operations, net of tax	1,928	(1,395)	533
Profit for the period	559	-	559
Attributable to:			
Owners of the Company			
- (Loss)/profit from continuing operations, net of tax	(1,369)	1,395	26
- Profit from discontinued operations, net of tax	1,928	(1,395)	533
	559	-	559

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no known subsequent events which have led to adjustments to this set of financial statements.

OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2022

OTHER INFORMATION

1. REVIEW

The condensed consolidated balance sheet of Advanced Systems Automation Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated income statement and statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited and reviewed.

2. WHERE THE FIGURES HAVE BEEN AUDITED OR REVIEWED, THE AUDITORS' REPORT (INCLUDING ANY MODIFICATIONS OR EMPHASIS OF MATTER)

Not applicable.

2A. WHERE THE LATEST FINANCIAL STATEMENTS ARE SUBJECT TO AN ADVERSE OPINION, QUALIFIED OPINION OR DISCLAIMER OF OPINION: -

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

3. CHANGES IN TREASURY SHARES

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

4. CHANGES IN SUBSIDIARY HOLDINGS

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

5. REVIEW OF PERFORMANCE OF THE GROUP

The post-tax profit for the financial period ended 30 June 2022 from the continued operations attributable to the Group is presented below:

Income Statement

For the 6 months ended 30 June 2022 ("1H2022"), the Group reported a 12% or S\$1.2 million decrease in revenue to S\$9.0 million compared with the same period ended 30 June 2021 ("1H2021") of S\$10.2 million mainly due to lower sales demand from customers.

The Group's gross profit margin was 33% in 1H2022, up from 31% in 1H2021 mainly due to changes in the sales mix and savings in sub-contractor costs in 1H2022.

Selling and marketing costs in 1H2022 decreased by 13% or S\$65,000 from S\$488,000 to S\$423,000 in 1H2022 mainly due to lower sales commission expenses incurred in 1H2022.

General and administrative costs in 1H2022 decreased by 14% or S\$0.3 million from S\$2.2 million in 1H2021 to S\$1.9 million in 1H2022. The decrease was mainly due to absence of consultancy fees previously incurred in 1H2021 for a potential acquisition.

Finance costs reported remained relatively constant at S\$0.2 million for 1H2022 and 1H2021.

OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2022

5. REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)

Other expenses included foreign exchange gain of S\$106,000 in 1H2022 and S\$58,000 in 1H2021. The foreign exchange gain mainly was due to strengthening currency value of the Singapore Dollar against financial assets denominated in US Dollar and Malaysian Ringgit. Also included in 1H2021 were gains from disposal of property, plant and equipment and provision for doubtful debts.

The Group reported a net profit attributable to owners of the Company from continuing operations of S\$315,000 in 1H2022 compared to S\$26,000 in 1H2021.

The profit from discontinued operation of S\$0.5 million in 1H2021 was from the disposal of Microfits Pte Ltd.

Balance Sheet

Property, plant and equipment decreased by S\$0.5 million, from S\$7.8 million at 31 December 2021 to S\$7.3 million at 30 June 2022 mainly due to depreciation charged during the period.

Right-of-use assets increased from \$0.2 million to S\$0.5 million, while lease liabilities increased from S\$0.1 million to S\$0.3 million mainly due to an office lease renewal entered into during the period.

Trade and other receivables decreased by S\$1.0 million, from S\$4.7 million at 31 December 2021 to S\$3.7 million at 30 June 2022 due to lower sales billings in 1H2022.

Current trade and other payables decreased from S\$14.7 million at 31 December 2021 to S\$6.2 million at 30 June 2022 mainly due to settlement of trade payables and consultancy fees previously incurred in 1H2021 for a potential acquisition. This is offset by lower current portions of loan from shareholder and amounts due to related parties, as the Group had entered a Settlement Agreement with a shareholder and an Addendum to a Loan Agreement with a related party, for which repayments will commence from 2023. These were announced on 13 June 2022 and 8 April 2022 respectively.

Non-current trade and other payables increased from S\$Nil as at 31 December 2021 to S\$8.8 million as at 30 June 2022 due to the non-current portion of an interest-bearing loan amounting to S\$1.5 million arising from the conversion of payroll and related cost and loans due to a shareholder, and non-current portion of amounts due to related parties amounting to \$7.3 million, that are payable after 2023 under a Settlement Agreement and an Addendum to a Loan Agreement announced on 13 June 2022 and 8 April 2022 respectively.

Total loans and borrowings decreased by S\$0.4 million from S\$3.3 million at 31 December 2021 to S\$2.9 million at 30 June 2022 due to repayments during the period.

As at 30 June 2022, the Group reported net current liabilities of S\$1.6 million and net liabilities of S\$2.2 million.

Cash Flows

Net cash flow of S\$1.5 million was generated from operating activities in 1H2022. This included an amount of S\$0.3 million utilised for the payments of interests and taxes.

The Group utilised S\$0.2 million in investing activities mainly for the purchase of property, plant and equipment.

A total of S\$0.5 million was used in financing activities mainly for repayment of bank borrowings and lease obligations.

Cash and cash equivalents amounted to S\$3.4 million as at 30 June 2022 as compared to S\$2.5 million reported as at 30 June 2021.

In view of the above, 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.

OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2022

6. WHERE A FORECAST, OR PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS

Not applicable.

7. 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 Company will continue to work towards growing its current business. However, as organic growth can be quite slow and raising further capital from the market for expansion will result in further dilution, the Company continues its search for the acquisition of a new business and will make necessary announcements in compliance with the Catalist Rules as and when there are material developments.

8. DIVIDEND

(a) Whether an interim (final) ordinary dividend has been declared (recommended) 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) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

(f) 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 1H2022 as the Group still has accumulated losses as at 30 June 2022.

OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2022

9. INTERESTED PERSON TRANSACTIONS

The Group had obtained a general mandate from shareholders for interested person transactions at an extraordinary meeting of the Company held on 19 February 2021. For details, kindly refer to the Company's announcement dated on 4 February 2021. The mandate was renewed at the Company's Annual General Meeting on 29 June 2022.

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)
	6 months ended 30 June 2022	6 months ended 30 June 2022
ASTI Holdings Limited ("ASTI") and its subsidiary of companies (the controlling shareholder of the Group)	Interest expense amounting to S\$90,000 ⁽¹⁾	Corporate Support Services fee amounting to S\$85,000
Dato' Loh Soon Gnee (controlling shareholder of the Group)	Nil ⁽²⁾	Nil
Yumei Plastic Pte Ltd (A wholly-owned company of Seah Chong Hoe, who is the Chief Executive Officer and controlling shareholder of the Group)	Nil ⁽³⁾	Nil

Note:

- (1) Relates to interest payable on the loan extended by ASTI Group. As at 30 June 2022, ASTI Group had provided an aggregate of S\$8.9 million loan (the "Loan") to the Group. The Loan which bears effective interest rates ranging from 1.994% to 2.076% is unsecured. The Group had obtained a specific IPT mandate from shareholders for the consolidated loan agreement entered into with ASTI Holdings Limited at an extraordinary meeting of the Company held on 19 February 2021. For details, kindly refer to the Company's announcement dated on 4 February 2021.
- (2) Relates to interest payable to Dato' Loh Soon Gnee on loans extended by Dato' Loh Soon Gnee to the Company for 1H2022, amounting to S\$21,000, which was below S\$100,000.
- (3) Relates to office facility and storage services expenses for 1H2022 amounted to S\$48,000 payable to Yumei Plastic Pte Ltd, which was below S\$100,000.

10. 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.

OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

FOR THE SIX MONTHS ENDED 30 JUNE 2022

11. 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 financial results for the six months ended 30 June 2022 to be false or misleading in any material aspect.

12. DISCLOSURES ON ACQUISITION AND REALISATION OF SHARES PURSUANT TO CATALIST RULE 706A

There were no acquisitions or realisations of shares in neither any of the Group's subsidiary associated company nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during the 1H2022.

BY ORDER OF THE BOARD

Dato' Sri Mohd Sopiyan B Mohd Rashdi
Chairman
12 August 2022