



ADVANCED SYSTEMS AUTOMATION LIMITED

(Company Registration No: 198600740M)

(Incorporated in the Republic of Singapore)

Results for the First Quarter Financial Period Ended 31 March 2016

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 ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd., 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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(Company Registration No: 198600740M)

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Results for the First Quarter Financial Period Ended 31 March 2016 Unaudited Financial Statements and Dividend Announcement

The Board of Directors of the Company announces the unaudited financial results of the Group and the Company for the financial period ended 31 March 2016.

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		
	31/3/2016	31/3/2015	Change
	S\$'000	S\$'000	%
Sales revenue	4,991	6,199	(19)
Costs of sales	(4,066)	(5,180)	(22)
Gross profit	925	1,019	(9)
Selling and marketing costs	(491)	(610)	(20)
Research and development costs	(181)	(385)	(53)
General and administrative costs	(1,510)	(1,675)	(10)
Foreign exchange gain/(loss)	65	(7)	NM
Total operating costs	(2,117)	(2,677)	(21)
Operating loss before finance costs	(1,192)	(1,658)	(28)
Finance costs, net	(102)	(78)	31
Operating loss before taxation	(1,294)	(1,736)	(25)
Taxation	48	(100)	NM
Net loss for the period	(1,246)	(1,836)	(32)
<u>Attributable to:</u>			
Owners of the Company	(1,245)	(1,800)	(31)
Non-controlling interests	(1)	(36)	(97)
Net loss for the period	(1,246)	(1,836)	(32)

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

Operating loss before tax is stated after crediting/(charging):

- Interest income
- Interest expense
- Depreciation of property, plant and equipment
- Amortisation of intangible assets
- Gain on disposal of property, plant and equipment
- Allowance for stock obsolescence
- Inventories write-back directly to income statement

Group	
First Quarter Ended	
31/3/2016	31/3/2015
S\$'000	S\$'000
3	2
(101)	(74)
(137)	(628)
(15)	(51)
14	-
(61)	(60)
-	4

Statement of Comprehensive income

Net loss for the period

Other comprehensive income:

Items that may be reclassified subsequently to profit or loss:

Exchange differences arising from consolidation of foreign operations

Total comprehensive income for the period

Total comprehensive income attributable to:

Owners of the Company

Non-controlling interests

Total comprehensive income for the period

Group		
First Quarter Ended		
31/3/2016	31/3/2015	Change
S\$'000	S\$'000	%
(1,246)	(1,836)	(32)
(295)	163	NM
<u>(1,541)</u>	<u>(1,673)</u>	(8)
(1,511)	(1,632)	(7)
(30)	(41)	(27)
<u>(1,541)</u>	<u>(1,673)</u>	(8)

NM: Not meaningful

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

	Group		Company	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Intangible assets	45	60	45	45
Property, plant and equipment	2,007	2,045	-	-
Investments in subsidiaries	-	-	10,522	10,522
Deferred tax assets	163	157	-	-
Total non-current assets	2,215	2,262	10,567	10,567
Current assets				
Inventories	2,496	2,421	-	-
Trade receivables, net	5,159	6,674	-	-
Prepayments and advances	579	381	15	6
Other receivables, net	246	274	-	-
Amounts due from subsidiaries	-	-	11,309	11,203
Amounts due from related companies	1,236	1,281	-	-
Cash and cash equivalents	3,735	3,071	58	57
	13,451	14,102	11,382	11,266
Non-current assets held for sale	1,951	1,904	-	-
Total current assets	15,402	16,006	11,382	11,266
TOTAL ASSETS	17,617	18,268	21,949	21,833
EQUITY AND LIABILITIES				
Current liabilities				
Payables and accruals	7,500	6,844	316	272
Income tax payable	132	183	-	-
Lease creditors	124	199	-	-
Loans and borrowings	249	230	-	-
Amounts due to subsidiaries	-	-	1,138	881
Amounts due to related companies	298	295	26	22
Amounts due to holding company	6,421	6,027	6,199	5,970
Total current liabilities	14,724	13,778	7,679	7,145
NET CURRENT ASSETS	678	2,228	3,703	4,121
Non-current liabilities				
Deferred tax liabilities	175	239	-	-
Loans and borrowings	759	751	-	-
Amounts due to holding company	1,350	1,350	1,350	1,350
Total non-current liabilities	2,284	2,340	1,350	1,350
TOTAL LIABILITIES	17,008	16,118	9,029	8,495
NET ASSETS	609	2,150	12,920	13,338
Equity attributable to the owners of the Company				
Share capital	130,965	130,965	130,965	130,965
Reserves	(129,713)	(128,202)	(118,045)	(117,627)
	1,252	2,763	12,920	13,338
Non-controlling interests	(643)	(613)	-	-
TOTAL EQUITY	609	2,150	12,920	13,338
TOTAL EQUITY AND LIABILITIES	17,617	18,268	21,949	21,833

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

Amount repayable in one year or less, or on demand

<u>As at 31/03/2016</u>		<u>As at 31/12/2015</u>	
<u>S\$'000</u>		<u>S\$'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
249	-	230	-

Amount repayable after one year

<u>As at 31/03/2016</u>		<u>As at 31/12/2015</u>	
<u>S\$'000</u>		<u>S\$'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
759	-	751	-

Details of any collateral

The aggregate amount due to financial institutions of S\$1,008,000 (31/12/15: S\$981,000) is secured on a building and certain plant and machinery of the Group.

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	
	31/3/2016	31/3/2015
	S\$'000	S\$'000
OPERATING ACTIVITIES		
Operating loss before taxation	(1,294)	(1,736)
Adjustments for:		
Depreciation of property, plant and equipment	137	628
Amortisation of intangible assets	15	51
Gain on disposal of property, plant and equipment	(14)	-
Allowance for stock obsolescence, net	61	60
Provision for warranty	7	-
Interest income	(3)	(2)
Interest expense	101	74
Effect of unrealised exchange (gain)/loss	(402)	252
Operating cash flows before changes in working capital	(1,392)	(673)
Changes in working capital		
(Increase)/decrease in inventories	(136)	235
Decrease in receivables	1,345	1,287
Decrease in amount due from related companies	45	91
Increase/(decrease) in payables	649	(723)
Increase in amount due to related companies	3	61
Increase in amount due to holding company	169	205
Cash generated from operations	683	483
Interest received	3	2
Interest paid	(22)	(74)
Taxes paid	(78)	(115)
Net cash generated from operating activities	586	296
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24)	(530)
Proceeds from disposal of property, plant and equipment	14	-
Net cash flows used in investing activities	(10)	(530)
FINANCING ACTIVITIES		
Repayment to lease creditors	(84)	(113)
Repayment of bank borrowings	(10)	(224)
Loan from holding company	146	-
Net cash flow generated from/(used in) financing activities	52	(337)
Net increase/(decrease) in cash and cash equivalents	628	(571)
Cash and cash equivalents at beginning of period	2,990	5,731
Effect of exchange rate changes on cash and cash equivalents	38	27
Cash and cash equivalents at end of period	3,656	5,187
Cash and cash equivalents comprised of:		
Cash and bank balances	3,735	5,294
Less: bank overdraft	(79)	(107)
	3,656	5,187



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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 Members of the Company					Non-controlling Interests	Equity Total	
	Issued capital	Accumulated losses	Foreign currency translation reserve	Reserve on merger	Capital reserve			Equity attributable to owners of parent, Total
		Distributable	Non-distributable					
	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



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Group	Attributable to Members of the Company						Non-controlling Interests	Equity Total
	Issued capital	Accumulated losses	Foreign currency translation reserve	Reserve on merger	Capital reserve	Equity attributable to owners of parent, Total		
		Distributable	Non-distributable					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 1 January 2015	130,965	(109,457)	1,620	(2,136)	(1,228)	19,764	282	20,046
Loss for the period	-	(1,800)	-	-	-	(1,800)	(36)	(1,836)
Other comprehensive income for the period								
Foreign currency translation	-	-	168	-	-	168	(5)	163
Total comprehensive income for the period	-	(1,800)	168	-	-	(1,632)	(41)	(1,673)
Balance at 31 March 2015	130,965	(111,257)	1,788	(2,136)	(1,228)	18,132	241	18,373

Company	Issued Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
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
Balance at 1 January 2015	130,965	(107,981)	22,984
Loss for the period	-	(405)	(405)
Balance at 31 March 2015	130,965	(108,386)	22,579

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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**

	<u>Company</u>	
	<u>No. of ordinary shares</u>	<u>Issued and paid-up share capital</u> S\$'000
Balance as at 31 December 2015 and 31 March 2016	2,637,354,343	130,965

The Company did not have any outstanding convertible securities or treasury shares as at 31 March 2015 and 31 March 2016.

- 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 2016 (31 December 2015: 2,637,354,343).

- 1(d)(iv) A statement showing all sales, transfer, disposal, 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.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

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) that are effective from the current financial period reported on, the accounting policies and methods of computation applied by the Group in the financial statements for the financial period ended 31 March 2016, are consistent with those of the audited financial statements for the financial year ended 31 December 2015.

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 is assessed to have no material impact to the financial position or financial performance of the Group.

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	
	<u>First Quarter Ended</u>	
	<u>31/03/2016</u>	<u>31/03/2015</u>
Loss per ordinary share for the period based on net loss attributable to shareholders:		
(a) Based on weighted average number of ordinary shares in issue (cents)	(0.05)	(0.07)
Weighted average number of ordinary shares	2,637,354,343	2,637,354,343
(b) On a fully diluted basis (cents)	(0.05)	(0.07)

The diluted loss per share is the same as the basic loss per share as there were no outstanding convertible securities for both financial periods ended 31 March 2016 and 31 March 2015.

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	
<u>31/03/2016</u>	<u>31/12/2015</u>	<u>31/03/2016</u>	<u>31/12/2015</u>
0.05	0.10	0.49	0.51

The net asset value per ordinary share as at 31 March 2016 was calculated based on the total number of issued shares (excluding treasury shares) of 2,637,354,343 (31 December 2015: 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 saw 19% decline in revenue in the first three months ended 31 March ("1Q") 2016. Compared to 1Q2015, revenue from the Equipment business was marginally higher by 13%. On the other hand, revenue from the Equipment Contract Manufacturing Services ("ECMS") business declined 28% mainly due to lower customers' demands in view of weaker economic conditions.

Gross profit margin ("GPM") of the Group in 1Q2016 was 2 percentage points ("ppt") higher as compared to 1Q2015. GPM of the Equipment business in 1Q2016 was 12ppt higher as compared to 1Q2015 mainly due to a change in sales mix. GPM of the ECMS business in 1Q2016 was 4ppt lower as compared to 1Q2015 due to fixed overhead costs and lower sales in 1Q2016.

Selling and marketing ("S&M") costs in 1Q2016 were 20% lower as compared to 1Q2015. S&M costs incurred by the Equipment business in 1Q2016 were 36% lower as compared to 1Q2015, mainly due to a costs restructuring exercise undertaken in 2nd half of year 2015 which also affected 1Q2016. S&M costs incurred by the ECMS business in 1Q2016 were 7% lower as compared to 1Q2015 mainly due to lower warranty expenses in 1Q2016.

Research & development costs in 1Q2016 were 53% lower than the amount incurred in 1Q2015 due to a costs restructuring exercise undertaken in 2nd half of year 2015 by the Equipment business which also affected 1Q2016.

General and administrative costs in 1Q2016 were 10% lower as compared to 1Q2015 as the Group managed to cut costs in this quarter.

Finance costs incurred in 1Q2016 were 31% higher as compared to 1Q2015, mainly due to higher interest payments to the holding company, ASTI Holdings Limited, for higher quantum of loan advances to the Group.

Depreciation of property, plant and equipment decreased in 1Q2016 as compared to 1Q2015. This was due to the impairment of certain property, plant and equipment of the Group at the end of the financial year ended 31 December 2015.

In 1Q2016, the Group reported a net loss attributable to owners of the Company of S\$1.2 million compared to the net loss of S\$1.8 million in 1Q2015.

Balance Sheet

Intangible assets decreased due to amortisation of customer relationships.

The decline in property, plant and equipment ("PPE") arising from depreciation charges was partially offset by additional purchases of PPE during the quarter.

Trade receivables decreased due to lower sales billings in 1Q2016.

Prepayment and advances increased mainly due to the prepayments of expenses which were normally higher at the beginning of the year.

Payables and accruals increased mainly due to extended repayment period.

Amount due to lease creditors decreased due to repayment during the quarter.

Amounts due to holding company increased mainly due to additional loan extended by the holding company to the Group.

As at 31 March 2016, the Group had net current assets of S\$0.7 million and total shareholders' equity of S\$0.6 million.

Cash Flows

Cash flows generated from the Group's operations in 1Q2016 amounted to S\$0.7 million. This was mainly due to an improvement in working capital, partly offset by the operating loss for the period. Amounts paid for interests and taxes amounted to S\$0.1 million. A net amount of S\$10,000 was used for the purchase of property, plant and equipment. An amount of S\$146,000 loan was extended by the holding company to the Group. An amount of S\$0.1 million was repaid to lease creditors and financial institutions.

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 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

A significant portion of the Group's revenue is generated from customers based in China. As China continues its efforts to readjust its economic policies, the Group will experience volatility in its operations. We will continue to closely monitor the developments in China and ensure that the Group manages its business with caution.

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 1Q2016.

13. Interested person transactions

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	Nil	278,000*

* 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 business or geographical 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 business or geographical 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 or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(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 2016 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

13 May 2016