



ADVANCED SYSTEMS AUTOMATION LIMITED

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

Results for the Third Quarter Financial Period Ended 30 September 2017

Unaudited Financial Statements and Dividend Announcement

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the 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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ADVANCED SYSTEMS AUTOMATION LIMITED

(Company Registration No: 198600740M)

(Incorporated in the Republic of Singapore)

Results for the Third Quarter Financial Period Ended 30 September 2017 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 30 September 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

| | <u>Group</u> | | | <u>Group</u> | | |
|-----------------------------------------------------|----------------------------|------------------|---------------|--------------------------|------------------|---------------|
| | <u>Third Quarter Ended</u> | | | <u>Nine Months Ended</u> | | |
| | <u>30/9/2017</u> | <u>30/9/2016</u> | <u>Change</u> | <u>30/9/2017</u> | <u>30/9/2016</u> | <u>Change</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> | <u>%</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>%</u> |
| Revenue | 10,623 | 7,145 | 49 | 22,693 | 18,752 | 21 |
| Costs of sales | (7,559) | (5,530) | 37 | (17,300) | (14,593) | 19 |
| Gross profit | 3,064 | 1,615 | 90 | 5,393 | 4,159 | 30 |
| Selling and marketing costs | (734) | (538) | 36 | (1,876) | (1,516) | 24 |
| Research and development costs | (179) | (173) | 3 | (550) | (538) | 2 |
| General and administrative costs | (1,777) | (1,403) | 27 | (4,887) | (4,131) | 18 |
| Foreign exchange (loss)/gain | (66) | (9) | 633 | (220) | 97 | NM |
| Total operating costs | (2,756) | (2,123) | 30 | (7,533) | (6,088) | 24 |
| Operating profit/(loss) before finance costs | 308 | (508) | NM | (2,140) | (1,929) | 11 |
| Finance costs, net | (38) | (81) | (53) | (352) | (291) | 21 |
| Profit/(loss) before taxation | 270 | (589) | NM | (2,492) | (2,220) | 12 |
| Income tax (expense)/credit | (127) | (31) | 310 | (273) | 80 | NM |
| Net profit/(loss) for the period | 143 | (620) | NM | (2,765) | (2,140) | 29 |
| <u>Attributable to:</u> | | | | | | |
| Owners of the Company | 156 | (617) | (125) | (2,693) | (2,111) | 28 |
| Non-controlling interests | (13) | (3) | 333 | (72) | (29) | 148 |
| Net profit/(loss) for the period | 143 | (620) | (123) | (2,765) | (2,140) | 29 |

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 | | | Group | | |
|----------------------------------------------------------------------------------------------|----------------------------|------------------|---------------|--------------------------|------------------|---------------|
| | Third Quarter Ended | | | Nine Months Ended | | |
| | 30/9/2017 | 30/9/2016 | Change | 30/9/2017 | 30/9/2016 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Net profit/(loss) for the period is derived after crediting/(charging) the following: | | | | | | |
| - Interest income | 5 | 3 | 67 | 15 | 9 | 67 |
| - Interest expense | (39) | (80) | (51) | (354) | (288) | 23 |
| - Depreciation of property, plant and equipment | (168) | (97) | 73 | (441) | (351) | 26 |
| - Amortisation of intangible assets | - | - | NM | - | (15) | NM |
| - Property, plant and equipment written off | (1) | - | NM | (1) | (1) | - |
| - Gain on disposal of property, plant and equipment | 10 | 86 | (88) | 126 | 412 | (69) |
| - Write-back of allowance for trade receivables | - | 19 | NM | - | 19 | NM |
| - Allowance for other receivables | - | - | NM | (65) | - | NM |
| - Write-back of allowance for/(allowance for) stock obsolescence, | 211 | (62) | NM | 133 | (161) | NM |
| - Reversal of write-down of inventories | - | 3 | NM | - | 8 | NM |
| - (Provision)/reversal of provision for warranty | (250) | 2 | NM | (189) | (13) | 1,354 |
| - Over provision of income tax in respect of prior years | - | 54 | NM | - | 118 | NM |

Consolidated Statement of Comprehensive Income

| | Group | | | Group | | |
|-----------------------------------------------------------------------|----------------------------|------------------|---------------|--------------------------|------------------|---------------|
| | Third Quarter Ended | | | Nine Months Ended | | |
| | 30/9/2017 | 30/9/2016 | Change | 30/9/2017 | 30/9/2016 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Net profit/(loss) for the period | 143 | (620) | NM | (2,765) | (2,140) | 29 |
| Other comprehensive income/(loss): | | | | | | |
| <u>Items that may be reclassified subsequently to profit or loss:</u> | | | | | | |
| Foreign currency translation | 1 | 43 | (98) | (71) | (293) | (76) |
| Total comprehensive income/(loss) for the period | 144 | (577) | NM | (2,836) | (2,433) | 17 |
| <u>Attributable to:</u> | | | | | | |
| Owners of the Company | 158 | (579) | NM | (2,764) | (2,399) | 15 |
| Non-controlling interests | (14) | 2 | NM | (72) | (34) | 112 |
| Total comprehensive income/(loss) for the period | 144 | (577) | NM | (2,836) | (2,433) | 17 |

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

| | Group | | Company | |
|---------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 30/9/2017 | 31/12/2016 | 30/9/2017 | 31/12/2016 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 64 | 45 | 64 | 45 |
| Property, plant and equipment | 3,381 | 1,851 | - | - |
| Investments in subsidiaries | - | - | 10,522 | 10,522 |
| Deferred tax assets | 81 | 81 | - | - |
| Total non-current assets | <u>3,526</u> | <u>1,977</u> | <u>10,586</u> | <u>10,567</u> |
| Current assets | | | | |
| Inventories | 4,165 | 2,505 | - | - |
| Trade receivables | 11,029 | 8,713 | - | - |
| Prepayments and advances | 482 | 568 | 13 | 6 |
| Other receivables | 493 | 483 | 22 | 2 |
| Amounts due from subsidiaries | - | - | 10,620 | 5,622 |
| Amounts due from related companies | 629 | 624 | - | - |
| Cash and cash equivalents | 4,142 | 2,716 | 192 | 29 |
| Total current assets | <u>20,940</u> | <u>15,609</u> | <u>10,847</u> | <u>5,659</u> |
| TOTAL ASSETS | <u>24,466</u> | <u>17,586</u> | <u>21,433</u> | <u>16,226</u> |
| EQUITY AND LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables and accruals | 12,151 | 10,246 | 302 | 286 |
| Income tax payable | 165 | 29 | - | - |
| Lease creditors | 9 | 9 | - | - |
| Amounts due to subsidiaries | - | - | 1,104 | 1,302 |
| Amounts due to related companies | 557 | 242 | - | 36 |
| Amounts due to holding company | 3,844 | 5,027 | 3,282 | 4,964 |
| Total current liabilities | <u>16,726</u> | <u>15,553</u> | <u>4,688</u> | <u>6,588</u> |
| NET CURRENT ASSETS/(LIABILITIES) | 4,214 | 56 | 6,159 | (929) |
| Non-current liabilities | | | | |
| Amounts due to holding company | - | 2,843 | - | 2,843 |
| Total non-current liabilities | <u>-</u> | <u>2,843</u> | <u>-</u> | <u>2,843</u> |
| TOTAL LIABILITIES | <u>16,726</u> | <u>18,396</u> | <u>4,688</u> | <u>9,431</u> |
| NET ASSETS/(LIABILITIES) | <u>7,740</u> | <u>(810)</u> | <u>16,745</u> | <u>6,795</u> |
| Equity attributable to the owners of the Company | | | | |
| Share capital | 142,351 | 130,965 | 142,351 | 130,965 |
| Reserves | (133,875) | (131,111) | (125,606) | (124,170) |
| | <u>8,476</u> | <u>(146)</u> | <u>16,745</u> | <u>6,795</u> |
| Non-controlling interests | (736) | (664) | - | - |
| TOTAL EQUITY | <u>7,740</u> | <u>(810)</u> | <u>16,745</u> | <u>6,795</u> |
| TOTAL EQUITY AND LIABILITIES | <u>24,466</u> | <u>17,586</u> | <u>21,433</u> | <u>16,226</u> |

1(b)(ii) Aggregate amount of the group's borrowings and debt securities
Amount repayable in one year or less, or on demand

| <u>As at 30/09/2017</u> | | <u>As at 31/12/2016</u> | |
|-------------------------|------------------|-------------------------|------------------|
| <u>S\$'000</u> | | <u>S\$'000</u> | |
| <u>Secured</u> | <u>Unsecured</u> | <u>Secured</u> | <u>Unsecured</u> |
| 9 | 4,749 | 9 | 6,101 |

Amount repayable after one year

| <u>As at 30/09/2017</u> | | <u>As at 31/12/2016</u> | |
|-------------------------|------------------|-------------------------|------------------|
| <u>S\$'000</u> | | <u>S\$'000</u> | |
| <u>Secured</u> | <u>Unsecured</u> | <u>Secured</u> | <u>Unsecured</u> |
| - | - | - | 2,843 |

Details of any collateral

The amount due to financial institutions of approximately S\$9,000 (31 December 2016: approximately 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 | |
|---------------------------------------------------------------------|--------------------------|------------------|
| | Nine Months Ended | |
| | 30/9/2017 | 30/9/2016 |
| | S\$'000 | S\$'000 |
| OPERATING ACTIVITIES | | |
| Loss before taxation | (2,492) | (2,220) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 441 | 351 |
| Amortisation of intangible assets | - | 15 |
| Property, plant and equipment written off | 1 | 1 |
| Gain on disposal of property, plant and equipment | (126) | (412) |
| Write-back of allowance for trade receivables | - | (19) |
| Allowance for other receivables | 65 | - |
| (Write-back of)/allowance for stock obsolescence, net | (133) | 161 |
| Provision for warranty | 189 | 13 |
| Interest income | (15) | (9) |
| Interest expense | 354 | 288 |
| Effect of unrealised exchange gain | (47) | (270) |
| Operating cash flows before changes in working capital | (1,763) | (2,101) |
| <u>Changes in working capital</u> | | |
| Increase in inventories | (1,527) | (209) |
| Increase in receivables | (2,305) | (1,042) |
| (Increase)/decrease in amounts due from related companies | (5) | 236 |
| Increase in payables | 1,769 | 2,269 |
| Increase/(decrease) in amounts due to related companies | 315 | (20) |
| Increase in amounts due to holding company | 139 | 505 |
| Cash flows used in operations | (3,377) | (362) |
| Interest received | 15 | 9 |
| Interest paid | (168) | (57) |
| Income taxes paid | (137) | (269) |
| Net cash flows used in operating activities | (3,667) | (679) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (1,550) | (342) |
| Extension of club membership | (19) | - |
| Proceeds from disposal of leasehold land and building | - | 1,934 |
| Proceeds from disposal of property, plant and equipment | 200 | 412 |
| Net cash flows (used in)/generated from investing activities | (1,369) | 2,004 |
| FINANCING ACTIVITIES | | |
| Payment to lease creditors | - | (191) |
| Repayment of bank borrowings | - | (926) |
| Repayment of other borrowings | (559) | - |
| Proceeds from Company's rights issue exercise | 7,517 | - |
| Rights issue expenses | (482) | - |
| Loan from holding company | - | 146 |
| Net cash flows generated from/(used in) financing activities | 6,476 | (971) |
| Net increase in cash and cash equivalents | 1,440 | 354 |
| Cash and cash equivalents at beginning of period | 2,716 | 2,990 |
| Effect of exchange rate changes on cash and cash equivalents | (14) | (33) |
| Cash and cash equivalents at end of period | 4,142 | 3,311 |



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Changes in Equity

| Group | Attributable to 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 | |
| Balance at 1 January 2017 | 130,965 | (129,244) | 1,497 | (2,136) | (1,228) | (146) | (664) | (810) |
| Loss for the period | - | (2,693) | - | - | - | (2,693) | (72) | (2,765) |
| Other comprehensive income for the period | | | | | | | | |
| - Foreign currency translation | - | - | (71) | - | - | (71) | - | (71) |
| Total comprehensive income for the period | - | (2,693) | (71) | - | - | (2,764) | (72) | (2,836) |
| Contributions by and distributions to equity holders | | | | | | | | |
| - Issuance of shares pursuant to Rights Issue | 11,868 | - | - | - | - | 11,868 | - | 11,868 |
| - Share issuance expenses | (482) | - | - | - | - | (482) | - | (482) |
| Total transactions with equity holders in their capacity as equity holders | 11,386 | - | - | - | - | 11,386 | - | 11,386 |
| | | | | | | | | |
| Balance at 30 September 2017 | 142,351 | (131,937) | 1,426 | (2,136) | (1,228) | 8,476 | (736) | 7,740 |
| | | | | | | | | |



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| 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 | | | |
| Balance at 1 January 2016 | 130,965 | (126,494) | 1,656 | (2,136) | (1,228) | 2,763 | (613) | 2,150 |
| Loss for the period | - | (2,111) | - | - | - | (2,111) | (29) | (2,140) |
| <u>Other comprehensive income for the period</u> | | | | | | | | |
| Foreign currency translation | - | - | (288) | - | - | (288) | (5) | (293) |
| Total comprehensive income for the period | - | (2,111) | (288) | - | - | (2,399) | (34) | (2,433) |
| | | | | | | | | |
| Balance at 30 September 2016 | 130,965 | (128,605) | 1,368 | (2,136) | (1,228) | 364 | (647) | (283) |
| | | | | | | | | |

| 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 | - | (1,436) | (1,436) |
| <u>Contributions by and distributions to equity holders</u> | | | |
| - Issuance of shares pursuant to Rights Issue | 11,868 | - | 11,868 |
| - Share issuance expenses | (482) | - | (482) |
| Total transactions with equity holders in their capacity as equity holders | 11,386 | - | 11,386 |
| Balance at 30 September 2017 | 142,351 | (125,606) | 16,745 |
| Balance at 1 January 2016 | 130,965 | (117,627) | 13,338 |
| Loss for the period | - | (981) | (981) |
| Balance at 30 September 2016 | 130,965 | (118,608) | 12,357 |

- 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 | |
|---------------------------------------------------|----------------------------------|----------------------------------------------------|
| | <u>Number of ordinary shares</u> | <u>Issued and paid-up share capital</u> S\$'000 |
| Balances as at 30 September 2017 and 30 June 2017 | 15,824,126,058 | 142,351 |

The Company did not have any outstanding convertible securities or treasury shares or subsidiary holdings as at 30 September 2016 and 30 September 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 15,824,126,058 as at 30 September 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 30 September 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 30 September 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 | | Group | |
|-------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|--------------------------|-------------------|
| | Third Quarter Ended | 30/09/2016 | Nine Months Ended | 30/09/2016 |
| | 30/09/2017 | | 30/09/2017 | |
| Profit/(loss) per ordinary share for the period based on net profit/(loss) attributable to owners of the Company: | | | | |
| (a) Based on weighted average number of ordinary shares in issue (cents) | 0.00 | (0.01) | (0.03) | (0.04) |
| Weighted average number of ordinary shares [#] | 15,824,126,058 | 4,868,961,864 | 9,202,872,974 | 4,868,961,864 |
| (b) On a fully diluted basis (cents) | 0.00 | (0.01) | (0.03) | (0.04) |

[#] The weighted average number of ordinary shares for both the current and prior periods had been restated for the effects of the rights issue that was completed on 14 June 2017.

The diluted loss per share is the same as the basic loss per share as there were no outstanding convertible securities or other dilutive equity instruments for both financial periods ended 30 September 2017 and 30 September 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)

| <u>Group</u> | | <u>Company</u> | |
|-------------------|-------------------|-------------------|-------------------|
| <u>30/09/2017</u> | <u>31/12/2016</u> | <u>30/09/2017</u> | <u>31/12/2016</u> |
| 0.05 | (0.01) | 0.11 | 0.26 |

The net asset value per ordinary share as at 30 September 2017 was calculated based on the total number of issued shares (excluding treasury shares) of 15,824,126,058 (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 in the third quarter ended 30 September ("3Q") 2017 was 49% higher when compared to 3Q2016. Equipment business posted a revenue increase of 228% in 3Q2017 when compared to 3Q2016 due to increased customers' demands during the quarter. Equipment Contract Manufacturing Services ("ECMS") business recorded an increase in revenue of 3% in 3Q2017 when compared to 3Q2016.

The Group's revenue for the nine months ended 30 September ("9M") 2017 was 21% higher when compared to 9M2016. Equipment business posted an increase of 40% in revenue in 9M2017 when compared to 9M2016 due to increased customers' demands in 3Q2017. ECMS business recorded an increase in revenue of 15% in 9M2017 when compared to 9M2016 due to increases in customers' loadings.

Gross profit margin ("GPM") of the Group in 3Q2017 was 29%, representing a 6 percentage-points ("ppt") increase compared to the GPM in 3Q2016 of 23%. GPM of the Equipment business in 3Q2017 was 40%, representing 9ppt decrease from the GPM in 3Q2016 of 49% due to a shift in sales mix during the quarter. GPM of the ECMS business in 3Q2017 was 20%, representing an increase of 4ppt compared to the 16% GPM in 3Q2016.

GPM of the Group in 9M2017 was 24%, representing an increase of 2ppt compared to the 22% GPM in 9M2016. GPM of the Equipment business in 9M2017 was 44%, which was 10ppt lower than the GPM in 9M2016 of 54% due to a shift in sales mix during the period. GPM of the ECMS business in 9M2017 was 16%, representing a 4ppt increase when compared to the GPM of 12% in 9M2016, mainly due to higher sales in 9M2017.

Selling and marketing ("S&M") costs in 3Q2017 and 9M2017 were 36% and 24% higher when compared to 3Q2016 and 9M2016 respectively. This was mainly due to higher sales activities. S&M costs incurred by the Equipment business in 3Q2017 and 9M2017 were 78% and 40% higher when compared to 3Q2016 and 9M2016 respectively, mainly due to higher warranty costs and sales support services incurred. S&M costs incurred by the ECMS business in 3Q2017 and 9M2017 were 13% and 15% higher when compared to 3Q2016 and 9M2016 respectively, which was in line with the higher sales in 3Q2017 and 9M2017.

Research and development ("R&D") costs in 3Q2017 and 9M2017 were 3% and 2% higher when compared to the R&D costs incurred in 3Q2016 and 9M2016 respectively.

In 3Q2016, 9M2016 and 9M2017, disposals of machineries resulted gains of S\$0.1 million, S\$0.4 million and S\$0.1 million respectively. These gains were accounted under the general and administrative (“G&A”) costs. Excluding these disposal gains, the G&A costs in 3Q2017 and 9M2017 were 20% and 10% higher when compared to the G&A costs incurred in 3Q2016 and 9M2016 respectively. The higher costs were due to more consultancy fees incurred during the periods.

The Group reported a foreign exchange loss of about S\$66,000 in 3Q2017 compared to the foreign exchange loss of about S\$9,000 in 3Q2016. The Group reported a foreign exchange loss of S\$0.2 million in 9M2017 compared to the foreign exchange gain of S\$0.1 million in 9M2016, mainly due to the weakening of the Malaysia Ringgit and US Dollars against the Singapore Dollar.

Finance costs incurred in 3Q2017 were lower by 53% when compared to 3Q2016, due to reduced borrowings from external parties by a subsidiary. In 9M2017, the finance costs were 21% higher than 9M2016.

Depreciation of property, plant and equipment (“PPE”) were higher by 73% and 26% in 3Q2017 and 9M2017 when compared to 3Q2016 and 9M2016 due to the additional PPE purchased in 2017.

There was no amortisation of intangible assets in 3Q2017 and 9M2017 as the intangible assets had been fully amortised in 2016.

The efficient utilisation of some aged inventories enabled the Group to make a net reversal of allowance for stock obsolescence of S\$0.2 million and S\$0.1 million in 3Q2017 and 9M2017 respectively.

As a result of the above, the Group reported a net profit attributable to owners of the Company of S\$0.2 million in 3Q2017 when compared to the net loss of S\$0.6 million in 3Q2016. Net loss attributable to owners of the Company was S\$2.7 million in 9M2017 as compared to net loss of S\$2.1 million in 9M2016.

Balance Sheet

The intangible assets increased by approximately S\$19,000 from approximately S\$45,000 as at 31 December 2016 to approximately S\$64,000 as at 30 September 2017 due to payment made to extend an existing club membership.

The PPE increased by S\$1.5 million from S\$1.9 million as at 31 December 2016 to S\$3.4 million as at 30 September 2017 mainly due to the purchases of machineries during the period. This addition to PPE was offset by the depreciation of PPE during the period.

Inventories increased by S\$1.7 million, from S\$2.5 million as at 31 December 2016 to S\$4.2 million as at 30 September 2017, mainly due to increased work-in-progress inventories.

Trade receivables increased by S\$2.3 million, from S\$8.7 million as at 31 December 2016 to S\$11.0 million as at 30 September 2017 due to the increased sales in the current quarter.

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 30 September 2017 due to lower advances to the vendors.

Amounts due from related companies comprised mainly of receivables from sales to a related company. Amounts due from related companies as at 30 September 2017, remained comparable to the amount as at 31 December 2016.

Payables and accruals increased by S\$1.9 million, from S\$10.2 million as at 31 December 2016 to S\$12.1 million as at 30 September 2017, mainly due to higher inventory purchases and extended repayment period.

Amounts due to related companies increased by S\$0.3 million, from S\$0.2 million as at 31 December 2016 to S\$0.5 million as at 30 September 2017. This was mainly due to advances from a related company during the period.

Amounts due to holding company, ASTI Holdings Limited (“ASTI”) (current and non-current) decreased by S\$4.1 million, from S\$7.9 million as at 31 December 2016 to S\$3.8 million as at 30 September 2017. The decrease was mainly due to ASTI’s payment for its subscription of the Company’s rights issue, which amounted to S\$4.4 million by means of an offset against the amounts owing from the Group.

As at 30 September 2017, the Group had net current assets of S\$4.2 million and net assets of S\$7.7 million.

Cash Flows

Cash flows used in operating activities of S\$3.7 million comprised of cash flows used in the Group’s operations in 9M2017 of S\$3.2 million and amounts paid for interests and taxes of S\$0.3 million. Cash flows used in investing activities amounted to S\$1.4 million, which was mainly utilised for the net purchase of new PPE. Cash flows generated from financing activities amounted to S\$6.5 million, mainly due to the net proceeds of S\$7.0 million from the Rights Issue and the repayment of S\$0.5 million in other borrowings.

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

While we have performed well in 3Q2017, the Group remains cautious about its prospect in the fourth quarter of 2017 (“4Q2017”). We expect that demand from our Equipment business will continue into 4Q2017. However, performances of the other businesses within the Group may be weaker and this may affect the overall performance of the Group.

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 3Q2017.

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 S\$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 S\$100,000) S\$ |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ASTI Holdings Limited and its subsidiary companies | Nil | 848,000* |

* Related to trade sales to a subsidiary of ASTI.

14. Use of proceeds arising from rights issue

The Company completed the Rights Issue on 14 June 2017 and raised S\$11,868,095, of which S\$4,350,594 was set-off against the amounts owing to ASTI.

As at 30 September 2017, the utilisation of the cash proceeds of approximately S\$7,517,000 were as follow:-

| | Reallocated Amount# S\$'000 | Amount utilised S\$'000 | Amount unutilised S\$'000 |
|-------------------------------------------------------------------|----------------------------------------|------------------------------------|--------------------------------------|
| General working capital | 6,025 | (4,698) | 1,327 |
| Acquisition of property, plant and equipment | 976 | (618) | 358 |
| Payment for expenses incurred in connection with the Rights Issue | 516 | (507) | 9 |
| Total | 7,517 | (5,823) | 1,694 |

| Breakdown of general working capital usage | S\$'000 |
|---------------------------------------------------|----------------|
| Payments to trade creditors | 3,508 |
| Payroll costs | 634 |
| Consultancy fees | 162 |
| Utility expenses | 66 |
| Travelling expenses | 113 |
| Directors' fees | 132 |
| Others | 83 |
| Total | 4,698 |

For more details, please refer to a separate announcement on the reallocation and use of proceeds from rights issue dated 14 November 2017.



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

- 15. 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.

- 16. 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.

- 17. A breakdown of sales**

Not applicable to quarterly announcement.

- 18. 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.

- 19. 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.

- 20. 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 third quarter financial period ended 30 September 2017 to be false or misleading in any material aspect.

- 21. 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

14 November 2017