ADVANCED SYSTEMS AUTOMATION LIMITED

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

Results for the Financial Period Ended 30 June 2014

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"). Canaccord Genuity Singapore Pte. Ltd. has not independently verified the contents of this announcement.

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

The contact person for the Sponsor is Ms Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

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Results for the Financial Period Ended 30 June 2014
Unaudited Financial Statements and Dividend Announcement

The Board of Directors announces the results of the Group and Company for the financial period ended 30 June 2014.

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 Second Quarter Ended			Group Half Year Ended		
	30/6/2014 S$'000	30/6/2013 S$'000	Change %	30/6/2014 S$'000	30/6/2013 S$'000	Change %
Sales revenue	9,860	6,784	45	16,965	10,585	60
Costs of sales	(6,958)	(3,929)	77	(12,473)	(6,856)	82
Gross profit	**2,902**	**2,855**	2	**4,492**	**3,729**	20
Selling and marketing costs	(612)	(498)	23	(1,107)	(988)	12
Research and development costs	(205)	(216)	(5)	(412)	(424)	(3)
General and administrative costs	(1,446)	(1,026)	41	(2,948)	(2,315)	27
Foreign exchange (loss)/gain	(6)	(67)	(91)	76	(93)	NM
Total operating costs	(2,269)	(1,807)	26	(4,391)	(3,820)	15
Operating profit/(loss) before finance costs	**633**	**1,048**	(40)	**101**	**(91)**	NM
Finance costs, net	(84)	(9)	833	(134)	(17)	688
Share of results of an associate	-	50	(100)	-	95	(100)
Operating profit/(loss) before tax	**549**	**1,089**	(50)	**(33)**	**(13)**	154
Taxation	(175)	(2)	8,650	(283)	(4)	6,975
Net profit/(loss) for the period	**374**	**1,087**	(66)	**(316)**	**(17)**	1,759
Attributable to:						
Owners of the Company	366	1,087	(66)	(369)	(17)	2,071
Non-controlling interests	8	-	NM	53	-	NM
	374	**1,087**	(66)	**(316)**	**(17)**	1,759

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 Second Quarter Ended		Group Half Year Ended	
	30/6/2014 S$'000	30/6/2013 S$'000	30/6/2014 S$'000	30/6/2013 S$'000
Operating profit/(loss) before taxation is stated after crediting/(charging):				
- Interest income	1	6	2	13
- Interest on borrowings	(76)	(11)	(121)	(21)
- Depreciation of property, plant and equipment	(401)	(53)	(801)	(106)
- Property, plant and equipment written off	(85)	-	(85)	-
- Gain on disposal of property, plant and equipment	3	-	3	-
- Write-back of doubtful trade debts	29	22	29	17
- Write back of doubtful non-trade debts	-	311	-	311
- Write-back/(Allowance for) stock obsolescence	329	(140)	367	(407)
- Inventories written back directly to income statement	4	-	5	2

Statement of Comprehensive income

	Group Second Quarter Ended			Group Half Year Ended		
	30/6/2014 S$'000	30/6/2013 S$'000	Change %	30/6/2014 S$'000	30/6/2013 S$'000	Change %
Net profit/(loss) for the period	374	1,087	(66)	(316)	(17)	1,759
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising from consolidation of foreign operations	(75)	180	NM	(349)	384	NM
Total comprehensive income for the period	299	1,267	(76)	(665)	367	NM
Total comprehensive income attributable to:-						
Owners of the Company	289	1,267	(77)	(720)	367	NM
Non-controlling interests	10	-	NM	55	-	NM
	299	1,267	(76)	(665)	367	NM

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	
	30/06/2014 S$'000	31/12/2013 S$'000	30/06/2014 S$'000	31/12/2013 S$'000
ASSETS				
Non-current assets				
Intangible assets	2,578	2,578	95	95
Property, plant and equipment	14,257	14,222	-	-
Investments in subsidiaries	-	-	22,531	20,258
Deferred tax assets	132	131	-	-
Total non-current assets	16,967	16,931	22,626	20,353
Current assets				
Inventories	4,892	4,253	-	-
Trade receivables, net	9,224	8,950	2	50
Prepayments and advances	352	145	58	8
Other receivables, net	358	333	-	-
Amounts due from subsidiaries	-	-	10,531	9,602
Amounts due from related companies	1,484	390	-	-
Cash and cash equivalents	2,960	4,535	148	251
Total current assets	19,270	18,606	10,739	9,911
TOTAL ASSETS	**36,237**	**35,537**	**33,365**	**30,264**
EQUITY AND LIABILITIES				
Current liabilities				
Payables and accruals	11,327	12,368	1,766	1,857
Income tax payable	828	622	-	-
Lease creditors	470	450	-	-
Amounts due to financial institutions	1,734	1,714	-	-
Amounts due to subsidiaries	-	-	5,902	6,351
Amounts due to related companies	133	101	10	7
Amounts due to holding company	2,718	339	2,156	15
Total current liabilities	17,210	15,594	9,834	8,230
NET CURRENT ASSETS	**2,060**	**3,012**	**905**	**1,681**
Non-current liabilities				
Deferred tax liabilities	506	491	-	-
Lease creditors	450	682	-	-
Amounts due to financial institutions	989	1,015	-	-
Total non-current liabilities	1,945	2,188	-	-
TOTAL LIABILITIES	**19,155**	**17,782**	**9,834**	**8,230**
NET ASSETS	**17,082**	**17,755**	**23,531**	**22,034**
Equity attributable to the owners of the Company				
Share capital	127,875	125,610	127,875	125,610
Reserves	(111,026)	(108,814)	(104,344)	(103,576)
	16,849	16,796	23,531	22,034
Non-controlling interest	233	959	-	-
TOTAL EQUITY	**17,082**	**17,755**	**23,531**	**22,034**
TOTAL EQUITY AND LIABILITIES	**36,237**	**35,537**	**33,365**	**30,264**

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

Amount repayable in one year or less, or on demand

As at 30/06/2014		As at 31/12/2013	
S$'000		S$'000	
Secured	Unsecured	Secured	Unsecured
1,734	-	1,714	-

Amount repayable after one year

As at 30/06/2014		As at 31/12/2013	
S$'000		S$'000	
Secured	Unsecured	Secured	Unsecured
989	-	1,015	-

Details of any collateral

The aggregate amount due to financial institutions of $2,723,000 (31/12/13: $2,729,000) 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	
	30/06/2014 S$'000	30/06/2013 S$'000
OPERATING ACTIVITIES		
Operating loss before taxation	(33)	(13)
Adjustments for:		
Depreciation of property, plant and equipment	801	106
Property, plant and equipment written off	85	-
Gain on disposal of property, plant and equipment	(3)	-
Interest income	(2)	(13)
Interest expense	121	21
Currency realignment	(347)	372
Share of results of an associate	-	(95)
Operating cash flows before changes in working capital	622	378
Changes in working capital		
(Increase)/decrease in inventories	(639)	719
Increase in receivables	(506)	(925)
Increase in amount due from an associate	-	(339)
Increase in amount due from related companies	(1,094)	-
Decrease in payables and accruals	(1,041)	(1,856)
Increase/(decrease) in amount due to related companies	32	(129)
Increase in amount due to holding company	2,361	162
Cash used in operations	(265)	(1,990)
Interest received	2	13
Interest paid	(103)	(3)
Taxes paid	(72)	(4)
Net cash used in operating activities	(438)	(1,984)
INVESTING ACTIVITY		
Purchase of property, plant and equipment	(882)	(29)
Share issuance expenses relating to acquisition of additional interests in a subsidiary	(8)	-
Proceeds from disposal of property, plant and equipment	5	-
Net cash flows used in investing activity	(885)	(29)
FINANCING ACTIVITIES		
Repayment to financial institutions	(253)	-
Proceeds from share placement	-	1,890
Expenses relating to share placement	-	(10)
Net cash (used in)/provided by financing activities	(253)	1,880
Net decrease in cash and cash equivalents	(1,576)	(133)
Cash and cash equivalents at beginning of period	4,420	7,428
Cash and cash equivalents at end of period	**2,844**	**7,295**
Cash and cash equivalents comprised of:-		
Cash and bank balances	2,960	7,295
Less: bank overdraft	(116)	-
	2,844	**7,295**

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	S$'000	S$'000
Balance at 1 January 2013	**121,371**	**(106,107)**	**1,099**	**-**	**-**	**16,363**	**-**	**16,363**
Loss for the period	-	(17)	-	-	-	(17)	-	(17)
Other comprehensive income for the period								
Foreign currency translation	-	-	384	-	-	384	-	384
Total comprehensive income for the period	-	(17)	384	-	-	367	-	367
Contributions by and distributions to equity holders								
Issuance of shares pursuant to share placement	1,890	-	-	-	-	1,890	-	1,890
Share issuance expenses	(10)	-	-	-	-	(10)	-	(10)
Total transactions with equity holders in their capacity as equity holders	1,880	-	-	-	-	1,880	-	1,880
Balance at 30 June 2013	**123,251**	**(106,124)**	**1,483**	**-**	**-**	**18,610**	**-**	**18,610**
Balance at 1 January 2014	**125,610**	**(108,388)**	**1,710**	**(2,136)**	**-**	**16,796**	**959**	**17,755**
Loss for the period	-	(369)	-	-	-	(369)	53	(316)
Other comprehensive income for the period								
Foreign currency translation	-	-	(351)	-	-	(351)	2	(349)
Total comprehensive income for the period	-	(369)	(351)	-	-	(720)	55	(665)
Contributions by and distributions to equity holders								
Issuance of shares pursuant to acquisition of additional interests in a subsidiary	2,273	-	-	-	(1,492)	781	(781)	-
Share issuance expenses	(8)	-	-	-	-	(8)	-	(8)
Total transactions with equity holders in their capacity as equity holders	2,265	-	-	-	(1,492)	773	(781)	(8)
Balance at 30 June 2014	**127,875**	**(108,757)**	**1,359**	**(2,136)**	**(1,492)**	**16,849**	**233**	**17,082**

Company	Issued Capital	Accumulated Losses	Total
	S$'000	S$'000	S$'000
Balance at 1 January 2013	**121,371**	**(101,029)**	**20,342**
Loss for the period	-	(832)	(832)
Contributions by and distributions to equity holders			
Issuance of shares pursuant to share placement	1,890	-	1,890
Share issuance expenses	(10)	-	(10)
Total transactions with equity holders in their capacity as equity holders	1,880	-	1,880
Balance at 30 June 2013	**123,251**	**(101,861)**	**21,390**
Balance at 1 January 2014	**125,610**	**(103,576)**	**22,034**
Loss for the period	-	(768)	(768)
Contributions by and distributions to equity holders			
Issuance of shares pursuant to acquisition of additional interests in a subsidiary	2,273	-	2,273
Share issuance expenses	(8)	-	(8)
Total transactions with equity holders in their capacity as equity holders	2,265	-	2,265
Balance at 30 June 2014	**127,875**	**(104,344)**	**23,531**

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

No ordinary shares were issued during the period.

The Company did not have any treasury shares as at the end of the current financial period reported on and as at 30 June 2013.

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 1,948,465,457 as at 30 June 2014 (31 December 2013: 1,759,057,124).

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.

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 30 June 2014, are consistent with those of the audited financial statements for the financial year ended 31 December 2013.

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	
	30/06/2014	**30/06/2013**
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)	(0.02)	(0.00)
Weighted average number of shares	1,859,516,792	1,544,107,913
(b) On a fully diluted basis (cents)	(0.02)	(0.00)

The diluted loss per share is the same as the basic loss per share as there were no outstanding convertible securities for both the financial periods ended 30 June 2014 and 30 June 2013.

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	
30/06/2014	**31/12/2013**	**30/06/2014**	**31/12/2013**
0.86	0.95	1.21	1.25

The net asset value per ordinary share as at 30 June 2014 and 31 December 2013 were calculated based on the total number of issued shares (excluding treasury shares) of 1,948,465,457 (31 December 2013: 1,759,057,124).

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

Group's revenue in 2Q2014 was higher by 45% compared to 2Q2013. Revenue from the Equipment Contract Manufacturing Services ("ECMS") business rose by 167%, while revenue from the Equipment business was lower by 41%. Revenue for 1H2014 was 60% higher compared to 1H2013. Sales from the ECMS business improved by 158% while the revenue from the Equipment business declined by 39%. The increase in revenue from the ECMS business for 2Q2014 and 1H2014 was due mainly to the contribution of sales from the two subsidiaries, namely ASA Multiplate (M) Sdn. Bhd. ("ASA Multiplate") and Emerald Precision Engineering Sdn. Bhd. ("Emerald") which were acquired in August 2013 and November 2013 respectively.

Gross profit margin ("GPM") for 2Q2014 was lower by 13% when compared to 2Q2013. GPM of the Equipment business decreased from 58% in 2Q2013 to 46% in 2Q2014. GPM of the ECMS division improved from 13% in 2Q2013 to 24% in 2Q2014 mainly due to the higher GPM contributed by ASA Multiplate and Emerald in 2Q2014. Gross profit margin for 1H2014 was 9% lower compared to 1H2013. The decline in margin is due to the changes in sales mix as the margin from ECMS business is generally lower than the Equipment business.

Selling and marketing ("S&M") costs for 2Q2014 and 1H2014 were 23% and 12% higher when compared to 2Q2013 and 1H2013 respectively. In line with the lower sales activities, S&M costs incurred by Equipment business declined for 2Q2014 and 1H2014. On the other hand, costs incurred by ECMS division increased due to the inclusion of expenses from ASA Multiplate and Emerald.

Research & development costs for 2Q2014 and 1H2014 were 5% and 3% lower than the amount incurred for 2Q2013 and 1H2013 respectively.

General and administrative costs for 2Q2014 and 1H2014 were 41% and 27% higher compared to 2Q2013 and 1H2013 respectively. The higher costs were mainly due to the inclusion of expenses from ASA Multiplate and Emerald.

Finance costs of 2Q2014 and 1H2014 increased when compared to 2Q2013 and 1H2013 due to the inclusion of the interest expenses from ASA Multiplate and Emerald.

The Group reported a net profit attributable to shareholders of S$0.4 million in 2Q2014 compared to a loss of S$0.7 million for 1Q2014 and the net profit of S$1.1 million in 2Q2013. Net loss after tax for 1H2014 was S$0.3 million as compared to the breakeven result reported in 1H2013.

Balance Sheet

The increase in property, plant and equipment was offset by the depreciation during the period.

Inventories increase was in line with the higher business activities of the ECMS business.

Trade receivables increased due to higher sales billings in 2Q2014.

Amount due from related company increased due to Emerald's sales to a related company.

Payables and accruals decreased due to the utilization of advance payment made by a customer in 4Q2013.

Amount due to lease creditors and financial institutions comprises bank borrowings of ASA Multiplate and Emerald.

Amounts due to holding company increased due to the additional funding from the holding company for the working capital requirements of the Group.

Share capital of the Company increased S$2.3 million due to the issuance of new ordinary shares for the acquisition of additional 35% interests in ASA Multiplate on 27 March 2014.

As at 30 June 2014, the Group has net current assets of S$2.1 million and shareholders' equity of S$17.1 million.

Cash Flow

Cash flow used in the Group's operating activities amounted to S$0.4 million. This is mainly for working capital requirements. An amount of S$0.9 million was utilized for the purchase of property, plant and equipment and S$0.3 million was repaid to 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.

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

On 27 March 2014, the Company completed its acquisition of the additional 35% equity interest in ASA Multiplate, bringing the Company's equity interest in ASA Multiplate to 90%.

Both Emerald and ASA Multiplate continue to contribute positively to the Group's revenue in 1H2014. Going forward, the Group remains committed to look for opportunities to grow its ECMS and Equipment businesses.

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 2Q2014.

13. Interested person transactions

Name of Interested Person	Aggregate value of interested person transactions entered into during the financial year 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	2,425,000*

* Relates 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 of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Not applicable to quarterly announcement.

19. Negative Confirmation by the Board pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the financial period ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Executive Chairman
14 August 2014