



ASTI HOLDINGS LIMITED

Company Registration No.: 199901514C

EMPHASIS OF MATTER BY INDEPENDENT AUDITORS

Pursuant to Rule 704(5) of the Listing Manual of the SGX-ST, the Board of Directors (the "**Board**") of ASTI Holdings Limited (the "**Company**") wishes to inform that the independent auditors of the Company, Ernst & Young LLP (the "**Auditors**"), have in their Independent Auditor's Report included an Emphasis of Matter on the Company's financial statements as at 31 December 2008 (the "**Financial Statements**"). The opinion of the Auditors, however, remains unqualified.

Please refer to the copy of the Independent Auditor's Report and the extract of the relevant note to the Financial Statements which are attached for easy reference.

By Order of the Board

Woo Kwek Kiong
Company Secretary

15 April 2009

INDEPENDENT AUDITORS' REPORT

To the Members of ASTI Holdings Limited

We have audited the accompanying financial statements of ASTI Holdings Limited and its subsidiaries (the "Group") set out on pages 9 to 70, which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statement of changes in equity, income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (i) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 1 to the financial statements.

As at 31 December 2008 the Group incurred losses attributable to the equity holders of the Company of S\$14,652,000 and net operating cash outflow of S\$7,774,000. The Company is in a net current liability of S\$3,692,000. In addition, the Group, the Company and certain subsidiary companies have not complied with certain financial covenants of the credit facility agreements. Subsequent to the balance sheet date, the breaches of the financial covenants were remedied after the banks have agreed to waive the breaches and amend the respective financial covenants. However, the Group is contractually required to comply with the financial covenants attached to the Group's existing credit facilities throughout the financial year ending 31 December 2009. Any breach of the financial covenants may result in the banks exercising their rights under the credit facility agreements to recall the credit facilities and to demand immediate repayment. In addition, the Group is also reliant on its existing credit facilities for its continuing operations for which the relevant banks have the right at any time to recall or to amend the facilities and demand repayment of outstanding amounts at their discretion. The Company is reliant on the availability of cash available in the Group to enable it to meet its liabilities as and when they fall due. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. The ability of the Group and Company to continue as going concerns is dependent on the banks continuing to provide financing and not recalling the Group's existing credit facilities.

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 their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that the assets may need to be realized 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 sheets. In addition, the Group and the Company may have to reclassify certain non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Ernst & Young LLP

Public Accountants and
Certified Public Accountants
Singapore

14 April 2009

NOTE 1 TO FINANCIAL STATEMENTS

Extracts of the Notes to the Financial Statements

1. GENERAL

(b) Fundamental accounting concept

As at 31 December 2008, the Group incurred losses attributable to the equity holders of the Company of S\$14,652,000 (2007: net profit attributable to the equity holders of the Company S\$5,422,000) and net operating cash outflow of S\$7,774,000 (2007: net operating cash inflow of S\$4,708,000). The Company is in a net current liability of S\$3,692,000 (2007: net current asset of S\$24,281,000)

As disclosed in Note 24(i), at 31 December 2008, the Group, the Company and certain subsidiary companies have not complied with certain financial covenants of the credit facility agreements. Subsequent to the balance sheet date, the breaches of the financial covenants were remedied after the banks have agreed to waive the breaches and amend the respective financial covenants. However, the Group is contractually required to comply with the financial covenants attached to the Group's existing credit facilities throughout the financial year ending 31 December 2009. Any breach of the financial covenants may result in the banks exercising their rights under the credit facilities agreements to recall the credit facilities and to demand immediate repayment. In addition, the Group is also reliant on its existing credit facilities for its continuing operations for which the relevant banks have the right at any time to recall or to amend the facilities and demand repayment of outstanding amounts at their discretion. The Company is reliant on the availability of cash available in the Group to enable it to meet its liabilities as and when they fall due. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

The ability of the Group and the Company to continue as going concerns is dependent on the banks continuing to provide financing and not recalling the Group's and Company's existing credit facilities.

The Directors believe that that it is appropriate to prepare the financial statements on a going concern basis as the Directors believe that the Group and the Company will be able to comply with the amended financial covenants and continue to receive support from its bankers in relation to the existing banking facilities.