



ASTI HOLDINGS LIMITED  
Company Registration No.: 199901514C

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**EMPHASIS OF MATTER BY AUDITORS ON THE FINANCIAL STATEMENTS FOR  
FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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In compliance with Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board of Directors wishes to announce that the independent auditors of the Company, Ernst & Young LLP (the "Auditors"), have an emphasis of matter in their Independent Auditors' Report for the financial statements of the Company and its subsidiaries for the financial year ended 31 December 2009 (the "Financial Statements"). The opinion of the Auditors, however, remains unqualified.

Please refer to the copy of the Independent Auditor's Report, together with the extract of the relevant note to the Financial Statements, attached for information.

**By Order of the Board of Directors**

Woo Kwek Kiong  
Company Secretary  
8 April 2010

# Independent Auditors' Report

For the Financial Year Ended 31 December 2009

## 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 8 to 71, which comprise the balance sheets of the Group and the Company as at 31 December 2009 and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated 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 profit and loss account and balance sheet 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 auditors' 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 the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the financial 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 subsidiary companies 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 3(c)(i)(6) to the financial statements. As at 31 December 2009, the Company and the Group have loans and advances owing by an associate, Advanced Systems Automation Limited ("ASA") of S\$29.1 million. As disclosed with more details in the note, the Board has assessed that there is no impairment to the carrying value of these loans and advances on the basis that the Company has entered into a conditional agreement to undertake two proposed events (namely the Proposed ASA Acquisition and Proposed Capitalisation) with ASA. These two events form part of ASA's proposed restructuring plan. Accordingly, no provision for impairment has been made in these financial statements. The recoverability of the carrying value of the loans and advances owing by ASA as at 31 December 2009 is dependent on the successful completion of the proposed restructuring plan of ASA, the outcome of which remains uncertain as the restructuring plan is still currently in progress at the date of this report.

The uncertainty mentioned above may affect the ultimate recoverability of the carrying value of the loans and advances owing by ASA. The financial statements do not include any adjustments that might result from the uncertainty mentioned above.

Ernst & Young LLP

Public Accountants and  
Certified Public Accountants  
Singapore

7 April 2010

## Extracts of the Notes to the Financial Statements

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (c) *Significant accounting estimates and judgements*

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (i) **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **(6) Impairment of loans and receivables**

The Group and the Company assess at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant difficulties of the debtor and default or significant delay in payments. The carrying values of the Group's and Company's loans and receivables as at 31 December 2009 are disclosed in Note 47 to the financial statements. Included in these loans and receivables is an amount of S\$29.1 million (2008: S\$23.7 million) relating to loans and advances owing by an associate, Advanced Systems Automation Limited (ASA).

As disclosed in Note 49 to the financial statements, the Company has entered into a conditional sale and purchase agreement with ASA to undertake two proposed events with ASA. The two proposed events, namely the Proposed ASA Acquisition to acquire the entire business and assets of ASA for a consideration of S\$8.6 million by setting off the consideration against all outstanding loans and advances owing by ASA to the Company and the Group and the Proposed Capitalisation to capitalise S\$19.1 million of the remaining loans and advances owing by ASA by the allotment and issue of new ordinary shares in the share capital of ASA. These two events are part of a series of the proposed restructuring plan to be undertaken by ASA as announced by ASA on 8 January 2010. The Board is of the view that no impairment is required for the carrying value of the loans and advances owing by ASA as at 31 December 2009 as it is recoverable through the aforementioned Proposed ASA Acquisition and Proposed Capitalisation. This is predicated on the basis that the recoverable amount of the entire business and assets of ASA as at 31 December 2009 exceeds the consideration of S\$8.6 million and the value of the new shares in ASA would exceed the loan capitalisation of S\$19.1 million. Accordingly, no provision for impairment has been made to the loans and advances owing by ASA in these financial statements.

The recoverability of the carrying value of the loans and advances owing by ASA as at 31 December 2009 is dependent on the successful completion of the proposed restructuring plan of ASA. As the restructuring plan is still currently in progress at the date of this report, the outcome remains uncertain.

The uncertainty mentioned above may affect the ultimate recoverability of the carrying value of the loans and advances owing by ASA.