

Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

| | |
|-------------------------|--|
| Issuer/ Manager | ASTI HOLDINGS LIMITED |
| Securities | ASTI HOLDINGS LIMITED - SG1G77872271 - 575 |
| Stapled Security | No |

Announcement Details

| | |
|--|---|
| Announcement Title | Financial Statements and Related Announcement |
| Date & Time of Broadcast | 14-May-2015 18:10:53 |
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| Announcement Sub Title | First Quarter Results |
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| Submitted By (Co./ Ind. Name) | Dato' Michael Loh Soon Gnee |
| Designation | Executive Chairman & CEO |
| Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format) | ASTI Holdings Limited releases its 1st Quarter 2015 Results Announcement. |

Additional Details

| | |
|-----------------------------------|--|
| For Financial Period Ended | 31/03/2015 |
| Attachments | ASTI_1Q2015_Results_Announcement.pdf Total size =187K |



The Directors are pleased to make the following announcement of the unaudited results for the financial period ended 31 March 2015.

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 | | |
| | S\$'000 | | % |
| | 31/3/15 | 31/3/14 | Change |
| | | (restated) | |
| Revenue | 33,659 | 26,791 | 26% |
| Cost of sales | (21,262) | (18,252) | 16% |
| Gross profit | 12,397 | 8,539 | 45% |
| Other income | 183 | 223 | (18%) |
| Marketing and distribution | (3,029) | (2,555) | 19% |
| Research and development | (3,102) | (2,383) | 30% |
| Administrative expenses | (6,616) | (5,960) | 11% |
| Other net operating gain/(loss) | 1,113 | (189) | NM |
| Operating expenses | (11,634) | (11,087) | 5% |
| Operating profit/(loss) | 946 | (2,325) | NM |
| Finance costs, net | (304) | (196) | 55% |
| Profit/(loss) before exceptional items | 642 | (2,521) | NM |
| Exceptional Items | 3,595 | - | NM |
| Profit/(loss) before tax | 4,237 | (2,521) | NM |
| Income tax expense | (1,344) | (375) | 258% |
| Net profit/(loss) for the period | 2,893 | (2,896) | |
| Attributable to : | | | |
| Owners of the Company | 5,134 | (1,958) | NM |
| Non-controlling interests | (2,241) | (938) | 139% |
| Net profit/(loss) for the period | 2,893 | (2,896) | |

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

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

| |
|---|
| Interest income |
| Interest on borrowings |
| Depreciation of property, plant and equipment |
| Amortisation of intangible assets |
| Gain on disposal of property, plant and equipment |
| Net provision for doubtful debts |
| Net write back/(provision) for stock obsolescence |
| Foreign currency exchange gain/(loss) |

| Group | | |
|---------------------|------------|--------|
| First Quarter Ended | | |
| S\$'000 | | % |
| 31/3/15 | 31/3/14 | Change |
| | (restated) | |
| 23 | 32 | (28%) |
| (269) | (191) | 41% |
| (1,912) | (1,622) | 18% |
| (75) | (73) | 3% |
| 27 | 5 | 440% |
| (1) | - | NM |
| 107 | (102) | NM |
| 1,086 | (194) | NM |

Exceptional items

| |
|--|
| Gain on disposal of investment security |
| Impairment loss on investment securities |

| | | |
|--------------|----------|----|
| 3,599 | - | NM |
| (4) | - | NM |
| <u>3,595</u> | <u>-</u> | |

1(a)(iii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

Net profit/(loss) for the period

Other comprehensive income:-

Items that may be reclassified subsequently to profit or loss:

| |
|--|
| Foreign currency translation adjustment |
| Realisation of fair value changes on available-for-sale assets |
| Fair value changes on available-for-sale assets |

Other comprehensive income, net of tax

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 | | |
| S\$'000 | | % |
| 31/3/15 | 31/3/14 | Change |
| | (restated) | |
| 2,893 | (2,896) | NM |
| 1,225 | (633) | NM |
| (3,587) | - | NM |
| (21) | (7) | 200% |
| <u>(2,383)</u> | <u>(640)</u> | <u>272%</u> |
| 510 | (3,536) | NM |
| 1,969 | (2,251) | NM |
| (1,459) | (1,285) | 14% |
| <u>510</u> | <u>(3,536)</u> | <u>NM</u> |

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 | |
|---|----------------|----------------|---------------|---------------|
| | S\$'000 | | S\$'000 | |
| | 31/3/15 | 31/12/14 | 31/3/15 | 31/12/14 |
| Non-current Assets | | | | |
| Intangible assets | 15,031 | 15,114 | - | - |
| Property, plant and equipment | 41,378 | 37,412 | 62 | 73 |
| Investments in subsidiaries | - | - | 31,379 | 31,379 |
| Investment securities | 169 | 188 | - | - |
| Deferred tax assets | 196 | 179 | - | - |
| | 56,774 | 52,893 | 31,441 | 31,452 |
| Current Assets | | | | |
| Inventories | 23,926 | 27,050 | - | - |
| Other receivables and prepayments | 11,979 | 8,193 | 213 | 406 |
| Amounts due from subsidiaries | - | - | 8,134 | 7,766 |
| Trade receivables | 36,463 | 33,162 | - | - |
| Cash and cash equivalents | 49,932 | 52,693 | 9,316 | 1,359 |
| Restricted cash | 2 | 2 | - | - |
| | 122,302 | 121,100 | 17,663 | 9,531 |
| Non-current assets held for sale | - | 11,100 | - | 8,885 |
| | 122,302 | 132,200 | 17,663 | 18,416 |
| Total Assets | 179,076 | 185,093 | 49,104 | 49,868 |
| Equity Attributable to Owners of the Company | | | | |
| Share capital | 132,617 | 132,617 | 132,617 | 132,617 |
| Treasury shares | (4,772) | (4,772) | (4,772) | (4,772) |
| Foreign currency translation reserve | (1,042) | (1,418) | - | - |
| Capital reserves | (8,038) | (8,056) | (2,960) | (2,960) |
| Fair value reserve | 12 | 3,608 | - | 3,587 |
| Accumulated losses | (30,618) | (35,752) | (115,205) | (116,744) |
| | 88,159 | 86,227 | 9,680 | 11,728 |
| Non-controlling interests | 32,047 | 31,001 | - | - |
| Total Equity | 120,206 | 117,228 | 9,680 | 11,728 |
| Non-current Liabilities | | | | |
| Deferred tax liabilities | 989 | 1,028 | - | - |
| Lease creditors | 692 | 511 | - | - |
| Long term payables | 1,056 | 1,016 | - | - |
| Loans and borrowings | 907 | 938 | - | - |
| Amounts due to subsidiaries | - | - | 30,156 | 29,605 |
| | 3,644 | 3,493 | 30,156 | 29,605 |
| Current Liabilities | | | | |
| Provision | 647 | 587 | - | - |
| Income tax payable | 2,655 | 1,507 | 151 | 91 |
| Loans and borrowings | 20,798 | 27,823 | 5,000 | 5,000 |
| Payables and accruals | 31,126 | 34,455 | 2,504 | 1,930 |
| Amounts due to subsidiaries | - | - | 1,613 | 1,514 |
| | 55,226 | 64,372 | 9,268 | 8,535 |
| Total Liabilities | 58,870 | 67,865 | 39,424 | 38,140 |
| Total Equity and liabilities | 179,076 | 185,093 | 49,104 | 49,868 |

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

Amount repayable in one year or less, or on demand

| 31/3/15 | | 31/12/14 | |
|---------|-----------|----------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 1,445 | 19,353 | 1,704 | 26,119 |

Amount repayable after one year

| 31/3/15 | | 31/12/14 | |
|---------|-----------|----------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 907 | - | 938 | - |

Details of any collateral

Bank term loans with aggregate amount of \$2,352,000 (31/12/14: \$2,642,000) of subsidiaries are secured on the land & buildings, and plant and machinery of the subsidiaries.

1(c) A cash flow statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Group | |
|--|--------------------|---|
| | 31/3/15 S\$'000 | 31/3/14 S\$'000 (restated) |
| Operating activities | | |
| Profit/(loss) before income tax | 4,237 | (2,521) |
| Adjustment for:- | | |
| Non-cash items | (1,724) | 1,581 |
| Operating cash flows before reinvestment in working capital | 2,513 | (940) |
| Changes in working capital | | |
| Receivables | (4,620) | (571) |
| Inventories | 1,631 | (152) |
| Payables | (3,433) | 1,007 |
| Provisions | 60 | - |
| Cash flow used in operations | (3,849) | (656) |
| Interest paid | (248) | (172) |
| Interest received | 23 | 32 |
| Income tax paid | (230) | (114) |
| Income tax refund | - | 74 |
| Net cash used in operating activities | (4,304) | (836) |
| Investing activities | | |
| Proceeds from disposals of property, plant and equipment | 117 | 5 |
| Purchase of property, plant and equipment | (1,063) | (1,954) |
| Proceeds from disposal of investment security | 8,897 | - |
| Net cash generated from/(used in) investing activities | 7,951 | (1,949) |
| Financing activities | | |
| Payment to finance lease creditors | (243) | (232) |
| Proceeds from bank borrowings | - | 3,080 |
| Repayment of bank borrowings | (7,072) | (73) |
| Decrease in restricted cash | - | 4 |
| Net cash (used in)/provided by financing activities | (7,315) | 2,779 |
| Net decrease in cash and cash equivalents | (3,668) | (6) |
| Cash and cash equivalents at 1 January | 52,580 | 37,977 |
| Effect of exchange rate changes on cash and cash equivalents | 913 | (146) |
| Cash and cash equivalents at 31 March | 49,825 | 37,825 |

Cash and cash equivalent included in the consolidated cash flow statement comprise the following balance sheet amounts:-

| | S\$'000 | S\$'000 |
|------------------------|---------------|---------------|
| Cash and bank balances | 49,932 | 37,866 |
| Bank overdraft | (107) | (41) |
| | 49,825 | 37,825 |

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 Owners of the Company | | | | | | | | Equity Total |
|---|---------------------------------------|-----------------|-----------------|--------------------|--------------------------------------|--------------------|---|---------------------------|----------------|
| | Share Capital | Treasury shares | Capital reserve | Fair value reserve | Foreign currency translation reserve | Accumulated losses | Equity attributable to owners of Company, Total | Non-controlling Interests | |
| | (Non-distributable) | | | | | Distributable | | | |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | |
| For The First Quarter Ended 31 Mar 2015 | | | | | | | | | |
| Balance as at 1 Jan'15 | 132,617 | (4,772) | (8,056) | 3,608 | (1,418) | (35,752) | 86,227 | 31,001 | 117,228 |
| Total comprehensive income for the period | - | - | - | (3,596) | 431 | 5,134 | 1,969 | (1,459) | 510 |
| <u>Changes in ownership interests in subsidiaries without a change in control</u> | | | | | | | | | |
| Share placement to non-controlling interests, net of share issue expenses | - | - | 18 | - | (55) | - | (37) | 2,505 | 2,468 |
| Total changes in ownership interests in subsidiaries | - | - | 18 | - | (55) | - | (37) | 2,505 | 2,468 |
| Balance as at 31 Mar'15 | 132,617 | (4,772) | (8,038) | 12 | (1,042) | (30,618) | 88,159 | 32,047 | 120,206 |

| Group | Attributable to Owners of the Company | | | | | | | | Equity Total |
|--|---------------------------------------|-----------------|------------------|--------------------|--------------------------------------|--------------------|---|---------------------------|----------------|
| | Share Capital | Treasury shares | Capital reserves | Fair value reserve | Foreign currency translation reserve | Accumulated losses | Equity attributable to owners of Company, Total | Non-controlling Interests | |
| | | | | | | | | | |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | |
| For The First Quarter Ended 31 Mar 2014 | | | | | | | | | |
| Balance as at 1 Jan'14 <i>(restated)</i> | 132,617 | (4,772) | (6,619) | 19 | (2,975) | (38,609) | 79,661 | 29,138 | 108,799 |
| Total comprehensive income for the period <i>(as previously reported)</i> | - | - | - | (4) | (289) | (1,949) | (2,242) | (1,263) | (3,505) |
| Effects of FRS103 - Business Combination | - | - | - | - | - | (9) | (9) | (22) | (31) |
| Total comprehensive income for the period <i>(restated)</i> | - | - | - | (4) | (289) | (1,958) | (2,251) | (1,285) | (3,536) |
| <u>Changes in ownership interests in subsidiaries without a change in control</u> | | | | | | | | | |
| Acquisition of additional interests in a subsidiary from non-controlling interests | - | - | (332) | - | - | - | (332) | 332 | - |
| Total changes in ownership interests in subsidiaries | - | - | (332) | - | - | - | (332) | 332 | - |
| | | | | | | | | | |
| Balance as at 31 Mar'14 <i>(restated)</i> | 132,617 | (4,772) | (6,951) | 15 | (3,264) | (40,567) | 77,078 | 28,185 | 105,263 |

| Company | Share Capital | Treasury shares | Capital reserve | Fair Value reserve | Accumulated losses | Total |
|--|---------------|---------------------|-----------------|--------------------|--------------------|---------|
| | | (Non-distributable) | | | Distributable | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| For The First Quarter Ended 31 Mar 2015 | | | | | | |
| Balance as at 1 Jan'15 | 132,617 | (4,772) | (2,960) | 3,587 | (116,744) | 11,728 |
| Total comprehensive income for the period | - | - | - | (3,587) | 1,539 | (2,048) |
| Balance as at 31 Mar'15 | 132,617 | (4,772) | (2,960) | - | (115,205) | 9,680 |
| For The First Quarter Ended 31 Mar 2014 | | | | | | |
| Balance as at 1 Jan'14 | 132,617 | (4,772) | (2,960) | (2,960) | (106,562) | 15,363 |
| Total comprehensive income for the period | - | - | - | - | (1,368) | (1,368) |
| Balance as at 31 Mar'14 | 132,617 | (4,772) | (2,960) | (2,960) | (107,930) | 13,995 |

- 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 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.

See below for details relating to the number of shares held as treasury shares.

- 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**

| | Group & Company | |
|---|-----------------|--------------|
| | 31/3/15 | 31/12/14 |
| Total number of issued shares | 681,966,341 | 681,966,341 |
| Less : Treasury shares | (27,234,855) | (27,234,855) |
| Total number of issued shares (excluding treasury shares) | 654,731,486 | 654,731,486 |

- 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**

Please refer to note 1(d)(ii) above.

- 2. Whether the figures have been audited, or reviewed and in accordance with which (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.

- 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 year, the accounting policies and methods of computation applied by the Group in the financial statements for the period ended 31 March 2015, are consistent with those of the audited financial statement as at 31 December 2014.

- 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.

Effects of the revision in the provisional amounts determined in relation to the business combination which occurred during the year ended 31 December 2013 are as follows:

Effects of FRS 103 – Business Combinations

On 9 September 2013, a subsidiary of the Company, Advanced Systems Automation Limited (“ASA”) acquired an additional 10% equity interests in its associate, ASA Multiplate (M) Sdn. Bhd.) (“ASA Multiplate”) from its non-controlling interest. ASA Multiplate ceased to be an associate and became a subsidiary of ASA. The acquisition of ASA Multiplate was reported based on provisional amounts in the Group’s financial statements for the year ended 31 December 2013.

ASA engaged an independent valuer to determine the fair values of the identifiable assets and liabilities of ASA Multiplate at the acquisition date. Subsequent to the completion of the valuation by the valuer, the Group made certain restatements in connection with the acquisition of ASA Multiplate as follows.

| | As at 31/08/13 | |
|---|----------------------------|-------------------------|
| | Provisional fair values | Restated fair values |
| | S\$'000 | S\$'000 |
| Consideration paid for business combination | 3,672 | 3,672 |
| <u>Fair values of assets and liabilities acquired</u> | | |
| Property, plant and equipment | 7,961 | 8,562 |
| Customer relationships | - | 459 |
| Inventories | 1,122 | 1,116 |
| Trade receivables, net | 1,005 | 1,005 |
| Prepayments and advances | 40 | 40 |
| Other receivables, net | 121 | 121 |
| Cash and cash equivalents | 3 | 3 |
| Trade payables and accruals | (583) | (583) |
| Other payables | (3,038) | (3,038) |
| Income tax payable | (181) | (181) |
| Amount due to holding company | (1,107) | (1,107) |
| Amount due to financial institutions | (2,609) | (2,609) |
| Bank overdraft | (102) | (102) |
| Deferred tax liability | (470) | (736) |
| Net identified assets | 2,162 | 2,950 |
| Less: non-controlling interests | (973) | (1,328) |
| Total net identifiable assets at fair value | 1,189 | 1,622 |
| Goodwill arising from acquisition | 2,483 | 2,050 |

As a result of the above restatement, the Group's financial results for the period ended 31 March 2014 were restated as follows:

| | First Quarter Ended | |
|---|---------------------|----------|
| | 31/3/14 | 31/3/14 |
| | Previously stated | Restated |
| | S\$'000 | S\$'000 |
| Loss for the period | (2,865) | (2,896) |
| Loss for the period attributable to owners of the parent | (1,949) | (1,958) |
| Loss for the period attributable to non-controlling interests | (916) | (938) |
| | (2,865) | (2,896) |

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 | |
|---|---------------------|-----------------------|
| | First Quarter Ended | |
| | 31/3/15 | 31/3/14 (restated) |
| Earning/(loss) per share:- | | |
| a) Based on weighted average number of ordinary shares in issue | 0.78 cents | (0.30) cents |
| Weighted average number of shares | 654,731,486 | 654,731,486 |
| b) On a fully diluted basis | 0.78 cents | (0.30) cents |
| Adjusted weighted average number of shares | 654,731,486 | 654,731,486 |

7. **Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 31/3/15 | 31/12/14 | 31/3/15 | 31/12/14 |
| Net assets value per ordinary share | 13.46 cts | 13.17 cts | 1.48 cts | 1.79 cts |
| Number of ordinary shares at end of financial period | 654,731,486 | 654,731,486 | 654,731,486 | 654,731,486 |

The number of ordinary shares used in the computation of net assets value per share excludes those shares held as treasury shares.

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 reported on

Analysis of Group Performance

INCOME STATEMENT

| | Sales | |
|---|---------------|---------------|
| | 1Q2015 | 1Q2014 |
| | S\$'000 | S\$'000 |
| <u>Business Segment</u> | | |
| Backend Equipment Solutions & Technologies ("BEST") | 33,157 | 26,070 |
| Distribution & Services | 502 | 721 |
| | <u>33,659</u> | <u>26,791</u> |

Revenue

The Group reported a 25.6% or \$6.9 million increase in revenue from \$26.8 million (1Q2014) to \$33.7 million (1Q2015).

Backend Equipment Solutions & Technologies ("BEST") business recorded a 27.2% or \$7.1 million increase in revenue from \$26.1 million (1Q2014) to \$33.2 million (1Q2015). The increase in revenue was due to higher demand from the equipment business. The revenue from Distribution & Service business was \$0.5 million in 1Q2015.

Gross Profit Margin

Gross profit margin ("GPM") in 1Q2015 was 36.8%, which was 4.9% higher than the 31.9% reported in 1Q2014. This was due to a higher proportion of the Group's revenue being contributed from the equipment business which commanded a relatively higher margin compared to the revenue from other businesses.

Operating Expenses

Marketing & distribution, research & development and general administrative expenses of \$12.7 million incurred in 1Q2015 were \$1.8 million higher compared to the expenses reported in 1Q2014. The expenditure rose mainly due to the increased business activities carried out by the BEST business and payroll related costs of the Distribution & Service business.

In line with the higher borrowings from financial institutions, financing costs increased \$0.1 million from \$0.2 million (1Q2014) to \$0.3 million (1Q2015).

Appreciation of US dollar against the Singapore dollar in 1Q2015 resulted in a foreign exchange gain of \$1.1 million in 1Q2015, compared to the loss of \$0.2 million in 1Q2014.

Exceptional items in 1Q2015 comprised mainly the gain on the disposal of the investment in APSI Pte. Ltd.

Depreciation of property, plant and equipment in 1Q2015 increased due to additional purchase of property, plant and equipment during the year 2014 and 1Q2015.

Net Profit/Loss

The Group reported an operating profit of \$0.9 million and a net profit attributable to shareholders of \$5.1 million in 1Q2015, compared to the operating loss of \$2.3 million and a net loss of \$2.0 million in 1Q2014.

Analysis of Group Performance (Cont'd)

BALANCE SHEET

As at 31 March 2015, total assets stood at \$179.1 million comprising \$56.8 million from non-current assets and \$122.3 million from current assets. Total liabilities stood at \$58.9 million comprising current liabilities of \$55.2 million and non-current liabilities of \$3.6 million. Shareholders' equity including non-controlling interests stood at \$120.2 million.

The following are highlights of the Group's balance sheet as at 31 March 2015.

Intangible assets

The decrease in intangible assets was mainly due to amortisation of customer relationships and intellectual properties.

Property, plant and equipment

The increase in property, plant and equipment ("PPE") was mainly due to the reclassification of a leasehold land and building from non-current assets held for sale to PPE. The increase in PPE was also due to additional purchases which were partially offset by the depreciation during the quarter.

Inventories

Inventories decreased \$3.1 million from \$27.0 million (4Q2014) to \$23.9 million (1Q2015) due to depletion of inventories and lower purchases in the quarter.

Other receivables and prepayments

Included in the receivables was an amount of \$2.5 million proceeds to be collected for a subsidiary's share placement exercise. The receivables also comprised receivables from external parties which increased \$0.8 million in this quarter. Prepayments of expenses also increased as they are normally higher at the beginning of the year.

Trade receivables

Trade receivables' balance increased \$3.3 million due to the slower payment from customers.

Non-current assets held for sale

Balance as at 31 December 2014 included an amount of \$8.9 million which relate to the Company's investment in APSI Pte. Ltd. that was disposed at end of 1Q2015. The balance as at 31 December 2014 also included an amount of \$2.2 million which relate to a leasehold land and building which a subsidiary of the Group had, on 2 September 2014, entered into an agreement to dispose of. The parties to the agreement have mutually agreed to terminate the agreement. As a result of this termination, the leasehold land and building were reclassified from non-current assets held for sale to property, plant and equipment.

Loans and borrowings

Loans and borrowings decreased \$7.1 million from \$28.8 million (4Q2014) to \$21.7 million (1Q2015), due to repayments made in the quarter.

Payables and accruals

Payables and accruals decreased \$3.4 million from \$34.5 million (4Q2014) to \$31.1 million (1Q2015), mainly due to lower inventory purchases in the quarter.

CASHFLOW STATEMENT

The Group utilised \$3.8 million for its operations. An amount of \$0.5 million was used for the payment of interest and tax. \$8.9 million being proceeds from the disposal of investment was received. A net amount of \$1.0 million was used for the purchase of property, plant and equipment. The Group repaid net loans and borrowings of \$7.3 million to the financial institutions.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual results were in line with the prospect statement stated in the previous announcement.

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

During the quarter, the Company completed the disposal of its entire shareholding interest in the share capital of APSI Pte. Ltd. for a consideration of S\$8.9 million which brought in a S\$3.6 million gain for the Group. Meanwhile, the semiconductor equipment business from our subsidiary Semiconductor Technologies & Instruments Pte Ltd recorded a strong performance in 1Q2015 and continues to see sustainable demand in 2Q2015. However, visibility is low for the rest of the year.

Advanced Systems Automation Limited saw lower demand from many markets in 1Q2015 due to the slow-down in China during the festive period and its Equipment and Equipment Contract Manufacturing Services businesses will be impacted by the expected slower growth in the first half of 2015.

Dragon Group International Limited's ("DGI's") recently announced the proposed acquisitions of companies dealing in the development of heat dissipating technologies and separators for batteries. DGI will explore opportunities in the batteries and storage market through its recently established subsidiary, EoCell Limited. DGI Group had entered into a co-operation agreement with a Chinese state owned company to carry out a property development project along the Yangtze Riverbank which shall provide DGI the right to use and operate the project for a period of 20 years, with an option to renew for a further 20 years thereafter. The DGI Group is continuing its efforts to look for other investment opportunities and will keep its shareholders duly informed.

In view of the weak economic landscape in many countries, we are cautious about our performance in the second quarter.

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?

No dividend is declared for the current financial period reported on.

(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

Please refer to note 11(a).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13. 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)

- 14. 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)

- 15. A breakdown of sales**

(Not applicable to quarterly announcement)

- 16. 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)

- 17. 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)

- 18. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT") as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

There is no general mandate obtained for IPT and there were no IPT for the period ended 31 March 2015.

- 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 which may render the unaudited interim financial results for the financial period ended 31 March 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Executive Chairman and Chief Executive Officer
14 May 2015