

Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

Issuer/ Manager	ASTI HOLDINGS LIMITED
Securities	ASTI HOLDINGS LIMITED - SG1G77872271 - 575
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Announcement Details

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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)	PLEASE SEE ATTACHED FILE.

Additional Details

For Financial Period Ended	31/03/2016
Attachments	ASTI_1Q2016_Results Announcement.pdf Total size =496K



The Directors are pleased to make the following announcement of the unaudited results for the financial period ended 31 March 2016.

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		%
	31/3/16	31/3/15	Change
Revenue	32,592	33,659	(3%)
Cost of sales	(22,771)	(21,262)	7%
Gross profit	9,821	12,397	(21%)
Other income	232	183	27%
Marketing and distribution	(2,901)	(3,029)	(4%)
Research and development	(3,631)	(3,102)	17%
Administrative expenses	(5,500)	(6,616)	(17%)
Other net operating (loss)/gain	(1,266)	1,113	NM
Operating expenses	(13,298)	(11,634)	14%
Operating (loss)/profit	(3,245)	946	NM
Finance costs, net	(303)	(304)	(0%)
Exceptional Items	-	3,595	NM
Share of results of associates, net of tax	(8)	-	NM
(Loss)/profit before tax	(3,556)	4,237	NM
Income tax expense	(134)	(1,344)	(90%)
Net (loss)/profit for the period	(3,690)	2,893	
Attributable to :			
Owners of the Company	(2,020)	5,134	NM
Non-controlling interests	(1,670)	(2,241)	(25%)
Net (loss)/profit for the period	(3,690)	2,893	

NM: Not meaningful

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	
	31/3/16	31/12/15	31/3/16	31/12/15
Non-current Assets				
Intangible assets	1,212	839	-	-
Property, plant and equipment	23,022	20,666	28	34
Investments in subsidiaries	-	-	27,533	25,282
Investments in associate	-	11	-	-
Investment securities	835	897	-	-
Deferred tax assets	279	275	-	-
Prepayments	712	693	-	-
Amounts due from subsidiaries	-	-	1,350	1,350
	26,060	23,381	28,911	26,666
Current Assets				
Inventories	30,605	26,223	-	-
Other receivables and prepayments	7,182	5,694	709	55
Amounts due from subsidiaries	-	-	8,150	8,525
Trade receivables	33,486	26,156	-	-
Cash and cash equivalents	37,119	41,247	547	1,671
	108,392	99,320	9,406	10,251
Non-current assets held for sale	1,951	1,904	-	-
	110,343	101,224	9,406	10,251
Total Assets	136,403	124,605	38,317	36,917
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	(1,402)	(1,135)	-	-
Capital reserves	(8,038)	(8,038)	(2,960)	(2,960)
Fair value reserve	8	18	-	-
Accumulated losses	(58,250)	(56,230)	(123,934)	(123,623)
	60,163	62,460	951	1,262
Non-controlling interests	5,712	7,847	-	-
Total Equity	65,875	70,307	951	1,262
Non-current Liabilities				
Deferred tax liabilities	259	329	-	-
Lease creditors	743	538	-	-
Long term payables	1,036	1,084	-	-
Loans and borrowings	4,689	751	-	-
Amounts due to subsidiaries	-	-	27,324	27,324
	6,727	2,702	27,324	27,324
Current Liabilities				
Provision	410	467	-	-
Income tax payable	1,994	1,919	30	-
Loans and borrowings	20,105	14,743	5,000	5,000
Payables and accruals	41,292	34,467	1,414	1,591
Amounts due to subsidiaries	-	-	3,598	1,740
	63,801	51,596	10,042	8,331
Total Liabilities	70,528	54,298	37,366	35,655
Total Equity and liabilities	136,403	124,605	38,317	36,917

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

Amount repayable in one year or less, or on demand

31/3/16		31/12/15	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
249	19,856	230	14,513

Amount repayable after one year

31/3/16		31/12/15	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
759	3,930	751	-

Details of any collateral

Bank term loans with aggregate amount of \$1,008,000 (31/12/15: \$981,000) 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	
	31/3/16 S\$'000	31/3/15 S\$'000
Operating activities		
(Loss)/profit before income tax	(3,556)	4,237
Adjustment for:-		
Non-cash items	2,168	(1,723)
Operating cash flows before reinvestment in working capital	(1,388)	2,514
Changes in working capital		
Receivables	(8,348)	(4,622)
Inventories	(4,470)	1,738
Payables	6,435	(3,433)
Provisions	(228)	(46)
Cash flow used in operations	(7,999)	(3,849)
Interest paid	(221)	(248)
Interest received	25	23
Income tax paid	(111)	(230)
Net cash used in operating activities	(8,306)	(4,304)
Investing activities		
Proceeds from disposals of property, plant and equipment	15	117
Purchase of property, plant and equipment	(4,076)	(1,063)
Proceeds from disposal of investment security	-	8,897
Expenditure on research and development project	(445)	-
Expenditure on development project	(51)	-
Net cash (used in)/generated from investing activities	(4,557)	7,951
Financing activities		
Repayment to finance lease creditors	(217)	(243)
Proceeds from bank borrowings	9,440	-
Repayment of bank borrowings	(10)	(7,072)
Advance for capital injection from non-controlling interest	417	-
Net cash provided by/(used in) financing activities	9,630	(7,315)
Net decrease in cash and cash equivalents	(3,233)	(3,668)
Cash and cash equivalents at 1 January	41,166	52,580
Effect of exchange rate changes on cash and cash equivalents	(893)	913
Cash and cash equivalents at 31 March	37,040	49,825

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	37,119	49,932
Bank overdraft	(79)	(107)
	37,040	49,825

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	
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 2016									
Balance as at 1 Jan'16	132,617	(4,772)	(8,038)	18	(1,135)	(56,230)	62,460	7,847	70,307
Total comprehensive income for the period	-	-	-	(10)	(267)	(2,020)	(2,297)	(2,135)	(4,432)
Balance as at 31 Mar'16	132,617	(4,772)	(8,038)	8	(1,402)	(58,250)	60,163	5,712	65,875

Results For The Financial Period Ended 31 March 2016
Unaudited Financial Statements and Dividend Announcement

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	
	(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

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 2016						
Balance as at 1 Jan'16	132,617	(4,772)	(2,960)	-	(123,623)	1,262
Total comprehensive income for the period	-	-	-	-	(311)	(311)
Balance as at 31 Mar'16	132,617	(4,772)	(2,960)	-	(123,934)	951
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

- 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	
	31/3/16	31/12/15
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 2016, are consistent with those of the audited financial statement as at 31 December 2015.

- 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	
	First Quarter Ended	
	31/3/16	31/3/15
(Loss)/earning per share:-		
a) Based on weighted average number of ordinary	(0.31) cents	0.78 cents
Weighted average number of shares	654,731,486	654,731,486
b) On a fully diluted basis	(0.31) cents	0.78 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	
	31/3/16	31/12/15	31/3/16	31/12/15
Net assets value per ordinary share	9.19 cts	9.54 cts	0.15 cts	0.19 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	
	1Q2016 S\$'000	1Q2015 S\$'000
<u>Business Segment</u>		
Backend Equipment Solutions & Technologies ("BEST")	30,078	33,157
Distribution & Services	2,514	502
	<u>32,592</u>	<u>33,659</u>

Analysis of Group Performance (Cont'd)

Revenue

The Group reported a 3.2% or \$1.1 million decline in revenue from \$33.7 million (1Q2015) to \$32.6 million (1Q2016).

Backend Equipment Solutions & Technologies ("BEST") business recorded a 9.3% or \$3.1 million decrease in revenue from \$33.2 million (1Q2015) to \$30.1 million (1Q2016). The decline in revenue was due to lower demand for the equipment business. The revenue from Distribution & Service business increased \$2.0 million from \$0.5 million (1Q2015) to \$2.5 million (1Q2016) due to increase in sales from the distribution business.

Gross Profit Margin

Gross profit margin ("GPM") in 1Q2016 was 30.1%, which was 6.7% lower compared to the 36.8% reported in 1Q2015 due to the sales mix.

Operating Expenses

Marketing & distribution, research & development and general administrative expenses of \$12.0 million incurred in 1Q2016 were \$0.7 million lower compared to the expenses reported in 1Q2015. The expenditure in 1Q2016 decreased mainly due to the lower payroll related costs which helped to partly offset the higher research and development activities carried out for the development of the advanced semiconductor packages.

Financing costs remained comparable in 1Q2016 and 1Q2015.

Depreciation of US dollar against the Singapore dollar in 1Q2016 resulted in a foreign exchange loss of \$1.3 million in 1Q2016, compared to the gain of \$1.1 million in 1Q2015.

Depreciation charges of property, plant and equipment decreased in 1Q2016 as compared to 1Q2015. This is due to the impairment of certain property, plant and equipment of the Group at the end of year 2015.

Net Loss/Profit

The Group reported a net loss attributable to shareholders of \$2.0 million in 1Q2016, compared to the net profit of \$5.1 million in 1Q2015. The lower gross profit and exchange losses in 1Q2016 contributed to the net loss. In 1Q2015, the Group's profit included exceptional and exchange gains that quarter.

BALANCE SHEET

As at 31 March 2016, total assets stood at \$136.4 million comprising \$26.1 million from non-current assets and \$110.3 million from current assets. Total liabilities stood at \$70.5 million comprising current liabilities of \$63.8 million and non-current liabilities of \$6.7 million. Shareholders' equity including non-controlling interests stood at \$65.9 million.

The following are highlights of the Group's balance sheet as at 31 March 2016.

Intangible assets

The increase in intangible assets was mainly due to the development expenditure incurred relating to the battery storage solutions.

Property, plant and equipment

The increase in property, plant and equipment was mainly due to the additional purchases of machinery to cater for the increased manufacturing activities during the quarter. This increase is partially offset by the depreciation charges in the quarter.

Inventories

Inventories increased \$4.4 million from \$26.2 million (4Q2015) to \$30.6 million (1Q2016), mainly due to higher sales in 1Q2016 compared to 4Q2015.

Other receivables and prepayments

Prepayment of expenses increased as they are generally higher at the beginning of the year. The prepayment amount also included the partial consideration made in year 2015 for the 19% acquisition of the issued share capital of Heat Tech Japan Co., Ltd. As at 31 March 2016, this acquisition is still pending completion.

Trade receivables

Trade receivables' balance increased \$7.3 million due to higher sales in 1Q2016 compared to 4Q2015.

Analysis of Group Performance (Cont'd)

BALANCE SHEET (CONT'D)

Non-current assets held for sale

The non-current asset relates to a leasehold land and building which a subsidiary of the Group had entered into an agreement to dispose. As at 31 March 2016, the transaction is still pending completion.

Loans and borrowings

Loans and borrowings increased \$9.3 million from \$15.5 million (4Q2015) to \$24.8 million (1Q2016), due to more bank borrowing drawdowns in the quarter for the purchases of property, plant and equipment and working capital requirements of the Group.

Payables and accruals

Payables and accruals increased \$6.8 million from \$34.5 million (4Q2015) to \$41.3 million (1Q2016) mainly due to higher inventory purchases in the quarter.

CASHFLOW STATEMENT

The Group utilised \$8.0 million for its operational working capital. An amount of \$0.3 million was used for the payment of interest and tax. A net amount of \$4.1 million was used for the purchase of property, plant and equipment. The Group borrowed a net amount of \$9.2 million from the financial institutions. An advance of \$0.4 million was received for capital injection from a non-controlling interest of a subsidiary. The Group also utilised \$0.5 million for expenditure on research and development projects.

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

Visibility in the semiconductor industry remains low. As global economic downturn continues and the market is shrouded by pessimism, we foresee weak market demand which may be prolonged and increasing business risks. We will exercise caution in our business management especially under current circumstances.

A significant portion of Advanced Systems Automation Limited (“ASA”) Group’s revenue is generated from customers based in China. As China continues its efforts to readjust its economic policies, ASA will experience volatility in its operations. ASA will continue to closely monitor the developments in China and ensure that ASA manages its business with caution.

Dragon Group International Limited’s (“DGI”) is continuing its development activities in relation to battery and storage solutions via its subsidiary, EoCell Limited.

DGI is in the process of completing the acquisition for the 19% interest in Heat Tech Japan Co., Ltd.

DGI is still in discussions with the respective Chinese authorities regarding the Yangtze Riverbank project and will update its shareholders at the appropriate time.

DGI will also continue to look for viable investment projects and will update its shareholders at the appropriate time.

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/recommendeded, 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 2016.

- 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 2016 to be false or misleading in any material aspect.

- 20. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) 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.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Executive Chairman and Chief Executive Officer

13 May 2016