

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	15-May-2017 17:31:13
Status	New
Announcement Sub Title	First Quarter Results
Announcement Reference	SG170515OTHR38OC
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)	Please see attached file.

Additional Details

For Financial Period Ended	31/03/2017
Attachments	ASTI_Mar_2017_Announcement.pdf Total size =479K

The Directors are pleased to make the following announcement of the unaudited results for the financial period ended 31 March 2017.

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		%
	31/3/17	31/3/16	Change
Revenue	24,399	32,592	(25%)
Cost of sales	(16,234)	(22,771)	(29%)
Gross profit	8,165	9,821	(17%)
Other income	421	232	81%
Marketing and distribution	(3,009)	(2,901)	4%
Research and development	(2,854)	(3,631)	(21%)
Administrative expenses	(5,915)	(5,500)	8%
Other expenses, net	(1,648)	(1,266)	30%
Operating expenses	(13,426)	(13,298)	1%
Operating loss	(4,840)	(3,245)	49%
Finance costs, net	(338)	(303)	12%
Share of results of associates, net of tax	(5)	(8)	NM
Loss before tax	(5,183)	(3,556)	46%
Income tax expense	(132)	(134)	(1%)
Net loss for the period	(5,315)	(3,690)	
Attributable to :			
Owners of the Company	(3,626)	(2,020)	80%
Non-controlling interests	(1,689)	(1,670)	1%
Net loss for the period	(5,315)	(3,690)	

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	
	31/3/17	31/12/16	31/3/17	31/12/16
Non-current Assets				
Intangible assets	2,776	2,407	-	-
Property, plant and equipment	21,380	20,845	26	19
Investment properties	333	350	-	-
Investments in subsidiaries	-	-	20,433	20,433
Investments in associate	-	-	-	-
Investment securities	27	22	-	-
Deferred tax assets	152	181	-	-
Prepayments and advances	1,410	1,382	-	-
Amounts due from subsidiaries	-	-	4,867	2,843
	26,078	25,187	25,326	23,295
Current Assets				
Inventories	25,768	24,974	-	-
Other receivables and prepayments	5,082	5,293	165	138
Amounts due from subsidiaries	-	-	6,471	8,372
Trade receivables	32,581	34,542	-	-
Cash and cash equivalents	24,525	39,174	261	1,402
	87,956	103,983	6,897	9,912
Total Assets	114,034	129,170	32,223	33,207
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	(1,868)	(1,894)	-	-
Capital reserves	(7,936)	(7,936)	(2,960)	(2,960)
Fair value reserve	3	-	-	-
Accumulated losses	(58,818)	(55,192)	(136,039)	(134,911)
	59,226	62,823	(11,154)	(10,026)
Non-controlling interests	(2,257)	(555)	-	-
Total Equity	56,969	62,268	(11,154)	(10,026)
Non-current Liabilities				
Deferred tax liabilities	159	143	-	-
Lease creditors	110	191	-	-
Long term payables	1,071	1,112	-	-
Loans and borrowings	3,013	3,426	-	-
Amounts due to subsidiaries	-	-	34,875	34,901
	4,353	4,872	34,875	34,901
Current Liabilities				
Provision	483	526	-	-
Income tax payable	1,028	1,102	30	-
Loans and borrowings	16,224	23,309	5,000	5,000
Payables and accruals	34,977	37,093	1,787	1,565
Amounts due to subsidiaries	-	-	1,685	1,767
	52,712	62,030	8,502	8,332
Total Liabilities	57,065	66,902	43,377	43,233
Total Equity and liabilities	114,034	129,170	32,223	33,207

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

Amount repayable in one year or less, or on demand

31/3/17		31/12/16	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
511	17,292	583	24,230

Amount repayable after one year

31/3/17		31/12/16	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
110	3,013	191	3,426

Details of any collateral

On 31 March 2017, finance lease with aggregate amount of \$621,000 (31/12/16: \$774,000) are secured on certain 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	
	31/3/17 S\$'000	31/3/16 S\$'000
Operating activities		
Loss before income tax	(5,183)	(3,556)
Adjustment for:-		
Non-cash items	3,020	2,168
Operating cash flows before reinvestment in working capital	(2,163)	(1,388)
Changes in working capital		
Receivables	2,142	(8,348)
Inventories	(1,288)	(4,470)
Payables	(2,142)	6,435
Provisions	-	(228)
Cash flow used in operations	(3,451)	(7,999)
Interest paid	(253)	(221)
Interest received	16	25
Income tax paid	(131)	(111)
Net cash used in operating activities	(3,780)	(8,306)
Investing activities		
Proceeds from disposals of property, plant and equipment	141	15
Purchase of property, plant and equipment	(2,589)	(4,076)
Expenditure on research and development project	(528)	(445)
Expenditure on development project	(63)	(51)
Net cash used in investing activities	(3,039)	(4,557)
Financing activities		
Repayment to finance lease creditors	(134)	(217)
Proceeds from bank borrowings	152	9,440
Repayment of bank borrowings	(7,391)	(10)
Other borrowings, net	145	-
Advance for capital injection from non-controlling interest	-	417
Net cash (used in)/provided by financing activities	(7,228)	9,630
Net decrease in cash and cash equivalents	(14,047)	(3,233)
Cash and cash equivalents at 1 January	39,174	41,166
Effect of exchange rate changes on cash and cash equivalents	(602)	(893)
Cash and cash equivalents at 31 March	24,525	37,040

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	24,525	37,119
Bank overdraft	-	(79)
	24,525	37,040

Results For The Financial Period Ended 31 March 2017
Unaudited Financial Statements and Dividend Announcement

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	
For The First Quarter Ended 31 Mar 2017									
Balance as at 1 Jan'17	132,617	(4,772)	(7,936)	-	(1,894)	(55,192)	62,823	(555)	62,268
Total comprehensive income for the period	-	-	-	3	26	(3,626)	(3,597)	(1,702)	(5,299)
Balance as at 31 Mar'17	132,617	(4,772)	(7,936)	3	(1,868)	(58,818)	59,226	(2,257)	56,969

Results For The Financial Period Ended 31 March 2017
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 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 2017
Unaudited Financial Statements and Dividend Announcement

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 2017						
Balance as at 1 Jan'17	132,617	(4,772)	(2,960)	-	(134,911)	(10,026)
Total comprehensive income for the period	-	-	-	-	(1,128)	(1,128)
Balance as at 31 Mar'17	132,617	(4,772)	(2,960)	-	(136,039)	(11,154)
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

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the number of issued shares excluding treasury shares and subsidiary holdings 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.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

There is no subsidiary holdings held against the total number of shares outstanding in a class that is listed.

- 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	
	31/3/17	31/12/16
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.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. 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 2017, are consistent with those of the audited financial statement as at 31 December 2016.

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	
	31/3/17	31/3/16
(Loss)/earning per share:-		
a) Based on weighted average number of ordinary shares in issue	(0.55) cents	(0.31) cents
Weighted average number of shares	654,731,486	654,731,486
b) On a fully diluted basis	(0.55) cents	(0.31) 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	
	31/3/17	31/12/16	31/3/17	31/12/16
Net assets value per ordinary share	9.05 cts	9.60 cts	(1.70) cts	(1.53) 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	
	<u>1Q2017</u>	<u>1Q2016</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Business Segment		
Backend Equipment Solutions & Technologies ("BEST")	24,002	30,078
Distribution & Services	397	2,514
	<u>24,399</u>	<u>32,592</u>

Analysis of Group Performance (Cont'd)

Revenue

The Group reported a 25.1% or \$8.2 million decline in revenue from \$32.6 million (1Q2016) to \$24.4 million (1Q2017).

Backend Equipment Solutions & Technologies ("BEST") business recorded a 20.2% or \$6.1 million decrease in revenue from \$30.1 million (1Q2016) to \$24.0 million (1Q2017). The decline in revenue was due to lower demand for the equipment business. The revenue from Distribution & Service business decreased \$2.1 million from \$2.5 million (1Q2016) to \$0.4 million (1Q2017) due to decline in sales from the distribution business.

Gross Profit Margin

Gross profit margin in 1Q2017 was 32.4%, which was 2.3% higher compared to the 30.1% reported in 1Q2016 due to the sales mix.

Operating Expenses

Marketing & distribution, research & development ("R&D") and general administrative ("G&A") expenses of \$11.5 million incurred in 1Q2017 were \$0.5 million lower compared to the expenses reported in 1Q2016. The increase in G&A costs in 1Q2017 were offset by the lower R&D costs. R&D costs in 1Q2017 decreased mainly due to lower expenditure incurred for the development of the advanced semiconductor packages.

Other expenses in 1Q2017 increased \$0.4 million or 30.2% compared to 1Q2016, mainly due to the higher foreign exchange losses as a result of the depreciation of US dollar against the Singapore dollar in 1Q2017.

Financing costs in 1Q2017 increased approximately \$35,000 compared to 1Q2016, due to some borrowings from external parties.

Depreciation charges of property, plant and equipment ("PPE") decreased in 1Q2017 compared to 1Q2016 as certain PPE had been fully depreciated in year 2016.

Net Loss

The Group reported a net loss attributable to shareholders of \$3.6 million in 1Q2017, compared to the net loss of \$2.0 million in 1Q2016, mainly due to lower gross profit.

BALANCE SHEET

As at 31 March 2017, total assets stood at \$114.0 million comprising \$26.1 million from non-current assets and \$87.9 million from current assets. Total liabilities stood at \$57.0 million comprising current liabilities of \$52.7 million and non-current liabilities of \$4.3 million. Shareholders' equity including non-controlling interests stood at \$57.0 million.

The following are highlights of the Group's balance sheet as at 31 March 2017.

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 was partially offset by the depreciation charges during the quarter.

Inventories

Inventories increased \$0.8 million from \$25.0 million (4Q2016) to \$25.8 million (1Q2017), mainly due to higher inventory purchases.

Other receivables and prepayments

The amount for other receivables and prepayments decreased from \$5.3 million (4Q2016) to \$5.1 million (1Q2017) due to the utilisation of the prepayment amount and receipts from other debtors.

Trade receivables

Trade receivables' balance decreased \$2.0 million due to lower sales in 1Q2017 compared to 4Q2016.

Loans and borrowings

Loans and borrowings decreased \$7.5 million from \$26.7 million (4Q2016) to \$19.2 million (1Q2017), mainly due to repayments of bank borrowings during the quarter.

Payables and accruals

Payables and accruals decreased \$2.1 million from \$37.1 million (4Q2016) to \$35.0 million (1Q2017) mainly due to the decrease in accruals this quarter.

CASHFLOW STATEMENT

The Group utilised \$3.4 million for its operational working capital. An amount of \$0.4 million was used for the payment of interest and tax. A net amount of \$2.4 million was used for the purchase of property, plant and equipment. The Group borrowed \$0.3 million and in the same period repaid \$7.5 million to the financial institutions. The Group also utilised \$0.6 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

We are seeing improving business activities in April and May 2017 and believe 2Q2017 will improve compared to the current quarter under review. Meanwhile, the Group is focusing its efforts to expand its customer base to lay the ground for future growth.

ASA Group noted growing customers' demands and business activities in the last 12 months and expects the momentum to continue into 2Q2017, barring unforeseen circumstances. In view of the potential growth in the business activities, ASA Group is cognisant of the need to increase its working capital.

Our Chairman has provided additional working capital in April and May 2017 through a loan to ASA ("Director's Loan"). Furthermore, at an Extraordinary General Meeting held on 11th May 2017, the shareholders of ASA approved the Rights Issue. The proceeds from the Director's Loan and the Rights Issue will provide ASA Group with additional working capital and funds for capital expenditures to pursue the opportunities in front of them.

EoCell's business and the Yangtze Riverbank project under the DGI Group are progressing according to plan.

DGI Group continues its search for viable M&A projects.

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(1) 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 2017.

- 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 2017 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

15 May 2017