



ASIAN MICRO HOLDINGS LIMITED

**ANNOUNCEMENT ON HALF YEAR FINANCIAL STATEMENT FOR THE
FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

The Board of Directors of Asian Micro Holdings Limited (the “Company”) wishes to reply as follows to the questions raised by the SGX in their letter dated 17th February 2009 in regards to the Company’s announcement dated 12 February 2009 on Half Year Financial Statement For The Financial Period Ended 31 December 2008 : -

Question 1:

We noted that “inventories” has increased 27.9% from S\$3.9m to S\$5m when sales were down 10%. Please provide a breakdown, details on these inventories and whether there are concerns over inventory obsolescence given the sales has slowed down.

Answer:

Please refer to the breakdown of the inventory as follows:

	S\$'000
Cassettes	676
Packing & consumables materials	135
Machinery and Engine	241
CNG cylinders	1,186
CNG conversion kits	728
CNG Prime Mover and CNG forklift	849
CNG tools, parts, brackets and accessories	367
Plastic tubing and resin	451
Plastic bags	305
Cleanroom materials and accessories	173
Others	23
Provision for obsolescence	(109)
	5,025

The increase in the inventory is mainly due to the purchase of CNG Prime Movers and CNG forklifts for the NGV related business during the financial period. Based on the current conditions and our best estimation, there is no concern over inventory obsolescence at this stage. Nevertheless, we will continue to review the inventory closely and make the necessary provision for inventory obsolescence when required.

Question 2:

We also note in paragraph 8 of the Results Announcement that “The decrease in the Group’s revenue was offset by a significant increase in revenue from the Group’s Natural Gas Vehicle (“NGV”) related business during the financial period as compared to the last corresponding financial period as the Group’s NGV related business was still at infant stage in the last corresponding financial period.” Please provide a breakdown of the revenue to show how revenue contribution by tray recycling, clean room packaging and NGV business has changed over the last financial period.

Answer:

Please refer to the breakdown of the revenue contribution as follows:

Revenue	Tray recycling	Manufacturing	NGV related business	Others	Total
For period ended 31 Dec 2008 (S\$'000)	3,975	1,597	3,525	197	9,294
For period ended 31 Dec 2007 (S\$'000)	6,469	1,797	2,018	69	10,353
Changes (S\$'000)	(2,494)	(200)	1,507	128	(1,059)
% changes	-39%	-11%	75%	186%	-10%

Question 3:

In paragraph 10 of the Results Announcement, the Company has disclosed that it will continue to implement more cost-cutting measures to streamline its tray cleaning business. Please provide more details on these going forward.

Answer:

We will continue to review the tray cleaning processes to increase productivity so as to cut the manpower requirements and other production costs. We will also freeze capital expenditure for tray cleaning business.

Question 4:

It was disclosed in paragraph 10 of the Results Announcement that the NGV conversion business in both Singapore and Thailand are expected to be challenging in the 2nd half of this financial year. Please elaborate on the challenges that the Company is currently facing.

Answer:

In Singapore, we expect low business activities for NGV conversion business due to unfavourable conditions for CNG vehicles. In Thailand, we expect a decrease in NGV conversion business activities due to Thailand’s current economical conditions as well as the low diesel fuel price in the world market. The Company needs to manage/reduce the operating costs for the NGV conversion business in view of the expected decrease in business activities.

Question 5:

We note that “The Group has plans to make in-roads towards Liquefied Natural Gas related business.” What plans are these? Please provide further disclosure on the Company’s experience in this business.

Answer:

The company is in negotiation for a LNG plant project. The company has established a strategic alliance with a Modular LNG plant supplier in Thailand laying the ground work for the LNG plant construction and operation know-how for the project. The Thailand supplier possesses experience in building Modular LNG plants in Thailand and is currently operating one Modular LNG plant in Thailand. The Thailand supplier will also commence the operation of another Modular LNG plant in Thailand in due course. The company will make announcement on the LNG project as and when the project materialises.

On behalf of the Board

Victor Lim
Group Managing Director