



ASIAN MICRO HOLDINGS LIMITED
(Co Reg No. 199701052K)

EMPHASIS OF MATTER BY AUDITORS ON FINANCIAL STATEMENTS

This announcement has been reviewed by the Company's Sponsor, KW Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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The Board of Directors of Asian Micro Holdings Limited ("the Company"), pursuant to Rule 704(5), wish to inform Members of an Emphasis of Matter stated in the Independent Auditors Report of the Company for the financial period ended 30 June 2009 which is reproduced below:-

"Independent Auditor's Report To the Members of Asian Micro Holdings Limited

We have audited the accompanying financial statements of Asian Micro Holdings Limited (the "Company") and its subsidiaries (collectively "the Group") set out on pages 26 to 86, which comprise the balance sheets of the Group and the Company as at 30 June 2009, and the statements of changes in equity of the Group and the Company and the income statement and 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 auditor's 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,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 Company as at 30 June 2009 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries 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 2 to the financial statements. The Group incurred a net loss after taxation of \$7,670,234 and net cash outflows from operating activities of \$2,463,924 for the financial year ended 30 June 2009. These conditions indicate the existence of an uncertainty which may cast significant doubt about the Group's and the Company's abilities to continue as going concerns. As discussed more fully in Note 2 to the financial statements, these financial statements have been prepared on a going concern basis on the assumption that the Group and the Company will succeed in securing sufficient funding for operations from financial institutions and additional financial support from certain executive directors.

Ernst & Young LLP
Certified Public Accountants
Singapore

7 October 2009

Note 2 To The Financial Statements

Fundamental accounting concept

The Group incurred a net loss after taxation of \$7,670,234 (2008: \$5,632,071) and net cash outflows from operating activities of \$2,463,924 (2008: 3,854,485) for the financial year ended 30 June 2009. These conditions indicate the existence of an uncertainty which may affect the validity of the going concern assumption on which the accompanying financial statements are prepared.

The Company's management is commencing discussions with financial institutions to increase the trade financing facility and obtain new hire purchase facilities to fund the Group's new projects. Subsequent to the Company's financial year-end, two of the Company's executive directors (who are also major shareholders) have committed to provide additional financial support to the Group and the Company, including deferring payment of salaries and other amounts due to them by at least a year.

The Directors are of the view that it is appropriate to prepare these financial statements on a going concern assumption as they believe that the Group and the Company will succeed in securing sufficient funding for operations from financial institutions and additional financial support from the two executive directors.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Management's Response

Our two executive directors who are also the major shareholders have pledged to support approximately S\$2 million to the group's cash flow by way of not calling on repayment of loans due to the two executive directors at least up to the end of October 2010, deferment of salaries and rental payable by the Group to companies beneficially owned by the two executive directors for the period July 2009 to June 2010 and extension of certain fixed deposits in Malaysia to the Group as and when necessary for a period at least up to the end of October 2010. In addition, the management is cautiously optimistic of the business remaining operational and generating cash flows to continue as a going concern and appropriate announcements on the operational status of the Company would be made once it is ready.

On behalf of the Board
Victor Lim
Group Managing Director

9 October 2009