



Asian Micro Holdings Limited

HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2010

PART I - Information required for announcement of half year results

1a An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	S\$'000		Increase / (Decrease) %
	6 mths ended 31/12/2010	6 mths ended 31/12/2009	
Revenue	4,593	5,106	-10%
Cost of Sales	(3,978)	(4,560)	-13%
Gross Profit	615	546	13%
Distribution & selling expenses	(164)	(172)	-5%
Administrative expenses	(1,916)	(1,652)	16%
Other operating income	99	120	-18%
Other operating expenses	(919)	(313)	>100%
Operating loss	(2,285)	(1,471)	55%
Financial expenses	(37)	(89)	-58%
Financial income	1	1	0%
Loss on disposal of subsidiaries and associate	-	(243)	-100%
Loss before taxation	(2,321)	(1,802)	29%
Taxation	43	83	-48%
Loss for the period	(2,278)	(1,719)	33%
Attributable to :			
Equity holders of the company	(2,146)	(1,719)	25%
Non-controlling interests	(132)	-	NM
	(2,278)	(1,719)	33%
Other comprehensive income/(loss) (net of tax):			
Currency translation differences	793	(91)	NM
	(1,485)	(1,810)	-18%
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent	(1,370)	(1,811)	-24%
Non-controlling interests	(115)	1	NM
	(1,485)	(1,810)	-18%

Note : NM - Not Meaningful

Loss from continuing operation, net of tax is derived at after (charging) / crediting of :-

* Depreciation	(278)	(414)
* Gain / (loss) on disposal of plant & equipment	-	(24)
* Interest on borrowings	(37)	(89)
* Loss on disposal of subsidiaries and associate	-	(243)
* Allowance for doubtful debts	-	(59)
* Doubtful debts written back	-	37
* Exchange difference	(686)	(212)

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	
	31/12/2010 S\$'000	30/6/2010 S\$'000	31/12/2010 S\$'000	30/6/2010 S\$'000
<u>Non-Current Assets</u>				
Property, plant & equipment	1,313	1,717	35	38
Investment in subsidiaries	-	-	2,059	2,059
	1,313	1,717	2,094	2,097
<u>Current Assets</u>				
Inventories	2,439	2,599	-	-
Trade and other receivables	2,133	2,112	15	17
Prepayments	619	460	10	8
Due from subsidiaries	-	-	1,592	522
Due from related parties (NT)	-	5	-	-
Fixed deposits	326	377	26	76
Cash and bank balances	150	1,050	3	9
	5,667	6,603	1,646	632
<u>Current Liabilities</u>				
Trade & other payables	3,973	4,142	818	1,330
Loan from directors	2	400	-	-
Provision	52	52	-	-
Due to related party (NT)	290	162	-	-
Bills payable to banks	159	916	-	-
Finance lease obligations	56	129	7	7
Provision for taxation	56	246	-	-
	4,588	6,047	825	1,337
Net current assets / (liabilities)	1,079	556	821	(705)
<u>Non-current liabilities</u>				
Finance lease obligations	76	105	19	23
Deferred tax liability	1	1	1	1
	77	106	20	24
Net Assets	2,315	2,167	2,895	1,368
<u>Represented by :</u>				
Share capital	38,674	37,174	38,674	37,174
Share option reserve	326	213	326	213
Translation reserve	923	147	-	-
Premium paid on acquisition of MI	(638)	(638)	-	-
Other reserve	96	96	96	96
Accumulated losses	(37,119)	(34,995)	(36,201)	(36,115)
	2,262	1,997	2,895	1,368
Non-controlling interests	53	170	-	-
Total Equity	2,315	2,167	2,895	1,368

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

Amount repayable in one year or less, or on demand :-

As at 31/12/2010		As at 30/6/2010	
Secured	Unsecured	Secured	Unsecured
215	2	1,045	400

Amount repayable after one year :-

As at 31/12/2010		As at 30/6/2010	
Secured	Unsecured	Secured	Unsecured
76	-	105	-
291	2	1,150	400

Details of any collateral :

a) The Group's trade credit facilities and banker guarantees are secured by:

- (i) fixed deposits of approximately S\$0.33 million;
- (ii) corporate guarantee of \$2,100,000 from the Company; and
- (iii) a legal mortgage over a property of an affiliated company, American Converters Industries Pte Ltd (owned by two of the directors of the Company).

b) The Group's lease obligations are secured by motor vehicles of its subsidiaries with net book value of approximately S\$0.1 million.

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	
	6 mths ended 31/12/2010	6 mths ended 31/12/2009
Cash flows from operating activities	S\$'000	S\$'000
Loss before taxation from continuing operations	(2,321)	(1,802)
Adjustments :		
Depreciation of property, plant & equipment	278	414
Loss on disposal of property, plant & equipment	-	2
Loss on disposal of subsidiaries and an associated company	-	243
Interest expense	37	89
Interest income	(1)	(1)
Allowance for doubtful debts	-	59
Write off of trade debtors	10	-
Doubtful debts written back	-	(37)
Fixed asset written off	-	24
Share-based payment expenses	135	-
Currency translation	743	136
Operating loss before working capital changes	(1,119)	(873)
Decrease in inventories	160	265
Increase in trade & other receivables	(190)	(1,494)
Decrease in amount due from related parties	134	96
Increase in trade and other payables	963	1,187
(Decrease) / Increase in bills payable to banks	(757)	158
Decrease in amount due to directors (non-trade)	(31)	-
Increase in amount due to affiliated companies (non-trade)	-	97
Cash used in operations	(840)	(564)
Interest paid	(37)	(89)
Interest income received	1	1
Income tax refunded	-	119
Income taxes paid	(147)	(29)
Net cash used in operating activities	(1,023)	(562)
Cash flow from investing activities		
Proceed from disposal of property, plant & equipment	174	124
Purchase of property, plant & equipment	-	(130)
Net cash (used in) / from investing activities	174	(6)
Cash flows from financing activities		
Withdrawal of fixed deposits	51	-
Loan from directors	-	508
Proceeds from issuance of new shares	-	521
Repayment of finance lease obligations	(102)	(142)
Net cash (used in) / from financing activities	(51)	887
Net (decrease) / increase in cash and cash equivalents	(900)	319
Cash and cash equivalents at beginning of period	1,050	606
Cash and cash equivalents at end of period	150	925
Cash and bank balances at 30 Jun	476	1,299
Less: Fixed deposit pledged	(326)	(374)
Cash and cash equivalents as at 31 Dec	150	925

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 \$'000	Share Capital \$'000	Share Option Reserves \$'000	FX translation reserve \$'000	Other reserves \$'000	Premium Paid on Acquisition MI \$'000	Accumulated Losses \$'000	Total \$'000	Non- controlling interests \$'000	Total Equity \$'000
Balance as at 1 July 2010	37,174	213	147	96	(638)	(34,995)	1,997	168	2,165
Expiry of employee share options		(22)				22	-	-	-
Grant of employee share options		135					135	-	135
Shares issued for debt conversion	1,500						1,500	-	1,500
Total comprehensive loss for the period			776			(2,146)	(1,370)	(115)	(1,485)
Balance as at 31 Dec 2010	38,674	326	923	96	(638)	(37,119)	2,262	53	2,315

Group \$'000	Share Capital \$'000	Share Option Reserves \$'000	FX translation reserve \$'000	Other reserves \$'000	Premium Paid on Acquisition MI \$'000	Accumulated Losses \$'000	Total \$'000	Non- controlling interests \$'000	Total Equity \$'000
Balance as at 1 July 2009	36,653	256	646	96	(638)	(32,125)	4,888	250	5,138
Total comprehensive loss for the period			(91)			(1,720)	(1,811)	1	(1,810)
Shares issued for debt conversion	521						521		521
Balance as at 31 Dec 2009	37,174	256	555	96	(638)	(33,845)	3,598	251	3,849

1(d)(i)

Company \$'000	Share Option			Accumulated	Total \$'000
	Share Capital \$'000	Reserves \$'000	Other reserves \$'000	Losses \$'000	
Balance as at 1 July 2010	37,174	213	96	(36,115)	1,368
Expiry of employee share options		(22)		22	-
Grant of employee share options		135			135
Shares issued for debt conversion	1,500				1,500
Total comprehensive loss for the period				(108)	(108)
Balance as at 31 Dec 2010	38,674	326	96	(36,201)	2,895

Company \$'000	Share Option			Accumulated	Total \$'000
	Share Capital \$'000	Reserves \$'000	Other reserves \$'000	Losses \$'000	
Balance as at 1 July 2009	36,653	256	96	(32,187)	4,818
Total comprehensive income for the period	-	-		44	44
Shares issued for debt conversion	521	-	-	-	521
Balance as at 31 Dec 2009	37,174	256	96	(32,143)	5,383

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 for 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 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.

During this period, the Company granted 25,950,000 share options in relation to the Employee Share Option Scheme (ESOS) 2010 and 100,000,000 new shares via capitalisation to settle its amounts due to two of the directors.

The number of unissued ordinary share under options outstanding is 25,450,000 in relation to ESOS 2010 and 19,057,000 in relation to ESOS 2001 as at 31 December 2010.

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.

As at 31 December 2010, the Company's issued and paid-up capital comprises 463,591,043 ordinary shares (30 June 2010: 363,591,043 ordinary shares). There are no treasury shares as at 31 December 2010.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard

The figures presented have not been audited or reviewed.

3 Whether the figures have been audited or reviewed, the auditors' report (including any qualification or emphasis of a 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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those for the audited financial statements as at 30 June 2010, except as disclosed in Note 5 below.

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.

On 1 July 2010, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which are effective for annual periods beginning on or after 1 July 2010

The adoption of the new FRS/revised FRS and INT FRS will not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	6 months ended 31/12/2010 S\$ cent	6 months ended 31/12/2009 S\$ cent
(a). Based on weighted average number of ordinary shares in issue ; and	(0.59)	(0.47)
(b). On a fully diluted basis	(0.59)	(0.47)

Note :

(a) Loss per share is calculated based on the weighted average number of ordinary shares issue during the period ended 31 December 2010 (364,678,000)

(b) Loss per share on a fully diluted basis is computed based on the weighted average number of shares during the period adjusted to assume conversion of all potential dilutive ordinary shares (364,678,000)

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the : -

- (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	31/12/2010 S\$ cents	30/06/2010 S\$ cents
Net asset value for the Group	0.50	0.60
Net asset value for the Company	0.62	0.38

Note: Net asset value for the Group includes Non-controlling interests

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **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; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Income Statement

Revenue

Revenue had decreased from S\$5.11 million to S\$4.59 million for the six months period ended 31 December 2010. The decrease in revenue was mainly due to the depreciation of US dollar and cessation of cleaning businesses in China.

Gross profit margin

The Group's gross profit margin had increased from 11% to 13%. The increase in the Group's gross profit margin was mainly due to the cessation of cleaning businesses in China, which was contributing lower profit margin to the Group.

Total Comprehensive Loss

The Group had incurred a total comprehensive loss of S\$1.49 million for this financial period as compared to a loss of S\$1.81 million in the last corresponding financial period. The reduction in loss is mainly due to the following items:

a) Increase in gross profit margin

As mentioned above.

b) Gain in foreign currency translation reserves

The gain in translation reserve was due to the depreciation of USD during the period.

c) Increase in other operating expenses

The increase in other operating expenses was due to the fluctuation of USD resulting in exchange loss during the period.

d) Increase in administrative expenses

The increase in administrative expense was mainly due to share option expenses and professional fees incurred for the Employee Share Option Scheme 2010 and Debt Capitalisation exercise.

e) Decrease in other income

The decrease in other income is mainly due to the lower scrap sales made in the financial period.

Balance Sheet

Non-current assets

The Group's non-current assets had decreased by S\$0.40 million to S\$1.31 million as at 31 December 2010. The decrease was mainly due to depreciation charged which led to the decrease in the net book value of the Group's property, plant and equipment.

Current assets

The Group's current assets had decreased by S\$0.94 million to S\$5.67 million as at 31 December 2010. The decrease in the Group's current assets was mainly due to lower cash and bank balance as a result of settlement of bills payable to bank. The Company has withdrawn S\$51K secured fixed deposit as banking facility is no longer required. The decrease in current asset is partially offsetted by increase in prepayment as the Group made advance payments to suppliers for its natural gas project.

Current liabilities

The Group's current liabilities had decreased by S\$1.46 million to S\$4.59 million as at 31 December 2010. The decrease in the Group's current liabilities was mainly due to settlement of bills payable to bank and finance leases as well as the capitalisation of directors' loans and salaries to new shares. There was also over-provision of taxes for prior years. The decrease in current liabilities is partially offsetted by an increase of amounts due to related parties.

Non-current liabilities

The Group's non-current liabilities had decreased due to settlement of its non-current portion of hire purchase creditors.

Cash flow statement

The Group's cash and cash equivalents as at 31 December 2010 had decreased by S\$0.90 million to S\$0.15 million as compared to balance as at 30 June 2010. The decrease was mainly due to the operating loss before working capital changes, settlement of bills payable to banks and income taxes paid during the financial period. The decrease is partially offset by increase in trade and other payables.

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 significant trends and 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.

The precision tray cleaning business will remain challenging in the 2nd half of FY 2011 and the Group will continue its cost cutting effort. The Group has also upgraded its plastic bags manufacturing machineries progressively to improve competitiveness so as to obtain more orders from its major customers.

The Group will continue to promote the use of natural gas to the manufacturing and service industries for the purpose of gas cutting, heat treatment processes, powering of natural gas tractors and electrical power generating in the marine and offshore industries. The Group has secured a contract with one major industrial customer in the supply of natural gas for period of up to 5 years

Market condition is expected to remain competitive for the next 6 months. Management will continue to improve the Group's business and cost management.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ? **No.**

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year ? **No.**

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

(e) Interim dividend declared and paid for the current reporting period.

Not applicable

12 If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been paid and declared by the Company for the 6 months period ended 31 December 2010.

13 Interested Person Transactions

	Aggregate value of all transactions S\$'000
American Converters Industries Pte Ltd	18
Ultraline Technology (S) Pte Ltd	126
Power Image Pte Ltd	98
Ultraline Holdings (Thailand) Co., Ltd	38
Asian Micro Industries (Thailand) Co., Ltd	65

14 Confirmation by the Board

We, Lim Kee Liew @ Victor Lim and Leong Lai Heng, being directors of Asian Micro Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statement for first half results ended 31 December 2010 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Victor Lim
Group Managing Director

Leong Lai Heng
Director

PART II - Additional information required for full year announcement

- 15 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.

- 16 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.

- 17 A breakdown of sales**

Not applicable.

- 18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows : -**

Not applicable.

By Order of the Board
Victor Lim
Group Managing Director
11 February 2011

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

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

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