



ASIAN MICRO HOLDINGS LIMITED
COMPANY REGISTRATION No: 199701052K

EMPHASIS OF MATTER BY AUDITORS ON FINANCIAL STATEMENTS

Pursuant to Rule 704(4) of the Rules of Catalist, the Board of Directors of Asian Micro Holdings Limited ("the Company") wishes to announce that the Company's Auditors, Ernst & Young LLP have issued their report ("Independent Auditors' Report") on the Company's financial statements for the financial year ended 30 June 2011, containing an emphasis of matter relating to the going concern assumption. The Company also wishes to update that the Annual Report for the financial year ended 30 June 2011 which contains the Independent Auditors report will be dispatched to the shareholders on 13 October 2011.

The Independent Auditors' Report is reproduced in italics below.

"Independent Auditors' 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 11 to 84, which comprise the balance sheets of the Group and the Company as at 30 June 2011, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards, and for 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 accounts and balance sheets and to maintain accountability of assets.

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 about 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 of the financial statements that give a true and fair view 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, 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 of the Company as at 30 June 2011 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.

Emphasis of matter

We draw attention to Note 2.1 to the financial statements. The Group and the Company incurred a net loss after taxation of \$4,429,060 and \$3,723,773, respectively, for the financial year ended 30 June 2011 and as at that date, the Company's current and total liabilities exceeded its current and total assets by \$2,112,381 and \$635,870 respectively. These factors indicate the existence of an uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concerns. As discussed more fully in Note 2.1 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 generate adequate cash flows from operations and continue to receive continuing financial support from two major shareholders of the Company (one of whom is also a director of the Company). Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

In our opinion, 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.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

7 October 2011"

The Note 2.1 of to the Financial Statement is reproduced in italics below.

"Note 2.1 to the Financial Statements

Fundamental accounting concept

The Group and the Company incurred a net loss after taxation of \$4,429,060 (2010: \$3,081,658) and \$3,723,773 (2010: \$4,081,345), respectively for the financial year ended 30 June 2011 and as at that date, the Company's current and total liabilities exceeded current and total assets by \$2,112,381 (2010: \$705,338) and \$635,870 respectively. These factors indicate the existence of an uncertainty which may affect the validity of the going concern assumption on which the accompanying financial statements are prepared.

Two of the Company's major shareholders (one of whom is also a director of the Company) have agreed to provide continuing financial support to the Group and the Company to enable the Group and the Company to meet their obligations as and when the need arises. In addition, they have given a commitment to (i) not to recall for payment of salaries due to them as at 30 June 2011 and deferring payment of future salaries, and (ii) allow the Group to defer payments of rental payable to companies controlled by them until such time as the Group's cash flow enables such payment.

The Directors are of the view that it is appropriate to prepare these financial statements on a going concern basis on the assumption that the Group and the Company will generate adequate cash flows from operations and continue to receive continuing financial support from the two major shareholders.

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."

The Directors are of the view that the Company and the Group could continue as a going concern and will generate adequate cash flows from operations and continue to receive continuing financial support from the two major shareholders.

On behalf of the Board

Victor Lim
Group Managing Director

7 October 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.

*The contact person for the Sponsor is Mr Liao H.K.
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